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ABSTRACT
Rural America is currently facing an overwhelming problem, the need for decent housing. Even though small towns and rural areas of Southern America have been undergoing drastic change over the past 2 decades, over one-half of all inadequate rural housing is located in the South. Substandard housing is, for the most part, inhabited by families with low incomes and low earning capacity. One rural community is doing something about its housing problems. Princeville, North Carolina, located in Edgecombe County, epitomizes the poverty and poor housing which is presently stifling many rural towns in the United States. Princeville is attacking its housing problem through a residential rehabilitation program with the help of such organizations as the Princeville Community Club, the Princeville Home Repair Program, the Princeville Rehabilitation Program, and the Princeville Community Development Corporation. Housing assistance is available to low-income families in Princeville and Edgecombe County through the Tarboro Housing Authority, the Federal Housing Administration, and the Farmers Home Administration. This booklet describes the activities of community organizations and the operating areas and the types of assistance provided by the various agencies. The appendix includes related housing design concepts and lists 6 housing assistance programs for rural housing rehabilitation. (NQ)
RURAL HOUSING REHABILITATION DEMONSTRATION
PRINCEVILLE, N. C.

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King Burgwyn
Mike McLeod
Richard Busse

Community Development Group
School of Design
North Carolina State University
Henry Sanoff - Director

The preparation of this report was coordinated with research being conducted by the
N. C. Agricultural Experiment Station, The Department of Economics, and the School
of Design at N. C. State University. Additional information and support was provided by
the Nash-Edgecombe Economic Development, Inc., Rocky Mount, N. C. and the
America the Beautiful Fund of the Natural Area Council, Inc. Washington, D. C.
Based on 1970 statistics compiled by the Bureau of the Census, Edgecombe County continues to be one of the poorest rural areas in the country. Almost one half of the total number of families subsist on incomes below the poverty index. There are around 52,341 persons sparsely settled on a land area of 511 square miles, 7% of the population is comprised of senior citizens and the Infant Mortality Rate is one of the highest in the State of North Carolina. Forty-nine percent of all the residents 25 years or older has less than an eighth grade education. Numerous families are participants in the Food Stamps Program and the Emergency Food and Medical Services Program administered and implemented respectively by the Department of Social Services and CAA. The economy is rapidly shifting from one of agrarian enterprise to industrial growth and thus the per capita income of many low income families is gradually increasing annually. Dilapidated housing, poor health care, disorganized family life, unstable employment, lack of transportation, illiteracy, inadequate recreation and isolation from the decision making process is omnipresent.

The realization that life under these conditions continues to persist may come as a severe moral shock to many of us; yet, Americans are beginning to understand that being poor is often a way of life into which people are locked from birth. The rural poor are isolated on the back roads and in the decaying small towns of rural America. Three-fourths of the American families who live both in poverty and in bad housing live in rural America.

The objective of this booklet, however, is not to transmit the social or human consequences of poverty or bad housing. Its purpose is to transmit what one rural community is doing to attack its housing problems. The Community Development Group, in coordination with the North Carolina State University Department of Economics and the Agricultural Experiment Station has been investigating the problems of housing the rural poor in the South. The Princeville Home Repair Program has, to a large extent, evolved as a demonstration product of this research.

Rehabilitation has traditionally been de-emphasized for little apparent reason. Given current housing shortages and limited funds, the cost and time advantages of rehabilitation should...
have their greatest impact. The shorter life associated with rehabilitated units is of less importance, since they can be replaced by newly produced units when conditions are more propitious. But, rather than expanding and funding the organizational effort needed to make rehabilitation work, the government has emphasized the less difficult but more costly route of new construction. This has occurred in spite of the fact that supply of existing dwellings is at least forty times the size of annual additions to the housing stock.

Subsidization of the rehabilitation existing units have been discounted for various reasons. However, placing of emphasis on new construction and rather the rehabilitation is in many cases inconsistent with existing social, economic, and environmental conditions in rural America.

There are a variety of ways in which the rehabilitation process can be stimulated. The following study represents the most fundamental level at which a housing rehabilitation policy may begin—in and by the community.

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THE NATURE OF RURAL HOUSING NEEDS

The small towns and rural areas of Southern America have been undergoing drastic change over the past two decades. A primary force in this change has been the shift away from a labor-intensive agricultural economy. The high unemployment rate and out-migration that have characterized this period of change now appear to be leveling off. The 1970 census has revealed that the out-migration of households has ceased. Rural out-migration during the last decade consisted mainly of unmarried individuals. This stabilization is an indication that many more families are deciding to stay in rural communities, in spite of the continuing problems they must face.

One of the most overwhelming problems currently facing Rural America is the need for decent housing. Recent testimony before the U. S. Senate's Select Committee on Nutrition and Human Needs indicated that two-thirds of our nation’s substandard housing is in rural areas. That is, of the seven million substandard units in this country, about four million are outside metropolitan areas. The National Rural Housing Conference reported in 1969 that in the next decade 13.5 million new and rehabilitated units will be needed in small towns and rural areas.

The President's Commission on Rural Poverty has noted that over half of all inadequate rural housing is located in the South. Numerous reporters have described the deplorable housing conditions which continue to exist in the rural South. Most Americans, however, have no conception of the filth, degradation, over-crowding, and insecurity caused by inadequate housing.

Substandard housing is, for the most part, inhabited by families with low incomes and low earning capacity. Today, 15 million rural families are not earning enough to raise themselves above the poverty level. When contrasting the urban and rural problem the Advisory Commission on Intergovernmental Relations stated that incomes of families in rural areas are much lower, often 30-40 percent lower than those of urban residents. Since housing is such an expensive consumer item, low income is a major constraint limiting improved housing conditions. When coupled with rising construction costs and neglect of the existing stock, the result is rural slums that rival those of our cities.
THE CHARACTER OF THE PRINCEVILLE AREA

Princeville, North Carolina epitomizes the decay and abject poverty that is presently stifling many rural towns in the United States. Princeville is located in Edgecombe County, an area of Eastern North Carolina noted to be one of the poorest in the nation. More than 25% of the 14,700 occupied housing units are recorded by the 1970 census to be lacking one or more plumbing facilities. Located adjacent to the county seat of Tarboro, North Carolina, Princeville was incorporated in 1885 and is reputed to be the oldest black community in the United States. Today Princeville is plagued with serious social and economic problems. In recent years the unemployment rate has been over 20 percent, with many other persons employed only on a seasonal or part-time basis. Migration to major employment centers has taken most of the able-bodied young men and left a community presently dominated by matriarchal families containing many elderly and disable persons. Of the 175 families that have remained, over 60% are listed as earning less than $3,000 per year. Recent surveys have indicated that almost 90% of Princeville's occupied dwelling do not have complete plumbing facilities. The general condition of this housing has declined to the point where the winter months bring intolerable hardship. To date, very little has been accomplished in attempts to improve these conditions, particularly for those 120 families who rent their homes. Recent attempts to obtain an HUD grant for a municipal water and sewage system remain contingent on the town's ability to establish and maintain a strong tax base enabling amortization of the loan. A lack of local economic resources, absence of technical expertise, and a generally low level of awareness of available resources among the residents continues to impede the town's development.

The most fundamental problem in Princeville, as in many rural communities, is the grossly insufficient amount of money invested by both the public and private sectors in the maintenance, improvement, and expansion of the stock of dwelling units. The Farmers Home Administration (FmHA) ill-financed and understaffed, has provided the only support to housing poor rural families. Princeville, because of its proximity to the town of Tarboro (pop. 9,425) has, at various times during the past several
years, fallen under the separate jurisdictions of the Farmer's Home Administration (FmHA) and the Federal Housing Administration (FHA). It is currently classified as eligible for programs offered by the FHA—a necessary prerequisite for its application for a HUD municipal water and sewage grant. The FHA classification means Princeville is ineligible for the more appropriate scale and financing of programs offered by the FmHA. However, most lending institutions in rural areas are uninterested in making mortgage loans to high risk, low income families, even when government guarantees are available. Other types of investment bring a higher return on their limited loan capacity. Unless these lending institutions can be persuaded to supply a greater portion of the mortgage money required to remedy the low-income housing problem, the FmHA will continue to be the only source of financing for this special group.

