



Tennessee USDA Rural Development Single Family Program

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SFH Housing Program Summary



The American Dream -- For Rural Homeowners

- **Direct loans** to assist very-low and low income families in rural areas
 - Payment based on income
 - No down payment required
 - Loan of “last resort”
 - Fixed rate financing – up to 33 years
 - Homes must be located in eligible rural areas
- **Guaranteed loans** to assist low to moderate income families in rural areas
 - Loans made by a regional or local bank
 - No down payment required
 - Lender sets the interest rate
 - Fixed rate – 30 year term
 - Homes must be located in eligible rural areas



Direct Loan Basics

Our Direct Home Loan Program helps bring homeownership within reach for eligible applicants in several ways:

- Loans may be up to 100% of appraised value
- Some closing costs may be included in the loan
- Payments may be spread over up to 33 years
- 38 year terms available in certain circumstances
- PMI is not required
- Payment assistance available for qualified applicants

Eligible Applicants

Families or Individuals who:

1. Do not own adequate housing
2. Fall within eligible income limits
(Low and Very Low income =
50 and 80% of AMI)
3. Have an acceptable credit history
4. Cannot obtain credit from conventional resources
5. Be a United States Citizen or permanent legal resident
6. Meet Standard Debt Ratio
7. First time homebuyers must complete a Homebuyers Education course prior to loan closing
8. Applicants do not have to be first time homebuyers

Eligible Properties

- Home must be located in rural areas of Tennessee. Based on population – some areas are restricted.
- Descriptions and maps are available on the internet:
- <http://eligibility.sc.egov.usda.gov/eligibility.welcomeAction.do?Home>
- Eligible dwellings include: houses, new manufactured housing and condominiums.
- Property cannot be an income producing property
- Property must be modest and the lot value cannot exceed 30% of the appraised value of the property.

Loan Purposes

- New construction / purchase existing homes / Repair Loans
- New Manufactured homes – set on a permanent foundation
- Closing that does not exceed 100% of market value
- Eligible loan costs include: appraisal fee; tax service fee; initial escrow deposit and the cost of homebuyer education.

Rates and Terms

- RD offers competitive rates
- Mortgage rate can be subsidized for eligible borrowers who meet income criteria. Rates can be reduced to as low as 1% for some borrowers
- If loan is subsidized to below market rate, recapture of subsidy is calculated in order for the borrower to repay to USDA a percentage of the subsidized amount.
- Loan term is typically 33 years but can be increased to 38 years in some circumstances.
(Note: 30 year maximum for manufactured housing)
- No down payment required and up to 100% loan to value financing



Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Further Information:

www.rd.usda.gov/tn

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