

Washington Borough

Home Ownership Workshop

Date: Tuesday, February 6th, 2018

Location: Washington Borough Fire Hall

Address: 100 Belvidere Avenue, 2nd Floor Washington, NJ 07882

Time: 7:00 pm—9:00 pm

RSVP: Via Facebook, Eventbrite or email @ manager@washingtonboro-nj.org









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Rural Housing Service

Serving Rural America



PURPOSE AND MISSION OF RURAL DEVELOPMENT

- "To increase economic opportunity and improve the quality of life for all rural Americans."
- Improving the Quality of Life for Rural Americans
- USDA has the unique responsibility of coordinating Federal assistance to rural areas of the nation. The Rural Development mission is to help rural Americans to improve the quality of their lives.
- To do this, USDA Rural Development is working closely with the private and nonprofit sectors and with state, tribal, and local governments to fundamentally change the way government works. With this new philosophy of public partnership -- this new relationship among Government, industry, and communities -- many positive outcomes for rural Americans are happening daily.
- Now and in the future, prosperity in rural America depends on ensuring that residents have a wide range of economic opportunities. Rural America's historic strengths -- agriculture and forestry -- will continue as one part of the picture





USDA Financing



Section 502 Direct and Guaranteed Loans



 To provide homeownership opportunities to rural families

•To buy, build, improve or repair rural homes



Loan Eligibility

- Rural Area
 - http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfp&NavKey=property@11
- <u>Income</u>
 - http://eligibility.sc.egov.usda.gov/eligibility/incomeEligibilityAction.do?pageAction=state&NavKey=income@11



FUNDING AVAILABLE

Nationwide:

- Section 502 Direct Loan: \$1 billion dollars
- Section 502 Guarantee Loan: \$24 billion dollars



Why Go Guaranteed?



Guaranteed Rural Housing



- 100% Financing
- Loan up to 101% of the appraised value to include the 1% guarantee fee (currently)
- Generous Moderate Income Limits
- No First Time Homebuyer Requirement
- No PMI / Mortgage Insurance
- No loan limit (eligibility based on ratios)



Section 502 Single Family Housing Guarantee Loans



Affordable Lending Program Comparison

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	USDA	FHA	VA	Fannie Mae Home Ready	Fannie Mae 95%	Freddie Mac Home Possible	Freddie Mac Home Possible Advantage
Purchase Price	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Interest Rate	4%	4%	4%	4%	4%	4%	4%
Downpayment	0	3.5% (\$5,250)	0	3% (\$4,500)	5% (\$7,500)	5% (\$7,500)	3% (\$7,500)
Upfront Guarantee Fee/ UFMIP/Guaranty Fee	\$1,151.15 (1%)	\$2,533.12 (1.75%)	\$3,225 (2.15%)				
Total Base Loan	\$151,151.15	\$147,283.12	\$153,225	\$145,500	\$142,500	\$142,500	\$145,000
Monthly Annual Fee/MI	\$43.34 (.35%)	\$104.33 (.85%)		\$97.00 (.75%)	\$155.56 (.95%)	\$79.56 (.75%)	\$97.00 (.75%)
Out of Pocket	\$0	\$5,250	\$0	\$4,500	\$7,500	\$7,500	\$4,500
TOTAL P & I	\$717.20	\$807.48	\$731.52	\$791.63	\$835.88	\$759.88	\$791.64

Notes:

Affordable lending programs may allow eligible gift and/or grant programs for the payment of upfront guarantee fees and downpayment requirements.

Monthly mortgage insurance is represented with borrower paid monthly insurance (BPMI). Mortgage insurance rates are based on industry rates in December 2015 for required coverage for credit scores of 680 – 719.

Minimum credit scores may apply for some programs.



Section 502 Guarantee Loans

- Approved lenders:
- Any State housing agency;
- Lenders approved by HUD, VA, Fannie Mae, or Freddie Mac



Section 502 Guarantee Loans

Purpose:

- To provide home-ownership opportunities to rural families with low to moderate incomes
- Funds can be used to build or purchase a home

Standards:

- Houses must meet state building codes and RD thermal and site standards.
- Newly constructed manufactured housing must be permanently installed and meet the HUD Manufactured Housing Construction and Safety Standards and RD thermal and site standards



Section 502 Guarantee Loans

Eligibility:

- Income of up to 115% of median income for the area/State.
- The lender determines repayment feasibility, using repayment ratios
- 100% financing
- Seller concessions limited to 6%
- 1% Guarantee fee
- .35% Lender Fee (monthly)
- RD GRH loan allows higher ratios based on PITI between 29 and 32 and TD ratio between 41 and 44 percent; all applicants credit scores 680 or greater; and additional compensating actors



MODEST HOUSING CRITERIA

- Existing dwellings must meet the minimum property requirements of HUD Handbook 4000.1
- Agency will not guarantee loans to purchase or improve buildings designed to accommodate a business or incomeproducing enterprise
- Home-based operations: childcare, product sales, or craft production that do not require specific features <u>are not</u> <u>restricted</u>
- No maximum living sq ft
- In-ground swimming pools are allowed



- Site limitation of 30% has been REMOVED
- Site size. The site size must be typical for the area.
- A qualified property must be <u>predominantly</u> <u>residential</u> in use, character and appearance
- The site must not have income-producing land that will be used principally for income producing purposes
- The site must be contiguous to and have <u>direct access</u> from a street, road, or driveway
- Streets and roads must be <u>hard surfaced or all weather</u> <u>surfaced</u> and legally enforceable arrangements must be in place to ensure that needed maintenance will be provided
- The site must be supported by adequate utilities and water and wastewater disposal systems



Section 502 Single Family Housing Direct Loans



Generous loan limits

•	Atlantic	\$218,300
•	Burlington	\$220,200
•	Camden	\$225,000
•	Cape May	\$274,300
•	Cumberland	\$198,500
•	Gloucester	\$229,300
•	Hunterdon	\$317,500
•	Mercer	\$279,400
•	Middlesex	\$285,700
•	Monmouth	\$300,000
•	Morris	\$282,400
•	Ocean	\$243,400
•	Passaic	\$279,900
•	Salem	\$218,500
•	Somerset	\$300,000
•	Sussex	\$252,100
•	Warren	\$298,800

• Goal is 45-60 days from receipt of application to close



Section 502 Direct Loan Terms

- 100% Financing
- Very Low and Low Income Families
- No required down payment.
- Repayment feasibility is based on repayment ratios
 - PITI Ratio
 - 29% Very low-income applicants
 - 33% Low-income applicants
 - TD Ratio
 - 41% all applicants
- Loans are for up to 33 years (38 with incomes below 60 percent of AMI).
- Credit Score



Terms:

 Interest rate is set by RHS, currently 3.25% effective May 1, 2017 Interest rate is modified by payment assistance subsidy

Payment Assistance:

 Family pays from 24 to 26 percent of their income for principal, interest, taxes, and insurance (PITI) up to the note rate

Requirements:

- Home Buyer Educations
- Whole House Inspection



Standards:

- Housing must be modest in size, design, and cost.
- Houses must meet state building codes and RD thermal and site standards.
- Newly constructed manufactured housing must be permanently installed and meet the HUD Manufactured Housing Construction and Safety Standards and RD thermal and site standards.
- Modest in size less than 2,000 sq. ft. living area
- No in-ground swimming pools
- Lot cannot be subdivided nor value exceed 30% of the asimproved market value



- We encourage all potential direct loan applicants to have a prequalification screening to determine if USDA can be the source for financing.
- Pre-qualification package can be completed and sent to the USDA mail box at nj.direct.origination@usda.gov to get the applicants started.

We can assist and fast track the loan process to eligible applicants.



Single Family Housing Programs

504 Housing Repair and Rehabilitation Loans and Grants



504 Housing Repair and Rehabilitation Loans and Grants

Purpose:

 To repair, improve, or modernize their dwelling or to remove health and safety hazards

Eligibility:

- Homeowner-occupants
- Very low incomes (below 50% of the area median income)

Standards:

- All work performed must meet local codes and standards.
- Major health and safety hazards must be corrected



504 Housing Repair and Rehabilitation Loans and Grants

Repairs and Improvements:

- Must make the dwelling
 - Make it safer
 - More sanitary or
 - Remove health and safety hazards
- Grants
 - Only available to homeowners who are 62 years old or older and cannot repay a loan



