

# Real Estate Special Report

## Loan program can help people in Sisters Country

**Jim Cornelius**  
News Editor

Housing affordability has become an increasingly pressing issue in Sisters Country, where there are few rentals available and purchasing a home seems out of reach for many who work for wages in the region.

Some potential homeowners may have more options than they realize, through programs such as the USDA Rural Development Section 502 Direct Loan Program. The program is designed to provide a path to homeownership for low- and very-low-income families living in rural areas, and families who have no other way to make affordable homeownership a reality.

The program offers payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income.

A number of factors are considered when determining

an applicant's eligibility for Single Family Direct Home Loans. At a minimum, applicants interested in obtaining a direct loan must have an adjusted income that is at or below the applicable low-income limit for the area where they wish to buy a house, and they must demonstrate a willingness and ability to repay debt.

**Applicants must:**

- Be without decent, safe and sanitary housing;
- Be unable to obtain a loan from other resources on terms and conditions that they can reasonably be expected to meet;

- Agree to occupy the property as their primary residence;

- Have the legal capacity to incur a loan obligation;
- Meet citizenship or eligible noncitizen requirements;
- Not be suspended or debarred from participation in federal programs;

**Properties financed with direct loan funds must:**

- Generally be 1,800 square feet or less;
- Not have market value in

excess of the applicable area loan limit;

- Not have in-ground swimming pools;
- Not be designed for income-producing activities;

Borrowers are required to repay all or a portion of the payment subsidy received over the life of the loan when the title to the property transfers or the borrower is no longer living in the dwelling.

Applicants must meet income eligibility for a direct loan.

**What is an eligible area?**

Generally, rural areas with a population less than 35,000 are eligible.

**How much can someone borrow?**

The maximum loan amount an applicant may qualify for will depend on the applicant's repayment ability. The applicant's ability to repay a loan considers various factors such as income, debts, assets and the amount of payment assistance applicants may be eligible to receive. Regardless of repayment ability, applicants may never borrow more than the area's



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The dream of home ownership in Sisters Country may be obtainable for some with the help of a USDA rural development loan.

loan limits (plus certain costs allowed to be financed) for the county in which the property is located.

**What is the interest rate and payback period?**

- Fixed interest rate based on current market rates at loan approval or loan closing, whichever is lower;

- Interest rate when modified by payment assistance can be as low as one percent;
- Up to 33-year payback period — 38-year payback

period for very low income applicants who can't afford the 33-year loan term.

No down payment is typically required. Applicants with assets higher than the asset limits may be required to use a portion of those assets.

For more information on the program and its eligibility requirements, visit <http://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans>.

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