Rural Development
DIRECT & RURAL
REPAIR LOANS

Home Financing Options For Applicants

Direct Housing Loans

Purpose: Section 502 loans are primarily used to help low-income individuals or households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

Eligibility: Applicants for direct loans from HCFP must have very low or low incomes. Very low income is defined as below 50 percent of the area median income (AMI); low income is between 50 and 80 percent of AMI; moderate income is 80 to 100 percent of AMI. Click here to review area income limits for this program. Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance, which are typically 24 percent of an applicant's income. However, payment subsidy is available to applicants to enhance repayment ability. Applicants must be unable to obtain credit elsewhere, yet have reasonable credit histories.

Terms: Loans are for up to 33 years (38 for those with incomes below 60 percent of AMI and who cannot afford 33-year terms). The term is 30 years for manufactured homes. The promissory note interest rate is set by HCFP based on the Government's cost of money. However, that interest rate is modified by payment assistance subsidy.

Standards: Under the Section 502 program, housing must be modest in size, design, and cost. Modest housing is property that is considered modest for the area, does not have market value in excess of the applicable area loan limit, and does not have certain prohibited features. Houses constructed, purchased, or rehabilitated must meet the voluntary national model building code adopted by the state and HCFP thermal and site standards. Manufactured housing must be permanently installed and meet the HUD Manufactured Housing Construction and Safety Standards and HCFP thermal and site standards.

Rural Repair and Rehabilitation Loans and Grants

Purpose: The Very Low-Income Housing Repair program provides loans and grants to very low-income homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards.

Eligibility: To obtain a loan, homeowner-occupants must be unable to obtain affordable credit elsewhere and must have very low incomes, defined as below 50 percent of the area median income. They must need to make repairs and improvements to make the dwelling more safe and sanitary or to remove health and safety hazards. Grants are only available to homeowners who are 62 years old or older and cannot repay a Section 504 loan. For Income and Property Eligibility please see our Eligibility Site.

Terms: Loans of up to $20,000 and grants of up to $7,500 are available. Loans are for up to 20 years at 1 percent interest. A real estate mortgage and full title services are required for loans of $7,500 or more. Grants may be recaptured if the property is sold in less than 3 years. Grant funds may be used only to pay for repairs and improvements resulting in the removal of health and safety hazards. A grant/loan combination is made if the applicant can repay part of the cost. Loans and grants can be combined for up to $27,500 in assistance.

Standards: Repaired properties do not need to meet other HCFP code requirements, but the installation of water and waste systems and related fixtures must meet local health department requirements. Water supply and sewage disposal systems should normally meet HCFP requirements. Not all the health and safety hazards in a home must be removed with Section 504 funds, provided that major health and safety hazards are removed. All work must meet local codes and standards.

http://www.rurdev.usda.gov/HSF_SFH.html

Have More Questions

Or want to know how to pursue these programs?

Call **Jim Price**, **(419) 303-5289**

Broker/Owner

607 W. Auglaize St.
Wapakoneta, OH 45895
(419)738-2422

INCOME ELIGIBILITY as of Sep 2011

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON*
	ADJUSTED INCOME LIMITS							PAGE 3
VERY LOW INCOME	22400	25600	28800	32000	34600	37150	39700	42250
LOW INCOME	35850	40950	46100	51200	55300	59400	63500	67600
MODERATE INCOME	41350	46450	51600	56700	60800	64900	69000	73100
38 YEAR TERM	26900	30700	34550	38400	41450	44550	47600	50700
ADJ. MEDIAN INC.**	44800	51200	57600	64000	69200	74300	79400	84500