

Are you interested in becoming a homeowner?

Many individuals and families who live in rural communities have been unable to purchase a home using conventional financing. Often their income is too low and/or they cannot save the required 5% to 10% down payment. The Rural Development 502 Direct Housing Loan Program is aimed at assisting these potential homeowners.

Rural Development offers Payment Assistance to qualified applicants to assist them in obtaining and retaining adequate housing.

Rural Development provides loans for the purchase of homes to low and very low income applicants in rural areas with populations of 10,000 or less. Certain areas with populations of 10,000 to 20,000 may also be eligible.

How are loan funds used?

Loan funds are used to purchase, purchase and repair, or build a single family housing dwelling in selected rural areas. A single family housing dwelling may also be a new manufactured home, modular, townhouse, condominium, or a duplex.

The loan and appraised value cannot exceed our established Area Loan Limit for the county. Houses with in-ground pools cannot be financed. USDA Rural Development requires that the site must be of a size that it cannot be subdivided into two or more adequate sites under existing zoning ordinance requirements, be customary for the areas, and not exceed 30% of the appraised value. Most houses financed by Rural Development are on normal sized community lots.

What are the terms?

Loans are made for 33 years at a fixed interested rate for up to 100% financing. In certain cases, 38 year loans may be made if the applicant is very low income and cannot meet repayment terms for 33 years. Manufactured housing loans have a 30 year term.

(revision date 2/5/09)

What are the eligibility requirements?

An applicant's income cannot exceed 80% of the median income limit established for the county where the home is located and number of people in the family.

Applicants cannot currently own adequate housing. Many are first time homebuyers.

The applicant must have good credit, have sufficient income to repay the loan and other debts, and be unable to qualify for conventional financing.

What fees will the applicant pay?

Rural Development does not require a down payment. The borrower is expected to pay for typical loan closing expenses. The applicant is required to pay for a credit report when an application is made. (\$25.00 for single and \$34.00 joint). The applicant will be charged \$325 for an appraisal fee and \$119 for a tax service fee, and two months of taxes and insurance cushion amount in addition to other closing expenses. Borrowers may use gift money to pay closing costs. These fees may, in come cases be included in the total loan amount.

Unacceptable credit history indicators:

- No credit history – An applicant can demonstrate a credit history based non-traditional credit histories
- Incidents of more than 2 debt payments more than 30 days late within the last 12 months
- A foreclosure completed within the last 36 months
- Outstanding IRS or other outstanding tax lien with no payment arrangement. Delinquent on a Federal debt.
- Two or more rent payments paid 30 days late within the last two years.
- Outstanding collections
- Non agency debts written off within the last 36 months.
- Court created or affirmed obligation or judgment that is outstanding within the last 12months except:
**A bankruptcy in which (A) debts were discharged more than 36 months prior (B) Where an applicant has willingness to meet obligations when due for the 12 months prior to date of application.
**A judgment satisfied more than 12 months prior to the date of application.

How and where do you apply?

Rural Development has 5 Area and 4 Sub-Area Offices located throughout Michigan. Each office handles loan processing for several counties. Contact the office which serves the county where you plan to purchase your home.

Caro Area Office – (989) 673-7588, Ext. 6

1075 Cleaver Road, P.O. box 291, Caro, MI 48723
(Bay, Gratiot, Huron, Lapeer, Saginaw, Sanilac, St. Clair, Tuscola counties)

West Branch Sub-Area Office – (989) 345-5470 Ext. 4

240 W. Wright Street, West Branch, MI 48661
(Arenac, Clare, Gladwin, Iosco, Isabella, Midland, Ogemaw, Roscommon counties)

Gladstone Area Office – (906) 428-1060, Ext. 6

2003 Minneapolis, P.O. Box 231, Gladstone, MI 49837

Sault Ste. Marie Sub-Area Office–(906) 632-9611Ext. 4

2847 Ashmun, Sault Ste. Marie, MI 49783
(Alger, Baraga, Cheboygan, Chippewa, Delta, Dickinson, Emmet, Gogebic, Houghton, Iron, Keweenaw, Luce, Mackinaw, Marquette, Menominee, Ontonagon, Presque Isle, Schoolcraft counties)

Grand Rapids Area Office – (616) 942-4111, Ext. 6

3260 Eagle Park Drive, Ste 107, Grand Rapids, MI 49525
(Ionia, Kent, Mecosta, Montcalm, Muskegon, Oceana, Ottawa counties)

PawPaw Sub-Area Office – (269) 657-7055, Ext. 4

1035 E. Michigan Avenue, PawPaw, MI 49079
(Allegan, Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, Newaygo, Ottawa, St. Joseph, Van Buren counties)

