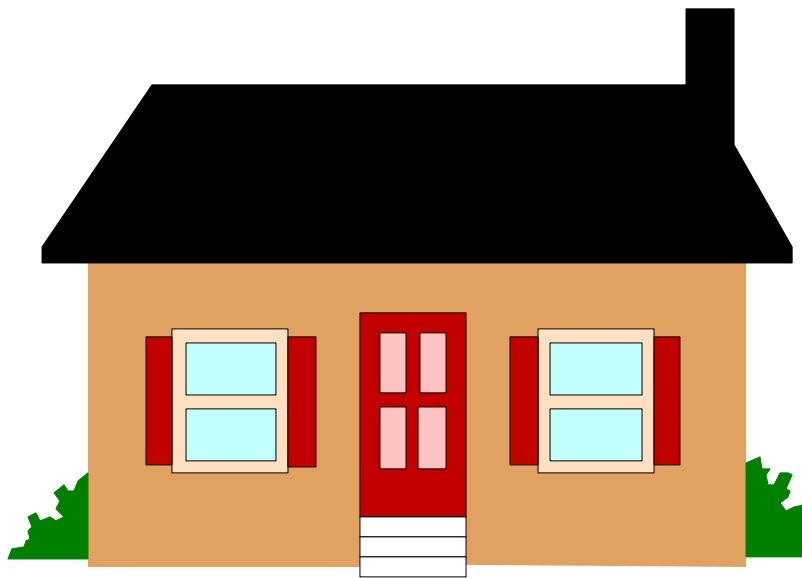


U.S. DEPARTMENT OF AGRICULTURE

KANSAS

RURAL DEVELOPMENT



**RURAL HOUSING
PROGRAM FACT SHEETS**



EQUAL HOUSING OPPORTUNITY

March 2002

INTRODUCTION

I am pleased to present this booklet which provides general information about USDA Rural Development in Kansas. It summarizes the many programs available to assist individuals in rural America.

Our Vision Statement is: Partners in helping the people of rural America develop sustainable communities.

Our Mission Statement is: Enhance the ability of rural communities to develop, to grow, and to improve their quality of life by targeting financial and technical resources in areas of greatest need through activities of greatest potential.

Our employees are committed to serving the rural residents of Kansas. Challenges are being met through the use of a statewide strategic plan. The plan recognizes the need to make the best and most efficient use of our skilled and committed staff and focuses on investing our limited resources by recognizing that Rural Development must leverage our resources with the resources of other organizations, both public and private. We believe that by working with other organizations and community leaders and being a catalyst for change, we can contribute to a more promising future for people throughout rural Kansas.

Our current plan emphasis forging more partnerships and leveraging federal funds to the maximum to help as many individuals and communities as possible. In addition, our new mission area allows Rural Development to be the catalyst in assisting communities with assessing their needs, analyzing their resources and working together toward new solutions. In these cases, we bring our expertise in planning, financial management and technical assistance to the table to partner with others to help rural America.

Rural Development programs are delivered through 10 Local USDA and 4 Area Offices. For your convenience in reaching us, we are attaching a listing of the Local and Area Offices, including names, addresses and phone numbers.

Thank you for the opportunity to share the vision of USDA Rural Development. We will look forward to assisting you with the improvement of the quality of life in rural Kansas.

Sincerely,

CHUCK BANKS
State Director
USDA Rural Development

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Kansas
USDA RURAL DEVELOPMENT
LOCAL OFFICES

