



United States  
Department of  
Agriculture

## Rural Development



Presented by Jeanie Barbrow

# USDA RURAL DEVELOPMENT Connecting Clients to Services

# **What Services Does Rural Development Provide in Virginia?**

# Connecting Clients to Services

## Objectives

- Connect your clients in need of the following
  - Rental Housing
  - Home Repair
  - Buying a home
  - Community Facilities/Rural Utilities/Rural Business Services

# Connecting Clients to Services

## Community Facilities Provides

**CF Direct Loan** for Ridgeview High School



**CF Direct Loan** for Emory & Henry College  
Center for the Arts



**CF Loans** for Grottoes Volunteer Fire Department



# Connecting Clients to Services

## Rural Utilities Provides



# Connecting Clients to Services

## Rural Business Provides



**B&I Loan for Virginia Diner**



**RBS Grant For South Hill Farmers Market**

## Alternative Energy for BARC Electric Coop





# Connecting Clients to Services

## Rural Housing Provides



**Guaranteed Rural Housing Loan for Lily Ridge Apts.**

## Elderly Housing



**Farm Labor Housing**



# Connecting Clients to Services

## Rural Housing Provides

**New counter tops**



**Roof repairs**



**New windows**



**Siding**



**Home Rehabilitation**



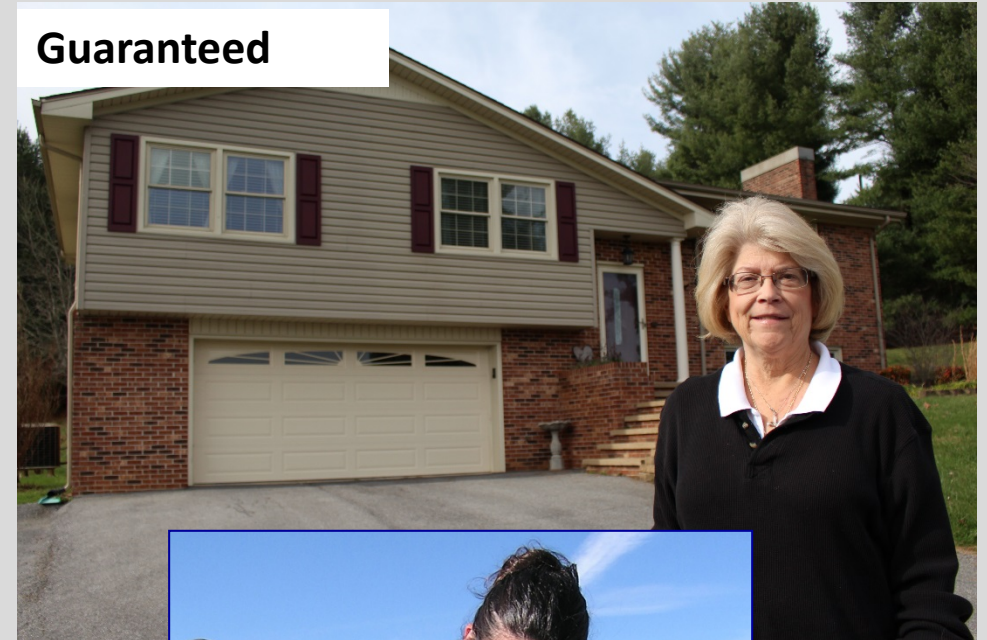


# Connecting Clients to Services

## Rural Housing Provides



**Direct**



**Guaranteed**



**Self-Help**

# Connecting Clients to Services

## FY17 Accomplishments

| Program               | Project Type                        | Funds Obligated        |
|-----------------------|-------------------------------------|------------------------|
| Business Programs     | All Types                           | \$12,114,121           |
| Community Programs    | All Types                           | \$168,065,223          |
| Multi-Family Housing  | All Types                           | \$52,598,425           |
| Single Family Housing | Direct Home Loan/Grants             | \$30,584,372           |
| Single Family Housing | Guaranteed Home Loan                | \$744,344,764          |
|                       | <b>Total Funding – All Projects</b> | <b>\$1,007,706,905</b> |



