

504 Direct Home Repair Program

The Single-Family Housing 504 Direct Home Repair Program provides loans to very-low-income homeowners to repair, improve, or modernize their homes and or provides grants to elderly very-low-income homeowners to remove health and safety hazards.

Loan funds are available to repair, improve, modernize, remove health and safety hazards, and/or remodel homes to make them accessible to household members with disabilities. The loan program offers up to \$40,000.00 at a 1% interest rate with repayment term of 20 years. All loans require a Promissory Note. Loans of \$7,500 or more require a Real Estate Mortgage. Loans less than \$7,500.00 are subject to a Real Estate Mortgage if determined necessary by loan officer. Rural Development does not require a first lien position. Applicants must have an acceptable credit history. Page two has a list of possible indicators or unacceptable credit. You can access a copy of your credit report by visiting <https://www.annualcreditreport.com> or by calling 1-877-322-8228.

Grant funds are available to applicants age 62 or older to remove health and safety hazards and/or remodel homes to make them accessible to household members with disabilities. The grant program offers up to \$10,000.00 (lifetime assistance). Grants must be repaid if the property is sold in less than years. Grants do not require a security interest.

ELIGIBILITY REQUIREMENTS:

- Property must be in an eligible rural area. **What is an eligible area:** Generally, rural areas with a population less than 35,000 are eligible. Visit the [USDA Income and Property Eligibility](#) website for complete details.
- Must own and occupy the home as primary residence.
- Meet citizenship or eligible noncitizen requirements.
- Must have adequate and dependable income.
- *Loan Eligibility is determined for all applicants. If applicants can repay a loan, a loan will be offered. If applicants can repay part, but not all of the costs of the project, applicants may be offered a loan and grant combination. If applicants cannot repay any costs associated with the project and are grant eligible, then a grant only will be offered.*
- Eligibility for Loan Assistance is determined by: The applicants legal capacity to incur debt obligations and are required to have an acceptable credit history.
- Eligibility for Grant Assistance is determined by: Applicants must be 62 years of age or older. They also need to fall at or below 30% of their area's adjusted median income and/or exceed 46% of their total debt to income ratio.
- Must have household income that does not exceed the very low income guidelines established for your county. See income limits below.

ADJUSTED MAXIMUM INCOME LIMITS: Based on Family Size

Counties	1-4 in household	5-8 in household	Maximum Property Value
Arenac, Clare, Iosco, Gladwin, Ogemaw, Roscommon, Huron, Sanilac, Bay, Tuscola and Gratiot	\$31,950.00	\$42,200.00	\$265,400.00
Isabella	\$32,950.00	\$43,500.00	\$265,400.00
Lapeer and St. Clair	\$39,250.00	\$51,850.00	\$265,400.00
Midland	\$40,250.00	\$53,150.00	\$265,400.00
Saginaw	\$31,950.00	\$42,200.00	\$265,400.00

If you think you may be eligible, you may contact Rural Development to discuss the next steps in the process.

Rural Development
1075 Cleaver Road
Caro, MI 48723
989-673-8173 x 4

Rural Development
240 W. Wright Street
West Branch, MI 48661
989-345-5470 x 4

Indicators of Unacceptable Credit

(For Loans Only)

- Little or no credit history. The lack of credit history on the credit report may be mitigated if the applicant can document a willingness to pay recurring debts through other acceptable means such as third-party verifications or canceled checks. Due to impartiality issues, third party verifications from relatives of household members are not permissible.
- Payments on any installment account where the amount of the delinquency exceeded one installment for more than 30 days within the last 12 months.
- Payments on any revolving account which was delinquent for more than 30 days on two or more occasions within the last 12 months.
- A foreclosure that has been completed within the last 36 months.
- An outstanding Internal Revenue Service (IRS) tax lien or any other outstanding tax liens with no satisfactory arrangement for payment.
- Two or more rent or mortgage payments paid 30 or more days late within the last 2 years. If the applicant has experienced no other credit problems in the past 2 years, only 1 year of rent history will be evaluated. This requirement may be waived if the program loan will reduce shelter costs significantly and contribute to improved repayment ability.
- Outstanding collection accounts with a record of irregular payments with no satisfactory arrangements for repayment, or collection accounts that were paid in full within the last 6 months, unless the applicant had been making regular payments previously.
- Non-Agency debts written off within the last 36 months, unless the debt was paid in full at least 12 months ago.
- Agency debts that were debt settled within the past 36 months or are being considered for debt settlement.
- Delinquency on a federal debt.
- A court-created or court-affirmed obligation or judgment caused by nonpayment that is currently outstanding or has been outstanding within the last 12 months, except:
 - A bankruptcy in which:
 - Debts were discharged more than 36 months prior to the date of application; or
 - Where an applicant successfully completed a bankruptcy debt restructuring plan and has demonstrated a willingness to meet obligations when due for the 12 months prior to the date of application.
 - A judgment satisfied more than 12 months before the date of application.

An applicant with an outstanding judgment obtained by the United States in a Federal court, other than the United States Tax Court, is not eligible for a Section 502 loan. This requirement is statutory and cannot be waived.