ALTAMONT					
17-050	Neal Troyer	Chautauqua	17-010	Labette	17-050
	115 W. 4 th	Elk	17-025	Montgomery	17-063
	Altamont, KS 67330	Cherokee	17-011		
	(620)784-5431	Crawford	17-019		
	(620)784-5900 (fax)				
COLBY					
17-097	Keith R. Corbett	Cheyenne	17-012	Thomas	17-097
	915 E. Walnut	Rawlins	17-077	Sheridan	17-090
	Colby, KS 67701	Decatur	17-020	Wallace	17-100
	785-462-7671	Norton	17-069	Logan	17-055
	785-462-9726 (fax)	Sherman	17-091	Gove	17-032
		Wichita	17-102	Scott	17-086
		Greeley	17-036	Lane	17-051
EL DORADO					
17-008	Tom L. Finger	Butler	17-008	Harvey	17-040
	2503 Enterprise #C	Chase	17-009	Marion	17-058
	El Dorado, KS 67042	Cowley	17-018	Sedgwick	17-087
	(316)321-5803	Greenwood	17-018	Sumner	17-096
	(316)321-4956 (fax)				
GARDEN CITY					
17-028	James K. Sabourin	Clark	17-013	Hodgeman	17-042
	2106 E. Spruce	Finney	17-028	Kearney	17-047
	Garden City, KS 67846	Ford	17-029	Meade	17-060
	(620)275-0211	Grant	17-034	Morton	17-065
	(620)275-4903 (fax)	Gray	17-035	Seward	17-088
		Hamilton	17-038	Stanton	17-094
		Haskell	17-041	Stevens	17-095
HAYS					
17-026	Brandon S. Prough	Ellis	17-026	Barton	17-005
	2715 Canterbury	Graham	17-033	Jewell	17-045
	Hays, KS 67601	Osborne	17-071	Mitchell	17-062
	(785)628-3081	Phillips	17-074	Ness	17-068
	(785)625-6065(fax)	Rooks	17-082	Pawnee	17-073
		Russell	17-084	Rush	17-083
		Trego	17-098	Smith	17-092

**KANSAS
USDA RURAL DEVELOPMENT
LOCAL OFFICES**

IOLA					
17-001	Christie S. McReynolds	Allen	17-001	Bourbon	17-006
	202 W. Miller Rd.	Anderson	17-002	Neosho	17-067
	P.O. Box 408	Coffey	17-016	Wilson	17-003
	Iola, KS 66749	Woodson	17-004		
	(620)365-2901				
	(620)365-5785 (fax)				
LAWRENCE	LeRoy W. Rieschick	Atchison	17-003	Jefferson	17-044
17-023	P.O. Box 3447	Brown	17-007	Leavenworth	17-052
	3010 Four Wheel Drive	Doniphan	17-022	Nemaha	17-066
	Lawrence, KS 66046-0886	Douglas	17-023	Osage	17-070
	(785)843-4260	Franklin	17-030	Shawnee	17-089
	(785)841-1087 (fax)	Jackson	17-043		
LYONS					
17-080	Kevin W. Culley	Comanche	17-017	Barber	17-004
	1480 Hwy. 56	Edwards	17-024	Harper	17-039
	Lyons, KS 67554	McPherson	17-057	Kingman	17-048
	(620)257-5184	Pratt	17-076	Kiowa	17-049
	(620)257-5653 (fax)	Reno	17-078	Lincoln	17-053
		Stafford	17-093	Saline	17-085
		Ellsworth	17-027	Rice	17-080
MANHATTAN					
17-081	Bryan D. Rohn	Dickinson	17-021	Clay	17-014
	2615 Farm Bureau Road	Geary	17-031	Cloud	17-015
	Manhattan, KS 66502	Marshall	17-059	Lyon	17-056
	(785)776-7582	Morris	17-064	Ottawa	17-072
	(785)776-2733 (fax)	Pottawatomie	17-075	Republic	17-079
		Riley	17-081	Washington	17-101
				Wabaunsee	17-099
PAOLA					
17-061	Carol S. Horting	Wyandotte	17-105		
	100 N. Angela – Suite 2	Johnson	17-046		
	Paola, KS 66071	Miami	17-061		
	(913)294-3751	Linn	17-054		
	(913)294-3386 (fax)				

