



Greetings,

Below, I have outlined a comparison of the two programs that USDA/Rural Development uses to help people buy a house. **If you have further questions please feel free to contact me by clicking on my name at the bottom of page 2.** My contact information is provided at the bottom.

The names of the programs are the **USDA Guaranteed Rural Housing Loan** and the **502 Direct Program**.

Guaranteed Rural Housing (GRH) Program:

*A person interested in obtaining a GRH Loan applies at a local lender who uses the program-- **you do not apply through us.**

***Please see the list of some approved lenders below. (This is not meant to be a complete list)**

*Loan amount may be 100% of the appraised value of the home. (There is an upfront fee of 1.0% of the loan amount due at closing that can be financed above the appraised value if needed. There is also a .35% annual fee based on the average outstanding principal balance for the upcoming year). Lenders will include this fee in borrowers' monthly mortgage payments. (On a \$100,000 loan, this fee will be about \$29 per month for the first year. It will go down after that for the life of the loan.)

*There is no mortgage insurance required.

*There are income limits that vary county by county depending on the number of people in the household. (The GRH limits are higher than the Direct Program limits.)

*Properties must be located in eligible rural areas. (This would be open areas or cities and towns with populations of fewer than 20,000 people.)

*There is no maximum mortgage limit. The maximum loan amount is a factor of the income limits and repayment ratios.

*These are 30 year fixed rate mortgages. (There is no mandatory refinancing provision. See below.)

*There is no subsidy on the GRH program. (See below.)

GRH APPROVED LENDERS (Partial List)

Academy Mtg.	First Harrison	Leader One Fin.
Acceptance Capital Mtg.	First Liberty Fin.	Legacy Mtg.
Amera Mtg.	First Merchants Bank	Lighthouse Finance
Ameriana	First Nat'l Bank in Georgetown	Main Street Mtg.
American Mtg	First Place Bank	Mainsource Bank
Amerifirst Financial	First Republic Mtg.	Midwest Bankers Mtg.
Approved Mtg.	First Robinson Savings	Mtg. Masters of IN
Bedford Federal Savings	First Savings Bank	Old National Bank
Best Home Mtg.	Freedom Bank	PNC Mtg.
Brokers Mtg.	Frontline Fin.	Premier Home Mtg.
Caliber	German American	Primelending
Centre Bank	GVC	Regions Bank
Century Mtg.	Hallmark Home Mtg.	Ruoff Mtg.
Crossroads Bank	Hoosier Hills Cr. Union	Smith Broady & Assoc.
Diamond Residential	Horizon Bank	Stonegate Mtg.
Envoy Mtg.	IAB Financial	Summit Mtg.
Fairway Independence Mtg.	Jackson Cty.	Tippecanoe Mtg.
Farmers State Bank	Just Mtgs.	Top Flite Fin.
Fifth Third Mtg.	Kirkston Mtg.	University Lending
First Capital	KTL Performance Mtg.	Waterstone Mtg.
First Federal Savings	Lafayette Savings	Wells Fargo
First Financial	Land Home Fin.	Wolfe Financial

Direct Program:

* A person interested in obtaining a Direct loan applies at a USDA-Rural Development Area Office.

*Loan amount may be 100% of the appraised value of the property. (There is no 1.0% upfront fee or .35% annual fee as in the GRH program.)

*There is no mortgage insurance required.

*There are income limits that vary county by county depending on the number of people in the household. (The Direct Program limits are lower than the GRH limits.)

*Just like the GRH program, properties must be located in eligible rural areas.

*There are maximum mortgage limits which vary county by county.

*These are set up as 33 year fixed rate mortgages. When Rural Development determines that a borrower can refinance the debt the borrower is required to do so. We use that money to help someone else get started in a home.

*Depending on the borrower's income, the payment could be subsidized, that is, the government makes part of the payment. The interest rate could be subsidized to as low as 1% interest. As the borrower's income goes up, the payment goes up until it reaches a pre-set note rate.

