



United States Department of Agriculture
Rural Development

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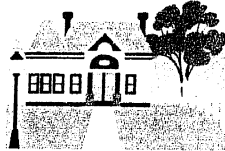
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NEW YORK RURAL DEVELOPMENT

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Single Family Housing Direct Loan Program



Section 502 Program Objective:

Section 502 of the Housing Act of 1949, as amended authorizes the Rural Housing Service (RHS) to provide financing to low and very low-income persons who cannot obtain credit from other sources, to obtain adequate housing in rural areas.

Loan Purposes:

Section 502 funds may be used to buy, build, rehabilitate, improve, or relocate an eligible single family dwelling and improve related facilities for use by the borrower as a permanent residence.

Loan Types:

1. Initial Loans
2. Assumed Loans
3. Subsequent Loans
4. Non-program Loans

Eligibility Requirements:

1. Must have the legal capacity to incur the loan obligation.
2. Applicants must demonstrate adequate repayment ability. Income must be sufficient to meet debt to income ratio requirements. The monthly principal and interest, property tax, and insurance (PITI) payment cannot exceed 29% of an applicant's repayment income in the "Very Low" income category and 33% in the "Low" income category. When the total of all other recurring monthly debts are combined with the PITI payment, this cannot exceed 41% of the applicant's repayment income.
3. Adjusted household income must not exceed the applicable low-income limit for the area.
4. An applicant must be a United States citizen or a non-citizen who qualifies as a legal alien.
5. Applicants must agree to and have the ability to occupy the dwelling on a permanent basis.
6. Current homeowners are not eligible for initial loans except as follows:
 - a) Refinance an existing loan if the applicant is in danger of losing their home for reasons beyond their control.
 - b) Their current dwelling is not structurally sound, functionally adequate, or large enough to accommodate the needs of the applicant.
 - c) Make necessary repairs to a property financed with an affordable non-RHS loan.
7. Applicant must be unable to secure the necessary credit from other sources on terms and conditions that the applicant could reasonably be expected to fulfill.
8. Must have a satisfactory credit history.



USDA Rural Development is an Equal Opportunity Lender, Provider and Employer

Complaints of discrimination should be sent to:



Dwelling and Site Requirements:

1. Dwelling must be considered modest for the area. The property cannot be designed for income producing purposes, have an in-ground swimming pool, farm outbuildings or have a value that exceeds the maximum limit for the area.
2. Loans may be made only in rural areas designated by RHS.
3. Must have direct access from a street, road or driveway and the site must not be large enough to subdivide into more than one site under existing local zoning ordinances.
4. Site must not include farm service buildings.
5. Existing dwellings must be structurally sound, functionally adequate, in good repair, or to be placed in good repair with loan funds.

Security Requirements:

1. A mortgage on property is security for a loan.
2. Must have ownership interest that is acceptable to the Agency (title, life, estate, possession rights, undivided interest, secure leasehold interest - certain conditions to apply).

Payment Assistance:

1. Applicants or borrowers who receive loans on program terms are typically eligible to receive payment subsidy if they personally occupy the property and have an adjusted income at or below the applicable "low" income limit for the area.
2. Each borrower on payment assistance will be reviewed at least bi-annually to confirm eligibility and to determine the appropriate subsidy.
3. Payment assistance is subject to recapture.

Other Information:

1. No down payment required.
2. Credit Report Fees:
 - \$25.00 - Individual
 - \$34.00 - Married applicant and co-applicant
 - \$50.00 - Applicant and co-applicant (not married)
3. Escrow for taxes and insurance.
4. Repayment period is 33 years (30 years for manufactured homes).
5. Applicants are required to submit a complete, legible copy of most recently filed Federal Income tax return (with signatures), unless exempted from filing a return, along with accompanying W-2's. Applicants who do not have a copy of their federal tax returns should contact their Regional IRS office for duplicates.