



United States Department of Agriculture

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May 4, 2018

Dear Township Official:

I would like to share information with your board so that you may have a referral option for households looking to move to your area or for residents living in your area who need to make home repairs.

I'm please to tell you about the Section 502 Direct Loan program which has loan funds available for very-low and low-income applicants who are interested in purchasing a home in rural Minnesota. The Section 504 Home Repair program offers to very-low current homeowners a 1% interest repair loan for those whose homes need essential repairs. Applicants for these programs must be unable to obtain sufficient credit elsewhere and have non-retirement assets less than \$15,000 for non-elderly or less than \$20,000 for elderly households.

**Applicants interested in purchasing a home:** The Section 502 Direct Loan Program offers subsidized loans with affordable monthly payments in rural areas. Home loans may be used to purchase a new or existing home or build a new home. To qualify, applicants must meet RD income limits, have adequate and dependable income, have an acceptable credit history, be unable to obtain sufficient credit from other sources, and show repayment ability. Applicants not currently own a dwelling, or their existing dwelling is inadequate, and they must occupy the property that is being financed. The property must not have a market value in excess of the area loan limit (see attached map), must not meet the standard 2,000 square feet (above grade) living area, and not have a prohibited feature (in-ground pool or income-producing feature). The site must not be large enough to be subdivided.

A few program highlights:

- No minimum credit score – nontraditional credit can be used.
- Loans up to 100% of appraised value – no down payment required!
- Our current fixed interest rate is 3.75%.
- Low closing costs (typically \$3,500 or less)
- Monthly payments are based on household income and interest rates and could be as low as 1% for borrowers who qualify for an interest rate subsidy.
- Applications are filed with local Rural Development offices (see attached map).

**Applicants whose home needs repairs:** The Section 504 Home Repair Program offers low interest loans to homeowners in rural areas to repair, improve, or

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**Rural Development**

110 Buchanan St N • Cambridge, MN 55008  
Voice (763) 689-3354 • Fax (855) 804-4097

USDA is an equal opportunity provider, employer and lender.

modernize their homes. To qualify, applicants must own and occupy the home; must meet Rural Development's income limits. These funds can be used in partnership with funds from other public or non-profit sources.

For loan eligibility, applicants must also have a credit history that indicates an ability and willingness to meet debt obligations, show repayment ability, be unable to afford a conventional loan and live in a community with a population of 20,000 or less. The total debt ratio for a loan cannot exceed 46%. The minimum initial loan amount is \$1,000 and the maximum loan amount is \$20,000 at a 1% interest rate for a term of 20 years. For loan amounts over \$7,500 a mortgage is required, and the loan must be closed at a title company.

Grants are limited to elderly homeowners over the age of 62, and grant funds can only be used to remove health or safety hazards or remodel dwellings to make them accessible to household members with disabilities. The maximum lifetime grant is \$7,500 and grants must be repaid if the home is sold or transfers title within 3 years.

A few program highlights:

- Maximum loan/grant combination is \$27,500.
- A loan of \$5,000 amounts to a monthly payment of \$23/month.
- Work is done by a licensed contractor.
- Applications are filed with local Rural Development offices (see attached map).

Attached are brochures for both programs. If you can share this information through a newsletter or adding information to your website, I would be happy to work with you to provide this information in a better format.

If you have any questions or would like more information please contact me at [dana.rauschnot@mn.usda.gov](mailto:dana.rauschnot@mn.usda.gov), (763) 689-3354 ext. 4 or visit [www.rd.usda.gov/mn](http://www.rd.usda.gov/mn).

