

USDA 502 LOAN PROGRAM

Loans packaged by SERCAP

347 Campbell Ave. SW
Roanoke, VA 24016



WHAT DOES THIS PROGRAM DO?

This program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an 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 MAY APPLY FOR THIS PROGRAM?

A number of factors are considered when determining an applicant's eligibility for Single Family Direct Home Loans.

At a minimum, applicants interested in obtaining a direct loan must have an adjusted income that is at or below the applicable low-income limit for the area where they wish to buy a house and they must demonstrate a willingness and ability to repay debt.



PROGRAM REQUIREMENTS

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 meet
- Agree to occupy the property as your primary 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 MUST:

- Be modest in size for the area
- Not have market value in excess of the applicable area loan limit
- Not have in-ground swimming pools
- 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.

WHAT IS AN ELIGIBLE AREA?

Generally, rural areas with a population less than 35,000 are eligible.

Visit the USDA Income and Property eligibility website for complete details.

<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

White areas = eligible (rural areas)
Shaded areas = ineligible (not rural/within city limits)

USDA United States Department of Agriculture
Rural Development

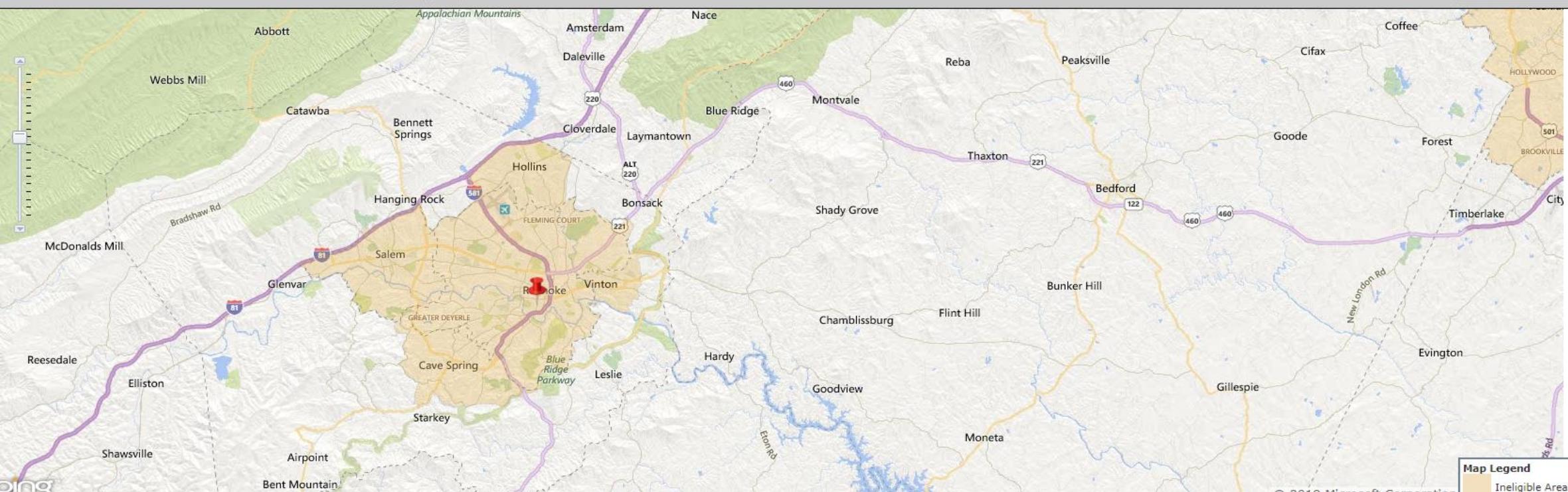
ELIGIBILITY

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business Water and Environmental

Eligibility Assessment Income Limits Loan Basics **Property Eligibility** Previous Eligibility Areas

347 Campbell Ave SW Roanoke Va **GO!**   



Map Legend
Ineligible Areas

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HOW MAY FUNDS BE USED?

