



UNITED STATES DEPARTMENT OF  
**AGRICULTURE**

# Rural Housing Service

*Serving Rural America*

*Steve Cruz, Area Specialist*

# Our Mission

To increase economic opportunity  
and improve the quality of life for  
rural Americans



# Single Family Housing



- Section 502 Direct Loan program
- Section 502 Guaranteed Loan program
- Section 504 Housing Repair Loan and Grant programs
- Self-Help Housing

# Section 502 Direct Loans

- **Purpose**

- to provide home-ownership opportunities to rural families with very low and low incomes
- loans may be used to buy, build, improve, or repair rural homes



# Section 502 Rural Housing Direct Loans

## Eligibility:

- Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. Payments are typically within 24 percent of an applicant's income.



# Section 502 Rural Housing Direct Loans

## Eligibility:

- Very low income is defined as below 50 percent of the area median income (AMI)
- Low income is between 50 and 80 percent of AMI.



# ADJUSTED INCOME LIMITS

as of 1/18/12

• #PERS	V.LOW	LOW	38YRS
• 1PER	22050	35300	22200
• 2PERS	25200	40300	25350
• 3PERS	28350	45350	28550
• 4PERS	31500	50400	31700
• 5PERS	34000	54450	34250
• 6PERS	36550	58450	36750
• 7PERS	39050	62500	39300
• 8PERS	41600	66550	41850



# Section 502 Rural Housing Direct Loans

## Eligibility:

- Applicants must be unable to obtain credit elsewhere, yet have reasonable credit histories.





# Section 502 Rural Housing Direct Loans

## Eligibility:

- There is no required down payment.
- Repayment feasibility is based on repayment ratios.



# Section 502 Rural Housing Direct Loans

## Terms:

- Loans are for up to 33 years (38 for those with incomes below 60 percent of AMI and who cannot afford 33-year terms).



# Section 502 Rural Housing Direct Loans

## Terms:

- Interest rate is set by RHS, currently the interest rate is 3.25%.
- Interest rate is modified by payment assistance subsidy.
- **Dededo Village ineligible area**



# MAXIMUM LOAN AMOUNT

- \$238,919 subject to change
- max. purchase price/  
mkt. value



# Section 502 Rural Housing Loan Guarantees

## Purpose:

- Section 502 loans guarantees are primarily used to help moderate income households purchase homes in rural areas. Funds can be used to build or purchase a home, closing costs fees.



# Section 502 Rural Housing Loan Guarantees

## Eligibility:

- Income of up to 115% of median income for the area/State. Adj. Income Limits (1/18/12)
  - 1-4 pers \$74,450
  - 5-8 pers \$98,650
- The lender determines repayment feasibility, using repayment ratios.



# Section 502 Rural Housing Loan Guarantees

## Eligibility:

- Applicants must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. In addition, applicants must be unable to obtain credit elsewhere, yet have reasonable credit histories.



# Section 502 Rural Housing Loan Guarantees

Approved lenders:

- Bank of Guam
- Bank of Hawaii
- BankPacific
- Citibank N.A. Guam
- Anz Bank
- First Hawaiian Bank
- Community First Federal Credit Union





# Section 502 Rural Housing Loan Guarantees

## Terms:

- Loans are for 30 years.
- Interest rate is set by the lender.
- No required down payment.
- No loan limit



# Section 502 Rural Housing Loan Guarantees

## Standards:

- Housing must be modest in size, design, and cost.
- Houses must meet the voluntary national model building code adopted by the state and RHS thermal and site standards.



# Single Family Housing Programs

Section 504 Rural Housing Repair  
and Rehabilitation Loans and Grants



# Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

## Purpose:

- The Very Low-Income Housing Repair program provides loans and grants to very low-income homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards.



# Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

## Eligibility:

- Homeowner-occupants must be unable to obtain affordable credit elsewhere and must have very low incomes, (below 50 percent of the area median income).
- Repairs and improvements must make the dwelling more safe and sanitary or remove health and safety hazards.



# Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

## Eligibility:

- Grants are only available to homeowners who are 62 years old or older and cannot repay a Section 504 loan.



# Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

## Terms:

- Loans of up to \$20,000 and grants of up to \$7,500 are available.
- Loans are for up to 20 years at 1 percent interest.



# Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

## Terms:

- Grants must be repaid if the property is sold in less than three years.
- Repairs financed with grant funds must result in the removal of health and safety hazards.





# Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

## Terms:

- A grant/loan combination is made if the applicant can repay part of the cost.
- Loans and grants can be combined for up to \$27,500 in Section 504 assistance.



# Section 504 Rural Housing Repair and Rehabilitation Loans and Grants

## Standards:

- Major health and safety hazards must be corrected.
- All work performed must meet local codes and standards.





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Rural Development  
For more information visit our website at:  
[www.rurdev.usda.gov](http://www.rurdev.usda.gov)



The Rural Housing Service is an Equal Opportunity Lender and its programs are operated on an equal opportunity basis. Complaints of discrimination may be filed with the Secretary of Agriculture, Washington, D.C. 20250



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