

FAQs

USDA 502 Direct Home Purchase Loan

Is a down payment required?

- **100% Financing**
- **Can be combined with *Local Down Payment Assistance Programs*.**

What about credit?

- **Unable to Obtain Traditional Financing**
Buyer cannot already be pre-approved with a traditional lender.
- **Credit Worthiness**
The buyer must demonstrate a good credit history and the ability to repay.
- **Non-Traditional Credit is acceptable in some cases.**

What about closing costs?

- **Closing Costs**
Some closing costs may be included in the loan.

Are there any other possible cost savings for the customer?

- **Subsidy**
*Potential interest rate buy down to 1% for income eligible borrowers.
Subsidy may be subject to recapture upon sale or refinance of home.*

Are there any income guidelines?

- **Income guidelines apply, borrower's income must be between 50% and 80% AMI.**

Are there property requirements?

- **Like New & Modest for the Area**
Must not have a market value in excess of the applicable area loan limit and must not have certain prohibited features. Home must be 1800 sq. ft. or less

Are there any other requirements?

- **Homebuyer Education**
HomeStart offers two options: the eHome America online version, or our in-person class held one Saturday per month.

What else should you know?

- **If HomeStart provides the packaging services, there is a \$750 fee that is charged at closing. This fee only applies if the loan closes.**



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