

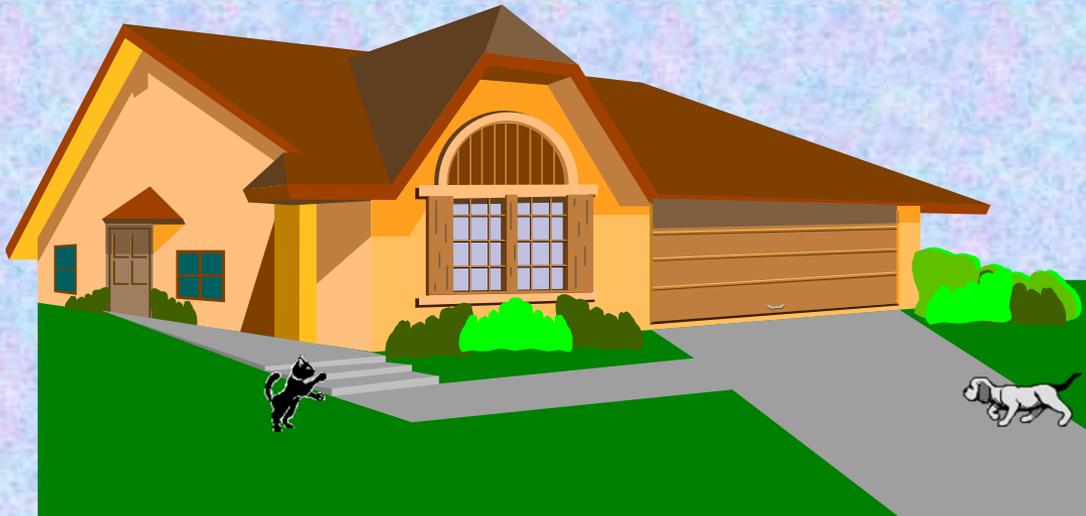
USDA



Rural
Development

Committed to the future of rural communities.

Section 504 Single Family Housing Program



Rural Development is An Equal Opportunity Lender, Provider, and Employer Complaints of Discrimination Should Be Sent To: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

Section 504 Home Repair Program

Loan Purpose

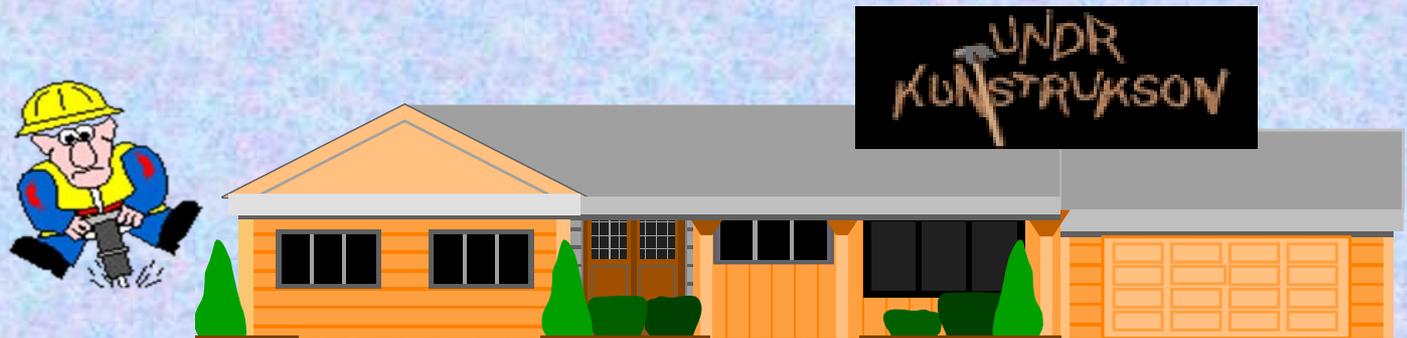


The 504 Housing Repair program provides loans to very low-income homeowners to repair, improve, or modernize their dwellings.