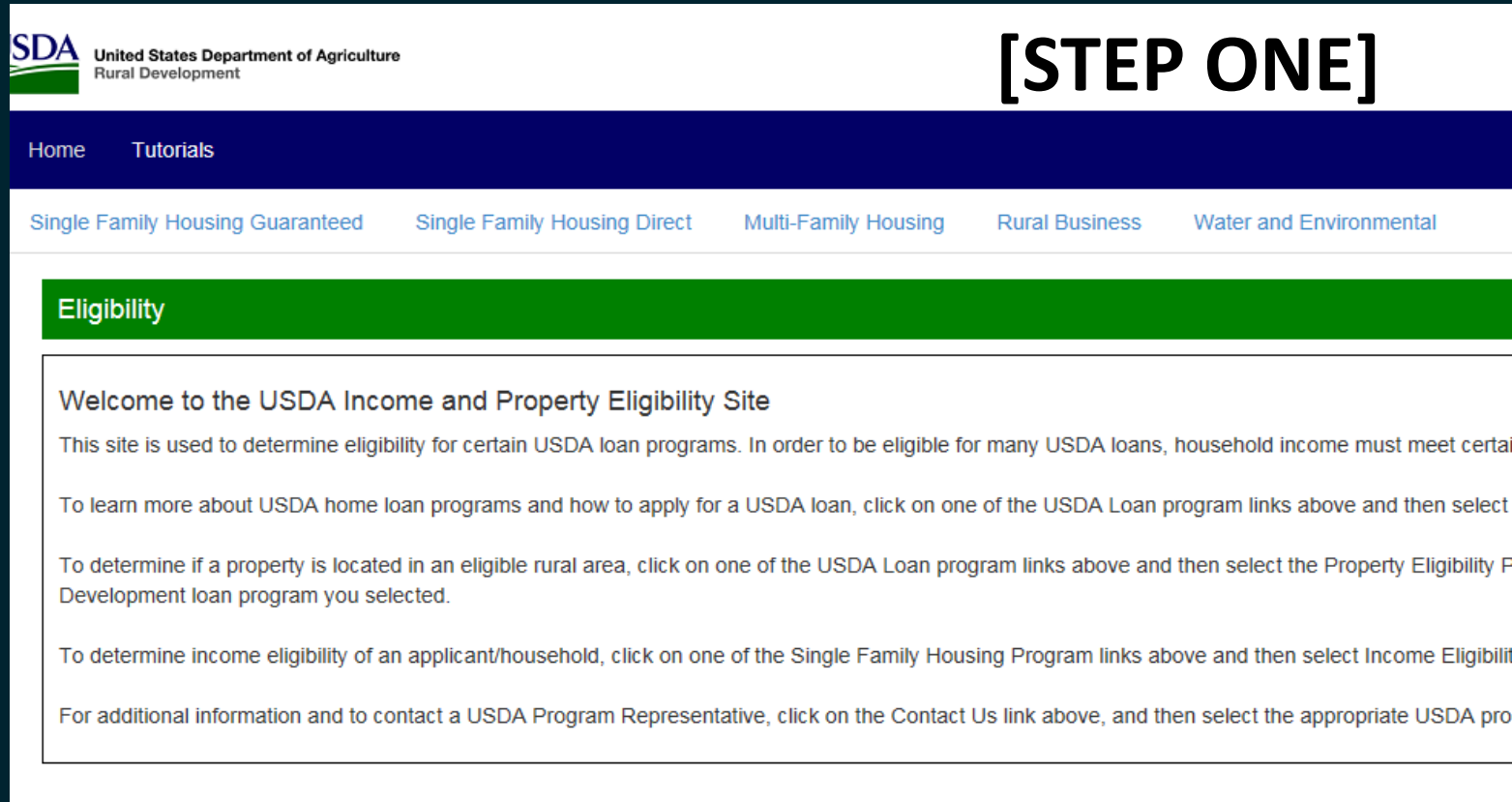
# What are the Loan Requirements?

## Rural Eligibility

To see if your area meets rural eligibility visit:

The USDA Income and Property Eligibility Site

## Follow These Steps:



The screenshot displays the USDA Income and Property Eligibility Site. At the top left is the USDA logo with the text "United States Department of Agriculture Rural Development". To the right of the logo, the text "[STEP ONE]" is prominently displayed. Below the logo, there is a navigation bar with links for "Home" and "Tutorials". Underneath this, a secondary navigation bar lists several loan programs: "Single Family Housing Guaranteed", "Single Family Housing Direct", "Multi-Family Housing", "Rural Business", and "Water and Environmental". A green banner with the word "Eligibility" is positioned below the program links. The main content area contains a welcome message and instructions on how to use the site to determine eligibility for various USDA loan programs.

**SDA** United States Department of Agriculture  
Rural Development

**[STEP ONE]**

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business Water and Environmental

**Eligibility**

Welcome to the USDA Income and Property Eligibility Site

This site is used to determine eligibility for certain USDA loan programs. In order to be eligible for many USDA loans, household income must meet certain requirements.

