USDA 502 Direct Fact Sheet

• What does the program do?
  o The program assists low- and very-low-income applicants obtain decent, safe and affordable housing in eligible rural areas by providing assistance to increase repayment ability.

• How do I know my area is eligible?
  o Visit the USDA Income and Property Eligibility website.

• Who may apply for this program?
  o Applicants interested in obtaining a direct loan must have an adjusted income that is at or below the applicable low-income limit for the area where they wish to buy a house and must demonstrate a willingness and ability to repay debt.

• What qualifies me for the program?
  o Agree to occupy the property as your primary residence
  o Have the legal capacity to incur a loan obligation
  o Meet citizenship or eligible noncitizen requirements
  o Not be suspended or debarred from participation in federal programs

• What kind of home can I buy with a Direct Loan?
  o Generally be 1,800 square feet or less
  o Not have market value in excess of the applicable area loan limit
  o Not have in-ground swimming pools
  o Not designed for income producing activities

• How may the Direct Funds be used?
  o Loan funds may be used to help purchase homes in rural areas.

• How much can I borrow?
  o The maximum loan amount an applicant may qualify for will depend on repayment ability and the Area Loan Limits for the county in which the property is located.

• What is the interest rate and payback period?
  o Fixed interest rate based on current market rates at loan approval and income
  o 33-38 year payback period
  o Interest rate, when modified by payment assistance, can be as low as 1%

• How much down payment is required?
  o No down payment is typically required. Applicants with assets higher than the asset limits may be required to use a portion of those assets as a down payment.

• How long does the process take?
  o Processing times vary depending on funding availability and program demand

• How do I apply?
  o Colorado applicants, please call 719-589-1680 and speak with Jordan Barker or Ty Coleman.
  o Applications are accepted year round, there is no deadline to apply.

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