

#### PURPOSE:

To provide assistance to very low income owners of modest single family homes in rural areas for home improvements to remove health and safety hazards or to make a home accessible for household members with disabilities.

504 Loan: Applicants must be under the very low income limits annually published by Rural Development. The applicant must be able to show repayment for the loan requested. Maximum outstanding balance must not exceed \$20,000.

- **Loan Rates and Terms:**  
1% interest rate  
Maximum term is 20 years, and is determined based on ability to repay.  
Mortgages taken on loans in excess of \$7500

504 Grant: Available to very low income homeowners 62 and older who are unable to repay a loan. The applicant must not be able to repay a 504 loan financed over 20 years. A combination of loan and grant funds may be utilized. The maximum lifetime grant amount is \$7,500.

- **Terms:**  
Grant Agreement signed at closing. The agreement states if the home repaired with grant funds is sold within three years of the grant approval, the full amount of the grant will be repaid.

#### ELIGIBILITY:

- Credit history must indicate a reasonable ability and willingness to meet your obligations. There is no charge for a credit report.
- Liquid assets need to be considered and may affect your eligible loan or grant amount.
- For loans, applicants must show a dependable source of income which is sufficient to repay the debt.
- The property must be owned and occupied by the applicant. Documentation of ownership must be provided.
- Applicants with an outstanding federal judgment will not be determined eligible for a loan or a grant.

#### Property Eligibility:

- Must be modest.
- Cannot have an in-ground swimming pool.

#### FEES:

- An Appraisal fee is required for initial loans greater than \$15,000.
- A tax service fee will be required on loans in excess of \$15,000.
- Recording fees will be paid if a mortgage is required.
- Title Insurance is required when the total debt to the Agency exceeds \$7,500.
- Hazard Insurance must be maintained if Agency debt is greater than \$15,000.

#### ESCROW OF TAXES & INSURANCE:

If the applicant's total outstanding debt to the Agency is greater than \$15,000, an escrow account must be established. An escrow account previously established with another lender is satisfactory.

#### LOAN AND GRANT FUNDS RESTRICTIONS:

- Cannot assist in new construction
- Cannot make repairs that will not result in correcting all major hazards.
- Cannot pay for off-site improvements.

#### HOW TO APPLY:

Contact the appropriate loan officer listed in this pamphlet. An application, budget and release form must be completed and signed. Two estimates for the work to be done are recommended. For 504 Loans, a list of credit references must also be submitted.

**“USDA is an equal opportunity provider, employer and lender.”**

**To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice).**