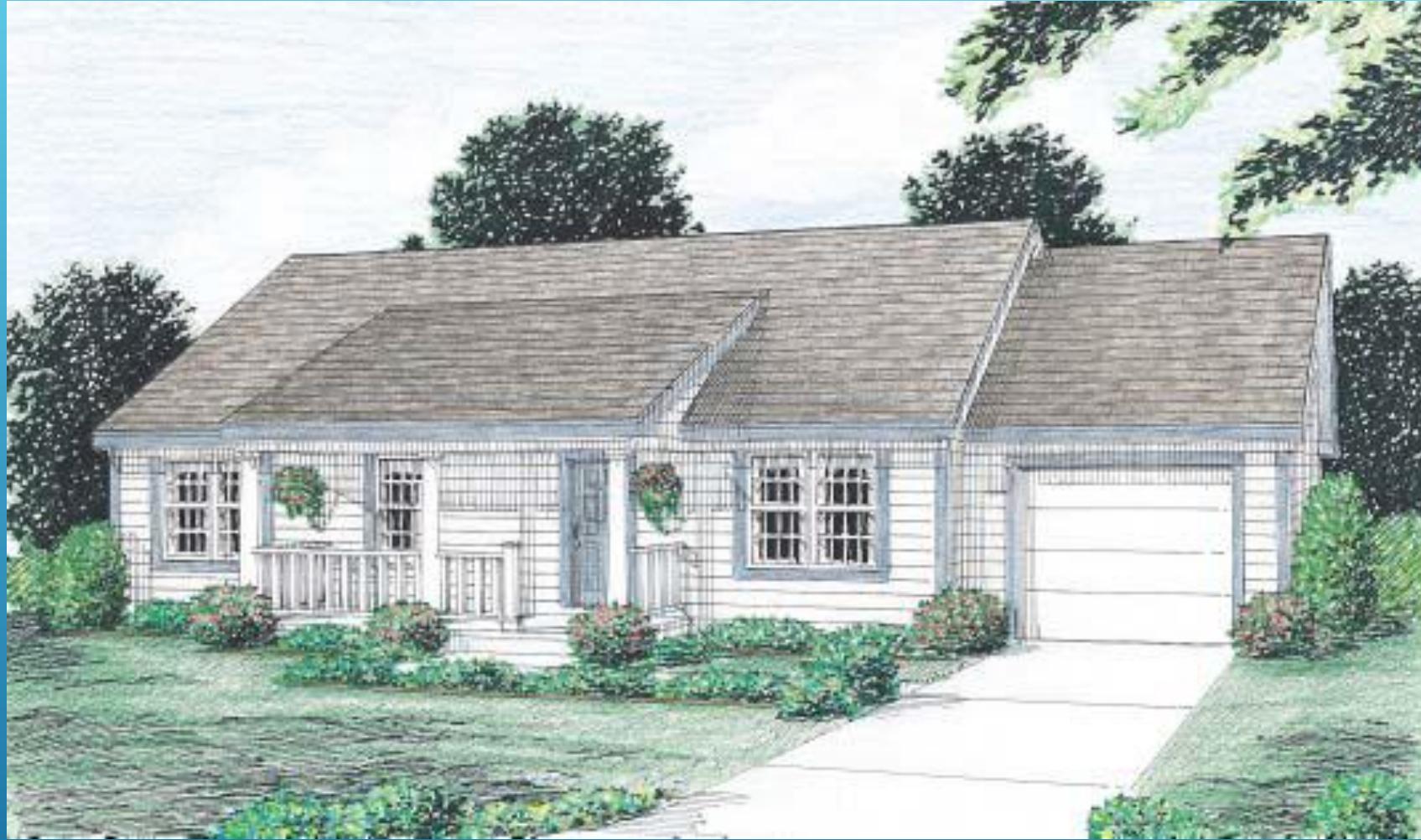
Loan funds may be used to help low-income individuals or households purchase homes in rural areas.

Funds can be used to build, repair, renovate or relocate a home

Funds can also be used to purchase and prepare sites, including providing water and sewage facilities.



