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Richmond, Virginia

Virginia Housing Commission
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A Window into the Rural Housing Market as Seen Through Rural Development Single Family Housing Programs.



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MISSION STATEMENT

“To enhance the ability of rural communities and to develop, grow, and improve their quality of life by targeting financial and technical resources in areas of greatest need through activities of greatest potential.”

•Rural Development consists of three areas:

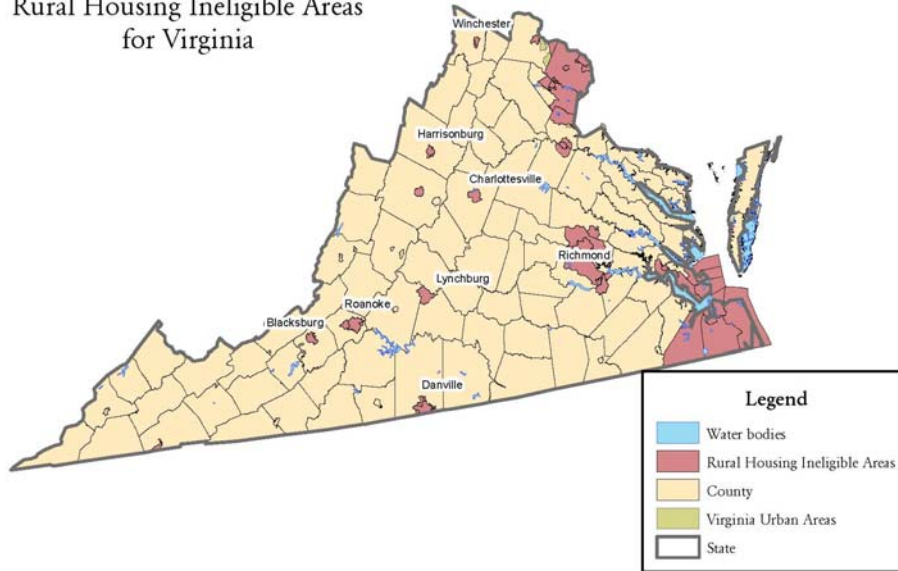
- **Rural Housing**
- Rural Utilities
- Rural Business



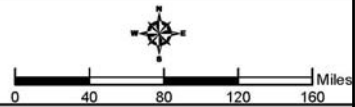
What is “Rural” in Virginia?



Rural Housing Ineligible Areas for Virginia



Prepared by Rural Development
Current Rural Housing Ineligible Areas
Source: Rural Development
Spatial Data Warehouse, St. Louis
Map produced by Dennis Crow
April 3, 2007



SFH ADJUSTED INCOME LIMITS:

Examples

Richmond, VA MSA

# In Household	1	2	3	4	5	6	7	8
502 Direct	41000	46850	52700	58550	63250	67900	72600	77300
502 Guaranteed	84150	84150	84150	84150	111100	111100	111100	111100
504 Repair Loan	25600	29300	32950	36600	39550	42450	45400	48300



****Deduct \$480/child and cost of child care expense to arrive at adjusted income.**

SFH ADJUSTED INCOME LIMITS:

Examples

Nottoway County, VA

# In Household	1	2	3	4	5	6	7	8
502 Direct	30150	34500	38800	43100	46550	50000	53450	56900
502 Guaranteed	73600	73600	73600	73600	97150	97150	971500	97150
504 Repair Loan	18850	21550	24250	26950	29100	31250	33400	35550



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Section 502 Direct Loans

Purpose

Provide people in rural communities the opportunity to own adequate, modest, decent, safe and sanitary homes



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BASIC ELIGIBILITY CRITERIA

- Do not currently own adequate housing
- Must be a U.S. Citizen, or Legal Resident Alien
- Have legal capacity to enter into a contractual relationship
- Possess acceptable credit
- Have a stable and dependable income



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BASIC ELIGIBILITY CRITERIA

Down Payment: None Required

Property: Modest House on a Modest Lot
No square footage or amenity limitation
Exception: No swimming pools



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RATES, TERMS, AND LIMITS

- **Interest Rate:** (Changes monthly, depending upon the cost of money to the Government). Payments may be subsidized to as low as 1% financing.
- **Terms:** Typically 33 years, but may be extended to 38 years for very low income applicants if needed in order to achieve adequate repayment capacity.
- **Loan Ceiling:** Varies by County



CREDIT HISTORY

Indicators of Unacceptable Credit

- Little or no positive credit history.
- Account payments delinquent > 30 days on two or more occasions within a 12-month period
- Foreclosure that has been completed within the last 36 months
- Outstanding Internal Revenue Service (IRS) tax lien or any other outstanding tax liens with no satisfactory arrangement for payment
- Two or more rent payments paid 30 or more days late within the last 2 years.



CREDIT HISTORY

Indicators of Unacceptable Credit

- Outstanding collection accounts with no satisfactory arrangements for repayment or paid in full within the last 6 months
- Non-Agency debts written off within last 36 months unless paid in full at least 12 months ago
- Delinquency on a federal debt



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CREDIT HISTORY

Indicators of Unacceptable Credit

- A court-created or court-affirmed obligation or judgment caused by nonpayment that is currently outstanding or has been outstanding within the last 12 months, except:

A bankruptcy in which:

- Debts were discharged >36 months prior to the date of application
- Debt restructuring plan successfully completed and applicant has met obligations when due for the 12 months prior to the date of application
- A judgment satisfied more than 12 months before the date of application

An applicant with an outstanding judgment obtained by the United States in a Federal court, other than the United States Tax Court, is NOT eligible for a Section 502 loan. This requirement is statutory and cannot be waived.