To learn more about USDA home loan programs and how to apply for a USDA loan, click on one of the USDA Loan program links above and then select the appropriate link.

To determine if a property is located in an eligible rural area, click on one of the USDA Loan program links above and then select the Property Eligibility F... Development loan program you selected.

To determine income eligibility of an applicant/household, click on one of the Single Family Housing Program links above and then select Income Eligibility...

For additional information and to contact a USDA Program Representative, click on the Contact Us link above, and then select the appropriate USDA pro...

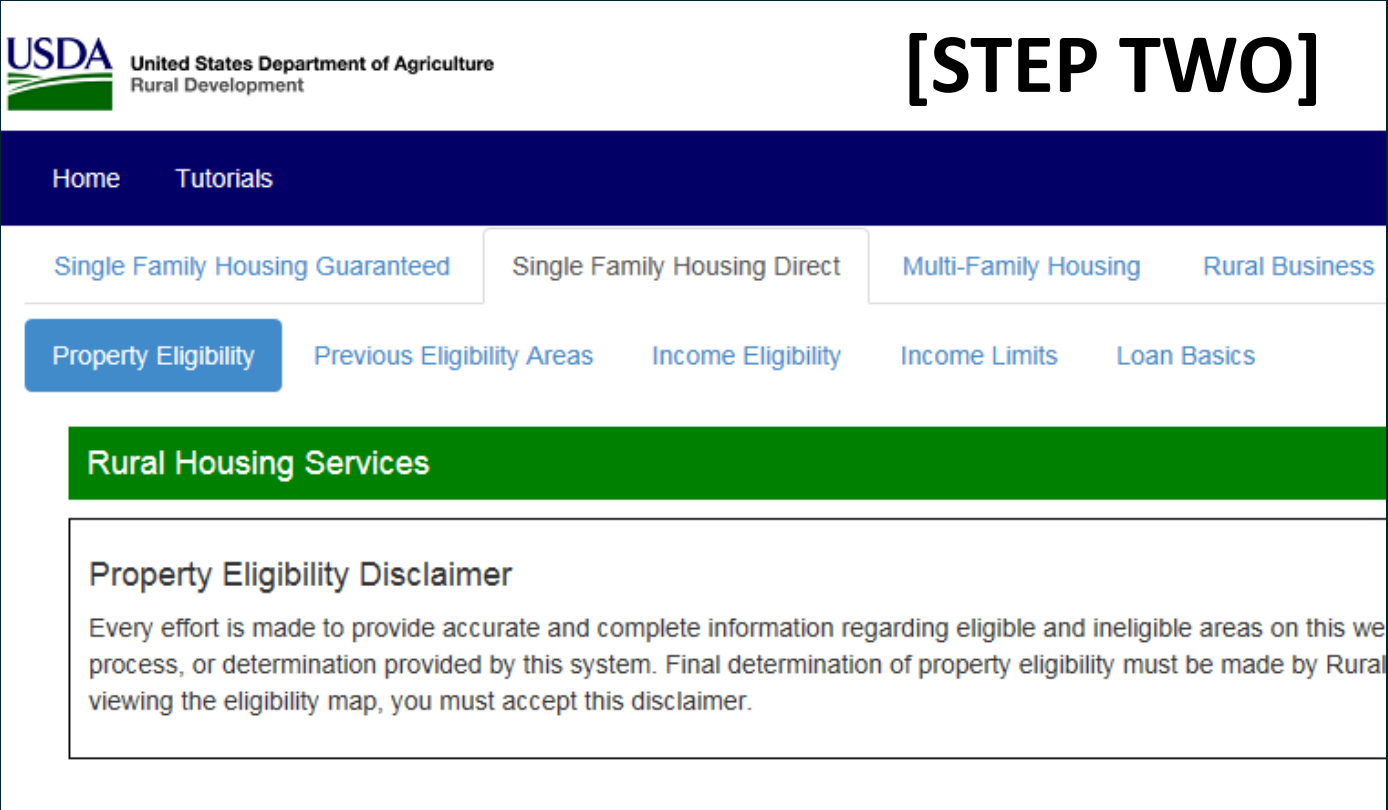
# What are the Loan Requirements?

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The screenshot displays the USDA Rural Development website interface. At the top left is the USDA logo and the text "United States Department of Agriculture Rural Development". On the top right, the text "[STEP TWO]" is prominently displayed. Below the header is a dark blue navigation bar with "Home" and "Tutorials" links. Underneath this is a white navigation bar with four tabs: "Single Family Housing Guaranteed", "Single Family Housing Direct", "Multi-Family Housing", and "Rural Business". Below these tabs is another white navigation bar with five links: "Property Eligibility" (highlighted with a blue background), "Previous Eligibility Areas", "Income Eligibility", "Income Limits", and "Loan Basics". A green banner with the text "Rural Housing Services" is positioned below the navigation bars. At the bottom, a white box contains the "Property Eligibility Disclaimer" text.

