

VHDA/USDA Loan Program Helps Rural Home Buyers Purchase Existing Manufactured Homes

Previously, Only New Manufactured Homes Were Eligible

The Virginia Housing Development Authority recently partnered with a federal agency to pilot a new home loan program in Virginia that helps low- to moderate-income individuals and families buy manufactured homes in rural areas.

By agreeing to join the Existing Manufactured Housing Unit Financing Pilot Program offered by the United States Department of Agriculture's Office of Rural Development, VHDA has been able to expand its existing VHDA/USDA loan program from financing only new manufactured housing – defined as one year old and newer – to financing existing manufactured housing that can be between one and approximately 10 years old. As a result, many more manufactured housing units are now available to be financed with the multiple benefits offered by VHDA and USDA.

“The beauty of this loan program is that it offers zero down payment, minimal cash out of pocket, a less expensive guarantee fee, and VHDA's low interest rate – these benefits combined give rural homebuyers a great deal,” said Allen Andrs, VHDA Mobile Mortgage Field Originator. “Because VHDA typically offers a below-market interest rate and USDA offers the lowest loan guarantee fee available, I believe this is the best home loan program in the state, if not the country.”

“The beauty of this loan program is that it offers zero down payment, minimal cash out of pocket, a less expensive guarantee fee, and VHDA's low interest rate – these benefits combined give rural home buyers a great deal.”

Allen Andrs, VHDA Mobile Mortgage Field Originator

The pilot loan program became available in Virginia this year when Michael Urban, USDA Single Family Housing Program Director, transferred from Vermont and was able to have Virginia included with the eight other states in the pilot.

“This program's out-of-pocket expenses are definitely less for homebuyers,” said Urban. “Our financing is 100 percent of the appraised value, and then we allow closing costs to be rolled in if the property appraises high enough, so some of our candidates could truly get into their home with no money out of pocket, while other loan programs have down payment requirements. The bottom line is that this program is helping more people get into homeownership.

“We discussed this pilot program with VHDA, and it just so happened that at the time VHDA's Mobile Mortgage Office was working with first-time homebuyer Tenesha Bullock on the purchase of her manufactured home with another loan product,” he added.

Andrs noted that Bullock's loan application fit the guidelines of the new program, because the house she was buying was a 14-month-old manufactured home that was a model on a dealer's lot. "Under the current USDA Guarantee program, we can't finance manufactured homes that are greater than 12 months old. As a result, many older units on dealers' lots wouldn't have qualified, so Tenesha wouldn't have been eligible. Fortunately, she qualified under the pilot program, and we were able to help her buy that home. As a result, she became VHDA's first borrower using the VHDA/USDA loan program," he said.

"It's the best thing that has ever happened to me," said Bullock. "I would absolutely recommend this program to other homebuyers, because it gives people who may have lower incomes a chance to obtain homeownership."

Bullock added that the no down payment feature was key to her purchase of the house. "Instead of taking a couple of years to save the thousands of dollars needed for a down payment, I was able to pursue homeownership immediately through this program," she said.

Andrs said that over the life of Bullock's 30-year fixed rate loan, he estimates she will save over \$18,000 as a result of Rural Development's loan guarantee fee, which is the lowest on the market.

"I am very fortunate to be the first one in this program, and I'm glad that VHDA was able to switch me over to the VHDA/USDA loan before I closed on the other loan. They saved me a lot of money on my monthly payment – I couldn't be happier," Bullock concluded.

In addition to new construction, the pilot program allows for financing to purchase an existing manufactured home, on a permanent foundation, that was manufactured after January 1, 2006.

Manufactured homes are defined as homes that are factory-built in the U.S. to federal construction standards. These homes are built on permanent chassis so they can be transported; however, they typically are not moved after they are installed. Most manufactured homes in Virginia are identified as vinyl-sided ranchers on masonry foundations.

To learn more about the VHDA/USDA loan program or find out about eligibility requirements, contact Allen Andrs, VHDA Mobile Mortgage Field Originator, at Allen.Andrs@VHDA.com or (804) 837-1879.

Homebuyers can also use VHDA's "Find a Lender" search on VHDA's website (vhda.com) to locate local lenders who can assist with VHDA loans and interest rates.

About VHDA

Since our creation in 1972 by the Virginia General Assembly, VHDA has helped Virginians attain quality, affordable housing through public-private partnerships with local governments, community service organizations, lenders, Realtors, developers and many others. We provide mortgages for first-time homebuyers, as well as financing for apartment communities and neighborhood revitalization efforts. We offer free homebuyer classes, support housing counseling, and help people with disabilities and the elderly make their homes more livable. We also administer the federal Housing Choice Voucher and Housing Credit programs in Virginia. VHDA is self-supporting and receives no state taxpayer dollars to fund its programs. Instead, we raise money in the capital markets, and we contribute a significant portion of our net revenues each year to help meet Virginia's housing needs.

About USDA Rural Development

USDA Rural Development provides loans and grants to help expand economic opportunities and create jobs in rural areas. This assistance supports infrastructure improvements; business development; homeownership; community services such as schools, public safety and health care; and high-speed internet access in rural areas. For more information, visit www.rd.usda.gov.

###