



Rural Housing Service Programs

Single Family Housing Repair Loans & Grants

What does this program do?

Also known as the Section 504 Home Repair program, this 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 may 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 below 50 percent of the area median income
- For grants, be age 62 or older and not be able to repay a repair loan

What is an eligible area?

Generally, rural areas with a population less than 35,000 are eligible. Applicants may [check the address](#) of their home to determine eligibility online.

How may funds be used?

- Loans may 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 \$20,000.
- Maximum grant is \$7,500.

- Loans and grants can be combined for up to \$27,500 in assistance.

What are the terms of the loan or grant?

- Loans can be repaid over 20 years
- Loan interest rate is fixed at 1%.
- Full title service is required for loans of \$7,500 or more
- Grants have a lifetime limit of \$7,500.
- Grants must be repaid if the property is sold in less than 3 years
- If applicants can repay part, but not all of the costs, applicants 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 [USDA home loan specialist](#) in your area for help with the application.

How do I get started?

Contact a [USDA home loan specialist](#) in your area.

What law governs this program?

- The Housing Act of 1949 as amended, [7 CFR, Part 3550](#)
- [HB-1-3550](#) - Direct Single Family Housing Loans and Grants Field Office Handbook

NOTE: Because citations and other information may be subject to change, please always consult the program instructions listed in the section above titled "What Law Governs this Program?" You may also contact [your local office](#) for assistance.

You will find additional forms, resources, and program information at www.rd.usda.gov

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. A mortgage is taken on loans of \$7,500 or more.

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.

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.

CONTACT THE RURAL DEVELOPMENT OFFICE SERVING YOUR COUNTY

BENNINGTON, RUTLAND, WINDHAM AND WINDSOR COUNTIES

USDA RURAL DEVELOPMENT 28 VERNON STREET, SUITE 333 BRATTLEBORO, VT 05301 (802) 689-3034

ADDISON, CHITTENDEN, FRANKLIN, GRAND ISLE, LAMOILLE AND WASHINGTON COUNTIES

USDA RURAL DEVELOPMENT 87 STATE STREET, Suite 304 P.O. Box 249 MONTPELIER, VT 05601 (802) 828-6012

CALEDONIA, ESSEX, ORANGE AND ORLEANS COUNTIES

USDA, RURAL DEVELOPMENT 481 SUMMER STREET, SUITE 203 ST. JOHNSBURY, VT 05819 (802) 748-8746 EXT 125