



NEWS RELEASE

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USDA RURAL DEVELOPMENT OFFERS ALTERNATIVE HOME LOAN

TEMPLE, TEXAS, May 12, 2006 — Despite generous borrowing terms and reasonable rates, some Texas rural residents have not utilized the USDA Rural Development Guaranteed Housing Program. For applicants who qualify through a participating lender, the program terms can be extremely beneficial.

“Now is the time to stop paying rent and purchase your own home,” said Bryan Daniel, State Director. “Our Guaranteed Rural Housing loan program is the best option for eligible low and moderate-income applicants to move into a home without a down payment.”

In many cases most of the closing costs associated with purchasing the house can be financed into the loan. Loans can be made to purchase new or existing homes that meet Agency requirements. In addition to allowing a Maximum Loan to Value ratio of 102%, another very attractive feature of this loan program is that the borrower is not required to pay mortgage insurance. Other zero down programs charge an up front mortgage insurance premium that is due at closing, with monthly mortgage thereafter. In comparison, the Guaranteed Rural Housing Program offers a significant savings to borrowers by charging a one-time only, two percent (2%) guarantee fee that is due at closing, and no monthly mortgage insurance. Typical savings for a family can range between \$20.00 and \$50.00 per month. A loan comparison calculator is available on our website at www.rurdev.usda.gov/tx/loancomp.htm.

Without expensive mortgage insurance premiums, homebuyers can qualify for a “better” home, which could mean the additional bathroom or bedroom that they may desire. Also, homebuyers may include their two percent fee in the loan. This will have a minimal impact on their payments yet maximize any cash reserves they may have. They can put down \$2,000 toward a home loan or keep their \$2,000 and pay roughly \$12 more per month.

USDA Rural Development housing programs target communities with populations of 10,000 or less and locations not closely associated with urban areas. Under certain circumstances loans can be made in towns and cities between 10,000 and 25,000 in population. Never assume an area is not eligible.

Private lenders, such as mortgage companies and commercial banks make USDA Rural Development Guaranteed Loans. The loans have a 30-year term and a competitive fixed interest rate. Unlike other zero down loan programs, the Guaranteed Rural Housing Program does not have loan limits. The maximum loan is determined by the applicant's income and repayment ability.

The USDA Rural Development local office that serves your area can be located at <http://www.rurdev.usda.gov/tx/officeinfo.htm>, or call the State Office Housing Program at (254) 742-9770.

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Committed to the future of rural communities.

“USDA is an equal opportunity provider, employer and lender.”

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).