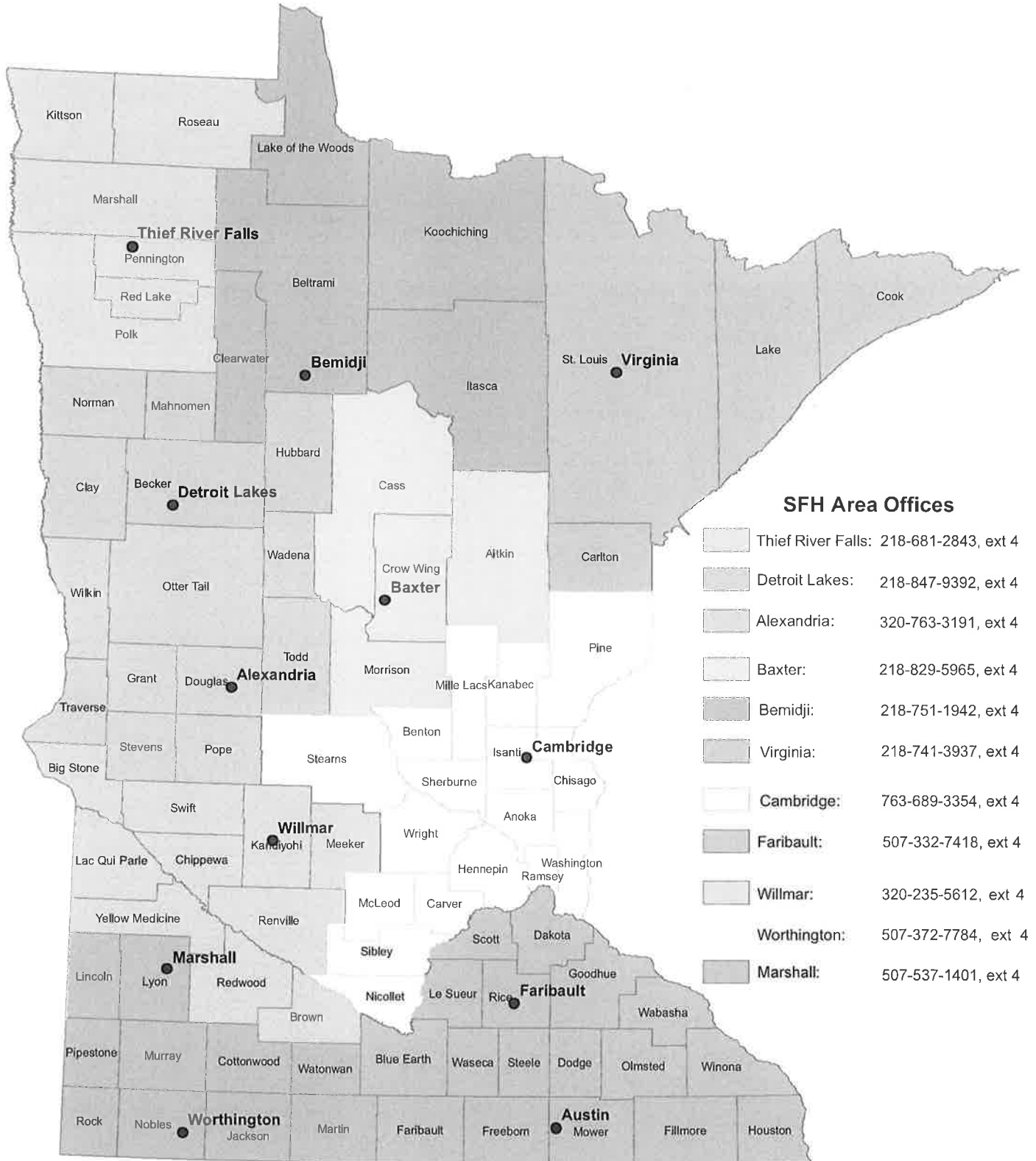




Minnesota Rural Development

Single Family Housing Contacts for the Section 502 and 504 Direct programs



Please contact the Area Office that serves your community to request an application for a home purchase loan or home repair loan and/or grant.

Rural Home Loans (Direct Program)

What does this program do?

Also known as the Section 502 Direct Loan Program, this program helps low- and very-low-income applicants buy decent, safe, and sanitary housing in eligible rural areas by providing payment assistance to increase their applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income.

Who can apply for this program?

