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UNITED STATES
DEPARTMENT OF
AGRICULTURE

RURAL
DEVELOPMENT

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Rural Development Texas AN No. 533 (3550)

July 17, 2000

SUBJECT: Applicant Information Sheet – Single Family Housing

TO: All Offices
USDA Rural Development, Texas

PURPOSE/INTENDED OUTCOME: The purpose of this Texas Administrative Notice (AN) is to provide a standardized information sheet for use in providing applications to prospective borrowers.

COMPARISON WITH PREVIOUS AN: There are no previous ANs issued on this subject.

IMPLEMENTATION RESPONSIBILITIES: Rural Development Employees will provide the attached Applicant Information Sheet with all section 502 direct applications.

Attachment 3-D in the Field Office Handbook (HB-1-3550) is a applicant information sheet for use with providing applications to the public. We have revised this information sheet to include information about leveraged loans and to comply with the new equal opportunity public notification policy. The new applicant information sheet also has four blank lines on the front page to allow offices to list any additional forms. The block on the first page of the information sheet is provided for the office address and telephone number.

Please contact Ronney Radle or Leon Carey in the Single Family Housing Section if you have any questions.

/s/ Steven A. Carriker

STEVEN A. CARRIKER
State Director

Attachment

EXPIRATION DATE: June 30, 2001

FILING INSTRUCTIONS: SFH 3550
Field Office Handbook,
State Supplements

USDA Rural Development is an Equal Opportunity Lender,
Provider and Employer. Complaints of discrimination should be
sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410



UNITED STATES DEPARTMENT
OF AGRICULTURE

USDA RURAL DEVELOPMENT - RURAL HOUSING SERVICE

“Applicant Information Sheet” - Single Family Housing

The Rural Housing Service (RHS) provides loans in rural areas to eligible low- and very low-income applicants. The loan may be to purchase existing housing, purchase and repair existing housing, purchase a building site and construct a dwelling, or purchase new housing. Rural areas include open country and places with population of 10,000 or less and, under certain conditions, towns and cities between 10,000 and 25,000 population.

The property must be in good repair or placed in good repair with loan funds and meet Agency thermal standards. Third-party inspections are required for insulation, electrical, heating, plumbing, water and wastewater disposal systems, if applicable, and termite inspections. These third-party inspections must be performed by a qualified inspector. The payments for costs associated with the inspections will be agreed upon between the buyer and the seller and should be discussed prior to signing a purchase agreement.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audio tape, etc. should contact USDA’s TARGET Center at 202-720-2600 (voice and TDD).

The following documents are attached and may be completed and returned to your local Rural Development office located at the following address:

USDA Rural Development

Phone:

1. Form RD 410-4, “Uniform Residential Loan Application” Please contact the above USDA Rural Development office if you have questions or need assistance in completing this form.
2. Form RD 3550-1, “Authorization to Release Information”
- 3.
- 4.
- 5.
- 6.

To determine if you qualify, review these frequently asked questions:

“DOES IT MATTER HOW MANY OTHER BILLS I HAVE TO PAY?”

RHS will look at how much you currently owe to others. We'll want to know if paying back the proposed loan on top of your other payments will be difficult for you.

“WHAT IF I THINK MY INCOME IS TOO LOW?”

Having enough income to repay your loan is an important part of getting a loan; however, the RHS loan may be subsidized. A subsidized loan is based on the applicant repaying a percentage of their income toward the housing payment, taxes, and insurance. The percentage is generally 22, 24, or 26 percent of the applicant's household income.

“WHAT CAN I DO IF MY INCOME IS TOO LOW?”

The easiest thing you can do is consider a co-applicant to apply with you. RHS will then look at the combined credit histories and income. That can do a lot to improve your chances for approval. If you want a co-borrower, be sure to have the person complete the Co-Applicant section of the application form and sign his or her name next to yours.

“HOW CAN I DETERMINE IF MY INCOME IS ADEQUATE TO REPAY A LOAN?”

The amount of your proposed monthly house payment, real estate taxes, insurance, and other credit debts cannot exceed 41 percent of your gross monthly income. If you have questions regarding how this determination is made, you may contact the local Rural Development Office shown on the front cover.

