

Purpose:	Provide construction loan guarantees to lenders for contractors who build or rehabilitate affordable single-family housing in difficult to develop rural communities with populations less than 35,000 on a speculative basis for resale. Ineligible areas include communities of more than 35,000 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 Outstanding:	At no time shall more than \$500,000 in guarantees be outstanding in any one community or to any one contractor.
Maximum Construction Loan Amount:	Construction loans provided by Lender may not exceed 85 percent of the lesser of the value of the housing unit (including lot and improvements) or total cost or appraiser's as-completed Opinion of Value.
Maximum Anticipated Sales Price:	The confirmed anticipated sale price must not exceed the currently published FHA Mortgage limits .
Guarantee Fee:	NDHFA will charge one-half percent (0.50%) of the lender's construction loan amount.
Appraisal:	Required before construction.
Administration:	Lender will be responsible for all underwriting relative to the construction loan, provide 100 percent 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 percent of the net loss after sale of the property or \$93,500. NDHFA must be notified of any loss prior to the expiration date of the guarantee.
Guarantee Term:	The term of the guarantee will be eighteen (18) months from the earlier of lender's construction loan's anticipated or actual closing date. Extensions will be considered on a case by case basis and at the sole discretion of NDHFA.
Evidence of Need and Support:	The applicant must demonstrate that a need and support exists for additional affordable housing in the community.
For further information:	Contact NDHFA at (701) 328-8080 or (800) 292-8621.