The construction of new housing units has had very little influence on the improvement of the quality of rural housing stock. The trend toward rural out-migration that developed over the past two decades limited the demand for construction of new dwellings. The simultaneous inflationary trend in the building trades has contributed toward making the cost of new housing virtually inaccessible to moderate and low income households of the area. The rural market is thus dominated by its existing housing stock. New construction is providing only enough units to satisfy the market demand generated by the formation of new middle income households, and except in the case of public housing, is far out of the reach of most of the inhabitants of rural slums.
INITIAL EFFORTS TO IMPROVE HOUSING IN PRINCEVILLE

To date, local government, ill-financed and understaffed, has not been capable of coping with the overwhelming social, physical, and economic problems that are found in Princeville. Recently, however, the North Carolina Department of Natural and Economic Resources, under the provision of a Section 701 planning grant, established a program of planning management assistance with the city of Princeville. A city manager has been employed and he has, in a short time brought a semblance of order to municipal government affairs. This program of planning management assistance will contribute much to the development of additional projects for the improvement of living conditions in Princeville.

Efforts by Nash-Edgecombe Economic Development, Inc. have assisted residents of Princeville in the formation of the "Princeville Community Club". Initial meetings of the "Princeville Community Club" resulted in an expanded interest and concern for the need for improved housing. The club established "improved housing for Princeville" as its first primary goal. An early realization was that Princeville, essentially, is not amendable to the usual remedies prescribed for housing poor communities—namely, public housing or other government subsidy programs. In addition, the local community does not possess the financial solvency or long-term organizational potential to sponsor other low-income housing programs. More important, new construction, with the exception of public housing, is far out of the reach of most inhabitants of Princeville. For example, to afford the $60 monthly payment normally required for occupancy expenses (maintenance, utilities, taxes, and insurance) in new construction, a family must earn at least $2,880 to allot a standard 25 percent of its income just for these expenses. Consequently, if new housing were given away, only families earning about $3,000 would be able to afford the gift. And in Princeville very few families earn $3,000 a year.
THE EARLY DEVELOPMENT OF A PRINCEVILLE HOME REPAIR PROGRAM

In the absence of realizable alternatives, the Princeville Community Club initiated efforts to develop a home repair program. A steering committee of homeowners was formed to plan the development of the project. By organizing initial rehabilitation efforts towards homeowners, the committee sought to determine the feasibility of rehabilitation per se. An initial goal was to determine the economic costs of various rehabilitation operations such as installation of septic tank, installation of bath, insulation of walls, etc. The most important goal, however, was to determine an organizational and management structure capable of dealing with the human as well as housing aspects of community based residential rehabilitation. This organizational structure also include strategies necessary to enable renters to purchase and rehabilitate their homes.

At this point on the suggestion of the Princeville town manager, the Princeville Community Club sought the assistance of the Community Development Group, (CDG) consisting of faculty and students of the School of Design, North Carolina State University. The CDG, the advocacy planning and design element of the School of Design, provided valuable assistance both in the design and specification of home improvements, and in the development of an organizational structure to make these improvements. Based on general criteria of dwelling suitability as compared with the needs of the occupants, the Princeville Community Club selected the first 10 dwellings to be repaired. As the CDG began evaluating the deficiencies of these dwellings, the Princeville Community Club began the first step toward forming an organization to rehabilitate them. The Community Club established The Princeville Community Development Corporation, (PCDC) a non-profit corporation established with the goal of community improvement.
HOUSING ASSISTANCE AVAILABLE TO LOW-INCOME
FAMILIES IN PRINCEVILLE AND EDGECOMBE COUNTY

Essentially, there are three sources of housing assistance in the
Princeville-Edgecombe County area: the Tarboro Housing Author-
ity, the Federal Housing Administration (FHA), and the
Farmers Home Administration (FmHA). The following text de-
cribes the operating area of these agencies and the type of assis-
tance provided.

Tarboro Housing Authority-The housing authority provides low-
rent public housing within the city limits of Tarboro; but, not in
Princeville or Edgecombe County.

Federal Housing Administration-The FHA is responsible for pro-
viding assistance in the Tarboro-Princeville area (pop. 10,079)
Section 235 and 236 code enforcement, etc. While these pro-
grams have been utilized to some extent in Tarboro, no activity has
taken place in Princeville. Furthermore, the most applicable pro-
gram, Section 235, recorded only one loan during 1970.

Farmers Home Administration-The FmHA has jurisdiction in
places of less than 10,000 population. Consequently, the FmHA
cannot operate in the Tarboro-Princeville area, but can operate in
other parts of Edgecombe County. The FmHA administers three
programs that can be applied to relieve housing problems in Edge-
combe County: Section 502, 504, 515. First, under Section 502
direct loans are made to low to moderate income families (the
average borrower's adjusted income for Section 502 in Edgecombe
County during 1970 was $4,730) to build new homes or rehabili-
late existing property. During 1970, 85 loans were made under
Section 502 in Edgecombe County; 43 of these loans were made
at the market interest rate (7%) and 42 were made under the inter-
est credit provisions which can reduce the interest rate to as low
as 1%.

Seventy of the 85, 502 loans during 1970 were for new construc-
tion costing an average of $12,436. For the most part, the FmHA
502 program can provide housing for families earning as low as
$4,000—however, such families rarely receive FmHA loans. The
possibility of financing rehabilitation under Section 502 seems reasonable. The mortgage amount would be lower, say $6-8,000, and consequently, so would the monthly mortgage payments.

Second, under Section 504 direct loans of a maximum of $1500 are made to households which cannot qualify for Section 502 to repair their dwelling. These loans are made at 1% interest for 10 years. While this program could provide some valuable assistance even though the loan amount is not large enough to finance major improvements (bathroom, heating system, etc.), only one 504 loan was made in Edgecombe County during fiscal year 1970.

Third, under the Section 515 program, FmHA makes loans to non-profit sponsors to construct rental housing in rural areas. This program has not been utilized in Edgecombe County.

In summary, there is now a large segment of low-income families in Princeville and Edgecombe County who, for various reasons, do not have access to housing assistance that is potentially available. The strategies outlined in this booklet shall help in the establishment of the mechanisms necessary to utilize existing programs and also provide new sources of assistance, particularly for rehabilitation.
THE NATURE OF THE PRINCEVILLE REHABILITATION PROGRAM

Utilizing existing community based resources, the potential for the development of a sound residential rehabilitation program is evident. With the assistance of O.E.O., three primary goals shall be achieved through the development of such a program:

1) Improved housing quality, for both renter and owner occupied dwellings;
2) Stimulation of local minority free enterprise through contracting of housing rehabilitation jobs;
3) Increased on-the-job training opportunities for local persons desiring to participate in courses in light construction at the Edgecombe County Technical Institute.

The area of operation of the program shall be limited to Princeville in the first two years; however, the self-sustaining nature toward which the program will evolve should enable it to eventually become involved in home improvement on a county-wide basis.

A brief outline of the major participants in the development of the Princeville Community Development Corporation's Housing Rehabilitation Program follows:

The Nash-Edgecombe Economic Development, Inc. (NEED) shall administer the project during the first year, after which time its role shall diminish proportional to an increase in the administrative and organizational abilities of the Princeville Community Development Corporation (PCDC). The project administration shall be completely phased over to the PCDC by the end of the second year. NEED will continue, however, to provide the staffing and administration of the Consumer Counseling Service provided to participants in the rehabilitation program. Assistance in this program shall also be provided by the Edgecombe County Agricultural Extension Service. Rehabilitation strategies for the second year shall be based on the "rehabilitation technology" coming from the first year's experience.
The North Carolina State University School of Design, Community Development Group is assisting the Consortium and the PCDC in developing a "rehabilitation technology". This service shall consist of assistance in the development or rehabilitation designs, materials, and processes-including development of techniques and procedures for cost accounting rehabilitation operations.

The initial participants in this program will be Princeville homeowners. A consumer counseling board operated by N. E. E. D. shall assist the homeowners in finding the funds required to raise their dwelling to acceptable quality and standards. Three primary levels of standards of rehabilitation shall be provided:

1) FHA Approved Standard-improvements must meet requirements established in FHA Rehabilitation Guide for Residential Properties,
2) Local Housing Code Approved Standard-as dictated by local building code,
3) Minimum Quality of Livability Standard-dictated by those conditions necessary to insure an acceptable quality for human livability.

These three levels of rehabilitation shall be provided in response to:

1) requirements established by funding sources,
2) requirements dictated by the existing condition or rehabilitability of the individual dwelling,
3) the economic condition of the occupants, and
4) the degree of relative need of the occupants.

The Princeville Community Development Corporation (PCDC) shall provide low interest loans (1%) for terms up to 10 years for those households deemed eligible by the counseling board. These loans shall be made during the first two years only in amounts not exceeding $5,000 per household. Households receiving PCDC loans must also have a total annual adjusted household income of less than $4,000. The PCDC shall also become involved in the repair of rental dwellings either through the purchase of rental
property for rehabilitation and sale to previous occupants, or through contracts for repair made with landlords. An important goal for the first year's operation of the PCDC shall be to initiate procedures required to sponsor programs such as FHA 235, 236, and FmHA 515.