Sincerely,

  
Dana Rauschnot  
Area Specialist

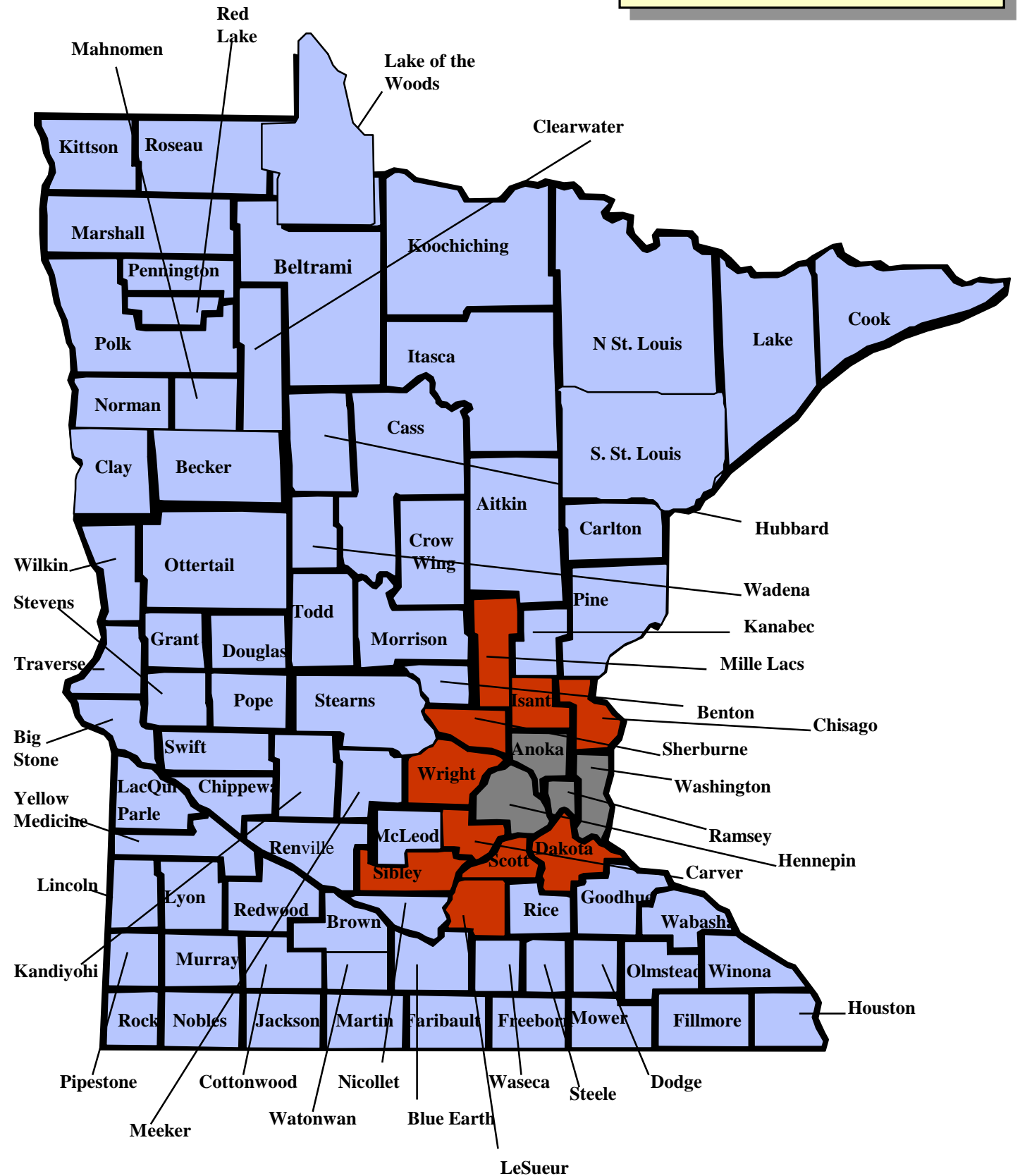
Enclosures

## 2018 Minnesota Area Loan Limits

### EFFECTIVE January 17, 2018

## 2018 Minnesota Area Loan Limits

### EFFECTIVE January 17, 2018



**\$235,612**

**\$285,200**

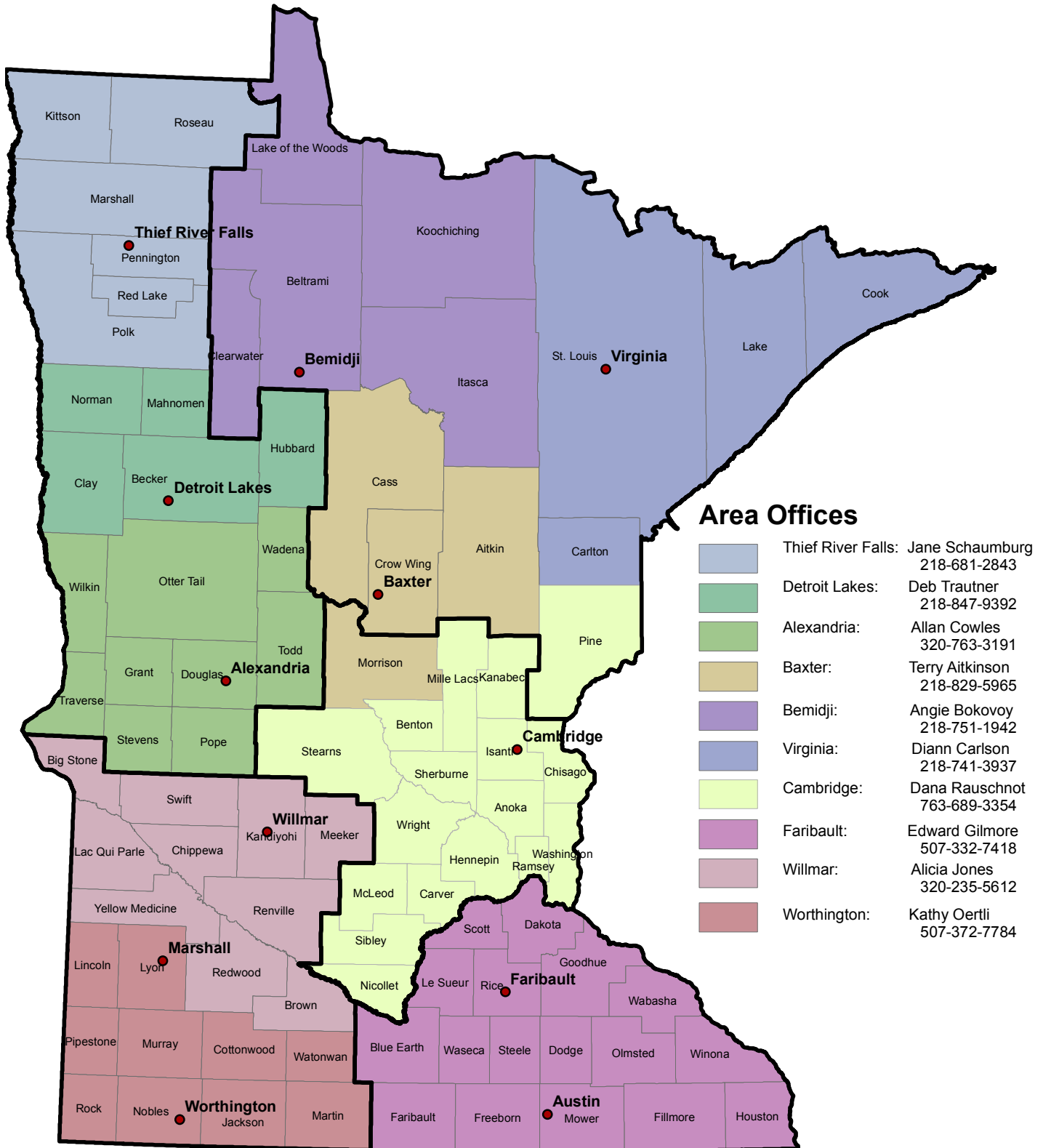
**Ineligible**



# Minnesota Rural Development—

## Section 502 and 504 Direct

### Single Family Housing Contacts





**ATTENTION**  
**LOW-INCOME  
FAMILIES WHO  
WISH TO PURCHASE  
A HOME OF THEIR  
OWN:**

**Affordable  
payments**

Loans may be  
made up to  
**100%**  
of the market value

Terms of up to  
**38 years**

Applications are  
filed with the local  
Rural Development  
area office



Visit our website for more information:

[www.rurdev.usda.gov](http://www.rurdev.usda.gov)

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USDA Rural Development

110 Buchanan St. N.

Cambridge, MN 55008

Phone: (763) 689-: (855) 804-4097

**USDA Rural  
Development  
Direct Home Loan**



**Affordable home loans  
for low-income  
families in greater  
Minnesota**

***Making the American Dream possible!***

*"To increase economic opportunity and improve the quality of life for all rural Americans."*

#### Highlights of the program:

- Applications are filed with local Rural Development offices.
- Loans may be made up to 100% of the market value.
- Interest rate is fixed for the life of the loan.
- Monthly payments may be reduced with payment assistance.
- Mortgages are for 30, 33 or 38 year terms.
- Loans may not exceed the maximum loan amount for the county.
- Approved Homebuyer education classes are required prior to loan closing.

#### The following eligibility requirements apply:

- You must be a person who does not own a dwelling or own a dwelling that is not adequate.
- You must personally occupy the property financed as your permanent residence.
- You must have adequate and dependable income.
- Your adjusted family income cannot exceed 80% of the median county income.
- You must be a US citizen or a non-citizen legally admitted for permanent residence or on an indefinite parole.
- You must possess legal capacity to incur the loan obligation.
- You must live in a rural area or a community with a population of 20,000 or less.
- You must demonstrate a positive credit history.

