

## STAKEHOLDER ANNOUNCEMENT

### **Due to Lack of Funding, USDA Pauses Key Programs for Homebuyers and Homeowners**

*USDA's Single Family Home Loan Program and Pilot Program  
to Repair Homes Damaged by Presidentially Declared Disasters on Hold.*

**WASHINGTON, June 11, 2024** – Well-built, affordable housing is essential to the vitality of communities in rural America and on Tribal lands. The U.S. Department of Agriculture (USDA) Rural Development has programs to help make home ownership more accessible to all Americans. Since 1949, USDA's Single Family Housing Programs have helped nearly 5 million families and individuals achieve the dream of homeownership by providing flexible mortgages. The Department also has helped nearly 455,000 families improve the quality of their homes with grants and loans for repairs. Both programs will be limited in Maine at least through the summer due to lack of funding.

USDA Rural Development Maine State Director Rhiannon Hampson regularly meets with constituents from every part of the state. "USDA's housing programs are among those people mention to me most often," said Director Hampson recently. "Everywhere I go, people tell me how Rural Development made it possible for them or for a loved one or friend to buy their first home. And after the terrible storms in Maine last winter, our 504 Disaster Pilot has made a huge difference for homeowners who need repairs. The entire team in Maine is standing ready to help future homebuyers prepare their mortgage applications so they will be ready when funding is again available."

#### **Funding for First-Time Homebuyers Paused**

For 75 years, USDA has made financing affordable for families who would otherwise be unable to secure a home loan. USDA Rural Development [Single Family Housing Section 502 Direct Loan Program](#) provides loans to low and very-low-income households to affordably purchase decent, safe housing in rural areas. By providing low interest rates, loan guarantees, reduced down payments, and construction grants, Rural Development's Single Family Housing Programs have become a vital resource for millions of rural Americans.

The FY24 budget reduced funds for the 502 Direct Loan Program by about a third—from \$1.25 billion last fiscal year to \$880 million this fiscal year. This will unfortunately limit the number of purchase loans Rural Development is able to offer this year. This program remains very important to many people across the country. Staff are working as quickly as possible to process new and existing applications; however, application processing may encounter significant delays due to the backlog and limited funding. Currently Maine USDA staff are not able to process new applications.

## **Funding for Homeowners Affected by Natural Disasters Paused**

Since its launch in July 2023, the USDA's 504 Disaster Pilot program significantly expanded eligibility for people seeking Single Family Housing Repair Loans and Grants to repair and rebuild their homes that were impacted by natural disasters. In just the last seven months, Rural Development has invested more than \$7.1 million in funding through the program.

The FY24 budget reduced the Section 504 Home Repair Grant Program to \$25 million (in comparison to \$32 million last fiscal year) and rescinded \$28 million of the unobligated balances that carried over from prior year appropriations. With the lower funding level and no available carryover funds, this will unfortunately limit the number of grants USDA can offer this year. Due to this lack of funding, USDA must pause the pilot program. **The pause is effective as of June 7.** USDA intends to renew the pilot if funding becomes available again.

This pause for the 504 Disaster Pilot will not affect applications from those who are 62 and older who remain eligible for regularly appropriated funding under USDA's [Single Family Housing Repair Loans and Grants Program](#). The program provides loans and grants to homeowners with very low incomes to repair, improve or modernize their homes to remove health and safety hazards.

## **Next Steps for Prospective Homebuyers**

USDA encourages prospective mortgage applicants to visit the USDA [Single Family Housing Self-Assessment site](#) to check all the qualification requirements to see if they may be eligible for the Direct program. Prospective applicants are also encouraged to consider the [Section 502 Guaranteed Loan Program](#) which has ample funding and assists approved lenders in providing low- and moderate-income households the opportunity to purchase decent, safe housing in rural areas. Single Family Housing staff in Maine can also help potential future first-time home buyers to assess their current application readiness and take steps to improve their credit.

Despite these Section 502 and Section 504 budget constraints and current challenges, RD staff are working hard every day to help people buy or repair modest homes in rural areas. We appreciate your understanding. For updates on funding and information about our other housing programs, please go to [www.rd.usda.gov](http://www.rd.usda.gov). If you have any additional questions or concerns, please do not hesitate to contact the Rural Development State Office in Bangor (207-990-9100 ex. 4).

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