The actual rehabilitation construction will be carried out by the Consortium of Minority Contractors; however, some of the construction is expected to be sub-contracted to other specialized local builders such as plumbing, heating, and electrical contractors.

The Edgecombe County Technical Institute has agreed to assist in the construction phase of the rehabilitation by: 1) providing the Consortium of Minority Contractors with on-the-job trainees in light construction, 2) recruiting as many of these students as possible from the Princeville area, and 3) providing the contractors with free supervisory assistance in working on the job with the students.
THE ORGANIZATIONAL STRUCTURE OF THE PCDC

As primary sponsor of the rehabilitation program, the Princeville Community Development Corporation (PCDC) shall require growth in its present organizational structure. Diagram "1" describes the current structure of the PCDC Board of Directors and indicates a strong representation of the Princeville community. This board of directors shall elect the executive committee described in Diagram "2". The PCDC Executive Committee shall function as primary liaison between the PCDC Board and the new full-time administrative staff of the PCDC. This administrative staff shall consist of a Program Director and his secretary. The operation of this new PCDC staff shall be funded during the first year by O.E.O. and is therefore subject to the guidance and approval of the Project Advisory Board and the Nash-Edgecombe Economic Development, Inc.

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**THE FORMATION OF THE INITIAL BOARD OF DIRECTORS**

*Numbers 2, 3, & 4 shall be elected from the membership of the entire corporation. Membership requires payment of $1 to the Secretary-Treasurer of the corporation and the completion & signature of required forms requesting information from the member.*
THE ADMINISTRATIVE BODY OF THE PCDC:

CONSORTIUM OF MINORITY CONTRACTORS

PRINCEVILLE CITY MANAGER

LOCAL GOVERNMENTS

CONSUMER COUNSELING SERVICE

EDGECOMBE CO. TECHNICAL INSTITUTE

PRINCEVILLE MANAGER

LOC. MANAGER

EDGECOMBE AGRICULTURAL EXTENSION SERVICE

CONSORTIUM OF MINORITY CONTRACTORS

PCDC

PROGRAM DIRECTOR

SECRETARY

PCDC

EXECUTIVE COMMITTEE PCDC

BOARD OF DIRECTORS

1. President of Board of Directors
2. One member of the board appointed by the Presidents of the Board of Directors
3. Secretary-Treasurer of the Board of Directors
4. One staff member from the Agriculture Extension Service
5. One member from the Consumer Counseling Service
6. One member from the Local Government
7. One member from the Princeville Community
8. One member from the Consortium of Minority Contractors
9. One member from the Program Director
10. One member from the Local Governments

PROJECT ADVISORY BOARD

1. Need, Inc. selects one (1) staff member (ex-officio).
2. Mayor of Princeville
3. One (1) member selected by the Princeville Community
4. Three (3) members selected by the Princeville Community Development Corporation (PCDC)
5. One (1) member from the Consortium of Minority Contractors
6. One (1) member from the Agricultural Extension Service
7. One (1) member from the Princeville Community
8. One (1) member from the Princeville Community Development Corporation
9. One (1) member from the Princeville Community
10. One (1) member from the Program Director
11. One (1) member from the Local Governments

Nash-Edgecombe Economic Development, Inc. (NEED) reserves the right to monitor & approve all decisions in its responsibility as administering agency for the O.E.O. grant.
In implementing the O.E.O. sponsored Home Repair Program, the PCDC will develop the organizational structure and administrative ability to initiate a variety of other federally supported programs for new and/or improved housing. And it is through these programs (e.g. FHA 235) that the PCDC shall obtain the seed money necessary to continue its operation after the first year.

Diagram "3": "Consumer Flow Chart" indicates the consumer decision process by which one may be directed into the PCDC Loan Fund. The step following position B: "Establish Goals for Home Repair" indicates that a plan shall be devised for each consumer in accordance with the consumer's needs, qualifications, and financial abilities. A consumer counseling service will direct eligible people into various programs such as FHA 235, 236, and FmHA 515. The PCDC loan fund shall be recommended only for those who are not qualified under other interest subsidy or loan guarantee programs. Eventually the PCDC shall direct more applicants into "Alternate Plans" rather than toward position C: "Decision to Apply for a PCDC Loan". Descriptions of the various FHA and FmHA programs to be utilized by the PCDC are appendicized.

One important goal of the PCDC is to eventually become active in the rehabilitation of rental housing as well as owner-occupied dwellings. Various strategies exist to enable the PCDC to purchase rental dwellings from landlords for the purpose of rehabilitating them for sale to low-income households. This program will be largely dependent on the PCDC's ability to obtain the seed money necessary to make the initial purchase of the rental dwellings. The Federal Housing Administration (FHA) under section 235 (j) provides guaranteed and insured loans as well as subsidies for households desiring to purchase a rehabilitated dwelling from a non-profit sponsor. Mortgages under this program may extend for 30-year terms with interest rates as low as 1%.

The PCDC home repair program is expected to provide between 15 to 25 households with the loans necessary to substantially improve their houses. The technical assistance provided by the NCSU School of Design is expected to increase both the quality
and quantity of repairs made for each loan amount. This design and construction administration assistance shall be further complemented by construction supervision services provided by the Edgecombe County Technical Institute.

It is hoped that the technical Institute's involvement will include the construction of "attachable bath units". These units will be completely constructed in the institute's shop, and then removed to Princeville to be attached to the houses by the minority contractors. Students at the Edgecombe Technical Institute will be paid by the PCDC for their on-the-job training in constructing the attachable bath units. Drawings of this and other design concepts are appendicized.
**DIAGRAM 3**
Consumer Flow Chart: Procedures for a PCDC Loan
Princeville Home Repair Program

**DECISION TO CONSIDER REPAIR**
- NO
- YES

**ESTABLISH GOALS FOR HOME REPAIR**
- FHA 235
- 236 et al

**DETERMINATION OF CONSUMER PLAN**
- FHA
- 502
- 504
- 515

**DECISION TO APPLY FOR PCDC LOAN**
- impact: individual household objectives
- conditions: housing norms, budget, tenure, location, type
- advice: & counseling of consumer counseling service
- perceived economic & physical limits

**ESTABLISH LIMITS & CONDITIONS ON LOAN**
- improvements not possible
- preliminary screening

**Repeat inquiry next period**
IMPROVEMENTS POSSIBLE

G. ALTERNATE required to meet building code

H. SELECTION PROCESS to among all applicants

I. REJECTED

J. FINAL COST ANALYSIS

K. DECISION TO MORTGAGE, REPAIR & RELOCATE

L. CLOSE LOAN & CONSTRUCTION AGREEMENT

M. DECISION TO TEMPORARILY RELOCATE DURING CONSTRUCTION

N. IMPROVED HOUSING SITUATION

CONTRACTOR, ECONOMIST, ETC.

SELECTION FROM AMONG ALL APPLICANTS

PROJECT ADVISORY BOARD

CONSTRUCTION THAT MEET

ASSUMPTION OF LOAN TERMS

DECISION TO MORTGAGE, REPAIR & RELOCATE

YES

CLOSE LOAN & CONSTRUCTION AGREEMENT

YES

IMPROVED HOUSING SITUATION

PAYMENT IN STAGES

CONTRACTOR, ETC.