*Homeownership is just a phone call away!  
Call today!*

USDA Rural Development  
110 Buchanan St. N.  
Cambridge, MN 55008  
Phone: (763) 689-3354, ext. 4  
Fax: (855) 804-4097  
[www.rurdev.usda.gov/mn/](http://www.rurdev.usda.gov/mn/)

HH Size	1	2	3	4	5	6	7	8
<b>Benton and Stearns</b>	\$41,000	\$46,850	\$52,700	\$58,550	\$63,250	\$67,900	\$72,600	\$77,300
<b>Carver, Chisago, Isanti, Sherburne, Wright, Counties (listed below)</b>	\$47,600	\$54,400	\$61,200	\$68,000	\$73,450	\$78,900	\$84,300	\$89,750
<b>Kanabec, Mille Lacs, Pine Counties (listed below)</b>	\$36,600	\$41,800	\$47,050	\$52,250	\$56,450	\$60,600	\$64,800	\$68,950
<b>McLeod</b>	\$41,350	\$47,300	\$53,200	\$59,100	\$63,850	\$68,550	\$73,300	\$78,000
<b>Nicollet</b>	\$43,700	\$49,900	\$56,150	\$62,400	\$67,400	\$72,400	\$77,400	\$82,350
<b>Sibley</b>	\$39,100	\$44,700	\$50,250	\$55,850	\$60,300	\$64,800	\$69,250	\$73,700



**ATTENTION**  
**LOW-INCOME**  
**FAMILIES WHO OWN**  
**A SINGLE FAMILY**  
**HOME IN NEED OF**  
**REPAIR:**

Low interest  
loans for  
essential repairs

Grants available to  
remove health and  
safety concerns

Terms of  
20 years

Applications are  
filed with the local  
Rural Development  
area office



Visit our website for more information:

[www.rurdev.usda.gov](http://www.rurdev.usda.gov)

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employer, and lender."

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USDA RURAL DEVELOPMENT

110 Buchanan St. N

Cambridge, MN 55008

Phone: (763) 689-3354, ext 4 | Fax: (855) 804-4097

**USDA Rural Development**  
**Home Improvement Loans**  
**and grants**



Low income families in  
greater Minnesota may  
obtain low interest rate  
loans and grants for  
repairs and home  
improvements

***Improving homeownership!***

*"To increase economic opportunity and improve the quality of life for all rural Americans."*

### Highlights of the program:

- Applications are filed with local Rural Development offices.
- Loans will bear a 1% interest rate for a term of 20 years.
- A mortgage will be required for loans in excess of \$7,500.
- Maximum home improvement loan may be made up to 100% of market value.
- Loan/grant funds may be utilized with funds from other private or public funding sources.
- Grants are available to remove health and safety concerns to a home and are limited to applicants that are 62 years of age or older.

### The following eligibility requirements apply:

- You must own a single family dwelling in need of repair.
- You lack personal resources which can be utilized to pay for needed repairs.
- Your household income cannot exceed 50% of the median county income.
- You must be a US citizen or a non-citizen legally admitted for permanent residence or on an indefinite parole.
- You must possess legal capacity to incur the loan obligation.
- You must be 62 years of age or older to qualify for a grant or combination loan and grant.
- You must live in a rural area or a community with a population of 20,000 or less.
- You must demonstrate a positive credit history.

*Don't put off those home repairs any longer!  
Call today!*

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HH Size	1	2	3	4	5	6	7	8
Benton	\$25,650	\$29,300	\$32,950	\$36,600	\$39,550	\$42,500	\$45,400	\$48,350
Carver, Chisago, Isanti, Sherburne, Wright, Counties (listed below)								
	\$31,650	\$36,200	\$40,700	\$45,200	\$48,850	\$52,450	\$56,050	\$59,700
Kanabec, Mille Lacs, Pine Counties (listed below)								
	\$22,900	\$26,150	\$29,400	\$32,650	\$35,300	\$37,900	\$40,500	\$43,100
McLeod	\$25,900	\$29,600	\$33,300	\$36,950	\$39,950	\$42,900	\$45,850	\$48,800
Nicollet	\$27,300	\$31,200	\$35,100	\$39,000	\$42,150	\$45,250	\$48,400	\$51,500
Sibley	\$24,450	\$27,950	\$31,450	\$34,900	\$37,700	\$40,500	\$43,300	\$46,100
Stearns	\$25,650	\$29,300	\$32,950	\$36,600	\$39,550	\$42,500	\$45,400	\$48,350