
42 U.S. Code § 1490p-2

Loan guarantees for multifamily rental housing in rural areas

(a) Authority

The Secretary may make commitments to guarantee eligible loans for the development costs of eligible housing and related facilities, and may guarantee such eligible loans, in accordance with this section.

(b) Extent of guarantee

A guarantee made under this section shall guarantee repayment of an amount not exceeding the total of the amount of the unpaid principal and interest of the loan for which the guarantee is made. The liability of the United States under any guarantee under this section shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation.

(c) Eligible borrowers

A loan guaranteed under this section may be made to a nonprofit organization, an agency or body of any State government or political subdivision thereof, an Indian tribe, or a private entity.

(d) Eligible housing

A loan may be guaranteed under this section only if the loan is used for the development costs of housing and related facilities (as such terms are defined in section 1485(e) of this title) that—

- (1) consists of 5 or more adequate dwellings;
- (2) is available for occupancy only by low or moderate income^[1] families or persons, whose incomes at the time of initial occupancy do not exceed 115 percent of the median income of the area, as determined by the Secretary;
- (3) will remain available as provided in paragraph (2), according to such binding commitments as the Secretary may require, for the period of the original term of the loan guaranteed, unless the housing is acquired by foreclosure (or instrument in lieu of foreclosure) or the Secretary waives the applicability of such requirement for the loan only after determining, based on objective information, that—
 - (A) there is no longer a need for low- and moderate-income housing in the market area in which the housing is located;
 - (B) housing opportunities for low-income households and minorities will not be reduced as a result of the waiver; and
 - (C) additional Federal assistance will not be necessary as a result of the waiver; and
- (4) is located in a rural area.

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