



The Housing Assistance Council (HAC)

is a national nonprofit organization that supports affordable housing efforts in rural areas of the United States. HAC provides technical housing services, seed money loans from a revolving fund, housing program and policy assistance, and research and information services. HAC is an equal opportunity lender.

For more information about rural housing, visit HAC online.



www.ruralhome.org

USDA Very Low-Income Repair Loans and Grants (Section 504)

The Section 504 program enables rural homeowners with very low incomes (less than 50 percent of area median income) to make basic repairs to their homes. The program is operated by the U.S. Department of Agriculture's Rural Development Housing and Community Facilities Programs office (RD).

Purpose

The Section 504 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.

Eligibility

To obtain a loan, a homeowner-occupant must be unable to obtain affordable credit elsewhere and have a very low income, defined as below 50 percent of the area median income. The owner must need to make repairs and improvements to make the dwelling more safe and sanitary or to remove health and safety hazards.

Grants are available only to homeowners who are 62 years old or older and cannot repay a Section 504 loan. They may be used only to pay for repairs and improvements to remove health or safety hazards.

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. A real estate mortgage and full title services are required for loans of \$7,500 or more. A grant may be recaptured if the property is sold in less than three years. A grant/loan combination is made if the applicant can repay part of the cost. A loan and a grant can be combined for up to \$27,500 in assistance.

Standards

Repaired properties do not need to meet other RD code requirements, but the installation of water and waste systems and related fixtures must meet local health department requirements. Not all the health and safety hazards in a home must be removed with Section 504 funds, provided that major health and safety hazards are removed. All work must meet other applicable local codes and standards.

Regulations

Regulations for all USDA RD single-family housing programs, including Section 504 loans and grants, are compiled in 7 CFR part 3550. Two handbooks provide additional details about different aspects of the program. HB-1-3550 covers tasks undertaken by RD field offices and HB-2-3550 explains the centralized servicing center's work.

Additional Information

For additional information on Section 504 and RD, contact the National Office, 1400 Independence Avenue, S.W., Washington, D.C. 20250, 202-690-1533, or your Rural Development State Office, which can be identified at http://www.rurdev.usda.gov/recd_map.html. Copies of RD regulations and handbooks are available online at <http://www.rurdev.usda.gov/RegulationsAndGuidance.html>. The regulation at 7 CFR part 3550 is included in each handbook as Appendix 1.