Mason Area Office – (517) 676-1801, Ext. 6

525 N. Okemos Street, Suite B, Mason, MI 48854
(Eaton, Ingham, Hillsdale, Jackson, Lenawee, Monroe, Washtenaw, Wayne counties)

Flint Sub-Area Office – (810) 230-8766, Ext. 4

1525 North Elms Road, Flint, MI 48532
(Clinton, Genesee, Livingston, Macomb, Oakland, Shiawassee counties)

Traverse City Area Office – (231) 941-0951, Ext. 6

1501 Cass Street, Traverse City, MI 49684
(Alcona, Alpena, Antrim, Benzie, Charlevoix, Crawford, Grand Traverse, Kalkaska, Lake, Leelanau, Manistee, Mason, Missaukee, Montmorency, Osceola, Oscoda, Otsego and Wexford counties)

Income Limits

County	Family Size/Income Limits			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Washtenaw	43050	49200	55350	61500
Calhoun	32600	37250	41900	46550
Bay	31250	35700	40200	44650
Barry	33800	38650	43450	48300
Benzie	29300	33500	37650	41850
Branch	29350	33500	37700	41900
Berrien	30850	35300	39700	44100
Cass	30400	34750	39100	43450
Charlevoix	30150	34450	38750	43050
Delta	29400	33600	37800	42000
Emmett	32850	37550	42250	46950
Genesee	32400	37000	41650	46250
Grand Traverse	34950	39900	44900	49900
Hillsdale	30150	34450	38750	43050
Ionia	32850	37550	42250	46950
Isabella	30650	35000	39400	43750
Jackson	33450	38200	43000	47750
Leelanau	35650	40750	45850	50950
Lenawee	43050	49200	55350	61500
Livingston	43050	49200	55350	61500
Marquette	30050	34300	38600	42900
Midland	36200	41350	46550	51700
Otsego	30150	34500	38800	43100
Ottawa	39100	44700	50250	55850
Saginaw	31250	35700	40200	44650
St. Joseph	30250	34550	38900	43200
Shiawassee	32300	36900	41550	46150
Tuscola	30700	35100	39450	43850
Lapeer, Macomb	39150	44750	50350	55900
Oakland, Monroe				
St. Clair, Wayne				
Allegan, Kent	34800	39750	44750	49700
Muskegon				
Clinton, Eaton	36350	41500	46700	51900
Ingham				
Kalamazoo	33950	38800	43650	48500
Van Buren				
All other Counties	28650	32750	36850	40950

(For family size over 4 contact an office in your area for income limits)

Loan Limits

County	Loan Limit	County	Loan Limit
Allegan	169500	Antrim	157600
Barry	167500	Berrien	172500
Branch	168700	Calhoun	172000
Cass	166500	Charlevoix	156500
Eaton	180000	Emmet	154800
Gratiot	160000	Hillsdale	163000
Ingham	185000	Isabella	160000
Jackson	172500	Kalamazoo	176500
Lake	157300	Leelanau	181800
Lenawee	192400	Livingston	226100
Macomb	203600	Mason	163400
Mecosta	155000	Monroe	203600
Montcalm	166000	Oakland	226100
Oceana	158000	Otsego	150000
Ottawa	190000	Shiawassee	170000
St. Joseph	161900	Van Buren	167200
Washtenaw	223900	Wayne	198000
Wexford	160900		

Alcona, Alpena, Arenac, Clare, Crawford 148000
 Gladwin, Iosco, Montmorency, Ogemaw,
 Oscoda, Presque Isle, Roscommon
 Alger, Baraga, Delta, Dickinson, Gogebic, 147800
 Houghton, Iron, Keweenaw, Luce,
 Marquette, Menominee, Ontonagon,
 Schoolcraft
 Bay, Huron, Midland, Sanilac, Tuscola 160000
 Benzie, Cheboygan, Kalkaska, Manistee 158900
 Chippewa, Mackinac 142900
 Clinton Genesee, Ionia, Kent, Saginaw 170000
 Grand Traverse 168400
 Muskegon Newaygo 162000
 Lapeer, St. Clair 180000
 Missaukee, Osceola 155900

USDA, Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to: USDA, Office of Civil Rights, 1400 Independence Avenue SW, Washington DC 20250-9410.



UNITED STATES DEPARTMENT OF AGRICULTURE
HOME OWNERSHIP LOANS
SECTION 502 DIRECT
SINGLE FAMILY
HOUSING LOANS



STATE ADMINISTRATIVE OFFICE

3001 Coolidge Rd., Suite 200, East Lansing, MI 48823

COM: (517) 324-5210 FAX: (517) 324-5225

TDD: (800) 649-3777 Toll Free: 1-800-944-8119

Toll Free: 1-888-771-6993

Rural Development online: <http://www.rurdev.usda.gov/mi>

Log onto the website for maps indicating eligible areas throughout Michigan:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>