Kansas
USDA RURAL DEVELOPMENT
Area Offices

AREA 1					
MANHATTAN					
	David Ladner	Republic	18-079	Washington	19-001
	2615 Farm Bureau Rd	Marshall	18-059	Cloud	18-015
	Manhattan, KS 66502	Clay	18-014	Riley	18-081
	(785) 776-7582	Pottawatomie	18-075	Lincoln	18-053
	(785) 539-2733	Ottawa	18-072	Ellsworth	18-027
		Saline	18-085	Dickinson	18-021
		Geary	18-031	Wabaunsee	18-099
		Morris	18-064	Lyon	18-056
		Rice	18-080	McPherson	18-057
		Edwards	18-024	Stafford	18-093
		Reno	18-078	Kiowa	18-049
		Pratt	18-076	Kingman	18-048
		Comanche	18-017	Barber	18-004
		Harper	18-039		
HAYS					
	Larry Reichert	Cheyenne	18-012	Rawlins	18-077
	2715 Canterbury Drive	Decatur	18-020	Norton	18-069
	Hays, KS 67601	Phillips	18-074	Smith	18-092
	(785) 628-3081	Jewell	18-045	Sherman	18-091
	(785) 625-6065 (fax)	Thomas	18-097	Sheridan	18-090
		Graham	18-033	Rooks	18-082
		Osborne	18-071	Mitchell	18-062
		Wallace	19-000	Hodgeman	18-042
		Finney	18-028	Kearney	18-047
		Ford	18-029	Meade	18-060
		Grant	18-034	Morton	18-065
		Gray	18-035	Seward	18-088
		Hamilton	18-038	Stanton	18-094
		Haskell	18-041	Stevens	18-095
		Logan	18-055	Gove	18-032
		Trego	18-098	Ellis	18-026
		Russell	18-084	Barton	18-005
		Greeley	18-036	Wichita	19-002
		Scott	18-086	Lane	18-051
		Rush	18-083	Ness	18-068
		Clark	18-013	Pawnee	18-073

RURAL HOUSING LOAN AND GRANT PROGRAMS

U.S. Department of Agriculture

RURAL DEVELOPMENT

Direct Housing Loans--loans made by USDA Rural Development to low and very low income applicants to buy, build or repair homes--payments are subsidized.

Guaranteed Housing Loans--loans made by conventional lenders and guaranteed by USDA Rural Development to low and moderate income applicants to buy or build homes--30 year fixed interest rate.

Home Repair Loans--1% loans made by USDA Rural Development up to \$20,000 to very low income applicants to repair the home they now own.

Home Repair Grants--grants made by USDA Rural Development up to \$7,500 to very low income senior citizen applicants to repair the home they now own to remove safety and health hazards.

Rural Rental Housing Loans--loans made by USDA Rural Development to individuals or organizations to construct apartments for very low to moderate income tenants--operated on a not-for-profit or a limited profit basis with subsidized rents--can include congregate housing.

Site Loans--loans made by USDA Rural Development to public bodies or not-for-profit entities to buy and develop lots to sell to very low to moderate income housing applicants at cost.

Self-Help Housing Loans--loans made by USDA Rural Development to housing applicants who agree to work together as a group to build their own homes.

Technical Assistance Grants--grants made by USDA Rural Development to not-for-profit entities to provide the technical assistance to Self-Help Housing Loan applicants to build their own homes.

Farm Labor Housing Loans/Grants--loans/grants made by USDA Rural Development to public bodies, not-for-profit entities or individuals to finance rental units for domestic farm labor.

Housing Preservation Grants--grants made by USDA Rural Development to not-for-profit entities to operate a program which finances repair and rehabilitation activities to individual housing/rental properties for very low and low income property owners.

HOME OWNERSHIP LOANS (Sec. 502)

HB-1-3550

Purpose

To provide very low and low income families with financing to build, purchase, or repair homes and building sites that meet local codes and provide adequate affordable housing.

Eligible Applicants

- Be without ownership of decent, safe and sanitary housing.
- Be unable to obtain a loan from other conventional lending sources on terms they can afford.
- Have sufficient income for loan repayment, taxes, insurance, living expense and other existing debts.
- Possess the legal capacity to incur debt.
- Be a very low or low income applicant (80% of County Median Income or less)
- Have an acceptable credit history.

Loan Purposes

- Loan funds may be used to purchase a site and build a new home. Certified building plans, specifications and lot survey must be provided.
- Loan funds may be used to purchase an existing modest home which meets building standards or can be brought up to code with loan funds.
- Funds may be used to modernize or repair a home already owned by an applicant.
- Under certain limited conditions, funds may be used to refinance debts on a home.

