Type of Assistance: Short-term, Low-Interest Loans

Eligible Borrower: Communities located within an area meeting the USDA Rural Development definition of rural (population of less than 35,000) and non-profit organizations working in partnership with these communities. For-profit developers may also be eligible, at the sole discretion of the Agency, to facilitate development in difficult to develop rural communities.

Maximum Loan Amount: 75 percent of project cost not to exceed $200,000. If the loan purpose includes construction financing, and there is no permanent loan take out commitment, the maximum loan amount will be 50 percent of project cost not to exceed $200,000. (Limitations may be waived by the Agency in its sole discretion.)

Minimum Equity: A minimum of 25% equity must be contributed to the project.

Term of Loan: Maximum three years with extensions available on a case-by-case basis and at the sole discretion of the Agency.

Interest Rate: Will be based on the Agency’s cost of funds at the time of commitment and will depend on loan term, the property type and household income restrictions.

Use of Proceeds: Pre-development soft costs, land acquisition, site development and any other cost associated with producing difficult to develop housing in rural areas.

Repayment Terms: Periodic (quarterly, semi-annual or annual) interest payments only. Principal repayment tied to housing units placed into service (i.e. as single family lots are sold, or the permanent financing for multi-family project or a single-family home is closed.)

Collateral: First lien preferred, but no less than second lien.

Underwriting: The Agency will establish underwriting and documentation standards that reserve its right to determine the long-term viability of the project and reasonable assurances that loan will be repaid.

Loan Fees: Origination fee of 1% or $500, whichever is greater, and all hard costs.