

Construction Loan Guarantee Program

Planning and Housing Development Division

Purpose:	Provide construction loan guarantees to lenders for contractors who build or rehabilitate affordable single family housing in rural communities (populations less than 5000) on a speculative basis for resale. Ineligible areas include communities more than 5000 and areas within 10 miles of those communities. NDHFA may consider construction guarantees for non-speculative construction of single family homes on a case by case basis and at the sole discretion of the Agency.
Maximum Guarantees Per Contractor:	No more than three guarantees may be active at one time.
Maximum Guarantees per Community:	No more than five guarantees may be active in a community at one time.
Maximum Loan Amount:	Construction loans provided by Lender may not exceed 85% of the value of the housing unit (including lot and improvements) or total cost, whichever is less.
Guarantee Fee:	NDHFA will charge 0.5% of the loan amount.
Appraisal:	Required before construction.
Administration:	Lender will be responsible for all underwriting relative to the construction loan, provide 100% of the loan funds and provide all payouts, inspections, and other required administrative functions relative to mortgage insurer requirements.
Repayment:	Interest on advances must be collected no later than six months after closing the construction loan and monthly thereafter.
Construction Loan Interest Rate:	The lender reserves the right to renegotiate the construction loan interest rate every six months.
Maximum Guarantee:	The maximum guarantee will be the lesser of 50% of the net loss after sale of the property or \$68,000. NDHFA must be notified of pending loss within 18 months of the origination of the construction loan.
Guarantee Term:	The term of the guarantee will be 18 months, extensions on a case by case basis and in the sole discretion of NDHFA.
Evidence of Need and Support:	The lender or contractor must demonstrate that a need exists for additional affordable housing in the community and the local governing body supports the new housing.
For further information:	Contact NDHFA at (701) 328-8080 or 800-292-8621.