Loan Terms

Loans may be made for up to 100% of the appraised Market Value plus some of the closing costs. The loan will be for a 33 year term and under certain conditions it may be extended to 38 years. The interest rate changes based on the cost of funds to the Government, but the note rate stays the same after the loan is closed. The full note payment may be reduced on an annual basis by Payment Assistance which is based on household annual adjusted income.

Location and Type of Home

The home must be located in an eligible rural community. Communities with less than 10,000 population are eligible and some communities with population up to 20,000 are eligible. Also, properties on a farm, or in open country not closely associated with an urban area are eligible. It must be located on a site which has a sewerage disposal and water system that is approved by the Department of Health. Adequate streets and other services are approved on a site by site basis.

Homes financed must be modest housing that is structurally sound, in good repair, and thermally efficient. The modest home financed must not exceed the HUD Section 203b limit for the county in which the property is located. The home cannot have an in-ground swimming pool, but otherwise is not limited in amenities.

Other Features

These loans may be made in partnership with a conventional loan. With these leveraged loans, the loan will be secured by a second mortgage with the conventional lender having the first lien. The interest rate charged to the borrower for the Rural Development loan will be a reduced rate based on the income of the borrower. Applications are filed at the local office serving the area where the home to be financed is located.

Guaranteed Loan Program for Single Family Housing

RD Instruction 1980-D

Product Summary

USDA Rural Development offers a Guaranteed Loan Program through participating approved lenders to provide rural residents with better access to affordable single family housing finance options. This program is designed especially for low and moderate-income borrowers. In most cases, borrowers can qualify for these loans with no down payment. The program is an excellent opportunity for a borrower who wouldn't qualify for conventional or FHA loans without additional assistance.

Program Highlights

- Loans may be for up to 100 percent of the appraised value or for the acquisition cost
- Mortgages are for 30 year fixed rate at market interest rates
- Loans may include funds for closing costs, guarantee fee, legal fees, title services, cost of establishing an escrow account and other prepaid items, if the appraisal is higher than sales price
- Sellers may contribute to the buyer's closing costs
- Home buyers make application with participating lenders
- Buyers must personally occupy the dwelling following the purchase
- Loans may be made to refinance existing RHS Guaranteed housing loans or RHS Section 502 Direct Housing loans
- A one-time guarantee fee of 2 percent of the loan amount is charged to the lender, but may be passed on to the buyer
- Closed loans have secondary market acceptability, including Freddie Mac, Fannie Mae, Ginnie Mae pools, and many state housing finance agencies
- Guaranteed loans are subject to the provisions of the Civil Rights statutes, including the Equal Credit Opportunity Act
- No maximum loan limit. Loan amount is only limited by the Borrower's income and loan repayment ability

Homes That Qualify:

- Guaranteed loans can be made on either new or existing homes.
- Existing homes must be structurally sound, functionally adequate, and in good repair.
- The home must not be used for income-producing purposes.
- Homes must be located in rural areas. Rural areas include open country and places with a population of 10,000 or less and under certain conditions, towns and cities with 10,000 to 25,000 residents. USDA Rural Development field offices can determine eligible areas.

Applicant Eligibility Criteria

- Does not own an adequate home
- Unable to easily qualify for a conventional loan.
- Be a natural citizen or a non-citizen with one of the INS authorizations in USDA handbook
- Adjusted gross household income cannot exceed the income limit for the household size and county in which the property to be financed is located.
- A family's income includes the total gross income of the applicant, co-applicant and any other adults in the household. Applicants may be eligible to make certain adjustments to gross income, such as annual child care expense and \$480 for each minor child-in order to qualify.
- A copy of the current income limits is available from any USDA Rural Development office in Kansas.
- Local office and/or lender will assist applicant in determining adjusted gross income.
- Have a credit history that indicates a reasonable willingness to meet obligations as they become due
- Have a repayment ability based on the following ratios: Principal, Interest, Taxes, Insurance (PITI) divided by gross income must be equal to or less than 29 percent. Total debt divided by gross monthly income must be equal to, or less than, 41 percent.

Program Information

Interested home buyers should call or visit their local lender or the nearest USDA Rural Development local office for information about the program. USDA Rural Development local office staff will refer potential applicants to participating lenders. Lenders interested in becoming approved to participate in the program may also contact USDA Rural Development for further information.

