



What are loan standards?

Under the section 502 Direct Loan program, housing must be modest in size, (no more than 2,000 living sq ft) design and cost. Modest housing is property that is considered modest for the area, does not have market value in excess of the applicable area limit, and does not have prohibited features.

Houses constructed, purchased, or rehabilitated must meet the voluntary national model building code adopted by the state and HCFP thermal and site standards.



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Turn Your Dream of Home Ownership Into Reality!

USDA 502 Direct Home Loan Program

About the USDA 502 Direct Home Loan Program

Purpose

Section 502 loans are primarily used to help low and very low-income and very-low income individuals or households purchase homes in rural areas. Funds can be used to build, repair or to renovate a home, or to purchase and prepare sites, including providing water and sewage facilities.

What Are the Terms of the Loan?

Loans are for 33-year terms. The interest rate is very competitive.



What Do You Need To Qualify?



1

Must have stable and dependable income which is sufficient to repay the loan.

2

Gross household income should be within agency income limits (see specialist for more information).

3

Must have acceptable credit history—we can assist you with reviewing and improving your credit.

4

Must be legal age to incur loan obligation.

5

Be a U.S citizen or have permanent resident alien status.

Who is Eligible?

Applicants for the 502 Direct Loan must have low, or very low income which is determined by several factors. The best way to be sure if someone is eligible is to ask a home ownership specialist. This can be done by email, over the phone, or in person. Direct loans like other mortgage loans include principle, interest, taxes and insurance in the monthly house payment. This helps to make sure the payment is affordable.



No down payment.



100% financing.



Offers payment assistance to those who qualify.



Taxes and insurance are escrowed with monthly payment.



No Private Mortgage Insurance (PMI).



USDA is not credit score driven.