504 Housing Repair and Rehabilitation Loans and Grants

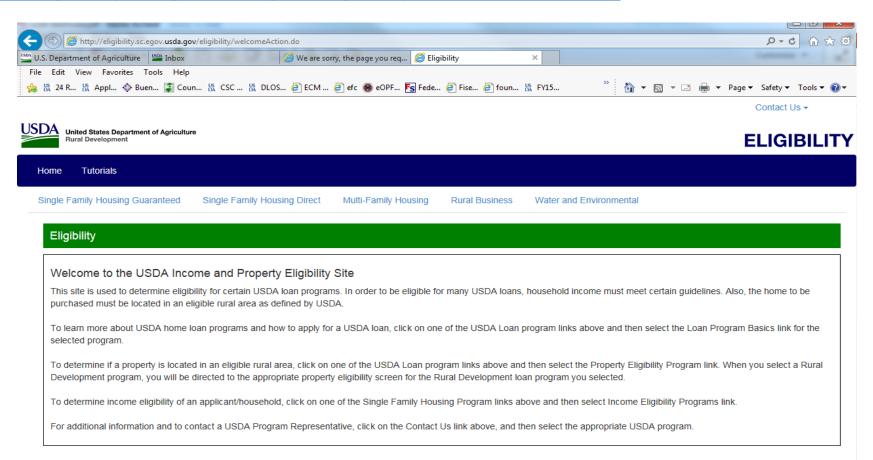
Terms:

- Loans are up to 20 years at 1%
- Loans up to \$20,000
- Grants up to \$7,500
- A grant/loan combination is made if the applicant can repay part of the cost
- Loans and grants can be combined for up to \$27,500.
- Grants must be repaid if the property is sold or changed title in less than three years.



Income Eligibility Website

http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do

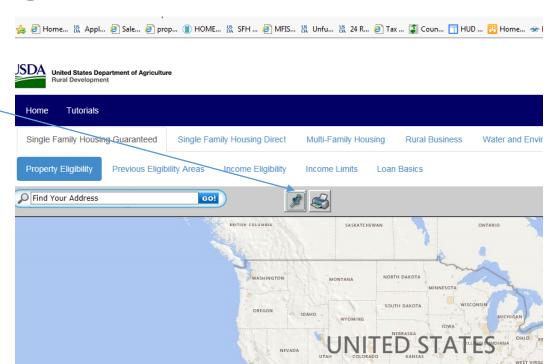




Property Eligibility Website

http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do

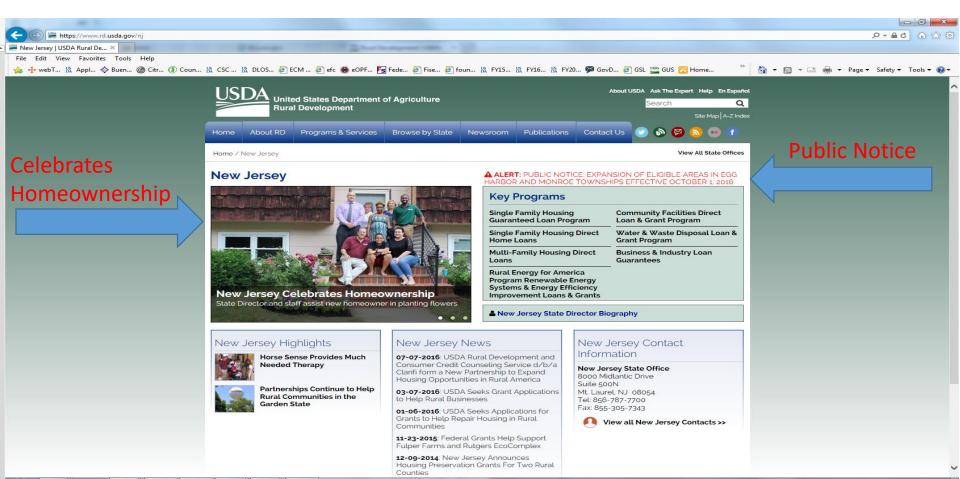
- Map uses Rural Mail Delivery
- Brochure has flat list of eligible areas
- For new construction or cannot locate property use the pin to locate





