

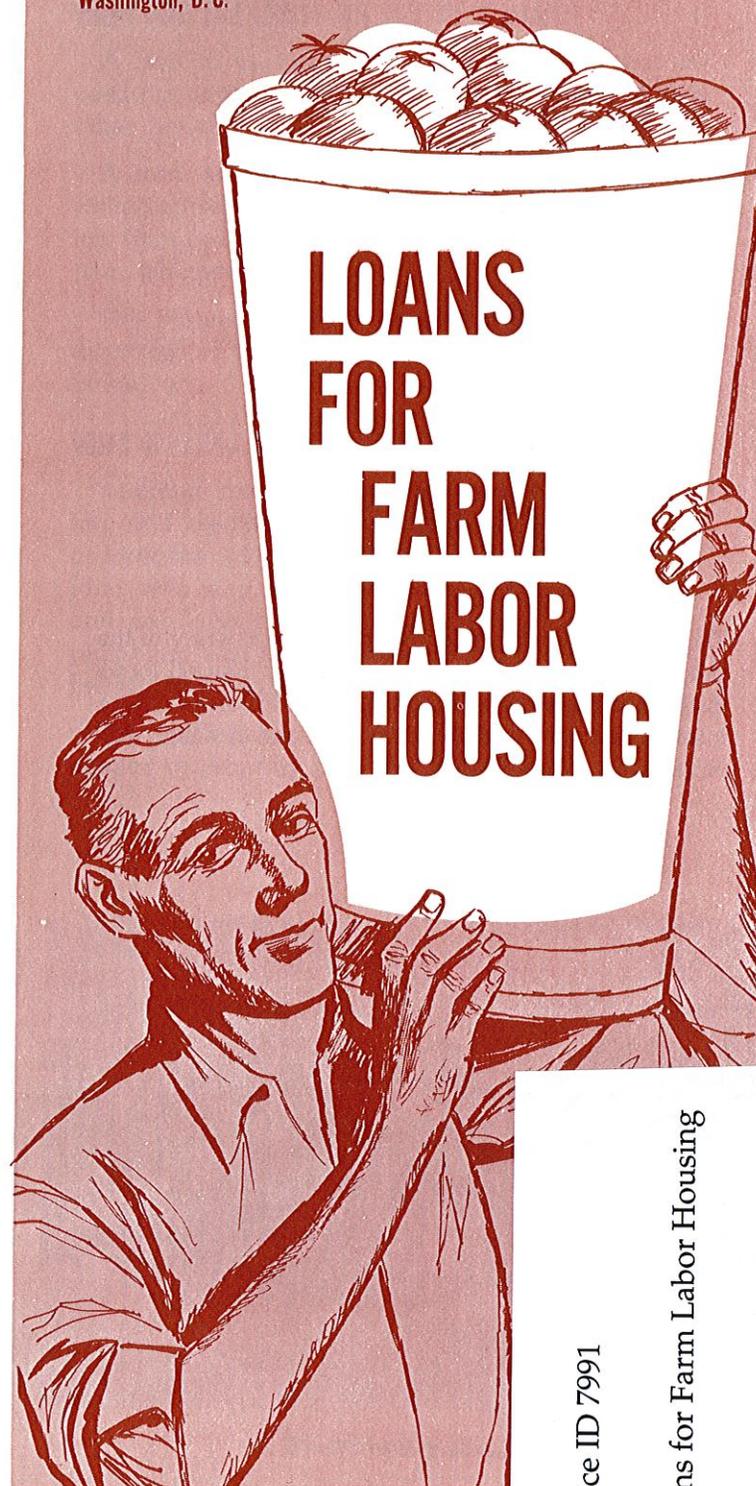
U. S. Department of Agriculture
Farmers Home Administration
Washington, D. C.

WHERE DO APPLICANTS APPLY FOR LOANS?

At the Farmers Home Administration county office serving the area where the housing is to be provided. Anyone unable to locate the local office may write the Farmers Home Administration, U.S. Department of Agriculture, Washington, D. C., (20250).

HOW DO LABOR HOUSING LOANS FOR DOMESTIC FARM LABOR AID IN RURAL AREAS DEVELOPMENT?

Providing decent housing for domestic farm labor helps balance out the facilities of a rural community and makes it a more desirable place in which to live. The construction of the housing also provides employment for carpenters, plumbers, masons, and others and boosts sales of construction materials and household furnishings.



LOANS FOR FARM LABOR HOUSING

The Farmers Home Administration, an agency of the U.S. Department of Agriculture, makes insured loans to finance housing for domestic farm laborers. These loans are authorized by Title V of the Housing Act of 1949, as amended in 1961.



Condemned labor housing

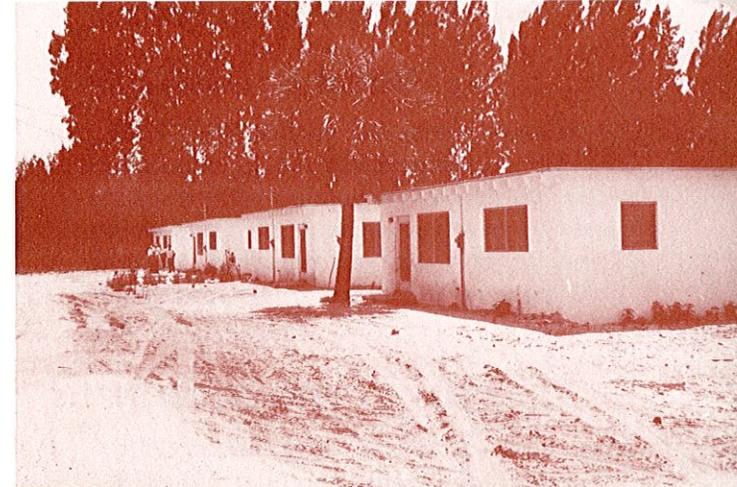
HOW MAY LOAN FUNDS BE USED?