A number of factors are considered when determining eligibility for Single Family Direct Home Loans. At a minimum, applicants must have an adjusted income that is at or below the applicable low-income limit for the area in which they wish to buy a house (an income limit map is available at this link: <https://go.usa.gov/xzcfb>). They must also demonstrate a willingness and ability to repay debt.

Applicants must:

- Be without decent, safe, and sanitary housing
- Be unable to obtain a loan from other resources on terms and conditions that can reasonably be expected to be met
- Agree to occupy the property as their principal residence
- Have the legal capacity to incur a loan obligation
- Meet citizenship or eligible noncitizen requirements
- Not be suspended or debarred from participation in federal programs

Properties financed with direct loan funds must:

- Be modest in size for the area
- Not have market value in excess of the applicable area loan limit
- Not be designed for income-producing activities

Borrowers are required to repay all or a portion of the payment subsidy received over the life of the loan when the title to the property transfers, or the borrower is no longer living in the dwelling.

Applicants must meet income eligibility for a direct loan. You can visit the USDA Income and Property Eligibility website (available at this link: <https://go.usa.gov/xzcdM>) for complete details. Or, contact your local Rural Development office (a map is available at this link: <https://www.rd.usda.gov/browse-state>) to learn more.

What is an eligible area?

Properties must be located in an eligible rural area. Visit the USDA Income and Property Eligibility website (available at this link: <https://go.usa.gov/xzcdM>) for details.

How can funds be used?

Loan funds can be used to help low-income people or households buy 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 waste treatment equipment.

How much can I borrow?

The maximum loan amount an applicant qualifies for depends on their ability to repay a loan. Rural Development considers various factors, such as income, debts, assets, and the amount of payment assistance the applicant is eligible to receive. Regardless of repayment ability, applicants can never borrow more than the area loan limit (plus certain other costs eligible to be financed) in the county in which the property is located (information is available at this link: <https://go.usa.gov/xzcGB> - PDF)

Single Family Housing Repair Loans and Grants

What does this program do?

Also known as the Section 504 Home Repair program, it provides loans to very-low-income homeowners to repair, improve, or modernize their homes, or provides grants to elderly, very-low-income homeowners to remove health and safety hazards.

Who can apply for this program?

To qualify, you must:

- **Be the homeowner and occupy the house**
- **Be unable to obtain affordable credit elsewhere**
- **Have a family income within the very-low-income limit**
- **For grants, be age 62 or older and not be able to repay a repair loan**

What is an eligible area?

Properties must be located in an eligible rural area. You can visit the USDA Income and Property Eligibility website (available at this link: <https://go.usa.gov/xzcdM>) for complete details.

How can funds be used?

- Loans can be used to repair, improve, or modernize homes, or to remove health and safety hazards.
- Grants must be used to remove health and safety hazards.

How much money can I get?

- Maximum loan is \$40,000.
- Maximum grant is \$10,000.
- Loans and grants can be combined for up to \$50,000 in assistance.

What are the terms of the loan or grant?

- Loans are repaid over 20 years.
- Loan interest rate is fixed at 1 percent.
- Full title service is required for loans greater than \$25,000.
- Grants have a lifetime limit of \$10,000.
- Grants must be repaid if the property is sold in less than three years.

- If applicants can repay part - but not all - of the costs, they may be offered a loan and grant combination.

Is there a deadline to apply?

Applications are available year-round as long as funding is available, and are processed in the order they are received.

How long does an application take?

Approval times depend on funding availability in your area. Talk to a state or area office-based USDA home loan specialist (a map is available at this link: <https://www.rd.usda.gov/browse-state>) for help with your application.

How do I get started?

Contact a USDA home loan specialist (information is available at this link: <https://www.rd.usda.gov/browse-state>) in your area.

What governs this program?

- The Housing Act of 1949 as amended; 7 CFR, Part 3550 (available at this link: <https://go.usa.gov/xzcvG>)
- HB-1-3550 - Direct Single Family Housing Program Field Office Handbook (available at this link: <https://go.usa.gov/xzcvM> - PDF)

NOTE: Because citations and other information is subject to change, always consult the program instructions listed in the section above titled "What Governs This Program?" You can also contact your local office for assistance (a list is available at this link: <https://go.usa.gov/xzjP7>). You will find additional forms, resources, and program information at rd.usda.gov. USDA is an equal opportunity provider, employer, and lender.