



USDA Rural Housing Site Loan Program (Sections 523 and 524)

Housing Assistance Council

June 2008

Section 523 and 524 Rural Housing Site Loans are made to provide housing sites for low- and moderate-income families. The programs are operated by the U.S. Department of Agriculture's Rural Development Housing and Community Facilities Programs office (RD).

Purpose

Section 523 loans are made to acquire and develop sites only for housing to be constructed by the self-help method. Section 524 loans are made to acquire and develop sites for any low- or moderate-income families. Low income is defined as between 50 and 80 percent of the area median income (AMI); the upper limit for moderate income is \$5,500 above the low-income limit.

Eligibility

Section 523 loans are limited to private or public nonprofit organizations that will provide sites solely for self-help housing. Section 524 loans are made to private or public nonprofit organizations. Section 524 sites may be sold to low- or moderate-income families utilizing RD or any other mortgage financing program that serves the same eligible families.

Terms

Loans are for two years. Section 523 loans bear 3 percent interest. At the discretion of the borrower, Section 524 loans bear the market rate of interest either at the time of approval or at the time of the loan closing.

Standards

The site development standards and policies in Instructions 1924-A and 1924-C apply.

Regulations

The Section 523 and 523 programs are governed by RD Instruction 444.8 7 (CFR Part 1822 Subpart G) and Instruction 1924-C.

Additional Information

For additional information on site loans and RD, contact the National Office, 1400 Independence Avenue, S.W., Washington, D.C. 20250; 202-690-1533, or your Rural Development State Office, which can be identified at http://www.rurdev.usda.gov/recd_map.html or contacted by telephone through 202-720-4323. RD regulations and handbooks are available online at <http://rurdev.usda.gov/regs>.

Housing Assistance Council

Founded in 1971, HAC is a national nonprofit corporation headquartered in Washington, D.C. that helps local organizations build affordable homes in rural America by providing below-market financing, technical assistance, research, training, and information services. HAC's programs focus on local solutions, empowerment of the poor, reduced dependency, and self-help strategies. HAC is an equal opportunity lender.

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