“CAN I GET A LOAN IF I'M UNEMPLOYED?”

A steady source of income is very important to getting a loan. An applicant must show sufficient resources to repay the housing loan. Not having a job may have an impact on the Agency's decision. Experience has shown that applicants with stable jobs are more likely to repay the loan.

“WILL YOU FIND OUT ABOUT OTHER CREDIT I'VE HAD?”

Yes. Your credit bureau report provides information on your payment history including any difficulty you have had repaying other loans or credit cards. That information will be used to see if you can easily repay the loan.

“HOW CAN I FIND OUT IF I’M ELIGIBLE FOR A LOAN?”

A Rural Development employee is available to discuss eligibility requirements with you on an individual basis by phone or in person during regular office hours. Any interested person may make written application at the local Rural Development office.

“WILL I KNOW RIGHT AWAY IF I QUALIFY FOR A LOAN?”

Rural Development staff can pre-qualify the applicant with unverified information provided by the applicant by phone or in person. However, a final eligibility determination will not be made until a written application is filed, household income is verified, and a mortgage credit report is obtained.

“WILL I NEED TO GET PART OF MY FINANCING FROM ANOTHER LENDER?”

Applicants who may be able to obtain a portion of the needed funds from a bank or mortgage company must attempt to do so. These loans are called leveraged loans. By combining its resources with those of other lenders, USDA Rural Development can help more borrowers buy their own homes. These loans also receive priority processing.

“HOW LONG WILL IT BE BEFORE I CAN MOVE INTO MY NEW HOME?”

Typically, applicant eligibility, loan approval, and loan closing may be accomplished within approximately 90 days of filing of the written application. However, depending on the availability of Government funding, this time-frame may be extended. The applicant will be periodically advised regarding the status of their application when there is lack of funding.

“HOW MUCH MONEY WILL I NEED FOR A DOWNPAYMENT?”

In most cases a downpayment is not required. Loans may be made for up to 100 percent of the market (appraised) value. Simply put, this means if the sales price of the property is equal to or less than the appraised value, no downpayment is needed.

“DOES THIS MEAN I WON’T NEED ANY CASH TO GET A LOAN?”

Generally, the applicant will need some cash available. There are costs associated with the credit report, appraisal report, escrow, and other related closing costs. The credit report fee is always paid by the applicant. Costs pertaining to the appraisal, escrow, and loan closing may be included in the loan amount. You may also negotiate with the seller to contribute a percentage toward closing costs. Any agreement with the seller should be entered into prior to signing, and documented in, the purchase agreement or sales contract.

“DOES THE APPLICANT HAVE OTHER RESPONSIBILITIES?”

Yes. Rural Development staff are available to assist the applicant from the application to loan closing. The applicant is responsible for providing requested information timely. The information may be requested by Rural Development staff, a real estate agent, or a closing agent. Failure to provide information timely results in delayed decisions and other actions.

“ARE THERE OTHER ELIGIBILITY REQUIREMENTS?”

Yes. The applicant must:

1. Be without decent, safe, and sanitary housing.
2. Be unable to obtain a loan from other resources on terms and conditions that they can reasonably be expected to meet.
3. Possess the legal capacity to incur the loan obligation.

“WHAT ARE THE TERMS OF THE LOAN?”

The maximum repayment period is 33 years and, under certain conditions, 38 years. The maximum repayment period for manufactured homes is 30 years.

“WHERE MAY HOUSES BE LOCATED?”

Houses must be located on desirable sites (in eligible rural areas) with an adequate supply of safe drinking water and suitable arrangements for sewage disposal. Streets must have an all-weather surface and be maintained by a public body.

“WHAT ABOUT THE SIZE AND DESIGN OF THE HOME?”

Cost and design vary in different areas of the country. Loans may not exceed HUD's Maximum Mortgage Limits for the area in which the applicant is requesting financing.

“WHERE MAY I APPLY?”

Applications are made at the local Rural Development office serving the area in which the house will be located. Anyone unable to locate Rural Development in the local telephone directory may write to Rural Development, U.S. Department of Agriculture, Washington, DC 20250.