"504" HOUSING REPAIR LOAN/GRANT PROGRAM

HB-1-3550

Purpose

USDA, Rural Development can assist very low-income households who need financial assistance for essential repairs and improvements to the homes they own.

Loan funds may be used to make general repairs and improvements to properties, and to remove health and safety hazards. Applicants may obtain multiple Section 504 loans, but the sum of the outstanding balance on **ALL** Section 504 loans cannot exceed \$20,000. The loans have a maximum term of 20 years and an **interest rate of 1%**.

The **maximum lifetime** assistance available to any individual is \$7,500.00 for grants.

ELIGIBILITY

- Must meet citizenship or eligible non-citizen requirements.
- Must possess the legal capacity to incur the loan obligation and not be suspended or debarred from participation in Federal Programs.
- Must have a credit history which indicates a reasonable ability and willingness to meet obligations as they become due.
- Must own and occupy the single family dwelling located in a rural area that is in need of repair. Evidence of ownership of the dwelling is required.
- Must be unable to obtain financial assistance from other non-government credit or grant sources, and lack personal resources that can be utilized to meet their needs.
- Must have an adjusted annual income at the time of loan/grant approval and at loan closing that does not exceed the applicable very low-income limits. Low-income applicants cannot receive assistance under Section 504.
- To qualify for a grant, at least one applicant must be 62 years of age or older and be unable to repay a 504 loan. Remember, grants can only be made for the removal of health and safety hazards.
- Must live in an eligible area. Any rural area or community with a population of less than 10,000, and some communities with a population up to 20,000, which has been designated as rural is an eligible area. Check with the Rural Development Local Office for guidance.

OTHER INFORMATION

- Loans over \$7,500 require a mortgage to be filed on the dwelling, which is being repaired (best lien obtainable).
- Appraisals - An appraisal of the property to be repaired is required if the total indebtedness (including the new loan) against the property exceeds \$15,000.00.
- All 504 loans must be secured, whether an appraisal is done, or not. This means that the total amount of debt against the home (including the new loan) cannot exceed the property's market value. Provide a copy of your property valuation statement that you received from the Appraisers Office.
- Title clearance - Title clearance is only required if the total indebtedness to Rural Development will exceed \$7,500.00 at the time the loan is closed. Title clearance and loan closing costs are paid by the applicant or included in the loan.
- **New loans which exceed \$7,500.00 require:** A commercial-quality credit report on each applicant (at no cost to the applicant).
- **New loans which exceed \$15,000.00 require:** Homeowner's insurance to be obtained on the property. The applicant, prior to loan closing, must pay one year's premium, Insurance must be maintained throughout the life of the loan.
- **Flood insurance is required in special Flood Hazard Areas throughout the term of the loan, regardless of the loan amount and for grants over \$5,000.00.**
- Grant recipients must sign a "Grant Agreement" by which they agree to repay the grant if the property repaired by the grant is sold or transferred within three years of the date the grant is made.
- The term of each loan will be established after determining the amount of the loan and the borrower's repayment ability using amortization tables. The maximum term will not exceed 20 years. Loans made in combination with a grant will always be amortized for 20 years in order to maximize the affordable loan amount and minimize the amount necessary as a grant.
- Do not start construction prior to loan/grant closing. Numerous changes could occur preventing the closing of loans and grants.
- Dwellings repaired with 504 loan or grant funds need not be brought to OBC/CABO or RD thermal standards; nor must all of the existing hazards be removed, provided the dwelling does not continue to have major health or safety hazards after the repairs are made. 504 loans or grants may be made on mobile homes as well.

HOUSING PRESERVATION GRANT PROGRAM (HPG-Sec 533)

RD Instruction 1944-N

Purpose

The HPG program offers qualified public agencies, private nonprofit organizations and other eligible entities, authorized to administer funds to assist low and very low-income rural homeowners in the repair and rehabilitation of their homes.

