

## **LOANS AND GRANTS FOR HOME IMPROVEMENTS (504)**

Very Low income rural homeowners may be eligible for a loan or grant to make home improvements or repairs to bring the home up to modern standards or to remove health and safety hazards.

**Grants up to a maximum of \$7,500 are made only to elderly homeowners**, 62 years of age or older and funds may only be used for repairs or improvements that will remove identified health and safety hazards such as plumbing repair, septic replacement, roofing, electrical repairs, etc.

**Loans up to a maximum of \$20,000 are available for all eligible applicants** to improve or modernize dwellings in addition to removal of health and safety hazards such as room additions, kitchen remodeling, porch repairs, carpeting, etc. Maximum loan/grant combination is \$27,500.

### **ELIIBILITY REQUIREMENTS:**

- Must have adjusted income under the very low limit for size family and town the home is located in from the attached income limits.
- Must be a citizen or naturalized immigrant.
- Must own and occupy a modest (no in ground pool, income producing and under HUD limit) single family home in an eligible rural area from the attached list of eligible towns.
- Be unable to obtain a loan from a bank and lack personal resources such as cash, bonds, real estate, etc. to meet needs. Generally liquid assets up to \$7,500 and the home, auto or furnishings are excluded in reviewing personal resources.
- Have sufficient dependable income to repay the loan based on completed budget form enclosed..
- For grants, applicants must be 62 years of age and be unable to afford a loan based on the enclosed completed budget.

### **HOW TO APPLY:**

- Calculate and adjust all family income on the enclosed income worksheet and check against the income limits for the town (upper line) you are located in and the size of the household.
- Complete enclosed Form FmHA 410-4 "Uniform Residential Loan Application".
- Complete enclosed Form FmHA 1944-3 "Family Budget".
- Provide copies of ownership information to include deed and mortgage, if any. These may be obtained in the Town Clerk's office.
- Provide verification of all income from persons living in the home.
- Provide a detailed list of improvements to be done and estimates of work to be done if possible.
- Proof of age, a driver's license or birth certificate, if applying for a grant.

## **SECTION 504 LOANS AND GRANTS**

The following is a description of the eligibility criteria for the Rural Housing Service 504 program; home improvement and repair loans/grants. The purpose of this program is to provide necessary repairs and improvements to dwellings of qualified applicants. The requirements are as follows:

### **504 GRANT:**

1. Applicant must live in an eligible town.
2. Applicant must be 62 years of age or older.
3. Applicant must own and occupy a modest dwelling.
4. Applicant must be very low income and unable to repay a loan at a 1% annual interest rate.
5. The repairs and improvements to be made must be necessary to make the dwelling safe and sanitary and/or remove health and safety hazards.

### **504 LOAN:**

1. Applicant must live in an eligible town.
2. Applicant must be at least 18 years of age.
3. Applicant must own and occupy a modest dwelling.
4. Applicant must be very low income and able to repay a loan at a 1% annual interest rate.
5. The repairs and improvements to be made must be necessary to make the dwelling safe and sanitary and/or remove health and safety hazards.

A 504 loan can be approved for up to \$20,000 at a 1% interest rate which is payable over 20 years. A 504 Grant can be approved for a maximum life time amount of \$7500 and does not have to be paid back. The total assistance available through the Section 504 Program is \$27,500 which could consist of a combination loan and grant.

## **RATES, TERMS AND OTHER REQUIREMENTS**

All loans are written at 1%

Maximum term is up to 20 years

Payments are due monthly

Loans of \$7,500 or less are secured by a promissory note only

Loans of greater than \$7,500 are secured by a mortgage in the Town Clerk's office

Loans of greater than \$7,500 require a credit report, homeowners insurance and an attorney to close and certify mortgage position

Loans of greater than \$15,000 require an appraisal

Grants must be repaid if home is sold within 3 years

Those interested in applying may contact the USDA Rural Development Office at [www.rurdev.usda.gov/ma](http://www.rurdev.usda.gov/ma) or by mail by writing to Windsor Service Center, 100 Northfield Drive, 4<sup>th</sup> Floor, Windsor, CT 06095-4729 or by telephone at 1.860.688.7725, Ext. 4