MONTHLY MORTGAGE PAYMENT

REPAIR DEPOSIT

CONSUMER

PAYMENT TO PCDC

EXCESS ACCOUNT

MAIN ACCOUNT

REMAINING PROCESS

EXIT

EXIT

EXIT

EXIT

EXIT

EXIT

EXIT

EXIT

EXIT

EXIT
TABLE 2

FINANCIAL PLAN

Descriptive Example: Home Repair Loan From the PCDC

The Nature & Cost of Repairs

<table>
<thead>
<tr>
<th>General Description of Operations</th>
<th>Contractor's Negotiated Fee = Labor + Materials + Contractors Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation</td>
<td>General Description of Operations (cont.)</td>
</tr>
<tr>
<td>Foundation level structure &amp; reinforce footings</td>
<td>Utility Systems</td>
</tr>
<tr>
<td>Foundation underpin house (concrete block)</td>
<td>central heating</td>
</tr>
<tr>
<td>Floors</td>
<td>electrical</td>
</tr>
<tr>
<td>Floors lay linoleum in kitchen</td>
<td>Bath Unit install complete bath unit with fixtures including hot water heater &amp; septic system</td>
</tr>
<tr>
<td>Ceilings</td>
<td>Misc. Expenses additional repairs - e.g. window panes doors, hardware, etc.</td>
</tr>
<tr>
<td>Ceilings replace ceilings in kitchen &amp; bedroom with sheetrock</td>
<td>TOTALS construction cost</td>
</tr>
<tr>
<td>Roof</td>
<td>Misc. Expenses</td>
</tr>
<tr>
<td>Roof remove metal roof</td>
<td>Misc. Expenses</td>
</tr>
<tr>
<td>Roof patch sheathing (plywood)</td>
<td>misc. closing costs</td>
</tr>
<tr>
<td>Roof insulate roof</td>
<td>TOTALS</td>
</tr>
<tr>
<td>Roof install asbestos shingles</td>
<td>New Kitchen Cabinets</td>
</tr>
<tr>
<td>New Kitchen Cabinets</td>
<td>Exterior Walls</td>
</tr>
<tr>
<td>New Kitchen Cabinets insulation (blown)</td>
<td>Exterior Walls</td>
</tr>
<tr>
<td>New Kitchen Cabinets painting (2 coats of enamel)</td>
<td>Exterior Walls</td>
</tr>
<tr>
<td>TOTAL LOAN AMOUNT</td>
<td></td>
</tr>
</tbody>
</table>
THE PCDC CONSTRUCTION LOAN FUND

The construction loan fund will be used to make loans not exceeding $5,000 for terms not exceeding ten years at one percent interest. These loans can be used to pay the costs of materials, labor, and fees necessary for rehabilitation and will be secured by a mortgage against the improved property.

Eligibility for this loan program will be limited to those families with adjusted incomes of less than $4,000 with a clear title to their property living in the Princeville Community. The borrower must present evidence of ownership and verification of income and debts.

During the first year the construction fund will be made available to qualified low income applicants. The applicant’s payments will begin immediately. The plan is to locate all participants and approve their applications at one time so that the loan periods will be the same. This task will be performed the Program Director subject to approval of Project Advisory Board. The monthly mortgage payments will range from $8.76 for a $1,000 loan to $43.80 for a $5,000 loan as illustrated in Table 1.

Table 1: Monthly payments for Various Loan Amounts at 1% interest for 10 years from the Construction Loan Fund

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Monthly Payment</th>
<th>Total Interest Charges</th>
<th>Total Amount Repaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000</td>
<td>$ 8.76</td>
<td>$ 51.20</td>
<td>$1,051.20</td>
</tr>
<tr>
<td>1,500</td>
<td>13.14</td>
<td>76.80</td>
<td>1,576.80</td>
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<tr>
<td>2,000</td>
<td>17.52</td>
<td>102.40</td>
<td>2,102.40</td>
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<tr>
<td>2,500</td>
<td>21.90</td>
<td>128.00</td>
<td>2,628.00</td>
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<tr>
<td>3,000</td>
<td>26.28</td>
<td>153.60</td>
<td>3,153.60</td>
</tr>
<tr>
<td>3,500</td>
<td>30.66</td>
<td>179.20</td>
<td>3,679.20</td>
</tr>
<tr>
<td>4,000</td>
<td>35.04</td>
<td>204.80</td>
<td>4,204.80</td>
</tr>
<tr>
<td>4,500</td>
<td>39.42</td>
<td>230.40</td>
<td>4,730.40</td>
</tr>
<tr>
<td>5,000</td>
<td>43.80</td>
<td>256.00</td>
<td>5,256.00</td>
</tr>
</tbody>
</table>

Table 2: FINANCIAL PLAN, indicates an example of the amounts and types of repairs that might be obtained thru a PCDC loan. The estimates were obtained from designs for the rehabilitation of a 1000 square foot house similar to many of the Princeville
### The Terms of the PCDC Loan

One percent (1%) interest for 10 years

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Monthly Payment</th>
<th>Total Interest Charges</th>
<th>Total Amount Repaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4900</td>
<td>$42.93</td>
<td>$251.00</td>
<td>$5151.00</td>
</tr>
</tbody>
</table>

### Diagram 4

![Diagram of the terms of the PCDC loan]

#### Notes:

1. Includes principal (labor and materials), interest, and all miscellaneous closing costs.
2. Each participant will be required to make monthly payments to an escrow account, to be used by the PCDC in paying annual insurance fees and taxes for the mortgage.
3. In some cases, the PCDC may require a small equity. This will apply only to those families seeking maximum loans to rehabilitate homes to meet FHA standards.
4. All contractors shall be licensed and bonded. Payment shall be advanced by stage of completion, e.g., initial - 20% of total cost; half - complete - 40% - completion - 40%.
5. Based on $3.00 per $100.00 evaluation at 60%.
6. Based on $3.00 per thousand of assessed ($10,000) value.
### TABLE 3

Distribution of Monthly Payments after Home Repair under the PCDC Home Repair Program.

**Total Loan Amount: $4900**

<table>
<thead>
<tr>
<th>Cost Component</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mortgage</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal and Interest</td>
<td>$42.93</td>
<td>48.6%</td>
</tr>
<tr>
<td>(labor, materials, and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>misc. closing costs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>2.50</td>
<td>2.8%</td>
</tr>
<tr>
<td>Taxes</td>
<td>15.00</td>
<td>17.0%</td>
</tr>
<tr>
<td>Maintenance</td>
<td>8.00</td>
<td>9.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>20.00</td>
<td>22.6%</td>
</tr>
</tbody>
</table>

**TOTAL MONTHLY PAYMENT** 88.43 100.0%

**Family Income Required** $4244 6

**NOTES:**

1. $4000 mortgage for 10 years at 3 per cent interest.
2. Based on $3.00 per thousand of assessed value (10,000) annually.
3. Based on $3.00 per hundred of 60% ($6000) of the evaluated value.
4. Estimated monthly average
5. Estimated for North Carolina (U. S. average is $25)
6. Based on the assumption the $83 monthly payments required should represent no more than 25 per cent of the households total income.
houses. A description of the terms and cash flow of the resulting $4900 loan amount is provided in Diagram "4". Table "3" further defines the total distribution of monthly payments by a family receiving the nearly maximum PCDC loan amount.

By the end of the second year, the PCDC should be in a position to sponsor housing rehabilitated under Section 235 (j) and Section 502 of the National Housing Act. This achievement will give the PCDC the capacity to arrange long-term (30 years) financing at low interest rates. Generally, the average loan amounts available under these programs range from $4,000 - $10,000. (See Table 5)

However, only families earning between $3,000 - $6,000 can afford housing rehabilitated under Section 235 or 502.

Table 4: Monthly Payments to Amortize Various Loan Amounts Secured by Mortgages Insured Under Section 235 (j) or 502 for Various Terms at 1% interest.

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Mortgage Term (In Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
</tr>
<tr>
<td>$4,000</td>
<td>$35.00</td>
</tr>
<tr>
<td>5,000</td>
<td>43.75</td>
</tr>
<tr>
<td>6,000</td>
<td>52.50</td>
</tr>
<tr>
<td>7,000</td>
<td>61.25</td>
</tr>
<tr>
<td>8,000</td>
<td>70.00</td>
</tr>
<tr>
<td>9,000</td>
<td>78.75</td>
</tr>
<tr>
<td>10,000</td>
<td>87.50</td>
</tr>
</tbody>
</table>

Once the sponsorship of the government (FHA-FmHA) housing programs is realized, then the Construction Loan Fund can be used to assist families unable to qualify for government assistance. Families can be ruled ineligible for several reasons including poor credit rating, very low income, property inadequate security for long-term financing, etc.

