



Rural Development



# Housing Outreach Event

#USDAKeys2Home • #UnlockHomeownership

## Washington Borough Home Ownership Workshop

Date: Tuesday, February 6<sup>th</sup>, 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](mailto: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 home-ownership 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>
- Income
  - <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

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

**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 factors



## 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 income-producing enterprise
- Home-based operations : childcare, product sales, or craft production that do not require specific features are not restricted
- No maximum living sq ft
- In-ground swimming pools are allowed



## SITE LIMITATIONS

- Site limitation of 30% has been **REMOVED**
- Site size. The site size must be typical for the area.
- A qualified property must be **predominantly residential** 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 **direct access** from a street, road, or driveway
- Streets and roads must be **hard surfaced or all weather surfaced** 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**



## Section 502 Direct Loan

- **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
• <b>Warren</b>	<b>\$298,800</b>

- **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



## Section 502 Direct Loan

### 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



## Section 502 Direct Loan

### 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 as-improved market value



## Section 502 Direct Loan

- We encourage all potential direct loan applicants to have a pre-qualification 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](mailto: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>

U.S. Department of Agriculture

United States Department of Agriculture  
Rural Development

**ELIGIBILITY**

Home Tutorials

Single Family Housing Guaranteed Single Family Housing Direct Multi-Family Housing Rural Business Water and Environmental

**Eligibility**

**Welcome to the USDA Income and Property Eligibility Site**

This site is used to determine eligibility for certain USDA loan programs. In order to be eligible for many USDA loans, household income must meet certain guidelines. Also, the home to be purchased must be located in an eligible rural area as defined by USDA.

To learn more about USDA home loan programs and how to apply for a USDA loan, click on one of the USDA Loan program links above and then select the Loan Program Basics link for the selected program.

To determine if a property is located in an eligible rural area, click on one of the USDA Loan program links above and then select the Property Eligibility Program link. When you select a Rural Development program, you will be directed to the appropriate property eligibility screen for the Rural Development loan program you selected.

To determine income eligibility of an applicant/household, click on one of the Single Family Housing Program links above and then select Income Eligibility Programs link.

For additional information and to contact a USDA Program Representative, click on the Contact Us link above, and then select the appropriate USDA program.



# 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

A screenshot of the USDA Property Eligibility website. The page features a navigation menu with options like 'Home', 'Tutorials', 'Single Family Housing Guaranteed', 'Single Family Housing Direct', 'Multi-Family Housing', 'Rural Business', and 'Water and Environment'. A search bar labeled 'Find Your Address' with a 'GO!' button is present. Below the search bar is a map of the United States with state names labeled. A blue arrow points from the text 'use the pin to locate' in the list to a pin icon on the map.



# New Jersey Rural Development Website

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

The screenshot shows the website interface with a navigation menu, search bar, and several content sections. A blue arrow points to the 'Public Notice' section, and a red arrow points to the 'Celebrates Homeownership' section.

**USDA United States Department of Agriculture Rural Development**

Home About RD Programs & Services Browse by State Newsroom Publications Contact Us

Home / New Jersey View All State Offices

### New Jersey Celebrates Homeownership

State Director and staff assist new homeowner in planting flowers.

**ALERT: PUBLIC NOTICE: EXPANSION OF ELIGIBLE AREAS IN EGG HARBOR AND MONROE TOWNSHIPS EFFECTIVE OCTOBER 1, 2016**

#### Key Programs

Single Family Housing Guaranteed Loan Program	Community Facilities Direct Loan & Grant Program
Single Family Housing Direct Home Loans	Water & Waste Disposal Loan & Grant Program
Multi-Family Housing Direct Loans	Business & Industry Loan Guarantees
Rural Energy for America Program Renewable Energy Systems & Energy Efficiency Improvement Loans & Grants	

[New Jersey State Director Biography](#)

#### New Jersey Highlights

- Horse Sense Provides Much Needed Therapy
- Partnerships Continue to Help Rural Communities in the Garden State

#### New Jersey News

- 07-07-2016:** USDA Rural Development and Consumer Credit Counseling Service d/b/a Clarifi form a New Partnership to Expand Housing Opportunities in Rural America
- 03-07-2016:** USDA Seeks Grant Applications to Help Rural Businesses
- 01-06-2016:** USDA Seeks Applications for Grants to Help Repair Housing in Rural Communities
- 11-23-2015:** Federal Grants Help Support Fulper Farms and Rutgers EcoComplex
- 12-09-2014:** New Jersey Announces Housing Preservation Grants For Two Rural Counties

#### New Jersey Contact Information

**New Jersey State Office**  
8000 Midlantic Drive  
Suite 500N  
Mt. Laurel, NJ 08054  
Tel: 856-787-7700  
Fax: 855-305-7343

[View all New Jersey Contacts >>](#)

Public Notice

Celebrates Homeownership



# Regulations

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

USDA United States Department of Agriculture Rural Development

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Publications

- Overview
- Fact Sheets
- Regulations & Guidelines**
- Reports
- Dispute Appeals
- Publications for Cooperatives
- Rural Cooperatives Magazine
- Strategic Plan
- Congressional Testimony
- Transcripts and Speeches

## Regulations & Guidelines

All Federal regulations can be found at [Regulations.gov](#) and customers can search, review and submit comments on Federal documents that are open for comment and published in the [Federal Register](#).

As a service to our customers, we post Rural Development's Instructions, Administrative Notices, and forms. The Instructions are available in three file formats: Adobe Acrobat (PDF), Microsoft Word 6.0 (doc) and Text (txt). To the extent possible, all documents have been made available in either Adobe Acrobat Ver 5.0 and higher, or Text and are 508 compliant. If you should have accessibility issues and need a hard copy, please send an e-mail to [comments@wdc.usda.gov](mailto:comments@wdc.usda.gov).

If you are having problems with this page, need a hard copy of any of the documents due to accessibility issues or would like to be added to the Regulations Update distribution list (available for Rural Development employees only with a valid Rural Development e-mail address), please e-mail [comments@wdc.usda.gov](mailto:comments@wdc.usda.gov).

**Rural Development**

- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- Handbooks
- Procedures Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications



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

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**Chapter 12** - Property and Appraisal Requirements

**Chapter 13** - Special Property Types

**Chapter 14** - Funding Priorities

**Chapter 15** - Submitting the Application Package

**Chapter 16** - Closing the Loan and Requesting the Guarantee



“Ctrl+F” = Your Friend

A screenshot of the Adobe Acrobat application window. The title bar reads "3555 (3-9-16 Rev).pdf - Adobe Acrobat". The search window is open, showing a search box with the text "Find", a "Previous" button, a "Next" button, and a "Replace with" field. The main content area displays the "Table of Contents" for document "HB-1-3555".

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# USDA LINC Training and Resources **NEW**

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

Home / Programs & Services / For Lenders / USDA LINC Training & Resource Library

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## Programs & Services

Overview

All Programs

For Businesses

For Communities & Nonprofits

For Cooperatives

For Individuals

### ▼ For Lenders

Multi-Family Housing Loan Guarantees

Community Facilities Guaranteed Loan Program

LINC Training & Resource Library

Services

For Developers

## USDA LINC Training & Resource Library

Print

**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

#### 1. 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](mailto: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](http://www.rd.usda.gov/nj)

\*Committed to the future of Rural Communities

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USDA is an equal opportunity provider, employer and lender



# Questions

