

ATTACHMENT 3-D

RURAL DEVELOPMENT RURAL HOUSING SERVICE

“Applicant Information Sheet” - Single Family Housing

The Rural Housing Service (RHS) provides loans in rural areas to eligible low- and very low-income applicants. The loan may be to purchase existing housing, purchase and repair existing housing, purchase a building site and construct a dwelling, or purchase new housing. Rural areas typically include open country and places with a population of 10,000 or less and, under certain conditions, towns and cities between 10,000 and 35,000 population.

For detailed information on income limits and eligible areas, visit:
<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

The property must be in good repair or placed in good repair with loan funds. For an existing property, a whole house inspection performed by a qualified inspector is needed. The buyer and seller should discuss who will cover the cost of the whole house inspection and address this item in the purchase agreement.

All who apply get equal consideration without regard to race, color, national origin, religion, sex, gender identity, sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity.

To apply, complete all the applicable items in the attached checklist of items to accompany the uniform residential loan application and submit the package using one of the options below:

- Through your loan application packager.
- Apply online after registering to obtain a USDA eAuthentication identification and password. <http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home>
- [Return to the Rural Development office using the address\(es\) below. If an email address is listed below, password protect the email to protect personal identifiable information.](#)



Please contact your loan application packager (if present) or the above Rural Development office if you have questions regarding what needs to be in your application package or if you would like assistance in completing a form. To determine if you qualify, review these frequently asked questions:

“CAN I ASSESS MY ELIGIBILITY PRIOR TO APPLYING?”

Using the [Single Family Housing Direct Eligibility Assessment tool](#), potential applicants may enter information online to determine if the Section 502 Direct Loan Program is a good fit for them prior to applying. The tool will provide a preliminary eligibility determination after a potential applicant enters information on their general household composition, monthly income, monthly debts, property location, estimated property taxes, and estimated hazard insurance.

To access the tool, visit <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do> and click on the Single Family Housing Direct tab.

Potential applicants are welcome to submit a complete application for an official determination by Rural Development regardless of the eligibility assessment results. Upon receipt of a complete application, Rural Development will determine the applicant’s eligibility using verified information and the applicant’s maximum loan amount based on their repayment ability and the [area loan limit](#) for the county in which the property is located.

“DOES IT MATTER HOW MANY OTHER BILLS I HAVE TO PAY?”

RHS will look at your monthly obligations and how much you currently owe to others. We’ll want to know if paying back the proposed loan on top of your other payments will be difficult for you.

“WHAT IF I THINK MY INCOME IS TOO LOW?”

Having enough income to repay your loan is an important part of getting a loan; however, the RHS loan may be subsidized. A subsidized loan is based on the applicant repaying a percentage of their income toward the housing payment, taxes, and insurance. The percentage is generally 24 percent of the applicant’s household income.

“WHAT CAN I DO IF MY INCOME IS TOO LOW?”

Consider applying with a co-applicant if there is another member of your household willing and able to be a note signer. RHS will then look at your combined income and credit when determining repayment ability. You may also consider a cosigner. A cosigner is an individual who will not reside in the dwelling, but who is willing to be responsible for the debt. You may also consider applying for down payment assistance programs in your area which provide affordable housing products. Many areas have Housing Finance Agencies, Housing Authorities, or Nonprofit Agencies which administer these programs. Funding from these sources can be combined with Rural Development loan funds.

“HOW CAN I DETERMINE IF MY INCOME IS ADEQUATE TO REPAY A LOAN?”

The amount of your proposed monthly house payment, real estate taxes, insurance, and other credit debts cannot exceed 41 percent of your gross monthly income. If you have questions regarding how this determination is made, you may contact the local Rural Development Office shown on the front cover.

“CAN I GET A LOAN IF I’M UNEMPLOYED?”

A steady source of income is very important to getting a loan. An applicant must show sufficient resources to repay the housing loan. Not having a job or a stable source of income may have an impact on the Agency’s decision. Experience has shown that applicants with stable jobs and income sources are more likely to repay the loan.

“WILL YOU FIND OUT ABOUT OTHER CREDIT I’VE HAD?”

Yes. Your credit report provides information on your payment history including any difficulty you have had repaying other loans or credit cards. That information will be used to determine if you can repay the loan. If you are unsure what your credit history contains, you can obtain a free credit report by calling 1-877-322-8228 or logging into <http://www.annualcreditreport.com>. By law, individuals are entitled to receive one free credit file disclosure every 12 months from each of the nationwide consumer credit reporting companies – Equifax, Experian and TransUnion. This free report cannot replace the credit report that the Agency will obtain to determine eligibility.