Section 504 Loan & Grant Funds

Grant Purpose

- ⌘ May be used to remove health and safety hazards from the home
- ⌘ May be used to make the dwelling accessible for disabled household members



Section 504 Loans & Grants



Eligibility (Loans and Grants):



- ⌘ Must be the homeowner and occupant of the dwelling
- ⌘ Must be unable to obtain affordable credit elsewhere
- ⌘ Must have very low income (below 50 percent of the area median income)
- ⌘ Repairs and improvements must remove any major health and safety hazards

Section 504 Loans & Grants

Eligibility Continued (Grants only):

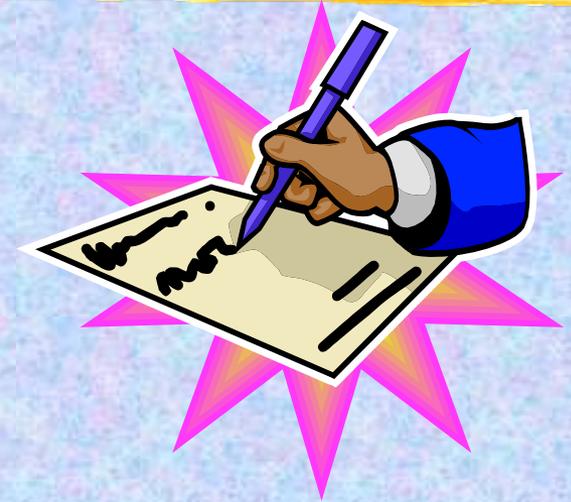
- ⌘ Grants are available only to homeowners who are 62 years of age or older
- ⌘ Must lack repayment ability for a Section 504 loan, based upon a family budget
- ⌘ Must own or have a recorded life use of the dwelling

504 Loan Terms

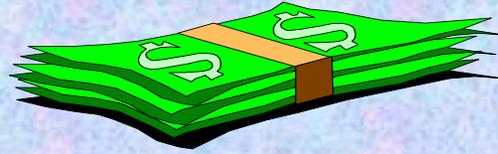
- ⌘ **Friendly, knowledgeable staff**
- ⌘ **No lender fees**
- ⌘ **1 % fixed interest rate, maximum term of 20 years**
- ⌘ **Affordable monthly payments**
- ⌘ **Escrow for taxes and insurance for loans over \$15,000**
- ⌘ **Real Estate Mortgage required on loans of \$7,500 or more**
- ⌘ **Full title services are required on loans greater than \$7,500**



504 Grant Terms



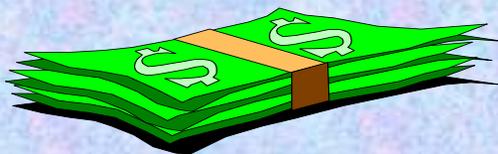
- ⌘ Recipient will sign a grant agreement
- ⌘ Funds do not have to be paid back unless:
 - ☑ Recipient sells or transfers title to the property within 3 years of the agreement
 - ☑ The property is transferred to the grantee's heirs or an estate within 3 years of the agreement. (The full amount of the grant will be repaid by the grantee's heirs or the estate)



Maximum Loan Amount

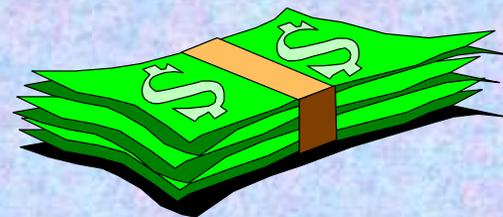
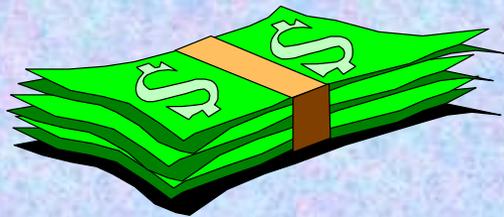
The loan amount will be the amount of the repairs based upon contractor estimates, not to exceed \$20,000.00





Maximum Grant Amount

The grant amount will be the amount of the repairs based upon contractor estimates, or a maximum lifetime limit of \$7,500.00.