New Jersey Rural Development Website

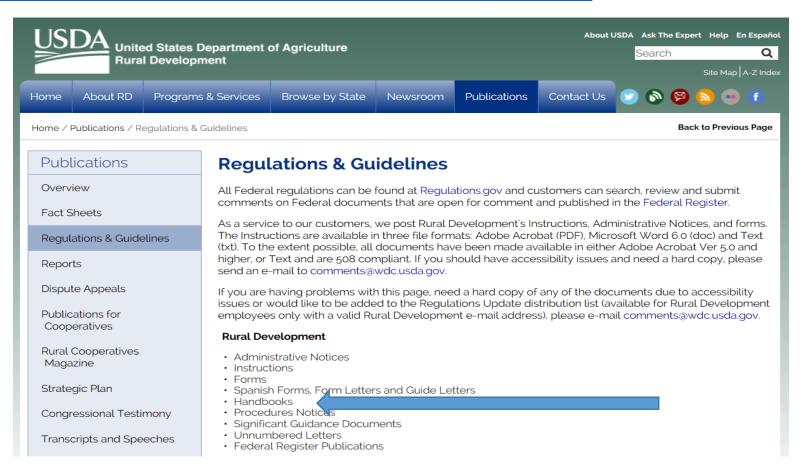
http://www.rd.usda.gov/nj





Regulations

http://www.rd.usda.gov/publications/regulations-guidelines





A consolidated version of the handbook is available. HB-1-3555 is a large sometime to load.

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Chapter 9 - Income Analysis

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Chapter 12 - Property and Appraisal Requirements

Chapter 13 - Special Property Types

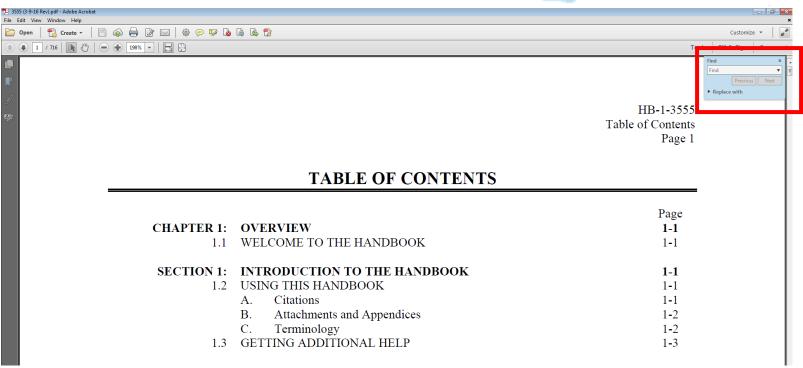
Chapter 14 - Funding Priorities

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USDA LINC Training and Resources NEW

https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library

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Programs & Services

Overview

All Programs

For Businesses

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For Cooperatives

For Individuals

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Multi-Family Housing Loan Guarantees

Community Facilities Guaranteed Loan Program

LINC Training & Resource Library

Services

For Developers

USDA LINC Training & Resource Library

7 CFR 3555 | Electronic Status Reporting | Guaranteed Annual Fee | Guaranteed Underwriting System | Lender Loan Closing | Loss Claim Administration | Loan Origination | Loss Mitigation | Property Disposition | Security

The documents and material contained in the USDA LINC Training and Resource Library use Adobe PDF and Adobe Flash formats. To view PDF files you must have Adobe Acrobat Reader installed on your computer. To view Flash files you must have Adobe Flash Player installed on your computer.

7 CFR 3555

Training

- Become an Approved Lender (Webcast) 16 minutes
 - Become an Approved Lender: 1 slide per page (Training Handout)
 - Become an Approved Lender: 2 slides per page (Training Handout)
 - Become an Approved Lender: Slide with notes (Training Handout)
- 2. 7 CFR 3555 and HB-1-3555 Overview (Webcast) 23 minutes
 - 7 CFR 3555 and HB-1-3555 Overview: 1 slide per page (Training Handout)
 - 7 CFR 3555 and HB-1-3555 Overview: 2 slides per page (Training Handout)
 - 7 CFR 3555 and HB-1-3555 Overview: Slide with notes (Training Handout)
- 3. Applicant Eligibility (Webcast) 17 minutes
 - Applicant Eligibility: 1 slide per page (Training Handout)
 - Applicant Eligibility: 2 slides per page (Training Handout)
 - Applicant Eligibility: Slide with notes (Training Handout)
- 4. Property Eligibility (Webcast) 14 minutes
 - Property Eligibility: 1 slide per page (Training Handout)
 - Property Eligibility: 2 slides per page (Training Handout)
 - Property Eligibility: Slide with notes (Training Handout)



Signup for GovDelivery (ListServ) for all updates:

https://public.govdelivery.com/accounts/USDARD/subscriber/new?preferences=true

Or send a request to the following email:

NJ.originations@nj.usda.gov



Franklinville, NJ









Chesilhurst, NJ





Chesilhurst, NJ





Paulsboro, NJ





Williamstown, NJ





For more information about these or other Rural Housing Service Programs, contact the New Jersey State Office

Tel. 856-787-7700

or visit our website:

www.rd.usda.gov/nj

*Committed to the future of Rural Communities

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Questions