Consequently, after the first year the repayments from the initial loans made from the Construction Loan Fund will be loaned on the following terms: loans will not exceed $3,000 for 10 years at 1% to families earning less than $4,000 with a clear title living in Edgecombe County. However, a sample of amortization of the loans in the first year is presented for descriptive purposes in Table 5.
Table 5: Amortization Schedule for Repayment of the Construction Loan Fund

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest Payments</th>
<th>Principle Payments</th>
<th>Total Repayments</th>
<th>Loan Amount Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$500</td>
<td>$5,000</td>
<td>$5,500</td>
<td>$45,000</td>
</tr>
<tr>
<td>2</td>
<td>450</td>
<td>5,000</td>
<td>5,450</td>
<td>40,000</td>
</tr>
<tr>
<td>3</td>
<td>400</td>
<td>5,000</td>
<td>5,400</td>
<td>35,000</td>
</tr>
<tr>
<td>4</td>
<td>350</td>
<td>5,000</td>
<td>5,350</td>
<td>30,000</td>
</tr>
<tr>
<td>5</td>
<td>300</td>
<td>5,000</td>
<td>5,300</td>
<td>25,000</td>
</tr>
<tr>
<td>6</td>
<td>250</td>
<td>5,000</td>
<td>5,250</td>
<td>20,000</td>
</tr>
<tr>
<td>7</td>
<td>200</td>
<td>5,000</td>
<td>5,200</td>
<td>15,000</td>
</tr>
<tr>
<td>8</td>
<td>150</td>
<td>5,000</td>
<td>5,150</td>
<td>10,000</td>
</tr>
<tr>
<td>9</td>
<td>100</td>
<td>5,000</td>
<td>5,100</td>
<td>5,000</td>
</tr>
<tr>
<td>10</td>
<td>50</td>
<td>5,000</td>
<td>5,050</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL $2,750</strong></td>
<td>$50,000</td>
<td>$52,750</td>
<td>0</td>
</tr>
</tbody>
</table>

After the second year the amount of individual loans made from the Construction Loan Fund must be substantially reduced unless new funding is found. While at the same time, the geographic area covered is increased. Hence, a concerted effort will be organized N.E.E.D., Inc. and NCSU to solicit gifts and grants to supplement the loan fund. Foundations, religious organizations, local, state, and federal agencies will be approached. Monies received from these sources will be used in three possible ways: (1) supplement the Construction Loan Fund, (2) used as grants not exceeding $2,000 for families with incomes of less than $1,000 to repair homes, (3) used to assist renters to buy and repair the homes in which they are living.
APPENDIX

Related Design Concepts
Housing Assistance Programs
Over two-thirds of all dwelling units in Princeville lack adequate bath and toilet facilities. Several of these dimensionally standardized units may also provide additional sleeping area. Preassembled attachable bath units are therefore scheduled for demonstration.
Modular Storage Unit:

Prassembled storage units shall provide a flexible and economical system of storage and interior room separation and sub-division.

Standard Storage Unit

Plan - 1/8" = 1' - 0"

rehab cladding system
An exterior cladding system designed for factory production shall be utilized in both major rehabilitations. This system shall provide added structural stability, weatherproofing, and insulation to the existing structure.
The existing dwelling lacks plumbing required for both bath and kitchen. Walls, ceilings, and roof require insulating. The existing structure (wood frame) is in good condition; however, the building will require recladding of the exterior and refinishing of interior surfaces. Exterior surfaces shall be recovered using a pre-assembled cladding system.
DESIGN CONCEPT:

Attachable Unit 1.
Kitchen/Bedroom

12'

Attachable Bedroom

10'

Plan — 1/8" = 1' - 0"

Attachable Kitchen

12'

10'

Plan — 1/8" = 1' - 0"

A dimensionally standardized unit suitable for factory production has been designed to enable the addition of preassembled rooms to existing dwellings. Attachable Unit 1 may be used interchangeably as bedroom or kitchen as required by the existing house.
## COST BREAKDOWN
### MAJOR REHABILITATION No. 1

**EXHIBIT C:** Cost Analysis of the Throsedroom, One-Story, 990 Square Feet

<table>
<thead>
<tr>
<th>Construction Operations</th>
<th>Material Description</th>
<th>Material Quantity</th>
<th>Per Unit</th>
<th>Total Unit Cost</th>
<th>Man hrs.</th>
<th>Total Labor Cost</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation leveling</strong></td>
<td>rent hydraulic locks, etc.</td>
<td>10</td>
<td>$5/day</td>
<td>$50</td>
<td>10</td>
<td>$50</td>
<td>$50</td>
</tr>
<tr>
<td><strong>demolish foundation</strong></td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>10</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td><strong>dig and pour footings</strong></td>
<td>concrete</td>
<td>183 c.f.</td>
<td>$8.65/c.f.</td>
<td>$1,563</td>
<td>35</td>
<td>64</td>
<td>190</td>
</tr>
<tr>
<td><strong>lay foundation walls</strong></td>
<td>concrete block</td>
<td>70 blocks</td>
<td>$3.00/block</td>
<td>$210</td>
<td>21</td>
<td>30</td>
<td>93</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$1,933</td>
<td>86</td>
<td>164</td>
<td>261</td>
</tr>
<tr>
<td><strong>First Floor demolition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>framing (nail)</strong></td>
<td>2&quot; x 8&quot;</td>
<td>300 b.f.</td>
<td>$6.15/b.f.</td>
<td>$1,845</td>
<td>25</td>
<td>60</td>
<td>115</td>
</tr>
<tr>
<td><strong>sheathing</strong></td>
<td>4&quot; x 8&quot; plywood</td>
<td>430 c.f.</td>
<td>$8.15/c.f.</td>
<td>$3,505</td>
<td>92</td>
<td>15</td>
<td>47</td>
</tr>
<tr>
<td><strong>carpet, wall paper</strong></td>
<td>short pile shag</td>
<td>10 yds.</td>
<td>$2.00/yd.</td>
<td>$20</td>
<td>2</td>
<td>5</td>
<td>45</td>
</tr>
<tr>
<td><strong>lay linoleum in kitchen</strong></td>
<td>1/8&quot; sheets</td>
<td>36 sq. ft.</td>
<td>$2.20/sq. ft.</td>
<td>$80.40</td>
<td>7</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td><strong>lay linoleum in bath</strong></td>
<td>1/8&quot; sheets</td>
<td>23 sq. ft.</td>
<td>$2.20/sq. ft.</td>
<td>$50.60</td>
<td>5</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td><strong>refill floors</strong></td>
<td>sand and wax</td>
<td>600 sq. ft.</td>
<td>$1.00/sq. ft.</td>
<td>$600</td>
<td>66</td>
<td>22</td>
<td>87</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$1,654</td>
<td>80</td>
<td>192</td>
<td>347</td>
</tr>
<tr>
<td><strong>Ceiling demolition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>framing (nail)</strong></td>
<td>2&quot; x 8&quot; rafters</td>
<td>450 b.f.</td>
<td>$6.15/b.f.</td>
<td>$2,812.50</td>
<td>30</td>
<td>72</td>
<td>162</td>
</tr>
<tr>
<td><strong>install gypsum board</strong></td>
<td>1/2&quot; taped &amp; panted</td>
<td>1,180 sq. ft.</td>
<td>$3.14/sq. ft.</td>
<td>$3,698</td>
<td>40</td>
<td>84</td>
<td>565</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$6,510.50</td>
<td>124</td>
<td>264</td>
<td>955</td>
</tr>
<tr>
<td><strong>Roof framing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2&quot; x 8&quot; rafters</strong></td>
<td>same as ceiling</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>sheathing</strong></td>
<td>4&quot; x 8&quot; plywood</td>
<td>1,180 sq. ft.</td>
<td>$8.15/sq. ft.</td>
<td>$9,629</td>
<td>30</td>
<td>72</td>
<td>1,063</td>
</tr>
<tr>
<td><strong>insulation</strong></td>
<td>2&quot; batt</td>
<td>1,180 sq. ft.</td>
<td>$8.05/sq. ft.</td>
<td>$9,470</td>
<td>56</td>
<td>8</td>
<td>70</td>
</tr>
<tr>
<td><strong>felt</strong></td>
<td>30 lb.</td>
<td>1,180 sq. ft.</td>
<td>$6.03/sq. ft.</td>
<td>$7,107</td>
<td>23</td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td><strong>shingles</strong></td>
<td>asphalt</td>
<td>1,180 sq. ft.</td>
<td>$3.00/sq. ft.</td>
<td>$3,540</td>
<td>93</td>
<td>16</td>
<td>129</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$28,776</td>
<td>224</td>
<td>460</td>
<td>450</td>
</tr>
<tr>
<td><strong>Exterior Walls framing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>framing</strong></td>
<td>2&quot; x 4&quot; studs</td>
<td>210 b.f.</td>
<td>$8.18/b.f.</td>
<td>$1,714</td>
<td>30</td>
<td>60</td>
<td>106</td>
</tr>
<tr>
<td><strong>insulation</strong></td>
<td>3&quot; insulation</td>
<td>510 sq. ft.</td>
<td>$3.14/sq. ft.</td>
<td>$1,631</td>
<td>71</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>draining</strong></td>
<td>1&quot; x 8&quot; boards</td>
<td>810 sq. ft.</td>
<td>$3.20/sq. ft.</td>
<td>$2,618</td>
<td>102</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td><strong>painting (all except walls)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$5,983</td>
<td>177</td>
<td>367</td>
<td>820</td>
</tr>
<tr>
<td><strong>Kitchen Cabinets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$833</td>
<td>177</td>
<td>367</td>
<td>820</td>
</tr>
<tr>
<td><strong>Interior Walls &amp; Part framing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>framing</strong></td>
<td>2&quot; x 4&quot; studs</td>
<td>210 b.f.</td>
<td>$8.18/b.f.</td>
<td>$1,714</td>
<td>30</td>
<td>60</td>
<td>106</td>
</tr>
<tr>
<td><strong>install gypsum board</strong></td>
<td>1/2&quot; taped &amp; panted</td>
<td>2,800 sq. ft.</td>
<td>$3.14/sq. ft.</td>
<td>$8,832</td>
<td>146</td>
<td>360</td>
<td>714</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$9,586</td>
<td>176</td>
<td>426</td>
<td>830</td>
</tr>
<tr>
<td><strong>Windows/Doors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>doors</strong></td>
<td>wood, hollow core</td>
<td>10</td>
<td>$200</td>
<td>$2,000</td>
<td>40</td>
<td>800</td>
<td>2,980</td>
</tr>
<tr>
<td><strong>windows</strong></td>
<td>wood, double hung</td>
<td>8</td>
<td>$72</td>
<td>$576</td>
<td>84</td>
<td>200</td>
<td>272</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$2,772</td>
<td>124</td>
<td>396</td>
<td>508</td>
</tr>
</tbody>
</table>

