



August, 2016

Dear Community Member:

Do you or someone you know own a home in need of repairs? Considering a new heating system because of high fuel costs? Looking to replace your old windows with energy efficient windows? Is your home in need of any residential energy efficiency improvements? USDA Rural Development may be able to help.

The USDA Rural Development 504 Loan/Grant program provides help to very-low income owner occupants of modest single family homes in need of repair that are located in rural areas.

Some examples of repairs that could be provided are: ramps for accessibility, roof replacement, septic system repairs, drilling of a well, insulation, furnaces, handrails, etc.

USDA Rural Development staff is available to speak to your group on the 504 Loan/Grant program and answer any questions they may have. Please contact us at (518) 692-9940 ext. 4 for more information or to schedule a date for us to speak to your group.

Sincerely,

/s/ Gretchen L. Pinkel

GRETCHEN L. PINKEL
Area Specialist

Rural Development • Greenwich Area Office
2530 State Route 40 • Greenwich, NY 12834
Voice (518) 692-9940 Ext. 4 • Fax (855) 889-1631

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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. *USDA is an equal opportunity provider, employer, and lender.*



USDA RURAL DEVELOPMENT

SINGLE FAMILY HOUSING

SECTION 504 HOME REPAIR LOAN / GRANT PROGRAM

SERVICE AREA:

COLUMBIA, ESSEX,
HAMILTON,
RENSSELAER,
SARATOGA, WARREN
& WASHINGTON

Section 504 Grants:

- ◆ Must be 62 years of age or older at application
- ◆ \$7,500 maximum life time grant assistance
- ◆ Unable to show repayment ability for a Section 504 loan
- ◆ Owner occupied property in eligible rural area

Section 504 Loans:

- ◆ Fixed 1% interest rate
- ◆ Outstanding 504 loan balance not to exceed \$20,000
- ◆ Maximum 20 year term determined by repayment ability
- ◆ Owner occupied property in eligible rural area.

Rural Development

2530 State Route 40
Greenwich, NY 12834

Phone: (518) 692-9940 x4

Fax: (855) 889-1631

www.rd.usda.gov/NY

Program Objective:

Assist very low-income owner occupants of modest single family homes in rural areas repair their homes.

Grant Purposes:

Grant funds may be used *only* for repairs and improvements that will remove health and safety hazards or to make dwellings accessible for household members with disabilities.

Loan Purposes:

Loan funds may be used to remove health and safety hazards and make general repairs and improvements to properties, as long the dwelling remains modest for the area.

Terms & General Eligibility Requirements

504 Grant

- ◆ At least one applicant must be 62 years of age or older at the time of application.
- ◆ Must be unable to repay a 504 Loan (amortized over the maximum number of years).
- ◆ Applicant must have acceptable ownership (to include life estate) and occupy the property.
- ◆ The adjusted household income may not exceed the limit for your area. See next page.
- ◆ Unable to obtain financial assistance at reasonable terms and conditions elsewhere and lack the personal resources to meet their needs.
- ◆ Grant Agreement requires recipient to reside in household for three years after approval or else grant funds must be repaid

504 Loan

- ◆ Applicant must have acceptable ownership (to include life estate) and occupy the property.
- ◆ Applicant must have repayment ability - determined by a household budget completed with a Rural Development representative.
- ◆ The adjusted household income may not exceed the limit for your area. See next page.
- ◆ Unable to obtain financial assistance at reasonable terms and conditions elsewhere and lack the personal resources to meet their needs.
- ◆ Must have an acceptable credit history.
- ◆ Outstanding 504 loans of \$7,500 or more will be secured by a mortgage.
- ◆ Fixed interest rate of 1%

Dwelling Requirements

- ◆ The property must be a single family dwelling located in an eligible rural area.
- ◆ The property must be considered modest and less than 1800 square feet
- ◆ Manufactured homes must be on a permanent foundation and you must own the land on which it is placed
- ◆ No in-ground swimming pools