USDA United States Department of Agriculture Rural Development

[STEP TWO]

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business

Property Eligibility Previous Eligibility Areas Income Eligibility Income Limits Loan Basics

Rural Housing Services

Property Eligibility Disclaimer

Every effort is made to provide accurate and complete information regarding eligible and ineligible areas on this web process, or determination provided by this system. Final determination of property eligibility must be made by Rural viewing the eligibility map, you must accept this disclaimer.



# What are the Loan Requirements?

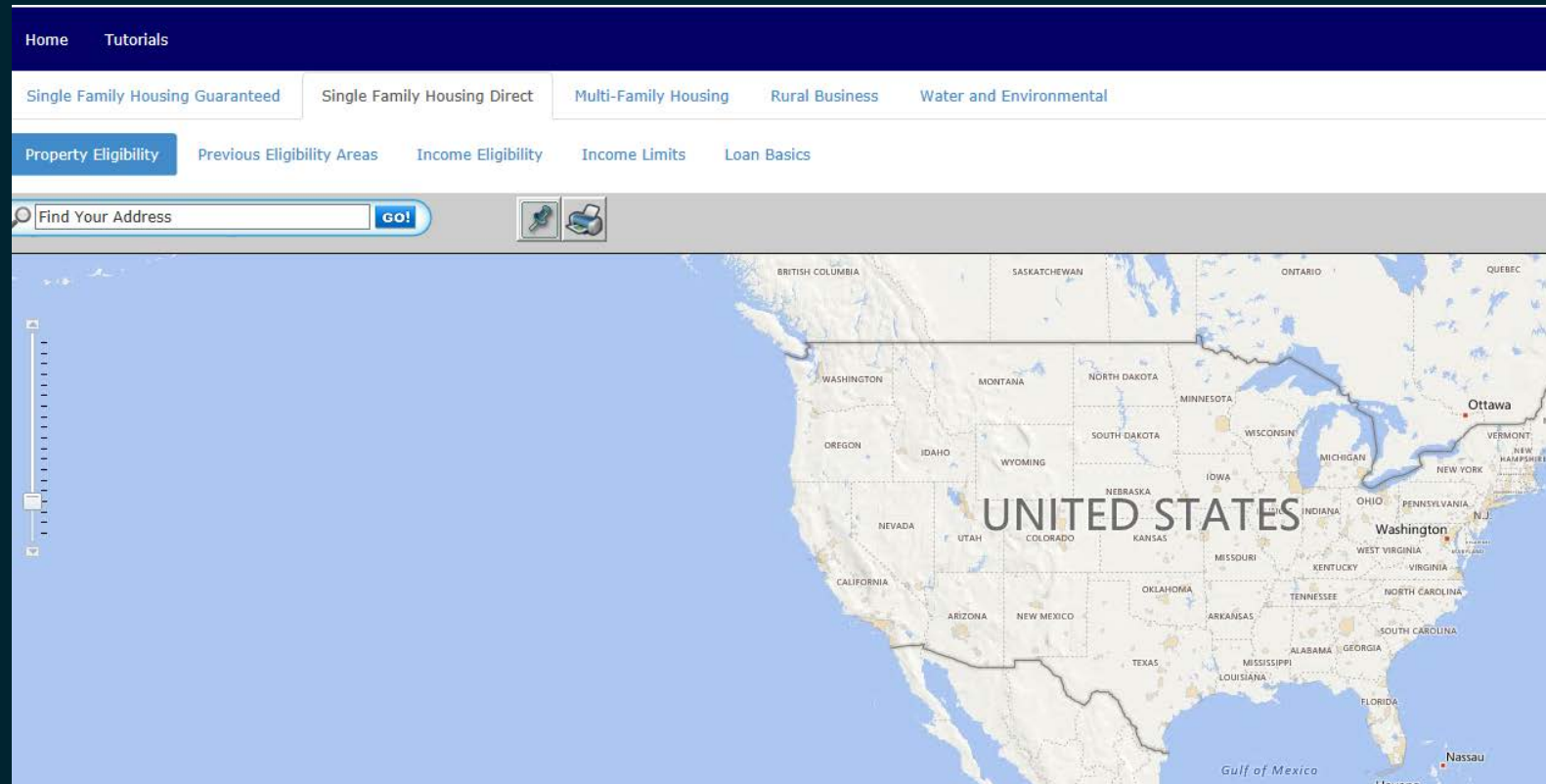
## Rural Eligibility

To see if your area meets rural eligibility visit:

The USDA Income and Property Eligibility Site

Follow These Steps:

[STEP THREE]



# Multi-Family Housing Programs





# Connecting Clients to Services – Key Partners





# HOME REPAIR

- Loans and Grants Program



Before



After



# HOME REPAIR

Provides loans and grants to very low-income homeowners to:

- Repair, improve, or modernize their dwellings

*[or]*

- remove health and safety hazards.