**Total Cost:** $12,511
### Example: Major Rehabilitation No. 1, Utilizing FHA 235

**Operating Cost**

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Cost</th>
<th>Present Value of Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price</td>
<td>$2500</td>
<td>$2500</td>
</tr>
<tr>
<td>Cost of Repairs</td>
<td>7800</td>
<td>7800</td>
</tr>
<tr>
<td>Sales Price</td>
<td>10300</td>
<td>10300</td>
</tr>
<tr>
<td>Down Payment</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Mortgage Amount</td>
<td>10100</td>
<td>$10100</td>
</tr>
</tbody>
</table>

**Operating Cost**

<table>
<thead>
<tr>
<th>Term (in years)</th>
<th>20</th>
<th>25</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Mortgage Payment</td>
<td>$46.50</td>
<td>$38.10</td>
<td>$32.52</td>
</tr>
<tr>
<td>Total Monthly Housing Expense</td>
<td>98.50</td>
<td>90.10</td>
<td>84.52</td>
</tr>
</tbody>
</table>

**Minimum Eligible Family Income**

| $4730 | $4325 | $4060 |

**Notes**

1. Taxes computed on the basis of $12/1000 purchase price
2. Insurance based on $25/1000 purchase price
3. Average for existing FHA 3-bedroom houses in N. C. in 1968
4. Average for existing FHA 3-bedroom houses in N. C. in 1968
5. Computed on the basis of a 1% interest rate
6. Monthly mortgage payment plus monthly fixed costs
7. Based on spending 25% of total income for housing.
The dwelling presently lacks any interior plumbing facilities. The entire dwelling requires substantial insulation and weatherproofing including re-sheathing the exterior surfaces and re-roofing. Additional space will be required to supply needed sleeping areas for families of 4 to 8 persons. The exterior shall be recovered using a pre-assembled cladding system.
Example: Major Rehabilitation No. 2
Suggested Alterations and Additions

First Floor Plan — 1/16" = 1' - 0"

Second Floor Plan — 1/16" = 1' - 0"

Materials Required:

Exterior Siding (4' x 10' x 3/4" Panels)
Side — 11 Panels
Side — 14 Panels
Front — 7 Panels
Rear — 13 Panels
Interterior Shed - 6 Panels
Total — 51 Panels

Interior Siding (4' x 8' x 1/4" Panels)
Wood/Gypsum Bd. etc.
LIV. RM. — 23 Panels
KIT/DIN. RM. — 20 Panels
MASTER BD. — 10 Panels
BATH — 8 Panels
LAUN./STOR. — 9 Panels
FOYER (2nd FL.) — 5 Panels
BD. RM No. 2 — 15 Panels

BD. RM. No. 3 — 13 Panels
CLOSETS — 9 Panels
Total — 110 Panels

Lumber/Framing
For 1 (12' Exterior Panel) 4 (2" x 4" x 10')
Frame 4 (2" x 4" x 12')
16 Panels + Extra Framing - 95 (2' x 4' x 10')
F0 (2" x 4" x 12')

Roof Framing - (2' x 10' x 18') - 30

Floor Framing - (2" x 8" x 10') - 20
- (2" x 8" x 18') - 10
- (2" x 8" x 14') - 10

Doors 2 Solid Core (Exterior) (3'-0"x6'-8")
5 Hollow Core (Interior) (2'-6"x6'-8")
2 Folding Type (Interior) (4'-0"x6'-8" opening)

Windows — 3' x 5' Opening
Sheathing — Roof (4' x 6' x 1/2" Panels) 30 sheets
- Floor (4' x 6' x 1/2" Panels) 18 sheets
Total 48 sheets

Roofing — Cedar Shakes - Cover 900 sq. ft.
Ceiling — Sheet Rock (4'x8'x3/8") 30 sheets
Insulation — (Celotex-Rigid) (4'x10'x1/2") 51 Panels

Total 51 Panels
HOUSING ASSISTANCE PROGRAMS APPLICABLE TO RURAL HOUSING REHABILITATION
HOUSING REHABILITATION LOANS AND GRANTS

POPULAR NAME: None
ADMINISTERING AGENCY: RENewAL AND HOUSING MANAgEMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT


OBJECTIVES: To provide funds to individuals and families who own and occupy residences and to owners and tenants of nonresidential property in Neighborhood Development Programs, urban renewal, or code enforcement, or certified areas.

TYPES OF ASSISTANCE: Project Grants: Direct Loans and Repayable Advances.

USES AND USE RESTRICTIONS: Provide financial assistance to rehabilitate property located in federally assisted code enforcement areas, urban renewal areas, areas where there is a rehabilitation or code enforcement plan or areas determined to be uninsurable because of physical hazards under the program of property insurance in affected areas.

ELIGIBILITY REQUIREMENTS:

1. APPLICANT ELIGIBILITY: For grants—property must be residential, owner-occupied and contain up to four dwelling units. When grantee’s income exceeds $3,000 per year, the grant may be reduced if the housing expense is less than 28 percent of the income.

2. BORROWER ELIGIBILITY: For loans—borrower must be an owner of residential property or an owner or tenant of nonresidential property in any of the above described areas.

3. BENEFICIARY ELIGIBILITY: See applicant eligibility.

4. CREDENTIALS/DOCUMENTATION: Proof of eligibility for a grant or loan necessary.

APPLICATION PROCESS:

1. PREAPPLICATION COORDINATION: None.

2. METHOD OF APPLICATION: Submit the appropriate forms listed below to the local agency sponsoring the program: HUD 6260 (grant), HUD 6280 or 6243 (loan on residential property), HUD 6247 (loan on nonresidential property).

3. DEADLINES: Application must be submitted while federally assisted project is being carried out.

4. RANGE OF APPROVAL/DISAPPROVAL TIME: Average time of 10 days.

5. APPEALS: None.

6. RENEWALS: None.

ASSISTANCE CONSIDERATIONS:

1. TYPE OF GRANT: Project.

2. MATCHING REQUIREMENTS: None.

3. LENGTH OF ASSISTANCE PERIOD: Loans have up to 20-year maturity.

4. TIME PHASING OF ASSISTANCE: None.

POST ASSISTANCE REQUIREMENTS:

1. REPORTS: Progress of program using loans and grants must be submitted monthly.

2. AUDIT: None.

3. RECORDS: Records of all information on loans and grants must be kept.

FINANCIAL AND OUTPUT INFORMATION:


2. OBLIGATIONS: Fiscal year 1969: Loans, $32,700,000; fiscal year 1970: Grants, $35,000,000 estimated.

3. FACE VALUE OF LOANS: Fiscal year 1969: $36,000,000; fiscal year 1970: $16,000,000 estimated.

4. RANGE OF FINANCIAL ASSISTANCE: Loans: up to $3,500.

5. OUTPUT MEASURE: Fiscal year 1969: Number of Loans, 5,381; Number of Grants, 5,381.

PROGRAM LITERATURE: "Relativization Financing—RRA Programs Handbook", "Relativizing Residential Property in Urban Renewal and Code Enforcement Areas".

