



United States Department of Agriculture  
[www.rurdev.usda.gov/ca](http://www.rurdev.usda.gov/ca)

## Direct Single Family Housing (SFH) Program

The **502 Direct Loan Program** is intended to provide very low- and low-income persons who do not currently own adequate housing and who cannot obtain other credit, the opportunity to acquire adequate but modest, decent, safe and sanitary dwellings; build, rehabilitate, improve or relocate dwellings in rural areas. Improvements financed with loan funds must be on land which, after closing, is part of the security property. Modest housing is considered to be area living space of:

- 2,000 SF regardless of the rooms numbers
- Properties with pool are not considered modest

Direct SFH program funds are made only in rural areas designated by USDA Rural Development.

Income from net family assets must be included in the calculation of annual and repayment income. Net family assets also are considered in determining whether a down payment is required.

The applicant or borrower must disclose any known relationship or association with a USDA Rural Development employee when such information is requested.

At the time of loan approval, the household's adjusted income must not exceed the applicable low-income limit for the area.

The applicant must be a United States citizen or a non-citizen who qualifies as a legal alien as defined in USDA Rural Development 3550 regulations.

Applicants must agree to and have the ability to occupy the dwelling on a permanent basis.

Current homeowners are not eligible for initial loans.

Applicants must have the legal capacity to incur the loan obligation or have a court appointed guardian or conservator who is empowered to obligate the applicant in real estate matters.

Applications from applicants who have been suspended or debarred from participation in federal programs will be handled in accordance with 7 CFR part 3017.

11661 Blocker Drive, Suite 120, Auburn, CA 95603  
Phone: (530) 885-6505, Extension 114 • Fax: (844) 206-6799 • TDD: (530) 792-5848

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Rural Development is an Equal Opportunity Provider, Lender and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410





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The applicant must demonstrate adequate and dependably available income. The determination of income dependability will include consideration of the applicant's past history of annual income.

Applicants must be unable to secure the necessary credit from other sources on terms and conditions that the applicant could reasonably be expected to fulfill. Applicants must have a credit history that indicates reasonable ability and willingness to meet financial obligations. An applicant with an outstanding judgment obtained by the United States in a Federal court, other than the United States Tax Court, is not eligible for a loan or grant with USDA Rural Development. A record of slow payments, judgments, collections, bankruptcies, repossession, etc. is considered unfavorable. If your credit history is unacceptable, it is advisable for you to wait and file an application when you have established a good credit rating.

The total secured indebtedness must not exceed the Modest Housing Limit for the area or market value limitations, whichever is lower.

The standard term for a 502 loan is 33 years. However, loans may be made for a shorter term and in certain cases for 38 years. Ten years for loans not exceeding \$2,500. Thirty years for manufactured homes. Each loan is made at the note rate established by the Agency under § 501 of the Housing Act of 1949, as amended, and outlined in RD Instruction 440.1. Loans will be written using the applicable USDA Rural Development interest rate in effect at loan approval or loan closing, whichever is lower.

Payment subsidies are available to some borrowers to reduce their monthly loan payments. Payment subsidies are subject to recapture when the borrower transfers title or ceases to occupy the property.

There are costs associated with the credit report, appraisal, title insurance, title and escrow processing, first full year of home owner's insurance and other related closing costs. The credit report fee is always paid by the applicant. Costs pertaining to the appraisal, escrow and loan closing may be included in the loan amount. You may negotiate with the seller to contribute a percentage toward closing costs. Any agreement with the seller should be entered into prior to signing and documented in, the purchase agreement or sales contract.

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The **504 direct loan and grant program** is intended to provide funds to help very low-income owner-occupants in rural areas who cannot obtain other credit to repair or rehabilitate their properties. To be eligible, the applicant must have an adjusted income that is at or below the applicable very low-income limit and meet other eligibility requirements similar to those for Section 502 loans.

The 504 program offers grants to owner-occupants who are 62 or older who cannot obtain a loan to correct health and safety hazards or to make the home accessible to household members with disabilities. Grants may be determined available only to eligible applicants who are 62 years of age and older. Recipients may receive multiple grants, up to a lifetime maximum of \$7,500.

The Section 504 loan funds may be used to make general repairs and improvements to properties, and to remove health and safety hazards, as long as the home remains modest in size and design. Applicants may obtain multiple Section 504 loans, but the sum of the outstanding balance on all Section 504 loans cannot exceed \$20,000. The loans have a maximum term of 20 years and an interest rate of 1 percent.

USDA Rural Development makes a conscientious 504 loan and grant determination after analyzing and verifying income, credit and personal and cash flow.

