




Single Family Housing Programs

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A person is seen from behind, crouching on the roof of a house. They are wearing a dark jacket and pants, and appear to be using a tool. The house has light-colored horizontal siding and a dark roof. The sky is bright blue with scattered white clouds. A small green tree is visible in the background behind the roofline.

Section 504 Repair Loan and Grant

Purpose

- To provide loan and grant funds for needed repairs and improvements to dwellings of eligible very-low-income families (50% of County Median Income or less).
- Grant funds may be used for income eligible persons aged 62 and over to remove health and safety hazards.



Loan Limits

- The outstanding loan amount cannot exceed \$40,000.
- Loan terms are not to exceed 20 years at 1% (see payment examples below):
 - ✓ \$1,000 loan at 1% for 20 years = \$4.60 monthly payment.
 - ✓ \$5,000 loan at 1% for 20 years = \$23.00 monthly payment.
 - ✓ \$15,000 loan at 1% for 20 years = \$69.00 monthly payment.

Grant Limits

- The lifetime grant assistance may not exceed \$10,000.
- Grants may be used to remove health and safety hazards including:

Repairs to:	Installation of:
<ul style="list-style-type: none">• Roofs• Heating• Electrical• Plumbing• Water and Waste Disposal	<ul style="list-style-type: none">• Screens• Windows• Insulation

Who is Eligible?

