



United States  
Department of  
Agriculture

# SINGLE FAMILY HOUSING DIRECT LOAN (502 LOAN)

## • **PURPOSE**

- Purchase a Single Family Residence (new or existing), in an eligible area; any required home improvement(s), and closing costs

## • **APPLICANT QUALIFICATIONS**

- Household income cannot exceed the low income level
- Household income must be dependable and adequate
- Mortgage payment is based upon the annual household income. Would pay either 24% of the monthly income or an equivalent interest rate of 1%, whichever is the greater.
- Qualifying repayment ratios:
  - Low Income: 33% and 41%
  - Very Low Income: 29% and 41%
- Credit history must indicate an ability and willingness to repay obligations
- Unable to qualify for other mortgage financing or our guaranteed loan
- U.S. citizen or legally admitted for permanent residence
- Personally occupy the home
- Does not already own a home, or owns a home which is not structurally sound, functionally adequate, or large enough to accommodate the applicant's needs
- First time homebuyers must complete an approved homebuyer education class

## • **LOAN TERMS**

- First mortgage required, unless borrower obtains a leverage loan
- 100% mortgage financing and loan to value
- No down payment
- 33 year loan term, however may be for a shorter term and in certain cases 38 years
- Fixed interest rate. Payment assistance may reduce borrower's monthly payment
- The amount of payment assistance received is subject to recapture when the dwelling is sold or the loan is paid in full
- Real estate taxes and hazard insurance premium will be escrowed
- Maximum sales price and/or loan amount: \$216,840 statewide.
- Site value cannot exceed 30% of the property's appraised value
- NO in-ground swimming pool
- A home's square footage may not exceed 2000 sq. feet unless given an exception. Some factors considered are: typical for the area; special needs; and costs of utilities and maintenance.
- Agency funds cannot be used to purchase or improve structures designed for income-producing purposes or income-producing land. Home-based operations such as child care, product sales, or craft production that do not require specific features are not restricted.

## • **ELIGIBLE AREAS**

- Rural areas are defined as: Open country that is not part of or associated with an urban area; or any town, village, city, or place (including the immediately adjacent densely settled area) that is not part of or associated with an urban area, and that:
  - Is rural in character with a population of less than 10,000; or
  - Is not contained within a Metropolitan Statistical Area (MSA) and has a serious lack of mortgage credit with a population between 10,000 and 35,000



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## SFH DIRECT LOAN CONTINUED

- **NEW CONSTRUCTION**
  - Certified house plans and specifications for proposed construction
  - Plans and Specifications must meet or exceed the CABO (Council of American Building Officials) Model Energy Code (MEC-92), and the Local Governing Building Code or International Residential Code for 1 & 2 Family Dwellings
  - Certified by architect, engineer, builder if approved by HUD, or builder if providing acceptable 10 Year Home Warranty
  - One year Builder Warranty is required
- **INSPECTIONS**
  - Existing homes must be decent, safe, sanitary
  - New construction, minimum of three—Footing, Framing, and Final
- **OKLAHOMA DIRECT SFH CENTRALIZED**
  - All applications should be sent to the Oklahoma Rural Development State Office by one of the following methods: 1) Email to [Oklahoma-Direct@ok.usda.gov](mailto:Oklahoma-Direct@ok.usda.gov), 2) Fax to 855-423-4045, or 3) Regular mail to USDA Rural Development, 100 USDA, Suite 108, Stillwater, OK 74074. \*\*Electronic submissions are preferred.

FOR MORE INFORMATION CONTACT THE USDA RURAL DEVELOPMENT STATE OFFICE AT 405-742-1070 OR ONE OF THE FOLLOWING:

### **STATE OFFICE**

#### **DIRECT LOANS (NON SELF HELP)**

Travis Gosney—[travis.gosney@ok.usda.gov](mailto:travis.gosney@ok.usda.gov)  
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#### **DIRECT LOANS (SELF HELP)**

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Tommy Earls—SFH Program Director  
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To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed complaint form or letter to USDA by mail at U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov) USDA is an equal opportunity provider, employer and lender.



