

## Section 504 Loan and Grant Program

### **Section 504 Program Objectives:**

SECTION 504 LOANS AND GRANTS ARE INTENDED TO ASSIST VERY LOW INCOME HOUSEHOLDS IN RURAL AREAS REPAIR THEIR HOMES.

### **Loan Purposes:**

Loan funds may be used to make general repairs and improvements to properties or to remove health and safety hazards, as long the dwelling remains modest in size and design.

### **Grant Purposes:**

GRANT FUNDS MAY BE USED ONLY TO PAY THE COSTS FOR REPAIRS AND IMPROVEMENTS THAT WILL REMOVE IDENTIFIED SAFETY HAZARDS OR TO REPAIR OR REMODEL DWELLINGS TO MAKE THEM ACCESSIBLE FOR HOUSEHOLD MEMBERS WITH DISABILITIES.

### **Eligibility Requirements:**

#### **Section 504 Loans**

1. Must have the legal capacity to incur the obligation.
2. Applicants must demonstrate adequate repayment ability, as demonstrated by a budget completed by a Rural Development representative.
3. Adjusted household income must not exceed the applicable very low-income limit for the area. Your local Rural Development Office can advise you of the income limits for your 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. 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. Applicant must also lack the personal resources to meet their needs.
6. Must have a credit history that indicates a reasonable ability and willingness to meet debt obligations.

#### **Section 504 Grant**

1. Must meet eligibility requirements for Section 504 Loan, except #2 above.
2. Applicant must be 62 years of age or older at the time of application.
3. Must be unable to repay a Section 504 Loan (amortized over the maximum number of years).

**REV 3/13/07**