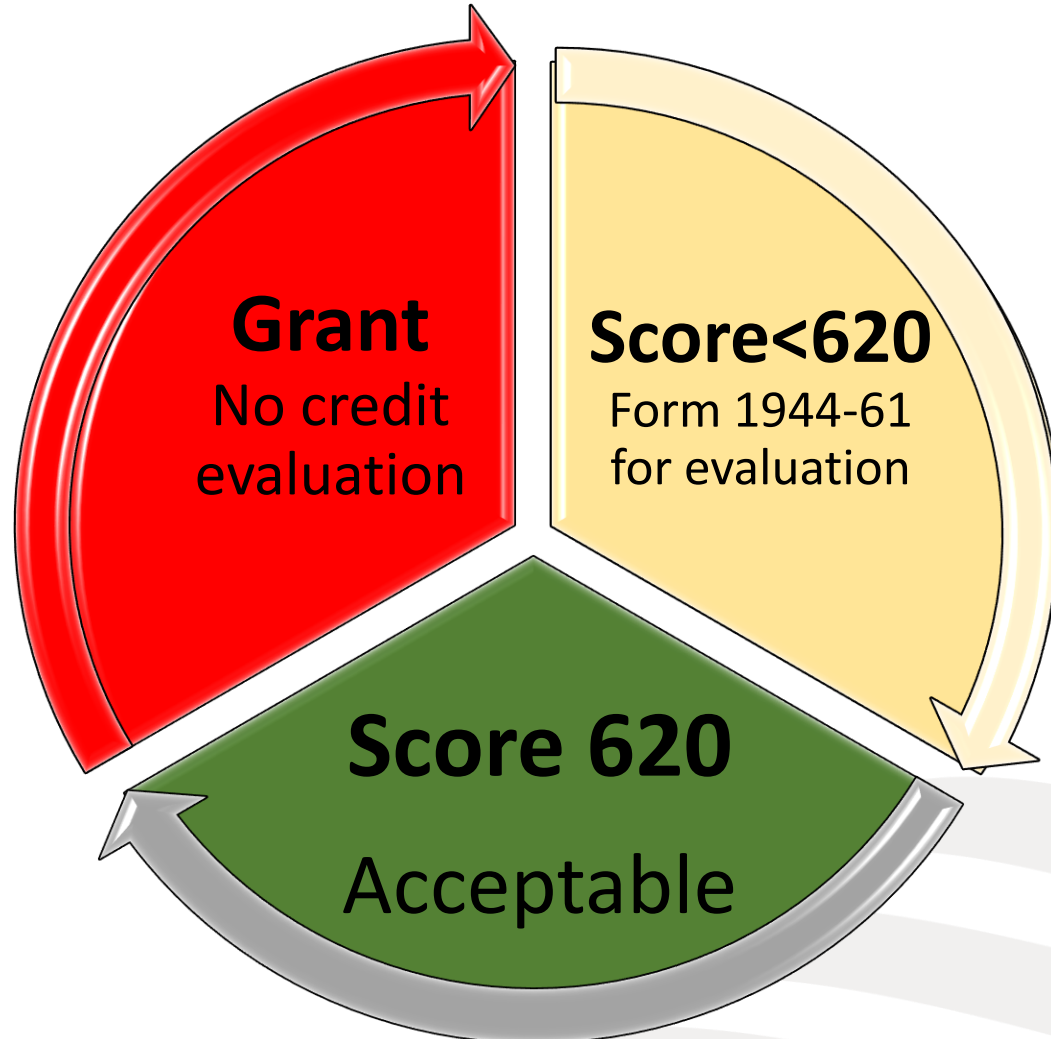


Eligibility – Section 504



- Be the homeowner and occupy the house.
- Be unable to obtain affordable credit elsewhere.
- Have a household income that does not exceed the very low limit by county.
***Note:** Elderly deduction and medical expenses can reduce the applicant's annual income.*
- Be age 62 or older and unable to repay a repair loan (grants only).

Credit Determination – 3 Rules





**Section 502
Direct Loan Program**

Direct Loan Program Overview

- Provides affordable housing loans to eligible low- and very low-income applicants who wish to obtain modest housing in rural areas.
<https://eligibility/sc.egov.usda.gov/eligibility/welcomeAction.do>
- USDA Rural Development is the lender and servicer.
- 100% financing without private mortgage insurance.

Eligibility – Section 502 Direct Loans

- Home must be located in an eligible RD service area.
- Loan purposes and uses include site-related costs, dwelling-related costs and fees/related costs.
- Loan amount is limited by the applicant's repayment ability and the home's appraised value.
- Homebuyer Education is required for all first-time homebuyers.
- Minimum credit score of 640 + for streamlined underwriting

Loan Terms

- Standard loan term is 33 years.
- Loans up to 38 years are permitted when the household's adjusted income doesn't exceed 60% of the area median and a longer term is needed for payment.
- Manufactured homes have a maximum 30-year term.



Interest Rates

- Interest rate is fixed
(See: www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans)
- Borrowers may be eligible for payment subsidies that reduce their effective interest rate and their monthly mortgage payment.
- Depending on the home's value, subsidies received may be repaid at the time of sale or non-occupancy.

Housing Preservation Grant Program



Overview

- Provides grants to sponsoring organizations for the repair or rehabilitation of housing owned or occupied by low- and very-low-income rural citizens.
- Applications are accepted on an annual basis through a Notice of Solicitation of Application (NOSA) in the Federal Register.

How Can Funds Be Used?

- Applicants provide grants or low-interest loans to repair or rehabilitate housing for low- and very-low-income homeowners.
- Rental property owners may also receive assistance if they agree to make units available to low- and very-low-income families.
- Eligible expenses include:
 - Repairing or replacing electrical wiring, foundations, roofs, insulation, heating systems and water/waste disposal systems
 - Handicap accessibility features
 - Labor and materials
 - Administrative expenses

Eligibility – HPG Program

- Rural areas and towns with 20,000 or fewer people
- Most state and local governmental entities
- Nonprofit organizations.

*Applicants must:

- Have the necessary background and experience with proven ability to perform the responsibility of repair and rehabilitation of low-income housing.
- Submit quarterly reports to show grant progress.

***Individual homeowners are not eligible.**

Other SFH Programs

- Mutual Self-Help Housing
Technical Assistance Grants
- Rural Housing Site Loans



Multifamily Housing Program

- USDA Rural Development's Multifamily Housing assists rural property owners through loans, loan guarantees, and grants that enable owners to develop and rehabilitate properties for low-income, elderly, and disabled individuals and families as well as domestic farm laborers.
- For information on the Multifamily Housing Program, please visit rd.usda.gov or contact Northeast Regional Director Donna O'Brien at MFHFODNortheast@usda.gov.

Contact RD Virginia Area 2
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Or go to: www.rd.usda.gov/va





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