



Rural Housing Service Single Family Housing *Louisiana*

Section 504 Rural Housing Loan and Grant Program

The objective of the Section 504 Rural Housing loan/grant program is to assist eligible very low-income owner occupants in rural areas repair their single family home. Grant funds may be used only to pay costs for repairs and improvements that will remove identified health and safety hazards, or to repair or remodel dwellings to make them accessible and useable for household members with disabilities. Loan funds may be used to make general repairs and improvements to properties or to remove health and safety hazards. Homes repaired with Section 504 loan or grant funds must remain modest in size and design.

A rural area is open country which is not part of, or associated with an urban area; has a population not in excess of 10,000, if it is rural in character; or has a population in excess of 10,000 but not in excess of 25,000, and has a serious lack of mortgage credit for low- and moderate-income households.

Maximum loan assistance outstanding to any owner occupant for initial or subsequent Section 504 loans may not exceed a cumulative total of \$20,000. The interest rate is one (1) percent. Loan terms will not exceed 20 years, and are based on borrower's repayment ability. A loan made in combination with a grant must have a repayment term of 20 years.

Lifetime assistance to any owner occupant for initial or subsequent Section 504 grants may not exceed a cumulative total of \$7,500.

Eligibility requirements:

- ✓ Applicant must have an adjusted income that does not exceed the applicable very low-income limits for the parish where the loan/grant will be made (below 50 percent of the area median income).
- ✓ Applicant must own and occupy a single family dwelling, which is located in a rural area and is in need of repair or modernization.

- ✓ Applicant must be unable to obtain financial assistance from other non-Rural Development credit or grant sources and lack the personal resources to do the repairs.
- ✓ Applicant must have a credit history that indicates a reasonable ability and willingness to meet obligations.
- ✓ For grant assistance, applicant must be 62 years of age or older and unable to repay a 504 loans.

Repaired properties do not need to meet other Rural Housing Service (RHS) code requirements, but the installation of water and waste systems and related fixtures must meet local health department requirements. Water supply and sewage disposal systems should normally meet RHS requirements. Repaired properties must remain modest and all work must be completed in accordance with local codes and standards. They need not be brought to Agency development standards, nor must all of the existing hazards be removed, provided the property does not continue to have major health or safety hazards after the planned repairs are made.

Authorized loan and grant purposes include, but are not limited to, the following:

- ✓ Installation or repair of sanitary water and waste disposal systems, together with related plumbing and fixtures, which will meet local health department requirements.
- ✓ Payment of reasonable connection fees or prorated installation costs, which may include assessments for utilities (i.e. water, sewer, electricity, or gas), and are required to be paid by the applicant and cannot be paid from other funds.
- ✓ Energy conservation measures, such as insulation and combination screen-storm windows and doors.
- ✓ Repair or replacement of heating system.
- ✓ Electrical wiring.
- ✓ Repair of, or provision for, structural supports.
- ✓ Repair or replacement of roof.

- ✓ Replacement of deteriorated siding.
- ✓ Payment of incidental expenses, such as surveys, title clearance, loan closing, etc.
- ✓ Repair or remodel house to make accessible and useable for persons developmentally disabled.
- ✓ Necessary repairs to mobile/manufactured homes (must be on permanent foundations, or will be put on permanent foundation with Section 504 funds.)

Restrictions on the use of 504 funds:

- Assist in the construction of a new dwelling.
- Make repairs to a dwelling, which will continue to have major hazards after the repairs are completed.
- Move a mobile home or manufactured home from one site to another.
- Pay for any off-site improvements except for necessary installation and assessment costs for utilities.
- Refinance any debt or obligation incurred before the date of application (except for payment of the installation and assessment costs of utilities).
- Purchase or install equipment in the property (e.g., ranges, refrigerators, washers, or dryers).
- Pay packaging fees to for-profit entities.
- Provide site preparation (e.g., grading, foundation plantings, seeding or sodding, trees, walks, yard fences, or driveways to a building site).



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