



Texas Rural Development Homeownership Loans

HOW MAY LOAN FUNDS BE USED?

Homeownership loans may be used to buy, build, improve, repair, or rehabilitate rural homes and related facilities, and to provide adequate water and waste disposal systems.

Homes may be built on individual tracts or in subdivisions. Funds may also be used to modernize homes--add bathrooms, central heating, modern kitchens, and other improvements such as driveways and foundation plantings.

Borrowers may buy an existing house and lot or buy a site on which to build a home. Under certain conditions, funds may be used to refinance debts on a home.

WHO MAY BORROW?

Homeownership loans are offered to help families or persons with very low and low income. They must:

1. Be without decent, safe, and sanitary housing.
2. Be unable to obtain a loan from other sources on terms and conditions that they can reasonably be expected to meet.
3. Have sufficient income to pay house payments, insurance premiums and taxes, and all other monthly debt obligations. Persons with inadequate repayment ability may obtain co-signers for the loan.

4. Possess the legal capacity to incur the loan obligation.

5. Possess the ability to carry out the undertakings and obligations required in connection with the loan. Under some conditions, holders of long-term leases on farms or building sites may be eligible.

WHAT ARE THE TERMS?

Loans may be made for up to 100 percent of the Rural Development appraised value of the site and the new home if construction inspections were made by Rural Development or other parties authorized by Rural Development. Homes over one year old and improvements to them also may be financed with 100 percent loans. The maximum repayment period is 33 years and, under certain conditions, 38 years. The maximum repayment period for manufactured homes is 30 years.

IS THE BORROWER EXPECTED TO REFINANCE THE LOAN?

Rural Development loans make it possible for families of very low and low income to become owners of adequate homes. When the financial position of the borrower improves so that the loan can be refinanced through a commercial lender, the loan contract provides that this shall be done.

WHO DETERMINES APPLICANT ELIGIBILITY?

The local Rural Development Office determines the eligibility of applicants.

WHAT ABOUT SIZE AND DESIGN OF HOMES?

Homes will be modest in design and cost but adequate to meet family needs. The maximum loan amount for the county and the repayment ability of the applicant are the determinate factors. Cost and design vary in different areas of the country.

WHO FURNISHES BUILDING PLANS?

Applicants or builders are expected to supply detailed building plans, specifications, and cost estimates.

WHERE MAY HOUSES BE LOCATED?

Houses will be located on desirable sites with an assured supply of safe drinking water and suitable arrangements for sewage disposal. In subdivisions, the houses will be sited in an attractive manner to avoid straight-line monotony and to accent and preserve the natural advantages of topography, trees, and shrubbery. The streets, water, and waste disposal systems shall meet local codes and requirements.

ARE PLANS REVIEWED AND IS CONSTRUCTION INSPECTED?

Yes. Rural Development reviews the plans and inspects the construction as it progresses in the Government's interest.

WHEN CAN CONSTRUCTION START?

When a borrower obtains a loan to build or improve a home, the loan must be closed before construction starts or debts incurred for material or labor.

WHAT SECURITY IS REQUIRED?

Each loan will be adequately secured to protect the Government's interest.

ARE THERE LOAN FEES AND OTHER CHARGES?

The applicant pays for the legal services necessary to guarantee a satisfactory title to the site, for credit reports, and other incidental loan-closing costs.

WHERE DOES ONE APPLY?

Applications are made at the Rural Development Local Service Center serving the area in which the house will be located.

Anyone unable to locate the Rural Development office in the local telephone directory may write to the U. S. Department of Agriculture, Rural Development, 14th and Independence Avenue, S.W., Washington, D.C. 20250

A list of USDA Rural Development Offices in Texas is located on the Texas USDA Rural Development Web site www.rurdev.usda.gov/tx/

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sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

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