New Construction



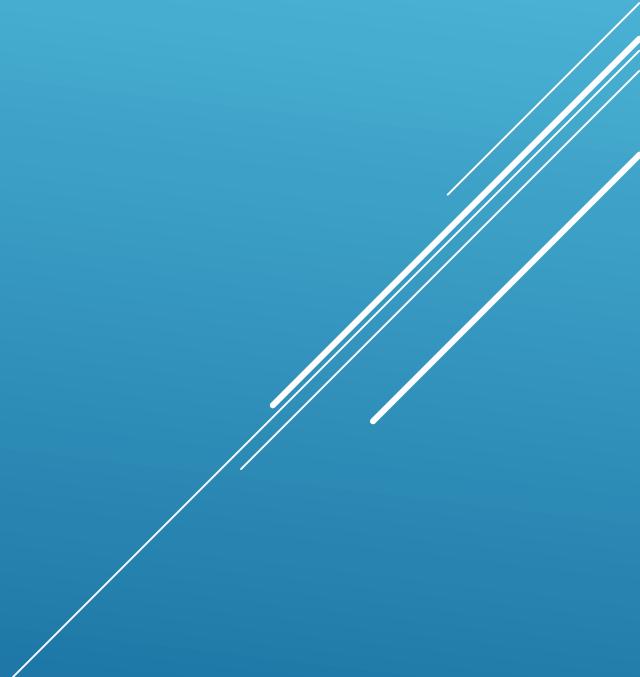
Modular Homes

HOW MUCH MAY I BORROW?

The maximum loan amount an applicant may qualify for will depend on the applicant's repayment ability.

The applicant's ability to repay a loan considers various factors such as income, debts, assets and the amount of payment assistance applicants may be eligible to receive.

Regardless of repayment ability, applicants may never borrow more than the area's loan limit (plus certain costs allowed to be financed) for the county in which the property is located.



WHAT IS THE INTEREST RATE & PAYBACK PERIOD?

- Fixed interest rate based on current market rates at loan approval or loan closing, whichever is lower.
- Interest rate when modified by payment assistance can be as low as 1%.
- Up to 33 year payback period - 38 year payback period for very low income applicants who can't afford the 33 year loan term.

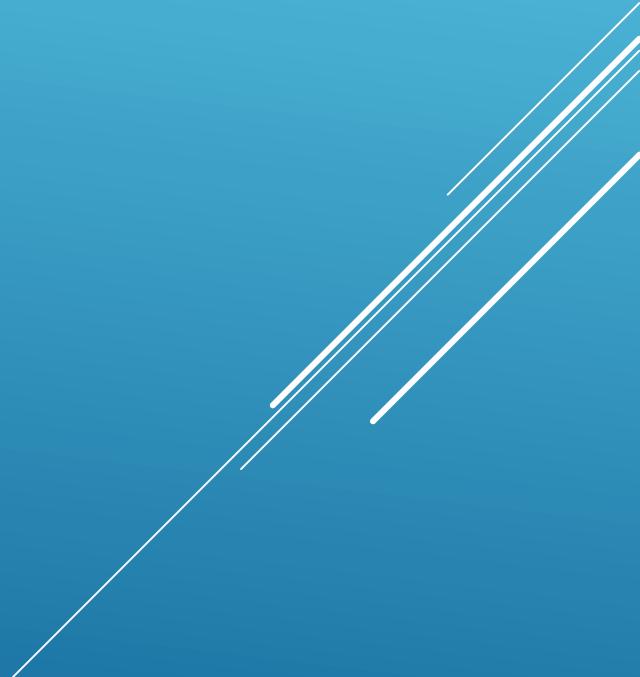
HOW MUCH DOWN PAYMENT IS REQUIRED?

No down payment is typically required!

Applicants with assets higher than the asset limits may be required to use a portion of those assets.

HOW LONG DOES AN APPLICATION TAKE?

Processing times vary depending on funding availability and program demand in the area in which an applicant is interested in buying and completeness of the application package.



USDA 504 HOME REPAIR LOANS & GRANTS



504 HOME REPAIR PROGRAM

This program 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.

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

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.

HOW CAN 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.

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.

INFORMATIVE VIDEOS:

502 - <https://www.youtube.com/watch?v=95s5oD7Ta3g>

504 - <https://www.youtube.com/watch?v=K1WV1nNWL54>

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