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CREDIT HISTORY

Credit Waivers

- The lender may consider mitigating circumstances to establish the borrower's intent for good credit when the applicant provides documentation that:
 - The circumstances were of a temporary nature, were beyond the applicant's control, and have been removed.
 - The adverse action or delinquency was the result of a refusal to make full payment because of defective goods or services or as a result of some other justifiable dispute relating to the goods or services purchased or contracted for.



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Section 502 Guaranteed Rural Housing Loans

Purpose:

- To help those at the moderate income level purchase homes in rural areas. Funds can be used to build or purchase a home.



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Home Financed Through Section 502
Guaranteed Home Loan



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Section 502 Guaranteed Rural Housing Loans

Role of USDA:

To Guarantee a Lender that RD will
repay that lender 90% of the total loan
value if the Loan goes bad &
is not re-paid



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Section 502 Guaranteed Rural Housing Loans

Eligibility:

- Income of up to 115% of median income for the area.
- The lender determines repayment feasibility, using repayment ratios and other criteria set by RD.



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Section 502 Guaranteed Rural Housing Loans

Terms:

- Loans are for 30 years
- Interest rate is set by the lender but limited to Fannie Mae 90 day + 60 basis points
- No required down payment



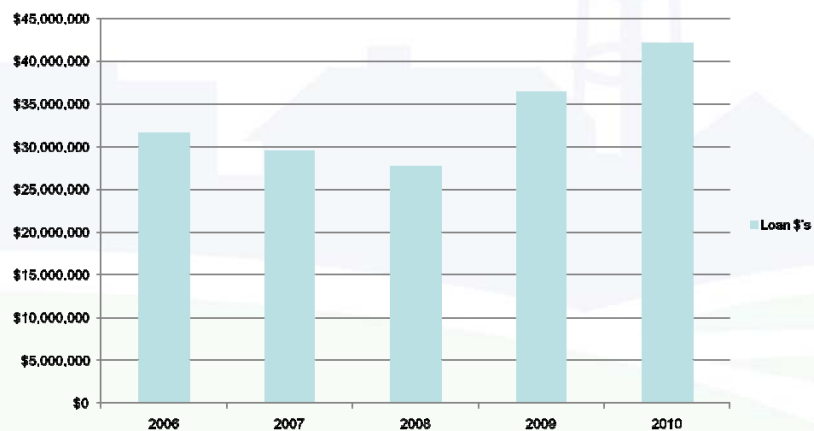
Program Demand and Performance for Rural Development Programs



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Direct Program FY2006 -FY2010

RD Direct Loan \$'s



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RD Direct Loans in Virginia Gross Delinquency

- As of August, 2008 gross delinquency stood at 12.3% of 8,279 loans
- As of August, 2010 gross delinquency had risen to 16.6% of 7,954 loans and had peaked in January at 17.5%



RD Direct Loans in Virginia Foreclosure

- As of August, 2008 2.58% of Virginia RD Direct loan portfolio was in foreclosure, but had been between 1.66% and 1.9% in the months prior.
- As of August, 2010 1.8% of Virginia RD Direct loan portfolio was in foreclosure. But just a month earlier it was 2.45% and had been as high as 3.09% in January.



Bankruptcy

- From August, 2008 to August, 2010, the percentage of the Virginia portfolio that is in bankruptcy has remained in a band between 2.5% and 1.9% with the recent numbers trending slightly upward at 2.01%

RD Direct Loan Real Estate Owned in Virginia

- As of August, 2008 RD in Virginia had an inventory of 13 REO properties, up at the time from 9 in the prior month.
- As of August, 2010 Virginia REO inventory stood at 43 reflecting a steady rise since 2008.
- The increase demonstrates the difficulty RD has faced in selling foreclosure properties at the courthouse steps.

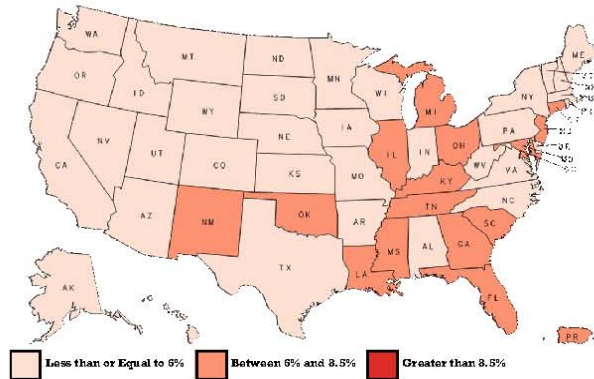
Year	Loan \$'s
2006	\$95,000,000
2007	\$115,000,000
2008	\$190,000,000
2009	\$450,000,000
2010	\$430,000,000

Legend:

- Less than or Equal to 10,000 Loans
- Between 10,000 and 20,000 Loans
- Greater than 20,000 Loans

Delinquency

DQ3+Ratio By State



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QUESTIONS?



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For more information about these or other USDA housing programs, contact the USDA Rural Development State Office at 804-287-1547 or visit our website at:

www.rurdev.usda.gov/va



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USDA RURAL DEVELOPMENT VIRGINIA STATE OFFICE

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