



Rural Rental Housing Loans Section 515

Eligible Purposes:

USDA Rural Development provides loans for the construction of apartment style rental housing. Rental units are made available to very low, low, and moderate income tenants. Rental units can be made available for general occupancy or specific to Elderly (age 62+ or handicapped/disabled). Funds can be used for construction and non-construction costs including land, appliances, architecture services, legal services, and capitalized interest. Initial operating funds can be provided for non-profit organizations. Eligible purposes include congregate housing and group homes.

Eligibility:

Eligible applicants include, individuals, associations, trusts, cooperatives, partnerships, limited partnerships, state and local agencies, profit and nonprofit organizations.

The applicant must have legal capacity to borrow funds and to pledge security for loans. The applicant must be financially sound and possess management experience or hire professional management.

Be able from your own resources to provide the required borrower contribution. Loans provided in conjunction with Low Income Housing Tax Credits cannot exceed 95% of the appraised value of the security. Loans to non-profit entities can be for 100% of the appraised value plus up to 2% for initial operating funds. All other loans cannot exceed 97% of the appraised value of the security property.

Be able to provide from your own resources (except nonprofit owners) funds for an initial operating account in an amount equal to 2% of the development costs.

Loan Rates & Terms:

The loan term cannot exceed 30 years with a maximum 50 year amortization period. The loan can never exceed the estimated useful life of the property. The interest rate will be fixed with interest credit available to qualified applicants to reduce the interest rate to 1%.

Eligible Areas:

The units must be located in a rural area and be included in the Rural Development list of Designated Places. The list can be obtained from the office listed on this fact sheet.

When to Apply:

Applications must be made during the Notice of Funding Availability (NOFA) time period. The NOFA will be published in the Federal Register; a copy can be obtained from this office. The application process is competitive. Successful applicants will be notified of selection after the NOFA period expires. Competitive point criteria will be published in the NOFA. Use of participating funding sources will increase your chance of success.

Inquiries & Applications

Information and applications may be obtained from the USDA Rural Development State Office in Columbus.

**Multi-Family Housing Section
Federal Building, Room 507
200 North High Street
Columbus, Ohio 43215
Phone: 614-255-2419**