Eligible Grant Purposes - includes, but is not limited to:

- Installation and/or repair of sanitary water and waste disposal systems.
- Energy conservation measures such as insulation and combination screen-storm windows and doors and repair or replacement of the heating system.
- Electrical wiring.
- Repair of, or provision for, structural supports and foundations.
- Repair or replacement of the roof, severely deteriorated siding, porches, or stoops.
- Alterations to provide greater accessibility for any handicapped person.
- Additions to dwellings to alleviate overcrowding or to remove health hazards.

Pre-application Submission Deadline

A Notice of Availability of Funds (NOFA) is published in the Federal Register in December or January of each year. The State Office then publishes a news release providing the amount of grant funds available and the timeframe for submitting pre-applications.

Project Selection Criteria

The State Office reviews and ranks the pre-applications and provides a list of the applicants and applicable information to the National Office for their approval and funding. The selection criteria includes points for the following criteria: percentage of very-low persons proposed to be assisted, population, percentage of funds which will be used for administrative purposes, component for alleviating overcrowding, leveraged funds, and administrative capacity to carry out the objectives of the grant.

Term of Grant

The objectives of the grant shall normally be accomplished between 1 to 2 years.

Reporting Requirements & Compliance

Progress in meeting grantees established objectives and fund usage is monitored by the State Office through quarterly reports submitted by the grantee.

At the close of the grant, the Grantee will be required to provide a final audit.

RURAL HOUSING SITE LOANS (Sec. 524)

RD Instruction 444.8

Purpose

Assist Public or private nonprofit organizations with the purchase and development of adequate sites, including the construction of essential access roads, streets, utility lines, and necessary equipment which will become a permanent part of the development.

Eligible Applicants

The applicant must be a private or public nonprofit organizations.

Loan Limitations

\$100,000 or total development costs or value of property as improved, whichever is less. Can be a larger loan if prior authorization is obtained from the National Office.

Application

The application will be in the form of letter to the Local or Area Office which would include:

- a financial statement
- general description of the project
- estimated cost and amount of loan needed
- evidence of inability to obtain credit elsewhere
- evidence of need for the proposed sites in the locality by low- and moderate-income families
- evidence of any state, county, or local planning, zoning or other ordinance imposing additional restrictions upon the proposed site

Terms

Current note rate for 524 loans. Three percent for 523 self-help housing. Maturity date will be two years from the date the loan is made. National Office may authorize an extension of the maturity date.

Security

Each loan will be secured by a mortgage on the property purchased or improved with the loan and a security interest in the funds held by the corporation in trust for the Government.

Funding

Allocations are maintained at the National Office. Applicants must get prior National Office approval before proceeding with the final request.

Eligible Loan Purposes

- Access roads, streets, and utility lines.
- Purchase of land.
- Public water and waste disposal facilities if they are not available and cannot reasonably be provided on a community basis with other financing, including
- Rural Development Water and Waste Disposal association loan.
- Engineering fees, legal fees, and closing costs.
- Actual cash costs of incidental administrative expenses such as postage, telephone, advertising, etc.
- Needed landscaping, planting, seeding, or sodding, or other necessary facilities related to buildings such as walks, parking areas, and driveways.

Ineligible Loan Purposes

- Purchase more land than immediate need for locality (generally, how many lots can be sold within 2 years).
- Payment of commissions or refinancing debts
- Purchase of land from a member of applicant-organization.
- To develop lots which will be excessive in costs.

Program Restrictions

The sites developed with a site loan (Sec. 524) must be for housing low and moderate income families and may be sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any Section of Title V of the Housing Act of 1949. This could be a private lender, HUD, individuals who are eligible for a VA guaranteed loan, state or local public agencies such as a housing authority as long as they meet the income guidelines.

SELF-HELP TECHNICAL ASSISTANCE GRANTS

RD Instruction 1944-I



Purpose

To provide grant funds to eligible organizations that are willing to locate and work with families that otherwise do not qualify as homeowners. Generally, these are families below 50% of median incomes, living in substandard housing.

Eligible Applicant

Be an organization which has the financial, legal and administrative capacity to administer the grant.

- Can be a State, political subdivision, or public nonprofit corporation or,
- A private nonprofit corporation that is owned and controlled by private persons or interests and is organized and operated for purposes other than making gains or profits for the corporation.