“HOW LONG WILL IT BE BEFORE I CAN MOVE INTO MY NEW HOME?”

Typically, applicant eligibility, loan approval, and loan closing may be accomplished within approximately 120 days of filing a complete application. However, depending on the availability of Government funding, this time-frame may be extended. The applicant is periodically advised regarding the status of their application when there is lack of funding.

When there is lack of funding, applications will be processed based on the following priorities: 1) subsequent loans to correct health and safety hazards, 2) loans to purchase homes owned by RHS and loans to transfer and assume properties owned by RHS borrowers, 3) hardships as defined by RHS, 4) loans that bring in additional resources as defined by RHS, and 5) applications that do not qualify for priorities 1 - 4. Within each priority category, veteran's preference will be given to applicants who were discharged or released (except for a dishonorable discharge) from the U.S. active forces (regardless of the position held – administrative support, combat, mechanics, medical, transportation, etc.) and who actively served during eligible periods.

“HOW MUCH MONEY WILL I NEED FOR A DOWNPAYMENT?”

A down payment is generally not required. Loans may be made for up to 100 percent of the market (appraised) value. Simply put, this means if the sales price of the property is equal to or less than the appraised value, no down payment is needed.

“DOES THIS MEAN I WON'T NEED ANY CASH TO GET A LOAN?”

Generally, the applicant will need some cash available. There are costs associated with the credit report, appraisal report, escrow, and other related closing costs. The credit report fee is always paid by the applicant upfront. The first year's hazard insurance premium and whole house inspection report fee are paid prior to closing unless included in the loan amount. Costs pertaining to the appraisal, escrow, and loan closing may be included in the loan amount. You may also negotiate with the seller to contribute a percentage toward closing costs. Any agreement with the seller should be entered into prior to signing and documented in the purchase agreement or sales contract.

“DOES THE APPLICANT HAVE OTHER RESPONSIBILITIES?”

Yes. Rural Development staff are available to assist the applicant from the application to loan closing. The applicant is responsible for providing requested information timely. The information may be requested by Rural Development staff, a loan application packager, a real estate agent, or a closing agent. Failure to provide information timely results in delayed decisions and other actions.

“ARE THERE OTHER ELIGIBILITY REQUIREMENTS?”

Yes. The applicant must:

1. Be without decent, safe, and sanitary housing.
2. Be unable to obtain a loan from other resources on terms and conditions that they can reasonably be expected to meet.
3. Possess the legal capacity to incur the loan obligation.
4. Be a U.S. citizen, a U.S. noncitizen national, or a qualified alien and provide acceptable evidence of qualified alien status.

“WHAT ARE THE TERMS OF THE LOAN?”

The maximum repayment period is 33 years and, under certain conditions, 38 years. The maximum repayment period for manufactured homes is 30 years.

“WHERE MAY HOUSES BE LOCATED?”

Houses must be located in a rural area, on desirable sites with an adequate supply of safe drinking water and suitable arrangements for sewage disposal. Streets must have an all-weather surface and be maintained by a public body or a homeowner’s association.

“WHAT ABOUT THE SIZE AND FEATURES OF THE HOME AND SITE?”

While cost and features vary in different areas of the country, the home and site must be modest. A modest home generally has between 400 and 2,000 square feet living area, above grade. A modest site generally cannot be subdivided under local zoning laws, does not include land or structures that will be used principally for income-producing purposes, complies with local zoning requirements, and does not have an in-ground swimming pool (unless the seller agrees to remove/fill it before closing). Under certain conditions, an exception to these standards may be granted on a case by case basis. The value of a dwelling may not exceed the area loan limit for the area in which the applicant is requesting financing.

WHO IS RESPONSIBLE FOR INSPECTING THE HOME?

The applicant/borrower is responsible for hiring a qualified inspector to conduct a whole house inspection on an existing property and for making inspections necessary to protect their interests. While a Rural Development staff member or designee may inspect a property during and/or following construction or repair, these inspections do not create or imply a warranty or guarantee on the condition of the property.

“WHERE MAY I APPLY?”

Applications are made at the local Rural Development office or through an application packager serving the area where the house will be located. To locate your nearest Rural Development office, please visit: <https://offices.sc.egov.usda.gov/locator/app?state=us&agency=rd>