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# SINGLE FAMILY HOUSING GUARANTEED LOAN (502 GUARANTEE)

## • **PURPOSE**

- Purchase a single family home (new or existing), in an eligible area; required improvement(s), and closing costs
- Refinance construction loans to permanent financing; or existing Guaranteed & Direct loans to lower the rate and extend the term

## • **APPLICANT QUALIFICATIONS**

- Household income cannot exceed the moderate income level, 115% of the National Median Income  
1-4 Person \$75,650; 5-8 Person \$99,850
- Household income must be dependable and adequate
- Qualifying repayment ratios: 29% and 41%
- Credit history must indicate an ability and willingness to repay obligations
- U.S. citizen or legally admitted for permanent residence
- Personally occupy the home
- Complete a Home-Buyer Education Program, if reasonably available

## • **LOAN TERMS**

- Loan is originated by an approved lender, or mortgage broker working through an approved lender
- 100% mortgage financing; 101% LTV when the guarantee fee for purchase loans is financed
- No down-payment required
- **Mortgage insurance prohibited**
- One time guarantee fee: 1% of loan amount on purchase loans; 1% of loan amount on refinances
  - In addition to the up-front guarantee fee of 1% for purchase loans and 1% for refinance loans, all loans will be subject to an annual fee of .35% of the average scheduled unpaid principal balance of the loan.
- Lenders may charge routine and customary fees that are similar to those charged other applicants for similar transactions
- 30 year loan term; first mortgage is required
- Real estate taxes and hazard insurance premium will be escrowed by the lender
- Maximum sales price and/or loan amount:
  - \* Based upon the applicant's income and loan repayment ability. Proposed PITI should be Comparable to past monthly rental expenditure.
- In-ground swimming pool is possible
- Eligible for the Oklahoma Housing Finance Agency Mortgage Revenue Bond Program
- Interest rates for loans will be fixed. The rate is negotiated between the lender and borrower and can be no more than the current Fannie Mae 90 day Actual/Actual yield plus 100 basis points, rounded up to the next one-quarter of a percent. <http://www.efanniemae.com/sf/refmaterials/hrny/index.jsp>

## • **ELIGIBLE AREAS**

- Guaranteed SFH loans can be made in rural areas which include open country and communities up to 10,000 population, plus communities that are not a part of a Metropolitan Statistical Area with populations up to 35,000. <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

## • **BENEFITS TO LENDERS**

- Provides lenders with another tool to expand their loan portfolio
- Enables lenders to increase earnings through participation in the secondary market
- 100% of the loan can be sold in the secondary market with no required retention
- Assists lender in meeting CRA requirements

## • **NEW CONSTRUCTION**

- Certified house plans and specifications



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## SFH GUARANTEED LOAN CONTINUED

### • NEW CONSTRUCTION CONTINUED

- Certified by an architect, engineer, certified plan reviewer, authorized local building official, or the builder if providing an acceptable 10 Year Home Warranty.
- Plans and Specifications must meet or exceed the Local Governing Building Code or the International Residential Code for 1 and 2 Family Dwellings and the CABO (Council of American Building Officials) Model Energy Code or the International Energy Conservation Code (IECC)
- A 1-year builder warranty that is acceptable to Rural Development is required for all new construction that does not include an acceptable 10-year insured builder's warranty plan

### • INSPECTIONS

- All inspections will be completed by a party that the lender selects and deems qualified
- Existing dwellings must be decent, safe, sanitary, and conform to HUD Handbooks 4150.2 and 4905.1 Appraisals completed by FHA Roster Appraisers are acceptable evidence of this inspection requirement when noted by the appraiser
- New construction, minimum of three—Footing, Framing, and Final. Alternatively, a final inspection and an acceptable 10-year insured builder's warranty plan is acceptable evidence of construction inspections.

### • APPRAISAL REQUIREMENTS

- Appraisal reports prepared by a state licensed or certified appraiser, selected by the lender
- Appraisal reports must be prepared on the URAR form for single unit dwellings
- Appraisals must be prepared within 120 days of the request for guarantee
- The sales comparison approach, with a minimum of three comparables, will be completed for all residential appraisals. The cost approach will be fully completed for all dwellings less than one year old and it will be partially completed, to the extent necessary to comply with the site value analysis, for dwellings more than one year old.
- The appraisal report must include clear photographs of the subject property and each comparable

### • OKLAHOMA GSFH FUNCTIONS CENTRALIZED

- All initial applications, as well as loan closing packets should be sent to the Oklahoma RD State Office via one of the following methods 1) E-Mail to [Oklahoma-GRH@ok.usda.gov](mailto:Oklahoma-GRH@ok.usda.gov) 2) Fax to 855-423-4045 or 3) Regular mail to USDA Rural Development, 100 USDA, Suite 108, Stillwater, OK 74074. \*\*Electronic submissions are preferred.

FOR MORE INFORMATION CONTACT THE USDA RURAL DEVELOPMENT STATE OFFICE AT 405-742-1070 OR ONE OF THE FOLLOWING:

Angel Boone—Loan Technician  
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To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed complaint form or letter to USDA by mail at U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov) USDA is an equal opportunity provider, employer and lender.