

Single Family Home Loan Guarantees

What does this program do?

This no downpayment, 100% financing program assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas.

Eligible applicants may purchase existing homes (which may include costs to rehabilitate, improve or relocate the dwelling) or build new.

USDA provides a loan note guarantee to approved lenders, encouraging participation by minimizing their risk.

This program is NOT restricted to first-time homebuyers.

Who may apply for this program?

Applicants must:

- Have a household income that does not exceed 115% of median household income.*
- Agree to occupy the dwelling as their primary residence.
- Be a U.S. citizen, U.S. non-citizen national, or Qualified Alien.
- Be unable to obtain conventional financing with no private mortgage insurance (PMI).
- Not be suspended or debarred from participation in federal programs.

What properties are eligible?

- Must be located within an eligible rural area.*
- Must be a single-family dwelling (may include detached, attached, PUD, condo, modular, and manufactured).
- Must meet HUD 4000.1 minimum standards.
- No set maximum purchase price (based solely on applicant repayment ability).
- No set acreage limits. Must be common for the area.
- No seasoning requirements ("flipped" properties allowed).

What are applicant qualifications?

- **Income.** *Non-Self-Employed:* One-year history required.
Self-Employed and Seasonal: Two-year history required.
- **Assets.** No downpayment or reserves required.
- **Credit.** Must demonstrate a willingness and ability to repay debts. No set score requirement. Alternative credit allowable for those with no traditional credit.
- **Monthly housing payment.** Total payment (principal, interest, taxes, insurance, HOA dues, RD annual fee) typically should not exceed 29% of gross monthly income.
- **All monthly debt payments.** All payments included on credit report, including proposed new mortgage payment, typically should not exceed 41% of gross monthly income.
Student loan payments. Fixed payment: use actual payment or 1% of loan balance.
Non-fixed payment (IBR, graduated, adjusted, etc.) plans: Use 0.5% of loan balance.
- **Seller (or Interested party) contributions.** Not to exceed 6% of sales price.
- **Gift funds.** No limit.