The following documents are attached. Please complete and return these documents to your local area office located at:

USDA Rural Development, 11661 Blocker Drive, Suite 120, Auburn CA, 95603:

- (1) Pre-Qualification Information Sheet
- (2) Form RD 3550-1, Authorization to Release Information

Each adult member of the household must sign their own form.

**[Return this form to USDA Rural Development with original signature(s)]**

We have also attached USDA Rural Development's Adjusted Income Limits and Modest Housing Limits for your convenience.

If you have any questions, please call Robert at 530-217-6252

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**ADJUSTED INCOME AND MODEST HOUSING LIMITS ATTACHMENT**

HB-1-3550, APPENDIX 9  
STATE: CALIFORNIA

(06-15-2016) SPECIAL PN

-----ADJUSTED INCOME LIMITS-----

County	Income Level	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
<b>El Dorado</b>	Very Low	38050	38050	38050	38050	50250	50250	50250	50250
	Low	60900	60900	60900	60900	80400	80400	80400	80400
<b>Nevada</b>	Very Low	38350	38350	38350	38350	50650	50650	50650	50650
	Low	61350	61350	61350	61350	81000	81000	81000	81000
<b>Placer/ Sacramento</b>	Very Low	38050	38050	38050	38050	50250	50250	50250	50300
	Low	60900	60900	60900	60900	80400	80400	80400	80400
<b>Sierra</b>	Very Low	35150	35150	35150	35150	46400	46400	46400	46400
	Low	56250	56250	56250	56250	70950	70950	70950	70950
<b>Mono</b>	Very Low	40600	40600	40600	46400	53600	53600	53600	53600
	Low	64950	64950	64950	64950	85750	85750	85750	85750
<b>Alpine</b>	Very Low	43200	43200	43200	43200	57050	57050	57050	57050
	Low	68000	68000	68000	68000	89750	89750	89750	89750
<b>Calaveras</b>	Very Low	35100	35100	35100	35100	46350	46350	46350	46350
	Low	56150	56150	56150	56150	74100	74100	74100	74100
<b>Amador</b>	Very Low	36150	36150	36150	36150	47750	47750	47750	47750
	Low	56150	56150	56150	56150	76350	76350	76350	76350

**Modest Housing Limits – Effective January 6, 2017**

County	Modest Housing Limit
<b>El Dorado</b>	\$391,000
<b>Nevada</b>	\$381,800
<b>Placer</b>	\$391,000
<b>Mono</b>	\$423,200
<b>Sierra</b>	\$243,800
<b>Sacramento</b>	\$391,000
<b>Alpine</b>	\$370,760
<b>Calaveras</b>	\$299,000
<b>Amador</b>	\$265,880

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**NOTE:** For new construction projects, site requirements will need to be met prior to submission of borrower pre-qualification packets.

**Site Requirements include:**

- Copy of the approved set of plans from the city or county.
- The approximate Square Footage for modest housing must not be larger than:
  - 2,000 SF regardless of the rooms numbers

The Construction Costs Estimate must be submitted as well as HUD Form 92005, Description of Materials.

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Pre-Qualification Sheet

With some basic information on your household, a USDA RURAL DEVELOPMENT loan officer can calculate the USDA RURAL DEVELOPMENT payment and the amount of loan that you may pre-qualify for. This is not to be mistaken for a commitment of loan approval by USDA RURAL DEVELOPMENT. This is only an estimate.

Applicant Name:
Social Security No.:

Co-Applicant Name:
Social Security No.:

Gross Annual Income for the Household: Include annual gross income from all sources from the adults who will be living in the home (all persons 18 years and older). (Include wages, Unemployment Benefits (UIB), Aid to Families with Dependent Children (AFDC), Social Security, Child Support, etc.)

TOTAL GROSS ANNUAL INCOME FOR THE HOUSEHOLD: \$

Food Stamps/SNAP (annual amount): \$

Section 8 Voucher (annual amount): \$

Monthly Debts/Expenses: List debts/expenses that will take more than 6 months to pay off AND minimum monthly payment.

Monthly expense categories: Car, Credit Cards, Child Support, Furniture, Loans, Alimony, Doctor/Hospital, Other.

TOTAL MONTHLY DEBTS/EXPENSES: \$

Monthly Child Care Expenses: \$

Current Monthly Rent Payment: \$

County where you are interested in buying your home

List of persons living in your home:

Table with 5 columns: Names, Ages, Citizen or Resident Alien, Full-Time Student, Disabled. Rows include Applicant, Co-Applicant, and three blank rows.