*Subsidy recapture - When a borrower sells or refinances the house, he may have to pay back some or all of the subsidy he received. The most Rural Development would get is half of any value appreciation. For example, if a borrower buys a house for \$80,000 and sells it for \$100,000, the value appreciation would be \$20,000. The maximum subsidy recapture would be \$10,000.

Columbia City Area Office 788 West Connexion Way, Suite E. Columbia City, IN 46725 (260) 244-6266 Liz Stanley ; liz.stanley@in.usda.gov ; Ext. 121 <i>Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wabash, Wells, Whitley</i>	Muncie Area Office 3641 North Briarwood Lane Muncie, IN 47304 (765) 747-5531 Jayne Gray (GRH) jayne.gray@in.usda.gov ; Ext. 118 Roland Wilson roland.wilson@in.usda.gov ; Ext. 119 <i>Blackford, Delaware, Fayette, Grant, Hamilton, Hancock, Henry, Jay, Madison, Randolph, Tipton, Union, Wayne</i>	Knox Area Office 1410 South Heaton Street, Suite B Knox, IN 46534 (574) 772-3066 Steven Ballard steven.ballard@in.usda.gov ; Ext.122 Patrick Allen patrick.allen@in.usda.gov ; Ext. 121 <i>Benton, Carroll, Cass, Clinton, Elkhart, Fulton, Howard, Jasper, Kosciusko, LaPorte, Lake, Marshall, Miami, Morgan, Newton, Porter, Pulaski, St. Joseph, Starke, White</i>
North Vernon Area Office 2600 Highway 7 North North Vernon, IN 47265 (812) 346-3411 Cindy Baker cindy.baker@in.usda.gov ; Ext. 137 Tina Brison tina.brison@in.usda.gov ; Ext. 123 <i>Bartholomew, Brown, Clark, Dearborn, Decatur, Floyd, Franklin, Jackson, Jefferson, Jennings, Johnson, Lawrence, Morgan, Ohio, Ripley, Rush, Scott,</i>	Crawfordsville Area Office 2032 Lebanon Road Crawfordsville, IN 47933 (765) 362-0405 Phyllis Crumrin phyllis.crumrin@in.usda.gov ; Ext. 111 Linda Bowman linda.bowman@in.usda.gov ; Ext. 123 <i>Clay, Boone, Fountain, Hendricks, Montgomery, Owen, Parke, Putnam, Tippecanoe, Vermillion, Vigo, Warren</i>	Jasper Area Office 1484 Executive Boulevard Jasper, IN 47546 (812) 482-1171 Terri Weyer terri.weyer@in.usda.gov ; Ext. 118 Milagro Serrano Milagro.serrano@in.usda.gov ; Ext. 142 <i>Crawford, Daviess, Dubois, Gibson, Greene, Harrison, Knox, Martin, Monroe, Orange, Perry, Pike, Posey, Spencer, Sullivan, Vanderburgh, Warrick, Washington</i>

*Here is a list of the AREA RURAL DEVELOPMENT OFFICES and the counties they cover to **apply** for a **502 Direct Loan**:

An applicant's credit history is an important consideration for both programs. On the GRH Program, most lenders require a minimum credit score of 640 or above. It's possible for them to approve a loan to an applicant with a credit score as low as 581, but the lender's underwriter has to prepare a credit waiver. The waiver documents the reasons for the applicant's adverse credit were beyond the applicant's control, were temporary, and have been removed. Not all lenders are willing to do this. On the Direct Program, our staff will document similar information for applicants with credit scores under 640.

There is a good website for you to check your income eligibility to see which program you might want to consider. Here is the link: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do> . Click on Single Family Housing under the "**Income Eligibility**" tab on the side or click on either the Direct or the Guaranteed under "**Income Limits.**"

Thank you,

Jane

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