Applications

Pre-applications can be submitted to any of our four area offices throughout the state.

Funding

An allocation for this program is maintained by the National Office. Eligible applicants will be submitted to National Office for funding.

Term

Grants are normally made on a two-year basis. Construction is generally in a group fashion of 8-10 families who agree to mutually provide labor to each other throughout the building period until all houses in the group are completed. Estimate a 6 to 8 month construction time frame for each group of 8 to 10 families. Three 8 month building cycles would complete the 24 month grant period.

Use of-Grant Funds

- Payment of salaries of personnel, employee benefits, etc.
- Payment of necessary and reasonable office expenses such as utilities, equipment rental, office rental, supplies, etc.
- Purchase, lease, or maintenance of power or specialty tools (power saw, electric drill, saber saw, ladders, etc.). The participating families are expected to provide their own hand tools such as hammers and handsaws.
- Payment of liability insurance and audit costs.
- Payment of reasonable fees for training of grantee personnel.
- Payment of legal costs, accountant fees to set up an accounting system.

Loan Limitations

The self-help home must be less costly than having a contractor/ builder do the job. The maximum, grant amounts will be limited to:

- An average technical assistance (TA) cost per unit should be no more than 15% of the cost value of modest homes built in the area; or
- An average TA cost per unit that does not exceed the difference between the value of modest homes in the area and average mortgage of the participating families minus \$1,000; or
- A TA per unit cost that does not exceed an amount established by the State Director; or
- A negotiated amount for repair and rehabilitation type proposals.

General Comments

The self-help participants must, by agreement, contribute a significant amount of labor in order that house costs will be reduced and made more affordable. Selected family phases should be those requiring semi-skills of the workers and can be performed with on-the-job supervision by the grant program construction supervisor. Families are not expected to perform those construction phases requiring licensed workers. Participants should be prepared to contribute approximately 30 hours of work per week per group member.

SECTION 514 FARM LABOR HOUSING LOAN & SECTION 516 FARM LABOR HOUSING GRANT PROGRAM

PROGRAM: Section 514 Farm Labor Housing Loans and Section 516 Farm Labor Housing Grants, of the Housing Act of 1949 (42 U.S.C. 1485)

PURPOSE: Provide loans and grants for rental housing in rural areas for domestic farm laborers. The program has two basic components: one is a “loan only” to farmers for “On-Farm” housing on a non-rental basis; the other is a “loan or a combination loan/grant” for “Off-farm” housing on a rental basis for the local agricultural market. Loans are primarily made to build, buy, improve, or purchase apartment-style housing usually consisting of garden-type duplexes or townhouses, or similar multi-unit dwellings. The housing must be modest in size, design, and cost providing decent, safe, and sanitary living units adequate to meet the tenant’s need.

ELIGIBLE APPLICANTS: Farm labor housing loans can be made to an individual farm owner, family farm partnership, family farm corporation, an association of farmers, State and local public agencies, broad-based public or private profit and non-profit organizations.

APPLICATION PROCESS/DEADLINES: The Section 514/516 Farm Labor Housing loan and grant program for “*Off-Farm*” developments is a competitive application process whereby applicants compete nationwide for funds based on scoring factors listed in a Notice of Funding Availability (NOFA). The NOFA is published annually in the *FEDERAL REGISTER* and is usually published at the beginning of the fiscal year. The closing deadline for receipt of all applications for FY-2001 is April 25, 2001. “*On-farm*” labor housing applications can be submitted anytime during the fiscal year.

AVAILABLE FUNDING: The total funds available for “Off-Farm” new construction purposes for FY-2001 nationwide was \$23,522,000 in Section 514 loans and \$10,000,000 in Section 516 grants.

SOURCE OF FUNDS: Annually appropriated by Congress.

