

How much is the federal guarantee?

90% of the principal amount of the loan.

Does the borrower qualify for a home loan guarantee?

Borrower eligibility for a Rural Development Home Loan Guarantee is based on a number of factors including things like family size, income, and the location of the property. [Family Income Limits](#) vary by county. Borrowers must be U.S. citizens or permanent legal residents.

Does the home qualify?

Use our online [Address Search](#) to find out if the property to be purchased is in an eligible rural area.

Loans guaranteed by USDA may be used to buy or build a single family residence, including the cost of land. Land value may not exceed 30% of the total property value.

Is there a set maximum loan amount?

No. A borrower's maximum loan amount is determined by their ability to repay the loan. Closing costs may be included in the loan (no discount points). Appraised value may be exceeded by the amount of the guarantee fee, up to 103.5% LTV.

Are their benefits for the borrower?

Yes. No down payment required. 29% PITI. PITI plus all other monthly debts may be up to 41% of Repayment Income (waivers allowed). Low guarantee fee of 2%. Low refinance fee of 2%. Guarantee fee may be included in the loan as long as LTV does not exceed 103.5% of appraised value.

New Annual Fee (0.5 percent) to Increase October 1, 2014:

A new annual fee, **0.5 percent** for guaranteed housing loans will be effective **October 1, 2014**. There is no change to the upfront two percent guarantee fee. SFH Guaranteed loans approved/obligated by RD on or after **October 1, 2014**, both purchase and refinance transactions, will be subject to an upfront GRH fee of **2 percent** of the loan amount and an annual fee of **0.5 percent** of the unpaid principal balance.

IMPORTANT – APPLICATION SUBMISSION CUT-OFF DATE WITH 0.4 PERCENT ANNUAL FEE:

EFFECTIVE TUESDAY, SEPT 16, 2014, lender **must** submit GRH loan applications with the 0.5 percent annual fee. GUS must show the 0.5 percent annual fee.

We are currently experiencing a four weeks turn-time and will be utilizing all single family housing staff to process loan applications.

If a lender wants to request the GUS application be released back to lender to change the annual fee to 0.5%, you will not lose your place in line. However, the lender must resubmit a new signed 1980-21 (lender and applicant). For additional docs for a GUS REFER or random selection FULL DOCS (new signed 1980-21, signed 1008, and 1003). The applicant must qualify for the loan at the increased annual fee. The updated loan documents must be submitted to the GRH Intake e-mail box at: RD.VAGRHIntake@va.usda.gov – Lenders are to include in the e-mail – **“ANNUAL FEE INCREASE-1980-21 APPLICATION RESUBMISSION”**. This will alert our Intake loan technicians to review our tracking system for the pending loan application.

How do I become an approved lender?

For approval in Virginia, the [Lender Agreement](#) and documentation outlined in the [Lender Approval Checklist](#) may be sent directly to Brenda Johnston at 804-287-1592 or brenda.johnston@va.usda.gov. For nationwide or multi-state approval, send the Lender Agreement and documentation to the RD National Office. Contact information is contained in the [Lender Approval Checklist](#).

How much paperwork is involved?

The application process may be completed online using a lender's standard forms and the [Guaranteed](#)

[Underwriting System](#) (GUS), free for approved lenders. For details contact Brenda Johnston at 804-287-1592 or brenda.johnston@va.usda.gov.

How long does approval usually take?

Home loan guarantee applications are processed in the order received. Depending on the time of the month, approval typically takes three-four business days depending on the volume of applications received. **Status updates** are available by **dialing the Guaranteed Single Family Hotline (GSFH) 804-287-1598**.

Does Rural Development set the terms?

Yes and No. The loan term is set at 30 years. Interest rate and other terms are determined by the lender and buyer.

Is there a deadline to apply?

RHS electronic services for loan status and default status reporting available. Applications are processed in the order received.