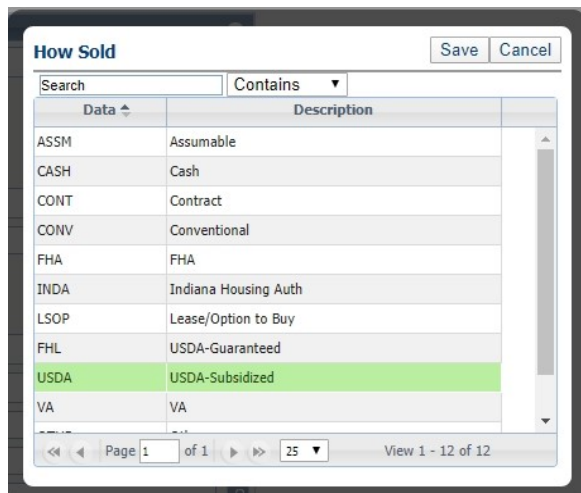


## Michelle's Tip of the Month

### USDA SUBSIDIZED vs USDA GUARANTEED *What is the difference?*

#### **USDA Subsidized (USDA Direct) Loan**



The screenshot shows a software interface titled "How Sold" with a search bar and a "Contains" dropdown menu. Below is a table with two columns: "Data" and "Description". The "USDA" row is highlighted in green.

Data	Description
ASSM	Assumable
CASH	Cash
CONT	Contract
CONV	Conventional
FHA	FHA
INDA	Indiana Housing Auth
LSOP	Lease/Option to Buy
FHL	USDA-Guaranteed
USDA	USDA-Subsidized
VA	VA

At the bottom of the interface, there are navigation controls: "Page 1 of 1", "25", and "View 1 - 12 of 12".

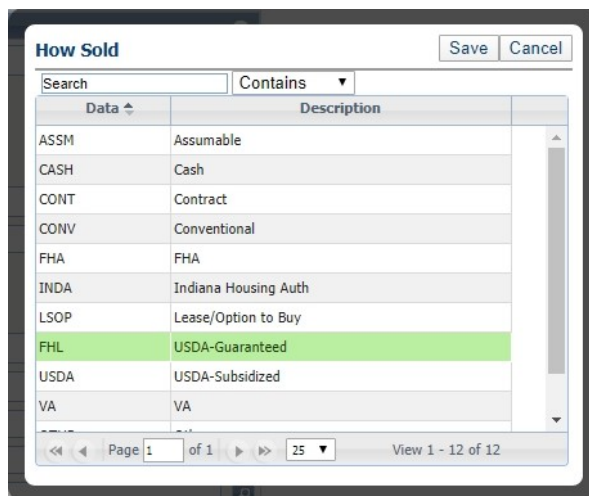
USDA direct is a subsidized loan where the government pays (subsidizes) a portion of the payment. This loan is for low to very low income earners.

For example, based on their income if they only qualify for a payment of \$800.00, but their fully amortized payment would be 1,000.00, the government would then pay (subsidize) the needed \$200.00. When they sell the home, they may have to pay back what was subsidized or at least a portion of it. These loans are originated directly with the USDA office. The USDA requires they apply for traditional financing to pay off their loan every one to two years. If they cannot get financing then they are allowed to continue with the loan; however, the USDA Subsidized loan is not designed to keep forever.

## Michelle's Tip of the Month

### USDA SUBSIDIZED vs USDA GUARANTEED *What is the difference?*

#### USDA Guaranteed Loan



Data	Description
ASSM	Assumable
CASH	Cash
CONT	Contract
CONV	Conventional
FHA	FHA
INDA	Indiana Housing Auth
LSOP	Lease/Option to Buy
FHL	USDA-Guaranteed
USDA	USDA-Subsidized
VA	VA

The USDA Guaranteed loan is not subsidized and they must qualify on the fully amortized payment on their own. This is for moderate income earners.

USDA Guaranteed does not allow income producing properties or purchases on existing manufactured houses.

USDA Guaranteed is 100% financing and requires no down payment.

Not all counties qualify, but Kosciusko County **is** qualified for this loan (unless it's manufactured or income producing).

They are income based, so household income cannot exceed a certain level to be able to qualify, depending on how many are in the family.