

# Are you ready for a Construction Loan with no down-payment and a Government guarantee up front?

## Lenders and Builders must have:

- ✓ Two or more years' experience with construction loans (lenders may employ a construction loan management company).
- ✓ Lenders with USDA approval to make Guaranteed loans do not need specific approval to get started.
- ✓ Lenders approve participating Builders.

## Visit our website for more information!

[rd.usda.gov/page/sfh-guaranteed-lender](https://rd.usda.gov/page/sfh-guaranteed-lender)



## Tools & Resources

### Property Eligibility

<https://eligibility.sc.egov.usda.gov/eligibility>

### Training & Resource Library

[rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library](https://rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library)

Information on all USDA Rural Development programs is available at [rd.usda.gov](https://rd.usda.gov).

For more information on this specific loan feature, see the “Combination Construction to Permanent Loans” section of Chapter 12 of HB-1-3555:

[www.rd.usda.gov/sites/default/files/3555-1chapter12.pdf](https://www.rd.usda.gov/sites/default/files/3555-1chapter12.pdf)

## Contact Us:

[sfhgld.lenderpartner@usda.gov](mailto:sfhgld.lenderpartner@usda.gov)



## Rural Development

USDA is an equal opportunity provider, employer, and lender.



## Rural Development



# USDA's Single Family Housing Guaranteed Loans

# Single Close Construction-to-Permanent Loans

Together, America Prospers

*"The one-time closing saved us money and headache. We met one time to sign everything, and it was done."*

## Why Choose USDA's Construction-to-Permanent Loan?

### CTP Guaranteed loans offer:

- Only one set of loan closing costs saves Borrowers time and money!
- Borrowers' monthly payments due during construction may be included in the loan (through payment reserves)!
- Lenders are protected with up to a 90% guarantee before construction even begins!
- Lenders may sell the loan on the secondary market immediately with the "securitized" version.
- Builders do not have to front their own capital or use their lines of credit.
- Realtors get paid before the house is built.
- Streamlined documentation requirements with the use of the Guaranteed Underwriting System (GUS).
- Online training modules and resources that are easy to navigate.



### Program Highlights

- Finance eligible loan costs up to 100% of the market value plus the up-front guarantee fee.
- No down payment required, keep reserves in the bank.
- Low fees—1% upfront, .35% annual
- Expanded qualifying ratios beyond 29/41.
- Conditional Commitments issued typically within 48 hours
- No purchase price limits. Loan amount is determined by applicant's repayment ability.
- Not limited to first time home buyers.
- Seller contributions allowed up to 6%.
- Non-traditional credit accepted.
- Property inspections follow HUD Handbook guidelines.
- Payment Reserves from Loan proceeds alleviate the need to make payments on new loan and pay rent during construction:
  - Interest-Only Reserve or
  - Securitized Full Payment Reserve

### Applicant and Property Requirements

#### Applicants must have:

- ✓ Household income not exceeding 115% of county median household income (MHI).
- ✓ Stable and dependable repayment income.
- ✓ Credit history demonstrating a willingness to repay debt.
- ✓ Need for a guarantee and not qualify for conventional financing with no PMI and a 30-year fixed rate.
- ✓ U.S. citizenship or be a U.S. non-citizen national or qualified alien.

#### New Construction properties must:

- ✓ Be located within an eligible area.
- ✓ Not have land or buildings principally used for income-producing purposes. Site size must be typical for the area.
- ✓ Have building plans and specifications certified per applicable building standards.
- ✓ Have construction inspections and builder warranty documentation.
- ✓ Be covered by a 10-year warranty when phase inspections are not available (to obtain 100% LTV).