

A Reprint from *Tierra Grande*

OPENING DOORS

HELP FOR RURAL HOMEBUYERS

AFTER YEARS OF RAISING FIVE CHILDREN IN AN APARTMENT THAT WAS GETTING SMALLER EVERY DAY, **GILBERT AND GINA DEHARO** WERE IN THE MARKET FOR A LARGER, MORE PERMANENT RESIDENCE. MONTHS OF SEARCHING FOR A NEW HOME HAD TURNED UP NOTHING IN THEIR PRICE RANGE.

BY BRYAN POPE

Then, last fall, they found a spacious, four-bedroom house in Hutto that was only two years old. Close to work, a Wal-Mart and two hospitals, and located in a neighborhood populated by other young families, the house had everything the Deharos were looking for.

But their dream home almost slipped through their fingers. After paying for the survey and inspections, the Deharos worried they would not have the money to cover the remaining closing costs and a down payment. Then the United States Department of Agriculture's (USDA) Rural Development office opened the door for them.

Since 1991, almost 7,900 Texas families like the Deharos have become homeowners with the help of the USDA Rural Development's Guaranteed Rural Housing Program, which enables eligible low-

and moderate-income applicants to buy homes without a down payment. Last year, a record 1,398 families in Texas purchased homes through the program.

The Deharos, who found out about the program through a local home financing company, said they likely would not have been able to afford a house that meets their needs without the program.

"They helped us a lot," Gina said. "They looked at our family size, our budget and so on, and they worked very hard to make this happen for us."

Gayle Cargo, public information coordinator with USDA Rural Development in Temple, said the program is designed to help people overcome the financial obstacles that can interfere with buying a home, particularly a first home.

"The majority of guaranteed rural housing loans we make are to first-time homebuyers," Cargo said. "They just need a little extra help with the closing costs. It can be so overwhelming, especially if you've never been through the process before."

The Guaranteed Rural Housing Program has more than \$163 million to help rural Texans buy homes. It targets people in communities with populations of 10,000 or less or in loca-

tions not closely associated with urban areas. However, under certain circumstances loans can be made to people in cities with populations between 10,000 and 25,000.

To qualify, the applicant must buy a home that is functional and structurally sound. Manufactured homes must be new and sold by a USDA Rural Development-approved contractor. The property must have direct access to a street, road or driveway. Streets and roads must have hard or all-weather surfaces. Loans cannot be made for income-producing properties.

USDA Rural Development guaranteed loans have a 30-year term and a competitive fixed interest rate. They are made through private lenders such as mortgage companies and banks.

Unlike other zero-down loan programs, the Guaranteed Rural Housing Program does not have loan limits. The loan amount is determined by the applicant's income and repayment ability. Most closing costs usually can be financed into the loan.

One of the program's most attractive features is that borrowers are not required to pay monthly mortgage insurance

premiums. Other zero-down programs require borrowers to pay an up-front mortgage insurance premium at closing in addition to monthly premiums. The Guaranteed Rural Housing Program requires borrowers to pay only a one-time, 2 percent guarantee fee. This usually yields \$35 to \$75 in monthly savings.

"Guaranteed loans may allow the borrower to qualify for a newer or larger home to meet their needs," Cargo said.

The guarantee fee can also be included in the loan. This impacts monthly mortgage payments minimally but maximizes any cash reserves the borrowers have. For example, they can pay the \$2,000 fee on a \$100,000 home loan or keep their \$2,000 and pay roughly \$12 more per month.

For the Deharos, the Guaranteed Rural Housing Program meant they were no longer tenants. As homeowners, they had the freedom to personalize their space. Within two months of moving into their home, they had repainted the interior, tiled the utility room and begun landscaping the yard. And if their

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five-year-old son was once unsure of his new surroundings, that has long since changed.

"Now when we go places," Gilbert said, "he's like 'Can we go home? I want to go home.'"

More information about the USDA Guaranteed Rural Housing Program is available online at http://www.rurdev.usda.gov/rhs/sfh/GSFH_Information/GSFH_Specific.htm. 📍

Pope (b-pope@tamu.edu) is an associate editor with the Real Estate Center at Texas A&M University.

THE TAKEAWAY

The USDA Rural Development's Guaranteed Rural Housing Program enables eligible Texans with low or moderate incomes who live in rural areas to purchase homes without a down payment. More than \$163 million in financial assistance is available.



MAYS BUSINESS SCHOOL

Texas A&M University
2115 TAMU
College Station, TX 77843-2115

<http://recenter.tamu.edu>
979-845-2031

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