Current Address (street and P.O. Box):

City, State and Zip Code

Phone No., Cell Phone No., Contact Person:

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# Income Calculation Worksheet for ALL Adult Household Members:

Adult Household Members

	Household Member Name:	Source of Income	Gross Annual Amount
Applicant:			
Co-Applicant:			
Adult Household Member:			
Adult Household Member:			
Adult Household Member:			
Adult Household Member:			
Adult Household Member:			
		Total Gross Annual Income for Household:	

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**United States Department of Agriculture  
Rural Development  
Rural Housing Service**

**AUTHORIZATION TO RELEASE INFORMATION**

TO: \_\_\_\_\_

RE: \_\_\_\_\_  
Account or Other Identifying Number

\_\_\_\_\_  
Name of Customer

I, and/or adults in my household, have applied for or obtained a loan or grant from the Rural Housing Service (RHS), part of the Rural Development mission area of the United States Department of Agriculture. As part of this process or in considering my household for interest credit, payment assistance, or other servicing assistance on such loan, RHS may verify information contained in my request for assistance and in other documents required in connection with the request.

I, or another adult in my household, authorize you to provide to RHS for verification purposes the following applicable information:

- Past and present employment or income records.
- Bank account, stock holdings, and any other asset balances.
- Past and present landlord references
- Other consumer credit references.

If the request is for a new loan or grant, I further authorize RHS to order a consumer credit report and verify other credit information.

I understand that under the Right to Financial Privacy Act of 1978, 12 U.S.C. 3401, *et seq.*, RHS is authorized to access my financial records held by financial institutions in connection with the consideration or administration of assistance to me. I also understand that financial records involving my loan and loan application will be available to RHS without further notice or authorization, but will not be disclosed or released by RHS to another Government agency or department or used for another purpose without my consent except as required or permitted by law.

This authorization is valid for the life of the loan.

The recipient of this form may rely on the Government's representation that the loan is still in existence.

The information RHS obtains is only to be used to process my request for a loan or grant, interest credit, payment assistance, or other servicing assistance. I acknowledge that I have received a copy of the Notice to Applicant Regarding Privacy Act Information. I understand that if I have requested interest credit or payment assistance, this authorization to release information will cover any future requests for such assistance and that I will not be renotified of the Privacy Act information unless the Privacy Act information has changed concerning use of such information.

**A copy of this authorization may be accepted as an original.**

Your prompt reply is appreciated.

\_\_\_\_\_  
Signature (*Applicant or Adult Household Member*)

\_\_\_\_\_  
Date

*According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless as displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*



## NOTICE TO APPLICANT REGARDING PRIVACY ACT INFORMATION

The information requested on this form is authorized to be collected by the Rural Housing Service (RHS), Rural Business-Cooperative Services (RBS), Rural Utilities Service (RUS) or the Farm Service Agency (FSA) ("the agency") by title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.) or by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), or by other laws administered by RHS, RBS, RUS or FSA.

Disclosure of information requested is voluntary. However, failure to disclose certain items of information requested, including your Social Security Number or Federal Identification Number, may result in a delay in the processing of an application or its rejection. Information provided may be used outside of the agency for the following purposes:

1. When a record on its face, or in conjunction with other records, indicates a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule, or order issued pursuant thereto, disclosure may be made to the appropriate agency, whether Federal, foreign, State, local, or tribal, or other public authority responsible for enforcing, investigating or prosecuting such violation or charged with enforcing or implementing the statute, or rule, regulation, or order issued pursuant thereto, if the information disclosed is relevant to any enforcement, regulatory, investigative, or prosecutive responsibility of the receiving entity.
2. A record from this system of records may be disclosed to a Member of Congress or to a Congressional staff member in response to an inquiry of the Congressional office made at the written request of the constituent about whom the record is maintained.
3. Rural Development will provide information from this system to the U.S. Department of the Treasury and to other Federal agencies maintaining debt servicing centers, in connection with overdue debts, in order to participate in the Treasury Offset Program as required by the Debt Collection Improvement Act, Pub. L. 104-134, Section 31001.
4. Disclosure of the name, home address, and information concerning default on loan repayment when the default involves a security interest in tribal allotted or trust land. Pursuant to the Cranston-Gonzales National Affordable Housing Act of 1990 (42 U.S.C. 12701 et seq.), liquidation may be pursued only after offering to transfer the account to an eligible tribal member, the tribe, or the Indian Housing Authority serving the tribe(s).
5. Referral of names, home addresses, social security numbers, and financial information to a collection or servicing contractor, financial institution, or a local, State, or Federal agency, when Rural Development determines such referral is appropriate for servicing or collecting the borrower's account or as provided for in contracts with servicing or collection agencies.
6. It shall be a routine use of the records in this system of records to disclose them in a proceeding before a court or adjudicative body, when: (a) the agency or any component thereof; or (b) any employee of the agency in his or her official capacity; or (c) any employee of the agency in his or her individual capacity where the agency has agreed to represent the employee, or (d) the United States is a party to litigation or has an interest in such litigation, and by careful review, the agency determines that the records are both relevant and necessary to the litigation, provided; however, that in each case, the agency determines that disclosure of the records is a use of the information contained in the records that is compatible with the purpose for which the agency collected the records.
7. Referral of names, home addresses, and financial information for selected borrowers to financial consultants, advisors, lending institutions, packagers, agents and private or commercial credit sources, when Rural Development determines such referral is appropriate to encourage the borrower to refinance the Rural Development indebtedness as required by title V of the Housing Act of 1949, as amended (42 U.S.C. 1471), or to assist the borrower in the sale of the property .
8. Referral of legally enforceable debts to the Department of the Treasury, Internal Revenue Service (IRS), to be offset against any tax refund that may become due the debtor for the tax year in which the referral is made, in accordance with the IRS regulations at 26 C.F.R. 301.6402-6T, Offset of Past Due Legally Enforceable Debt Against Overpayment, and under the authority contained in 31 U.S.C. 3720A.
9. Referral of information regarding indebtedness to the Defense Manpower Data Center, Department of Defense, and the United States Postal Service for the purpose of conducting computer matching programs to identify and locate individuals receiving Federal salary or benefit payments and who are delinquent in their repayment of debts owed to the U.S. Government under certain programs administered by Rural Development in order to collect debts under the provisions of the Debt Collection Act of 1982 (5 U.S.C. 5514) by voluntary repayment, administrative or salary offset procedures, or by collection agencies.
10. Referral of names, home addresses, and financial information to lending institutions when Rural Development determines the individual may be financially capable of qualifying for credit with or without a guarantee.
11. Disclosure of names, home addresses, social security numbers, and financial information to lending institutions that have a lien against the same property as Rural Development for the purpose of the collection of the debt. These loans can be under the direct and guaranteed loan programs.
12. Referral to private attorneys under contract with either Rural Development or with the Department of Justice for the purpose of foreclosure and possession actions and collection of past due accounts in connection with Rural Development.
13. It shall be a routine use of the records in this system of records to disclose them to the Department of Justice when: (a) The agency or any component thereof; or (b) any employee of the agency in his or her official capacity where the Department of Justice has agreed to represent the employee; or (c) the United States Government, is a party to litigation or has an interest in such litigation, and by careful review, the agency determines that the records are both relevant and necessary to the litigation and the use of such records by the Department of Justice is therefore deemed by the agency to be for a purpose that is compatible with the purpose for which the agency collected the records.

**NOTICE TO APPLICANT REGARDING PRIVACY ACT INFORMATION- CONTINUED**

14 Referral of names, home addresses, social security numbers, and financial information to the Department of Housing and Urban Development (HUD) as a record of location utilized by Federal agencies for an automatic credit prescreening system.

15. Referral of names, home addresses, social security numbers, and financial information to the Department of Labor, State Wage Information Collection Agencies, and other Federal, State, and local agencies, as well as those responsible for verifying information furnished to qualify for Federal benefits, to conduct wage and benefit matching through manual and/or automated means, for the purpose of determining compliance with Federal regulations and appropriate servicing actions against those not entitled to program benefits, including possible recovery of improper benefits.

16. Referral of names, home addresses, and financial information to financial consultants, advisors, or underwriters, when Rural Development determines such referral is appropriate for developing packaging and marketing strategies involving the sale of Rural Development loan assets.

17. Rural Development, in accordance with 31 U.S.C. 3711(e)(5), will provide to consumer reporting agencies or commercial reporting agencies information from this system indicating that an individual is responsible for a claim that is current.

18. Referral of names, home addresses, home telephone numbers, social security numbers, and financial information to escrow agents (which also could include attorneys and title companies) selected by the applicant or borrower for the purpose of closing the loan.

19. Disclosures pursuant to 5 U.S.C. 552a(b)(12): Disclosures may be made from this system to consumer reporting agencies as defined in the Fair Credit Reporting Act (15 U.S.C. 168a(f) or the Federal Claims Collection Act (31U.S.C. 3701(a)(3)).