Loan funds may be used to construct, improve, or repair farm labor housing including facilities for kitchens, dining halls, and appropriate health and recreational facilities. In addition, funds may be used to develop water, sewage disposal, heat, and light systems needed for the housing and other facilities. Funds may not be used to buy land or refinance debts.

WHO MAY BORROW?

To be eligible, an applicant must:

1. Be a farmowner, association of farmers, state or political subdivision, or nonprofit organization.
2. Be unable to finance the needed improvements with his own resources or with credit from other sources.
3. Have authority to obtain, give security for, and raise revenue to repay the loan and to maintain and operate the housing financed with the loan.



Single family units

4. If acting through an authorized representative, be represented by one who has no pecuniary interest in the award of the architectural or construction contracts, the purchase of equipment, or the purchase of the land for the housing site.

WHO MAY OCCUPY THE HOUSING?

The occupants must be citizens of the United States who receive a substantial portion of their income as farm laborers.

In determining who is eligible to occupy the housing there will be no discrimination because of race, color, creed, or national origin.

WHAT ARE THE INTEREST RATES AND TERMS?

The interest rate is 5 percent per year on the unpaid principal. The maximum term is 33 years or the useful life of the security, whichever is less. Each borrower is expected to refinance the unpaid balance of the loan when able to obtain such refinancing at reasonable rates and terms from other lenders.

WHAT ARE THE LIMITS ON SIZE OF A LOAN?

A loan to an individual farmowner may not exceed the normal value of the farm as improved less other liens.

A loan to an organization may not exceed the estimated replacement value of the completed housing financed with the loan or the cost of construction, whichever is less.

The Farmers Home Administration will make an appraisal of the security property to determine its value.

WHAT HOUSING STANDARDS MUST BE MET?

Buildings and the water, sewage disposal, heating, and electrical systems must be constructed in accordance with good building practices, and conform with any applicable laws, ordinances, codes, and regulations governing construction, heating, plumbing, electrical installation, fire prevention, health, and sanitation.

The applicant must obtain technical assistance needed to properly plan and construct the housing.



Two story apartments



One story apartments

WHAT ABOUT REVIEWING PLANS AND INSPECTING CONSTRUCTION?

The Farmers Home Administration reviews the plans and inspects the work as it progresses to help the borrower obtain sound and acceptable construction.

WHEN CAN CONSTRUCTION BE STARTED?

The loan must be closed before the borrower may start construction or incur any debts for material or labor that are to be paid with loan funds. The borrower and the contractor building the housing must comply with requirements regarding equal employment opportunities for qualified persons without regard to race, color, creed, or national origin.

WHAT INFORMATION MUST AN APPLICANT SUBMIT WHEN APPLYING FOR A LOAN?

Before taking any action, the individual or organization may wish to discuss the proposed project with the Farmers Home Administration local county supervisor. An individual must complete a standard Farmers Home Administration application form. An organization may file an application by a letter to the supervisor stating the purpose of the loan, amount of loan funds needed, previous experience in operating labor housing, and proposed manner of securing and repaying the loan. Also included in the letter or as attachments should be:

1. Copies or citations of the specific provisions of state law under which the organization has been formed, copies of its charter, articles of incorporation, by laws, and other basic authorizing documents, and the names and addresses of principal stockholders. If the applicant is a subsidiary of another organization, the name, address, and principal business of the other organization should be given.
2. A current and complete financial statement showing assets and liabilities together with information on the repayment schedule and status of each debt.

3. Evidence that other credit is not available.
4. A statement on the amount and method of providing capital to cover preliminary expenses and initial operating expenses.
5. A proposed operating budget showing anticipated income and expenses for a typical year of operation.
6. Preliminary housing plans including building layout, type of construction, number and type of living units, and an estimate of the cost.
7. A preliminary survey of the area showing the need and probable future demand for labor housing.
8. A brief description of the neighborhood including topography and drainage and a listing of such existing facilities as shopping centers, churches, transportation, sewage disposal and water systems, doctors and dentists' offices, and hospitals.

After a review of the application shows that it may be approved, the applicant will be required to furnish detailed plans, specifications, cost estimates, and operating budgets, as well as evidence of compliance with building codes, zoning requirements, and other related information.

WHAT SECURITY IS REQUIRED?

Each loan will be adequately secured to protect the interest of the Government. A loan to an individual will be secured by a loan on the farm. For an organization, a mortgage will be taken on the housing, including the site and related facilities. When necessary, additional security may be required.

WHAT ARE THE SOURCES OF LOAN FUNDS?

Banks, insurance companies, organizations administering retirement funds, and other groups that invest in the Farmers Home Administration's insured loan program.