Section 504 Loans & Grants



- ⌘ A grant / loan combination can be made if the applicant shows repayment for the loan portion
- ⌘ Loans and grants can be combined for up to a total of \$27,500.00 in assistance

Property Requirements



- ⌘ Dwelling must be considered modest for the area as determined by the 203(b) Hud Limit and RD Area Loan Limits
- ⌘ Must not have an in-ground pool
- ⌘ The dwelling must be on a permanent foundation
- ⌘ Must be of adequate value

504 Application Processing



- ⌘ **Review application for completeness**
- ⌘ **Verify income, assets and debts**
- ⌘ **Order an RMCR (Residential Mortgage Credit Report), if needed**
- ⌘ **Review application for eligibility**
- ⌘ **Notify applicant within 30 days of approval or denial**

504 Loan Underwriting

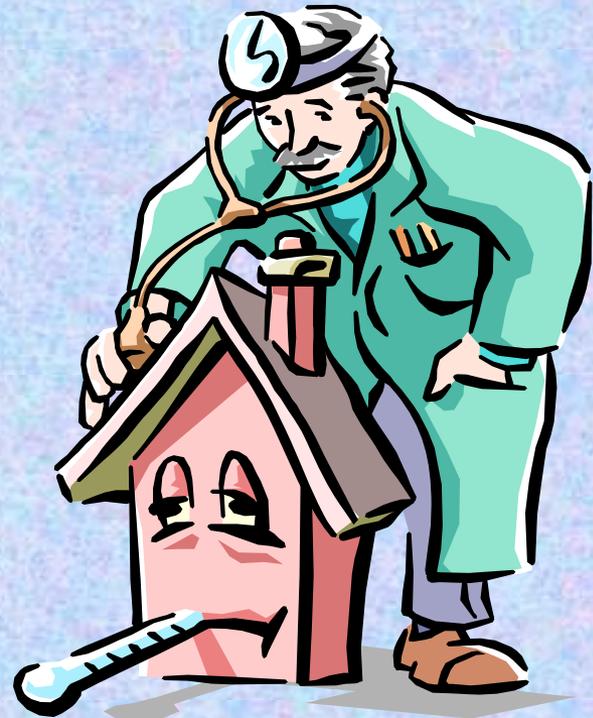
Approving Official:

- ⌘ **Reviews estimates submitted for repairs necessary to improve the dwelling**
- ⌘ **Reviews applicant's eligibility to ensure the household has sufficient repayment ability for the loan requested**



504 Property Review

- ⌘ Perform environmental and flood reviews
- ⌘ Order appraisal if property appears acceptable (for loans over \$15,000)
- ⌘ Notify and give applicants 30 days to resolve deficiencies, if applicable



504 Loan Approval and Closing



- ⌘ **Funding Commitment is issued, if applicable**
- ⌘ **Agency obligates loan funds**
- ⌘ **Loan Approval Official schedules an orientation meeting with the applicant**
- ⌘ **For loans exceeding \$15,000, hazard insurance is required & escrow may be made a condition if not already done so by a prior lienholder**
- ⌘ **Title insurance is reviewed for exceptions for loans exceeding \$15,000**
- ⌘ **Closing agent must have fidelity bonding for at least the amount of the loan (loans over \$7,500)**

VISIT OUR WEBSITES



New York Rural Development Website:

<http://www.rurdev.usda.gov/ny/>

Property Eligibility Website:

[http://eligibility.sc.egov.usda.gov/eligibility/
eligibilityAction.do](http://eligibility.sc.egov.usda.gov/eligibility/eligibilityAction.do)

USDA Rural Development



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QUESTIONS????