INFORMATION CONTACTS:

1. REGIONAL OR LOCAL OFFICE: Contact the appropriate HUD regional office listed in the appendix.

INTEREST SUBSIDY—PURCHASE OF REHABILITATED HOMES BY LOWER INCOME FAMILIES

POPULAR NAME
236(j) HOMES

ADMINISTERING AGENCY
HOUSING PRODUCTION AND MORTGAGE CREDIT/FHA, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AUTHORIZATION
National Housing Act, as amended in 1963, Section 236(j); Public Law 90-664; 12 U.S.C. 1715(e); 1715(l); 24 CFR 203.501 et seq.

OBJECTIVES
To assist lower income families to purchase rehabilitated and standard existing homes from nonprofit sponsors at prices they can afford.

TYPES OF ASSISTANCE
Guaranteed and insured loans; subsidies.

USES AND USE RESTRICTIONS
FHA insure lenders against loss on mortgage loans. These loans may be used to finance the purchase of a single-family dwelling, a two-family dwelling, or a unit in a multifamily structure which has been rehabilitated by a nonprofit sponsor. Maximum insurable loans for an occupied mortgage are as follows: One-family homes—$25,000; two-family homes—$30,000; one-family homes in high cost areas—$25,000; two-family homes in high cost areas—$30,000; for a large family, the limit for a single home is $35,000, or up to $45,000 in high cost areas.

ELIGIBILITY REQUIREMENTS
1. APPLICANT ELIGIBILITY: Families eligible to apply for mortgage insurance and receive the benefits of the subsidies must fall within certain income limits as explained in program literature.
2. BENEFICIARY ELIGIBILITY: Same as applicant eligibility.
3. CREDENTIALS/DOCUMENTATION: Documentation regarding the characteristics of the property and the qualifications of the mortgagor are assembled by the mortgagee and submitted with the application.

APPLICATION PROCESS
1. PREAPPLICATION COORDINATION: None.
2. METHOD OF APPLICATION: Application is submitted to an FHA insured lender through an FHA-approved mortgagee.
3. DEADLINES: None.
4. RANGE OF APPROVAL/DISAPPROVAL TIME: Normal processing time is 5 days for review of the property and 2 days for approval of the mortgage.
5. APPEALS: The FHA will state the reasons for refusing an application. The applicant may appeal the decision to the lender.
6. RENEWALS: Not applicable.

ASSISTANCE CONSIDERATIONS
1. ASSISTANCE: For eligible families, the downpayment may be as low as $200. Assistance payments are made monthly by FHA to the mortgagor, and may bring down the effective interest paid by the homeowner to as low as 1 percent. Assisted families are required to pay for mortgage payments at least 20 percent of their adjusted income (income after certain allowable deductions).
2. CURRENT MAXIMUM INTEREST RATE: 8 1/2 percent plus 1/2 percent for mortgage insurance premiums.
3. LENGTH OF ASSISTANCE PERIOD: The mortgage terms may extend for 30 years, except 35 to 40 years where the mortgagor is unacceptable under 30 years term. Interest reduction payments may extend for the full mortgage term, but cease when the assisted family income exceeds the maximum allowable for receiving the benefits of the subsidy.
4. FEES: The FHA application fee is $35 for existing, and $45 for proposed housing.
5. REPORTS: Defaults in meeting the mortgage terms must be reported. All approved mortgages at any time upon request by FHA must furnish a copy of their latest financial statement. Families receiving assistance must have their income recertified biennially as a basis for determining both their continuing eligibility, and the amount of benefits they receive.
6. AUDITS: The Department of Housing and Urban Development reserves the right to audit the account of the mortgagor to determine its compliance and conformance with FHA regulations and standards.
7. RECORDS: Mortgages are required to service and maintain records in accordance with acceptable mortgage practices of prudent lending institutions and the FHA regulations. FHA requires that applications for assistance payments and financial recertifications be forwarded to the insuring office by the mortgagee.

FINANCIAL AND OUTPUT INFORMATION
2. ORIGINATION: An activity under this program is included in the figure reported in mortgage insurance, "Homes for Lower Income Families" Section 236(j).
3. FACE VALUE OF LOANS: All activity under this program is included in the figure reported in mortgage insurance, "Homes for Lower Income Families," Section 236(j).
4. RANGE OF FINANCIAL ASSISTANCE: See above.
5. OUTPUT MEASURE: All activity under this program is included in the figure reported in mortgage insurance, "Homes for Lower Income Families," Section 236(j).

PROGRAM LITERATURE
"Homeownership Assistance for Purchase and Resale of Housing to Lower Income Families Under sections 236(j) and 221(d)" HUD Handbook FHA 4400-9.

INFORMATION CONTACTS
1. REGIONAL OR LOCAL OFFICE: Persons are encouraged to communicate with the nearest local FHA insured office.
INTEREST REDUCTION PAYMENTS—RENTAL AND COOPERATIVE HOUSING FOR LOWER INCOME FAMILIES

POPULAR NAME: Subsidized Housing Programs, Housing Production and Mortgage Credit

ADMINISTERING AGENCY: FHA, Department of Housing and Urban Development


OBJECTIVES: To provide good quality rental and cooperative housing for persons of low- and moderate-income by providing interest reduction payments in order to lower their housing costs.

TYPES OF ASSISTANCE: Guaranteed and insured loans; subsidies.

USES AND USE RESTRICTIONS: FHA insure lenders against losses on mortgage loans. Insured mortgages may be used to finance the construction or rehabilitation of rental or cooperative dwellings, either attached, row, walk-up, or elevator-type structures. The unit mortgage limits are as follows: efficiency, $2,500; one bedroom, $12,500; two bedrooms, $15,525; three bedrooms, $19,560; four or more bedrooms, $26,525. Unit mortgage limits are increased higher for elevator type structures. In areas where cost levels are low, limits per family unit may be increased up to 65 percent.

1. APPLICANT ELIGIBILITY: Eligible participants include nonprofit, cooperative, builder-seller, investor-sponsor, and limited-distribution sponsors. Public bodies do not qualify as mortgagees under this program.

2. BENEFICIARY ELIGIBILITY: Families eligible to receive the benefits of the subsidy must fall within certain income limits. Families with higher incomes may occupy apartments but may not benefit from subsidy payments.

3. CREDENTIALS/DOCUMENTATION: A nonprofit sponsor must receive the FHA certificate of eligibility prior to submission of a formal project application.

APPLICATION PROCESS:

1. PREAPPLICATION COORDINATION: The sponsor will have a preapplication conference with the local FHA insuring office. The insuring office must issue a letter to the sponsor indicating that the project is feasible before a formal application is submitted.

2. METHOD OF APPLICATION: The sponsor submits a formal application through an FHA approved mortgagee to the FHA insuring office.

3. DEADLINES: Deadlines are established on a case-by-case basis by the local insuring office and are mutually agreed to at the preapplication conference.

4. RANGE OF APPROVAL/DISAPPROVAL TIME: Processing time, depending upon the degree of preparation by the sponsor, will range from 4 to 6 months from the first conference with FHA to the issuance of a firm commitment.

5. APPEALS: If an application for mortgage insurance is refused, FHA will state the reasons for the refusal. If reapplication is desired, the applicant may reapply subject to concurrence of the lender.

6. RENEWALS: The term of a commitment to insure may be extended when more time is required.

FINANCIAL AND OUTPUT INFORMATION:

1. ACCOUNT IDENTIFICATION: 20-24-4078-0-0-0; 20-24-014-5-3-55.

2. OBLIGATIONS: Fiscal year 1970: Total rental assistance payments, $11,200,000; estimated fiscal year 1971: total rental assistance payments, $18,100,000.

3. FACE VALUE OF LOANS: Fiscal year 1970: Total mortgages insured: $12,500,000 newly insured and $10,500,000 existing sales.

4. RANGE OF FINANCIAL ASSISTANCE: Not applicable.

5. OUTPUT MEASURES: Fiscal year 1970: Total units covered by insured mortgages: 1,218 new units; 73 existing units.

PROGRAM LITERATURE:

"Rental Housing for Lower Income Families (Section 236)" HUD Handbook 4442.1. No change.

INFORMATION CONTACTS:

1. REGIONAL OR LOCAL OFFICE: Persons are encouraged to communicate with the nearest local FHA insuring office.

2. HEADQUARTERS OFFICE: Mr. Morton W. Schomer, Assistant Commissioner for Rental Housing Programs, Housing Production and Mortgage Credit—FHA, Department of Housing and Urban Development, Washington, D.C. 20410. Telephone (202) 766-4000.
LOW TO MODERATE INCOME HOUSING LOANS

POPULAR NAME: RURAL HOUSING LOANS
ADMINISTERING AGENCY: FARMERS HOME ADMINISTRATION, DEPARTMENT OF AGRICULTURE
OBJECTIVES: To assist rural families to obtain decent, safe, and sanitary dwellings and related facilities.

