

Dreams of a Farm

It may not seem like a natural first step for a homebuyer, but the USDA Rural Development program offers more than 50 financial assistance applications that help people in rural areas. Many of these rural areas are also more populated than you may think. The financial programs cover everything from businesses, utilities, environmental programs and yes, even home ownership.

WHAT IS IT?

The USDA offers loans to help people buy, build or repair affordable homes. Eligibility is based on income and varies according to the average median income for each area.

There are two programs specifically for home buyers. The direct loan program, also known as the Section 502 Direct Loan Program, allows buyers to purchase or build



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with no money down in eligible rural areas.

- Borrowers must have low or very low income in comparison with the average median income for their area. They must be without decent, safe and sanitary housing and unable to obtain a loan from other resources they can reasonably be expected to meet.

- These loans generally have a 33-year term with payment assistance available.

- Borrowers can apply directly with the USDA Rural Development program.

The guaranteed loan program goes through a third-party lender. It helps borrowers purchase or build with no money down in eligible rural areas.

- Borrowers can have a moderate household income in comparison with the average median income for their area. This is generally defined as no more than 115% of median household income.

- It's repaid on a 30-year, fixed-rate term with refinancing options available.

RESOURCES FOR HOMEOWNERS

If you already own your home in an eligible rural area (you can check this at the Rural Development website, rd.usda.gov), you may also qualify for loans to repair or improve your home.

The Section 504 Home Repair program provides direct loans to very low income homeowners to repair, improve or modernize their homes. Senior may be eligible for grants to remove health and safety hazards

under the program. To qualify:

- Homeowners must both own and occupy the house and be unable to obtain affordable credit elsewhere.

- Have a household income below the very low limit by county.

- For grants, homeowners must be 62 or older.

- The maximum loan is \$40,000 and the maximum grant is \$10,000. Loans and grants may be combined for up to \$50,000 in assistance. The loans are payable over 20 years at a 1% interest rates.

- For loans greater than \$25,000, full title service is required.

- If the homeowner receives a grant and the property is sold in less than three years, the grant must be repaid.

There are also programs to help homeowners repair in the event of a disaster. Grants are available for very low- and low-income homeowners to repair their homes damaged in a 2022 presidentially declared disaster area. Additionally, the Section 504 Home Repair Loans and Grants in Presidentially Declared Disasters Pilot program provides loans and grants to very low-income homeowners to repair disaster-related damage.



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REAL ESTATE 101



HOMEWISSE GLOSSARY

Homeowners insurance typically covers your home and your belongings and can help you rebuild or repair your home after a covered event. Most homeowners policies do not cover floods; that's covered through a separate, federal program.

Unsecured loan: A loan that is not backed by collateral, such as property.

AD SPACE