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## The Section 502 Direct Loan Program

Assists low- and very-low-income applicants obtain safe, decent, and affordable housing in eligible rural areas through payment assistance.

- Assistance is determined by the adjusted family income for the rural area in which the house is located
- Funds may be used to purchase homes and can also be used to build, repair, renovate or relocate a home, or to purchase and prepare housing sites.
- Rural areas are typically defined as having populations less than 35,000.
- This program is offered through USDA Rural Development. Habitat for Humanity of Iowa serves as a loan packager, helping interested applicants compile and complete the application packet. Final loan decisions are made by USDA Rural Development.



USDA and Habitat for Humanity are equal opportunity providers, employers, and lenders.

## Who We Are

### About Us

Habitat for Humanity of Iowa is dedicated to eliminating substandard housing locally and worldwide through constructing, rehabilitating and preserving homes; by advocating for fair and just housing policies; and by providing training and access to resources to help families improve their shelter conditions. Habitat for Humanity was founded on the conviction that every man, woman and child should have a simple, durable place to live in dignity and safety, and that decent shelter in decent communities should be a matter of conscience and action for all.

### Contact Us

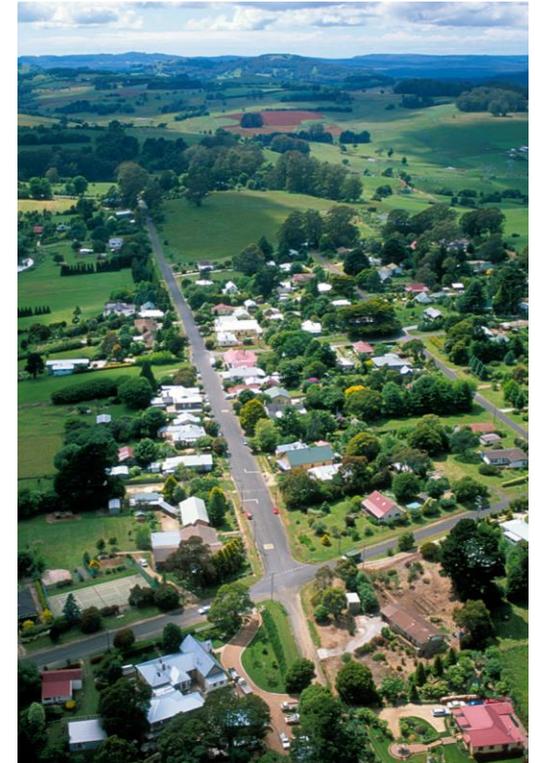
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## Rural Home Loans (Direct Program)

SERVING HOMEBUYERS  
IN RURAL IOWA

Section 502 Direct Loan  
USDA Rural Development



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## Program Overview

### Applicants Must:

- Have an adjusted income at or below area low-income limit and be willing to repay debt
- Currently be without decent, safe, and healthy housing
- Be unable to obtain a loan through other sources for reasonable terms and conditions
- Agree to occupy the property as their primary residence
- Meet citizenship or eligible noncitizen requirements
- Not be suspended or barred from participation in federal programs
- Be legally capable of incurring a loan obligation

### Program Properties Must:

- Be located in a rural area (generally having a population less than 35,000)
- Be modest in size for the area (generally 2,000 square feet or less)
- Not have market value in excess of the applicable area loan limit
- Not have in-ground swimming pools
- Not be designed for income producing activities

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### *Habitat for Humanity's Vision:*

*"A world where everyone has a decent place to live."*

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### Other Program Information:

- Fixed interest rate based on current market rates at loan approval or loan closing, whichever is lower
- Interest rate when modified by payment assistance can be as low as 1%
- Up to 33-year payback period; 38-year payback period for very-low income applicants who cannot afford the 33-year loan term
- Applications taken year-round
- Application process time varies depending on funding availability, program demand, and completeness of application package
- Down payment is typically not required



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### Habitat Iowa's Services

Habitat for Humanity of Iowa will receive \$350 for packaging the loan. The fee will only be due if USDA approves the applicant for a loan and the loan closes. Habitat Iowa will assist you in finding means to cover the fee from various sources. Under certain circumstances, part or all of this fee may be included in the applicant's loan.

Applicants are not required to work with a loan application packager to receive assistance from USDA. You may work directly with USDA and avoid the loan application packaging fee. Working with Habitat Iowa provides the applicant with the following benefits:

- We will act as an advocate and go-between the applicant and USDA
- We will make sure the applicant's paperwork is properly completed, which should shorten the time it takes for USDA to make a loan decision
- We may be able to pair this program with one or more of our other housing programs to further subsidize the loan

Call us today at [515-266-6886](tel:515-266-6886) to learn more about this program and how to apply!