



# Home Loan Guarantee Program

## Quick Reference Guide

Committed to the future of rural communities.

Rural Development invested more than \$128 million in single family housing guaranteed loans in FY-2006. This program works with private lenders to help eligible families or individuals buy, build and refinance homes in rural areas with financing up to 100% LTV.

### General

- 29% PITI, 41% TD ratios (waivers allowed)
- Debts with 6 mos or more owed will be counted
- Property must be located in eligible rural areas (See reverse for web Site with details)
- Land value cannot exceed 30% of total value
- No in-ground swimming pools
- No substandard homes
- No existing manufactured homes
- CAVIRS number(s) required

### Loan Purposes

- Purchase new or existing home
- Pay closing costs for loan (no discount points)
- Pay pre-paid insurance
- Pay necessary repairs
- Purchase land and construct new dwelling

### Existing Dwellings

- Satisfactory appraisal
- Thermal certification
- Well test
- Septic system certification
- Termite letter

### New Construction

- Satisfactory appraisal
- Thermal certification
- Plan certification
- One year warranty on footings, framing and final inspection
- Or 10 year warranty on final inspection
- Termite treatment certificate
- Well test
- Septic system certification
- New manufactured home financing possible (See RD-TN web Site)

### Key Points

- No PMI or MIP
- Terms - 30 years
- Guarantee fee 2% of loan amount
- Refinance fee 0.5% of loan amount
- Appraised values can be exceeded by amount of guarantee fee - up to 102% LTV
- Streamlined credit Documentation with FICO score of 620 or higher

### Eligibility

- First time homebuyer **not** a requirement
- Income must be within limits
- Income must be adequate and dependable
- Adequate ability to repay the loan (history)
- Acceptable credit history
- Cannot obtain conventional financing
- Citizen or permanent legal resident
- Owner occupied
- Legal capacity to incur debt
- Bankruptcy OK if discharged for 36 months

### Income Eligibility

- All household income counted
- Overtime, bonuses and commissions count, if supported by history
- Child support counts - 12 month history needed
- Self-employment (use IRS net income) 2 year history plus current info needed
- Same job or line of work for past 24 months
- Degree or certification can substitute for job time
- All income verified including wages, social security, public assistance etc

### Gross Income Deductions

- \$480 annually for each child under 18
- Over 18 counts if full time student living at home
- Actual child care expenses for children under 12 if parents work or are in school
- \$400 annually for applicant or co-applicant if handicapped or elderly
- Medical deductions may be considered for handicapped or elderly applicants

[www.rurdev.usda.gov/tn/guaranteedhousing.htm](http://www.rurdev.usda.gov/tn/guaranteedhousing.htm)

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## Home Loan Guarantee Program

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Ann Markham

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### NEW

#### Guaranteed Underwriting Software

- Desktop underwriting system for loan approval
- Free to lenders and bankers
- Reduces documentation requirements

For details contact

Tom Favreau

615-783-1364

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### Additional Resources

Tennessee Guaranteed Rural Housing:

Links to all information and forms needed to request an RD loan guarantee in Tennessee.

[www.rurdev.usda.gov/tn/guaranteedhousing.htm](http://www.rurdev.usda.gov/tn/guaranteedhousing.htm)

Property & Income Eligibility: [Direct link.](#)

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

FHA Appraisers Roster:

Using these appraisers may reduce the number of inspections required for guarantee approval.

<https://entp.hud.gov/idapp/html/apprlook.cfm>

ASC Appraisal Roster:

Appraisers used must be on this list.

[www.asc.gov/content/category1/standardSearches.aspx?queryType=6](http://www.asc.gov/content/category1/standardSearches.aspx?queryType=6)

Federal Excluded Parties Listing:

A list of people who have been debarred from doing business with the Federal Government.

[www.epls.gov](http://www.epls.gov)

Fannie Mae: Current interest rates.

[www.efanniemae.com/sf/refmaterials/hmy/index.jsp](http://www.efanniemae.com/sf/refmaterials/hmy/index.jsp)

THDA-Tennessee Housing Development Agency Educational and downpayment assistance available to qualified homebuyers.

<http://state.tn.us/thda/Programs/Mortgage/mortcvr.html>



USDA Rural Development is an equal opportunity Lender, Provider, and Employer.

Complaints of discrimination should be sent to USDA, director, OCR, Washington, D.C. 20250-9410



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