REFERENCE: Rural Development Instruction 1944-D (Farm Labor Housing Loan and Grant Policies, Procedures, and Authorizations). The instructions are located at the following web address: <http://www.rdinit.usda.gov/regs>

CONTACT: Virginia M Hammersmith MFH Specialist
(785) 271-2721 or at vhammers@rdmail.rural.usda.gov

SECTION 515 RURAL RENTAL HOUSING LOAN PROGRAM

RD Instruction 1944-E

PROGRAM: Section 515, Rural Rental Housing loan program of the Housing Act of 1949 (42 U.S.C. 1485)

PURPOSE: Provide loans for rental housing in rural areas for persons or families with very-low, low and moderate incomes including elderly persons and persons with disabilities. Loans are primarily made to build or purchase apartment-style housing usually consisting of garden-type duplexes or townhouses, or similar multi-unit dwellings. The housing must be modest in size, design, and cost providing decent, safe, and sanitary living units adequate to meet the tenant's need.

ELIGIBLE APPLICANTS: Rental housing loans can be made to individuals, trusts, associations, partnerships, limited-partnerships, State and local agencies, consumer cooperatives, and profit and non-profit corporations.

APPLICATION PROCESS/DEADLINES: The Section 515 Rural Rental Housing loan program is a competitive application process whereby applicants compete nationwide for funds based on scoring factors listed in the Notice of Funding Availability (NOFA). The NOFA is published annually in the *FEDERAL REGISTER* and is usually published at the beginning of the fiscal year. The closing deadline for receipt of all applications for FY-2001 was March 26, 2001.

AVAILABLE FUNDING: The total funds available for new construction for FY-2001 nationwide was \$49,000,000.

SOURCE OF FUNDS: Annually appropriated by Congress.

REFERENCE: Rural Development Instruction 1944-E (Rural Rental and Rural Cooperative Housing Loan Policies, Procedures, and Authorizations). The instructions are located at the following web address: <http://www.rdinit.usda.gov/regs>

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GUARANTEED RURAL RENTAL HOUSING PROGRAM (SEC. 538)

RD Instruction 3565

Purpose

To increase the supply of affordable rural rental housing, for low- to moderate-income tenants, through the use of loan guarantees and partnerships between RHS and approved lenders.

Eligible Occupants

Families, individuals, senior citizens (age 62 or over) and persons with disabilities whose income at the time of initial occupancy does not exceed 115 percent of the median income of the area.

Eligible Borrowers

Individuals, corporations, non-profits, partnerships, limited liability companies, or any organization deemed eligible by the Agency.

Eligible Lenders

Lenders eligible for approval include FHA, Fannie Mae, and Freddie Mac approved multifamily lenders.

Other lenders with multifamily lending experience may also be approved, such as:

- Federal Home Loan Bank system members, and
- Housing Authorities

Terms

Loan term not to exceed 40 years at a fixed rate agreed upon by the applicant and the lender that does not exceed the maximum allowable rate established by the Administrator.

Fees:

- Application Fee: \$2,500 to be submitted within 90 days of selection along with the full application
- Initial Guarantee Fee: 1% of principal amount of loan
- Annual Guarantee Fee: 1/2% of outstanding principal
- Extension to term of guarantee commitment: \$500
- Reopen lapsed commitment: \$500
- Transfer of property and assumption of loan: \$1,250

Loan Limitations

- Maximum loan for nonprofits and Indian tribes is 97% of the development cost or appraised value, whichever is less.
- Maximum loan for a for-profit entity is 90% of the development cost or appraised value, whichever is less.

Loan Purpose

Development costs of rental housing and related facilities (New Construction Only) in communities under 20,000 population.

Applications

Request for applications can be made in accordance with the Notice of Funding Availability (NOFA), published annually after October 1st.

Subsidies

Each fiscal year (beginning October 1st), the Agency will provide assistance in the form of interest credit to the extent necessary to reduce the rate of interest to the AFR. See Notice of Funding Availability (NOFA) for specific amounts to be awarded each year.

Leveraging

It is anticipated that applicants will utilize other affordable housing programs in conjunction with the Rural Development Guarantee.

Loan Servicing

Lenders will be responsible for the full range of loan management, servicing and property disposition activities.

RURAL DEVELOPMENT INTERNET ADDRESSES

USDA Rural Development Main Menu

<http://www.rurdev.usda.gov>

Kansas USDA Rural Development Main Menu

<http://www.rurdev.usda.gov/ks/>

Rural Housing Service Main Page

<http://www.rurdev.usda.gov/rhs>

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