

USDA RURAL DEVELOPMENT



United States
Department of
Agriculture

502 SINGLE FAMILY HOUSING LOAN PROGRAM

SERVICE AREA:

CAYUGA, ONTARIO,
MONROE,
LIVINGSTON, SENECA,
YATES, AND WAYNE
COUNTIES

Section 502 Loans:

- ◆ 100% LTV Financing
 - ◆ No down payment required
- ◆ Payment Assistance for qualifying households
 - ◆ Standard repayment term: 33 years
 - ◆ Household income not to exceed low income limit for the area
- ◆ Free Pre-Qualification Review
- ◆ Tax & Insurance Escrow
- ◆ Property must be located in an eligible area.
 - ◆ Can include eligible closing costs and repairs up to appraised value
 - ◆ No PMI or financing fees

Rural Development

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Program Objective:

The Section 502 Direct Single Family Housing Loan Program assists low and very low income applicants obtain decent, safe and sanitary housing in eligible rural areas. Interest rates and terms for these loans are designed to make homeownership more affordable. Qualifying households may receive Payment Assistance, which is an interest subsidy that reduces the monthly mortgage payment.

Loan Purposes:

Loans may be used to buy, build, rehabilitate or improve an eligible single family dwelling and improve related facilities for use by the borrower as their permanent residence.

Eligibility Requirements:

- ◆ Household income may not exceed the applicable low income limit for the area <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
- ◆ Be unable to obtain a loan from other resources on reasonable rates and terms
- ◆ Meet citizenship or eligible non citizenship requirements
- ◆ Applicants must have stable and dependable income sufficient to meet repayment ratio requirements:
 - Principal, interest, taxes and insurance (PITI) - 33% (Very Low Households)
 - Principal, interest, taxes and insurance (PITI) - 33% (Low Households)
 - Total Debts to include PITI cannot exceed 41%
- ◆ Applicants must occupy the dwelling on a permanent basis.
- ◆ Must have a satisfactory credit history
- ◆ Currently do not own decent, safe and sanitary housing

Dwelling and Site Requirements:

- ◆ Dwelling must be a single family home and be located in a eligible rural area: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
- ◆ Structurally sound, functionally adequate and in good repair, or will be improved to meet USDA property standards
- ◆ Dwelling must be considered modest for the area
- ◆ The property may not:
 - be designed for income producing purposes
 - be large enough to subdivide into more than one site under existing local zoning ordinances
- ◆ USDA can finance the construction of homes to include *new* manufactured homes through approved dealer-contractors. In certain circumstances, existing manufactured homes can also be considered for financing. Financing term of 30 years for manufactured homes.

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