The loans may be used for: Construction, repair or purchase of housing; provide necessary and adequate water disposal facilities for the applicant and his family; purchase or install essential equipment which, upon installation becomes part of the real estate; buy a minimum adequate site on which to place a dwelling for applicant's own use. Housing costs may under certain circumstances be reimbursed. Restrictions on the use of the loan are that: A dwelling financed for a family with a low or moderate income must be modest in design, and not an applicant must be without sufficient resources to provide for his own account the necessary housing, utilities, or related facilities, and be unable to secure the necessary credit from other sources upon terms and conditions which would reasonably be expected to fulfill.

ELIGIBILITY REQUIREMENTS

1. APPLICANT ELIGIBILITY: Be the owner of a farm or nonfarm tract or a rural resident or a nonrural resident of low or moderate income who works in the rural area and will, when the loan is closed, become the owner of a substantial tract of minimum adequate size, be a natural person (individual) who is a citizen of the United States or resides in the United States after being legally admitted for permanent residence. Have adequate and dependable available income to meet all operating and family living expenses, including taxes, insurance and maintenance, and repayments on debts including the proposed loan.

2. BENEFICIARY ELIGIBILITY: Same as applicants eligibility.

3. CREDENTIALS/DOCUMENTATION: May need to submit evidence of inability to obtain credit elsewhere, verification of income and debts, plans, specifications, and cost estimates.

APPLICATION PROCESS

1. PREAPPLICATION COORDINATION: None.
2. METHOD OF APPLICATION: Filing an application with the county office of the Farmers Home Administration serving the county where the applicant desires to live.
3. DEADLINES: None.
4. RANGE OF APPROVAL/DISAPPROVAL TIME: 50 to 60 days from time application is filed if no backlog of applications exists.
5. APPEALS: Applicants request for reconsideration by county committee is granted. Applicant may meet with county committee to present facts concerning his situation, needs, and potential.
6. RENEWALS: Applicants may reapply at any time.

ASSISTANCE CONSIDERATIONS

1. TYPE OF GRANT: Not applicable.
2. MATCHING REQUIREMENTS: Not applicable.
3. LENGTH OF ASSISTANCE PERIOD: Not applicable.
4. TIME PHASING OF ASSISTANCE: Not applicable.

POST ASSISTANCE REQUIREMENTS

1. REPORTS: None.
2. AUDITS: None.
3. RECORDS: None.

FINANCIAL AND OUTPUT INFORMATION

1. ACCOUNT IDENTIFICATION: 05-40-4141-0-8-452
2. OBLIGATIONS: (direct) Not applicable; (insured) Not applicable.
3. FACE VALUE OF LOANS: Fiscal year 1970 (direct) $700,000; Insured $719,000; estimate: Fiscal year 1970 (direct) $700,000; Insured $719,000.
4. RANGE OF FINANCIAL ASSISTANCE: Average initial loan (direct) $84,000; (insured) $78,000.
5. OUTPUT MEASURE: Number of loans, fiscal year 1970 (direct) 1,600; Insured 1,600.

“Rural Housing Loans,” PA-476, no change.

INFORMATION CONTACTS

1. REGIONAL OR LOCAL OFFICE: Interested persons should contact the county Farmers Home Administration office.
VERY LOW-INCOME HOUSING REPAIR LOANS

SECTION 504 HOUSING LOANS
ADMINISTERING AGENCY
FARMERS HOME ADMINISTRATION, DEPARTMENT OF AGRICULTURE
AUTHORIZATION
OBJECTIVES
To give very low-income rural homeowners an opportunity to make essential minor repairs to their homes to make them safe and remove health hazards to the family or the community.

TYPE OF ASSISTANCE
Direct loans and repayable advances.

USES AND USE RESTRICTIONS
To assist owner-occupants in rural areas who do not qualify for section 5 loans to repair or improve their dwellings in order to make such dwelling safe and sanitary and remove hazards to the health of the occupants, their families, or the community. This includes repairs to the foundation, roof or basic structure as well as water and waste disposal systems.

ELIGIBILITY REQUIREMENTS
1. APPLICANT ELIGIBILITY: Applicant must own and occupy a farm or rural nonfarm tract; be without sufficient income to qualify for a section 502 loan and have no reasonable prospect of improving his income to the extent that a section 502 loan to improve his housing could be repaid.
2. BENEFICIARY ELIGIBILITY: Same as applicant eligibility.

APPLICATION REQUIREMENTS
1. APPLICATION COORDINATION: None.
2. METHOD OF APPLICATION: Made on application form obtainable in the local FHA office.
3. DEADLINES: None.
4. RANGE OF APPROVAL/DISAPPROVAL TIME: From 30 to 40 days.
5. APPEALS: Applicants request for reconsideration by county committee is granted. Applicant may meet with county committee to present facts concerning his situation, needs, and potential.
6. RENEWALS: Applicants may reapply at any time.

FINANCIAL AND OUTPUT INFORMATION
1. ACCOUNT IDENTIFICATION: 05-04-141-8-800.
2. OBLIGATIONS: Not applicable.
3. FACE VALUE OF LOANS: Fiscal year 1970, direct—$16,000,000, estimate; fiscal year 1979, direct—$16,000,000.
4. RANGE OF FINANCIAL ASSISTANCE: Average initial loan—$1,000.
5. OUTPUT MEASURE: Number of loans, fiscal year 1970, direct—10,000, estimate; fiscal year 1979, direct—3,000.

INFORMATION CONTACTS
1. REGIONAL OR LOCAL OFFICE: Interested persons should contact the county Farmers Home Administration office.
RURAL RENTAL HOUSING LOANS

ADMINISTERING AGENCY
FARMERS HOME ADMINISTRATION, DEPARTMENT OF AGRICULTURE

AUTHORIZATION
Housing Act of 1949 as amended, secs. 211 and 212; 42 U.S.C. 1445. 1460c; 7 CFR 1822.1-1822.5; 1822.21-1822.244

OBJECTIVES
To provide for rural residents in economically designed and constructed rental and cooperative housing and related facilities suited for independent living.

TYPES OF ASSISTANCE
Loans can be used to construct, purchase, improve, or repair rental or cooperative housing. Housing may consist of apartment buildings, duplex units, or individual detached houses. Funds may also be used to provide recreational and service facilities appropriate for use of the dwellings and to buy and improve the land on which the buildings are to be located.

USES AND USE RESTRICTIONS
Loans may not be made for nursing, special care, or institutional type homes.

ELIGIBILITY REQUIREMENTS
1. APPLICANT ELIGIBILITY: Applicant may be individuals, cooperatives, nonprofit organizations, or groups capable of assuming the housing either with their own resources or with credit obtained from private sources. However, applicants must be able to assume the obligations of the loan, furnish adequate security, and have sufficient funds to repay the loan.

2. BENEFICIARY ELIGIBILITY: Occupants must be low-to-moderate-income rural residents, senior citizens, or low-to-moderate-income urban residents working in a rural area.

APPLICATION PROCESS
1. PREAPPLICATION COORDINATION: None.

2. METHOD OF APPLICATION: The application will be in the form of a letter to the FHA county supervisor in the county where the housing will be located. Appropriate attachments such as preliminary market data, cost estimates, and financial statement and plans if available should be included.

3. DEADLINES: None.

4. RANGE OF APPROVAL/DISAPPROVAL TIME: 90 to 360 days.

5. APPEALS: Application for reconsideration by county committee is granted.

6. RENEWALS: Applicants may reapply at any time.

FINANCIAL AND OUTPUT INFORMATION
1. ACCOUNT IDENTIFICATION: 05-40-4141-0-0-353.

2. OBLIGATIONS: Not applicable.

3. FACE VALUE OF LOANS: Fiscal year 1970: direct, $1,000,000; insured, $1,000,000; fiscal year 1969, direct, $600,000; insured, $1,000,000.

4. RANGE OF FINANCIAL ASSISTANCE: Average initial loan, $50,000, average subsequent loan, $60,000.

5. OUTPUT MEASURE: Number of loans fiscal year 1970, direct, 33; insured, 410; estimates, fiscal year 1969, direct, 33; insured, 978.

6. PROGRAM LITERATURE: "Rental and Co-op Housing in Rural Areas," PA-600.

7. REGIONAL OR LOCAL OFFICE: Interested persons should contact the county Farmers Home Administration Office.