

Multi-Family Housing Loan Guarantees

What does this program do?

The program works with qualified private-sector lenders to provide financing to qualified borrowers to increase the supply of affordable rental housing for low- and moderate-income individuals and families in eligible rural areas and towns.

Who may apply for this program?

Private lenders may apply for a loan guarantee on loans made to an eligible borrower who is unable to obtain commercial credit on reasonable terms without the guarantee.

Eligible lenders must be approved and active in one of the following programs:

- Fannie Mae, Freddie Mac, Ginnie Mae
- HUD
- Federal Home Loan Bank members
- State or local housing finance agencies

Eligible borrowers include:

- Most state and local governmental entities
- Nonprofit organizations
- For-profit organizations, including LLC's
- Federally recognized Tribes

Additional requirements include:

- Rent for individual units is capped at 30 percent of 115 percent area median income.
- Average rent for an entire project (including tenant paid utilities) cannot exceed 30 percent of 100 percent of area medium income, adjusted for family size.
- Complexes must consist of at least five units.
- Complexes may contain units that are detached, semi-detached, row houses, or multi-family structures.

What is an eligible area?

Areas that may be served include:

Rural areas and towns with 20,000 or fewer people -

Check eligible addresses.

- Federally recognized Tribal lands.

How may funds be used?

Construction, improvement, and purchase of multi-family rental housing for low to moderate income families and individuals is the primary objective for this program. Funding may also be available for:

- Buying and improving land.
- Providing necessary infrastructure.
- For a complete list see Code of Federal Regulations, 7CFR Part 3565.205.

What are the terms of a loan guarantee?

- The maximum guarantee is typically 90 percent for for-profit entities and 97 percent for nonprofit entities.
- Minimum term of 25 years and maximum term of 40 years.
- Interest rate negotiated between the lender and the borrower is fixed for the life of the loan guarantee.

Who will service the loan?

Loans guaranteed through this program are serviced through the private lender that makes the loan, just as they would be without a guarantee.

Who may live in the rental housing?

- Low- to moderate- income families or individuals.
- Is there a list of qualified private lenders in my area?
- Contact your [RD office](#) for a current list of lenders participating in the program.

How do we get started?

Applications for this program are accepted on an annual basis. A Notice of Funding Availability (NOFA) is posted in the Federal Register.

Who can answer questions?

Contact your [State Rural Development office](#) or you can find [Rural Rental Properties here](#) to apply as a tenant.

What governs this program?

- Code of Federal Regulation, [7CFR Part 3565](#)
- [HB-1-3565](#)
- This program is authorized by Title V of the Housing Act of 1949

NOTE: Because citations and other information may be subject to change, please always consult the program instructions listed in the section above titled “*What Governs This Program?*” You may also contact [your local office](#) for assistance. You will find additional forms, resources, and program information at [rd.usda.gov](#). *USDA is an equal opportunity provider, employer, and lender.*