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Subject: USDA Rural Development – Section 502 Single Family Direct Loan Program

Subject: USDA Rural Development – Section 523 Mutual Self-Help Housing Program

USDA Rural Development funding for these programs needs to be funded to at least the level of 2012. Section 502 Direct Program should be at \$900 million or more and the Section 523 funding needs to be maintained at \$30 million. The 502 Direct Program is the only federal homeownership program that is exclusively targeted to very low- and low-income rural families. In the past 60 years this program has helped more than 2.1 million families build wealth and achieve the American dream of homeownership. By law 40 percent of 502 Direct Loan funds must be used to assist families earning less than 50 percent of area median income. 25,000 loan applications are currently on a waiting list for Section 502 loan funding.

The Section 523 program helps organizations to provide training, supervision and technical assistance to families. Families work nights and weekends providing construction labor on their own and each other's homes to decrease construction costs increase equity and build wealth. Every 100 homes built on this program results in 324 jobs, \$21.1 million in local income and \$2.2 million in tax revenue. Even though Self-Help families have lower income, default rates are significantly lower than other borrowers. More than 50,000 families are currently on Self-Help Housing waiting lists. Each family that builds a Self-Help home makes many sacrifices. Throughout the process and after all the hard work they will say, yes, it was worth it. It does not make sense to let these programs deteriorate to the point of extinction.

Thank you for the opportunity to address these issues today.