

504 Home Repair Loans & Grants

To apply for a 504 Home Repair Loan or Grant:

Visit the PA Website for your closest USDA Rural Development Office:

http://www.rurdev.usda.gov/PA_Contact_Us.html



Health & Safety Hazard Repair assistance to income eligible homeowners in rural areas



USDA Rural Development recognizes the home repair needs of eligible rural homeowners. A 504 loan to those income eligible and a 504 Grant to seniors age 62 and older (or a combination) assist very-low income and other income eligible rural homeowners to make **vital** repairs.

504 Grant

The 504 Grant Program is available exclusively to very-low-income rural seniors aged 62 or older. A combination of grant and loan funds may be used if some payment ability is demonstrated. The maximum lifetime grant amount is \$7,500.

504 Grant terms

Grant agreement signed at closing, states that 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.

To file a complaint of discrimination, write to: USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410 Or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). "USDA is an equal opportunity provider and employer."

504 Loan

Applicants must have adjusted household incomes below the very low-income limits listed on the web site and be able to show repayment ability for the loan requested. Maximum outstanding balance must not exceed \$20,000.

504 Loan rates & terms

- 1% interest rate;
- Maximum term is 20 years, term determined based on ability to repay; and
- Mortgages taken on loans of \$7,500 or more.

The payment on a \$5,000 1% loan is only \$23/month (20 year term).

504 LOAN ELIGIBILITY

- ✓Credit history must indicate a reasonable ability and willingness to meet financial obligations. There is no charge for a credit report.
- ✓Liquid assets exceeding \$15,000 (\$20,000 for senior applicants) need to be considered and may affect loan or grant amount, for which applicants are eligible.
- ✓Applicants must show a dependable source of income which is sufficient to repay the loan.
- ✓Property must be owned and occupied by the applicant. Documentation of ownership must be provided.

The 504 Loan and Grant Programs allow income eligible rural homeowners with very low incomes to repair or improve a home, making it safe and sanitary by removing health and safety hazards.

Property Eligibility

- Modest in size and design
- No in-ground swimming pool

For property eligibility, visit:<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Fees

- An appraisal fee and a tax service fee is required for initial loans greater than \$15,000;
- Recording fees, if a mortgage is required (loan of \$7,500 or more);
- Title Insurance when the total debt to the Agency is \$7,500 or more; and
- 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 already established with another lender is satisfactory.

LOAN AND GRANT FUNDS MAY NOT...

- Assist in new construction
- Make repairs that will not result in correcting all major hazards
- Pay for off-site improvements