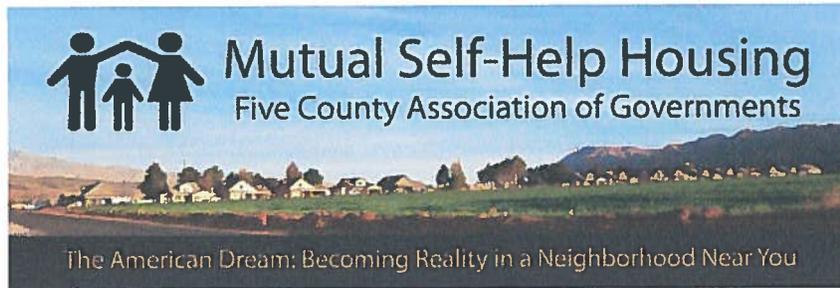


## AGENDA ITEM # II.



### The Mutual Self-Help Housing Program

The Mutual Self-Help Housing Program (MSH) is a United States Department of Agriculture (USDA) Rural Development program. It has been in operation for fifty years. The main goal of MSH is to assist low and very-low income working families to obtain a home.

For qualifying families, USDA provides a loan that covers purchase of a lot and the cost of building a house. The down payment and loan closing costs are generally included in the loan. The construction is managed by Five County Association of Governments but the family is the owner/builder.

In order to “earn” the benefits of the MSH program, the family is obligated to physically complete 65% of home construction. Because a group of participants build their homes together, this percentage translates to 30-35 hours per week for an average of 12 months to complete eight houses.

When a house is complete, the construction loan is rolled over to the family as a direct loan from USDA. Each family has different loan terms as determined by the best loan package that can be arranged for them by Rural Development.

The USDA direct loan is provided at a 4% or lower interest rate. Payments include principle, interest, taxes, and insurance (PITI). Loans are amortized for 33 or 38 years. If the amount of the principle and interest payment is higher than 24% of the family’s income, then USDA may provide payment assistance at a low interest rate. The payment assistance is attached to the end of the primary loan. If the home is sold, all payment assistance must be repaid.

The Mutual Self-Help program enables families who:

- Hold stable jobs
- Have good credit
- Are willing to put in extra hard work, and
- Will help others as they help themselves

to successfully obtain homeownership.

Each construction project injects an average of \$1,000,000 into the local economies, which then circulates multiple times. Mutually building multiple homes creates close knit neighborhoods that increase community stability and growth. The huge investment in physical work and training required creates a desire and ability to retain ownership and maintain property.

The Mutual Self-Help Housing Program allows responsible individuals to create the opportunity to own a home for themselves and their families.