



United States Department of Agriculture
Rural Development
Texas

Summary of Differences between Guaranteed Rural Housing Loans and Direct (Section 502) Homeownership Loans

Items	Guaranteed Rural Housing Loans (GRH)	Direct Homeownership Loans (Section 502)
Lender	Bank or Mortgage Company	USDA Rural Development
Underwriting	Lender	USDA Rural Development
Maximum Ratios	PITI = 29 percent TD = 41 percent (Maximum Ratios 2% greater on newer homes)	PITI (Very-Low income) = 29 percent PITI (Low income) = 33 percent TD = 41 percent (Maximum Ratios 2% greater on newer homes)
Interest Rate	Fixed Rate -Set by Lender	Fixed rate - Set by USDA Rural Development
Term	30 yrs	33 yrs, in some cases 38 yrs 30 yrs for Manufactured Housing
Income Limits	Yes Low & Moderate income	Yes Very-Low and Low income
Loan Limit	No loan limit. Loan Amount limited by Appraisal & Repayment Ability	Yes, Set by USDA Rural Development
First Time Homebuyer Requirement	No	No
Private Mtg. Insurance	No	No
Homebuyer Education Requirement	Only if required by Lender	Yes, for first time homebuyers
Homes with In-Ground Swimming Pools	In-ground swimming pools (that do <u>not</u> contribute significant value) are considered on a case by case basis	No
Loan Subsidized & Subject to Recapture	No	Yes

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