# PROPERTY REQUIREMENTS

- Home must be modest for the area
- Repair(s) must remove all health and safety concerns
- Need at least one bid for the requested repair(s)

# What are the Loan Requirements?

- **Income:** cannot exceed very low income guidelines; visit [website](#) for details.
- **Credit History:** must demonstrate ability and willingness to repay
- **Property must not exceed our area loan limit and be located in an eligible area**
- **Total Debt Ratio does not exceed 46%**





# What are the Loan Requirements?

## Loan Terms

### Low Estimated Monthly Repayment Schedule

| Loan Amount | \$20,000 | \$15,000 | \$10,000 | \$5,000 |
|-------------|----------|----------|----------|---------|
| 20 years    | \$92     | \$69     | \$46     | \$23    |



# What are the Grant Requirements?

- **Income:** cannot exceed very low income guidelines; visit [website](#) for details.
- At least one applicant must be 62 or older
- **Credit History is not considered**
- **Property must not exceed our area loan limit and be located in an eligible area**
- **Income is below 30% AMI or Total Debt Ratio exceeds 46%**





# HOME OWNERSHIP

- **Guaranteed Loan Programs**
- **Direct Loan Programs**





# What is the 502 Guaranteed Loan Program?

# Connecting Clients to Services

## Guaranteed Program

- Provides home ownership opportunities to very low to moderate income applicants
- Loans can be used to buy, build or rehabilitate a home
- Not limited to first time homebuyers
- Homes must be located in a rural area





# Connecting Clients to Services

## Guaranteed Program

- Income Limit;
  - \$78,200 - \$108,550 for a family of 1 – 4 in Virginia
- 30 year fixed rate
- Applicants apply directly with approved lenders
- 1% Funding Fee, 0.35% Annual Fee





# What is the 502 Direct Loan Program?

# Direct Loan Program

- Provides home-ownership opportunities to low and very low income applicants.
- Loans can be used to buy, build, improve, or repair homes.
- Not limited to first time homebuyers
- Applicants can apply directly with RD or an approved Loan Packager
- Application Process





# Direct Loan Program

- Homes must be located in a rural area
- Loan term: 30-38 years
- Income limits vary by county
  - \$29,850 - \$52,850 Single Household
  - \$42,650 - \$75,500 Family of 4
- Home must be within max loan limits
  - Varies by county
  - \$143,800 - \$254,000



# Direct Loan Program

- Payment Assistance
- Subsidy recapture
  - The lower of;
    - The full amount of subsidy provided or
    - Up to 50% of the value appreciation (minus capital improvements)
- Servicing options





# Connecting Clients to Services

## Credit Requirements – both programs

- Similar to conventional lenders
- Credit requires a detailed credit analysis
- Adverse credit requires an acceptable explanation
- No credit score / alternative credit verification

# Connecting Clients to Services

## Income – both programs

- Annual Household Income
- Adjusted Household Income
  - Adjustments for children, day care expenses, elderly household, etc
- Repayment Income
- DTI Ratios: 29/41

# PROPERTY REQUIREMENTS, continued

## Direct

- Home Inspection is required
- Loan specialist will review and list required repairs

## Guaranteed

- Home Inspection is not required
- Home must meet requirements of HUD 4000.1
  - Appraiser will call out required repairs



# PROPERTY REQUIREMENTS

## Direct

- In ground swimming pools and structures such as farm related outbuildings or land designed for income-producing purposes are prohibited
- Private roads are not eligible, unless the access is served by an association
- Site must not be subdividable

## Guaranteed

- Swimming pools are allowed
- Outbuildings are allowed as long as it is not income producing
- Site must be typically for the area

# HOME OWNERSHIP, REPAIR, AND REPLACEMENT

## Guaranteed and Direct Home Loans in FY 17

\$774,929,136

4,957 loans



QUESTIONS





United States  
Department of  
Agriculture

# Rural Development



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*USDA Rural Development is committed to the future of rural communities.*