

Thank you for your interest in the 502 Direct Single Family Housing Program.

To get started, please fully complete the prequalification package in the first attachment and sign the authorization(s) to enable us to order an In-file Credit Report for each applicant at no cost to you.

- Rural Housing Service Pre-Qualification Worksheet
- Form RD 3550-1, Authorization to Release Information [signature only] print separate forms, **as necessary for each adult household member (18 and older)**

In addition, you will find basic information for this loan program in the following attachments:

- 502 Direct SFH Frequently Asked Questions
- New Jersey Area Loan Limits - Maximum Loan Amounts
- 502 Program Description/Eligible Areas
- Direct Loan Program Income Limits

All items must be returned to, nj.direct.Origination@nj.usda.gov or mail to the servicing office listed below for review. Upon receipt of this Pre-Qualification Package, we will advise you of our preliminary findings.

Servicing office:

USDA, RURAL DEVELOPMENT
1971 Jacksonville-Jobstown Road
Columbus, NJ 08022
(phone) 1-609-267-1639 x 4
(fax) 1-855-305-7382
Burlington, Mercer, Middlesex, Ocean,
Monmouth, Hunterdon, Morris, Passaic,
Somerset, Sussex, and Warren Counties

USDA, RURAL DEVELOPMENT
1318 S. Main Road, Building 5 Suite A
Vineland, NJ 08360
(phone) 1-856-285-7679
(fax) 1-855-305-7400
Atlantic, Cape May, Cumberland, Camden,
Gloucester, and Salem Counties

Upon receipt and review, we will promptly advise you of our preliminary findings within 3 to 5 business days in response to your original e-mail and/or phone call. I am also adding a useful link to the eligibility area for potential properties that you may become interested along the process at <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>.

A pre-qualification can provide you with an idea of whether you may qualify for a reasonable loan amount for purchase through our Agency prior to forwarding funds necessary to order your official residential mortgage credit report and verifying all income sources. However, the results of the pre-qualification are not binding, as they are not based on verified data. You must submit an application in order for the Agency to arrive at a final eligibility decision.

You may request an application for Rural Housing Service loans assistance at any time after the pre-qualification results.

We look forward to assisting you

United States Department of Agriculture | Rural Development
www.rd.usda.gov/nj

"Committed to the future of rural communities"



Purchase <input type="checkbox"/> Approx Purchase Price: _____ County Purchasing In: _____ Repair <input type="checkbox"/> Repairs Needed: _____
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PRE-QUALIFICATION APPLICATION

APPLICANT INFORMATION

Name (First Middle Last): _____
 Address: _____
 City, State, Zip: _____
 Home ☎: _____ Cell ☎: _____
 Work ☎: _____ Fax ☎: _____
 Email Address: _____
 DOB: _____ Sex: _____ Marital Status: _____
 Social Security Number: _____
 Race: Indian/Alaskan Asian Black Hawaiian White N/A
 US Citizen? Y N Ethnicity: Hisp/Latino Not Hisp/Latino N/A
 Employer: _____
 Position Held: _____
 Start Date: _____ Hourly Rate of Pay: _____
 Avg hrs worked per week: _____ Annual Bonus: _____
 Other Employment: _____
 Position Held: _____
 Start Date: _____ Avg Monthly Income: _____

CO-APPLICANT INFORMATION

Name (First Middle Last): _____
 Address: _____
 City, State, Zip: _____
 Home ☎: _____ Cell ☎: _____
 Work ☎: _____ Fax ☎: _____
 Email Address: _____
 DOB: _____ Sex: _____ Marital Status: _____
 Social Security Number: _____
 Race: Indian/Alaskan Asian Black Hawaiian White N/A
 US Citizen? Y N Ethnicity: Hisp/Latino Not Hisp/Latino N/A
 Employer: _____
 Position Held: _____
 Start Date: _____ Hourly Rate of Pay: _____
 Avg hrs worked per week: _____ Annual Bonus: _____
 Other Employment: _____
 Position Held: _____
 Start Date: _____ Avg Monthly Income: _____

Monthly Non-Wage Income: _____ Child Support / Maintenance: _____ HUD Voucher: _____ Alimony: _____
 Soc Security 1: _____ Soc Security 2: _____ Pension 1: _____ Pension 2: _____

Other Household Members Who Will Live In House Not Listed Above

Name (First Middle Last)	Relationship	Age	Student?	Income/Month	Source

Type of Payment	Creditor Name	Monthly Payments	Balance	Type of Asset	Cash Value
Car Payment				Cash	
Car Payment				Checking Acct.	
Credit Card				Checking Acct.	
Credit Card				Savings Acct.	
Credit Card				Savings Acct.	
Medical/Dr. Bills				Stocks/Bonds/CDs	
Medical/Dr. Bills				IRAs/Retirement	
Student Loans				Real Estate Owned	
Child Support Owed				Auto/Vehicle	
Other Debt				Auto/Vehicle	
Other Debt				Other:	
Rent / House Pmt				Other:	

Annual Medical Expenses (complete only if disabled or over 62): _____
 Annual Child Care Expenses: _____ SRS pay any? Y N Have you owned a home in the last 3 years? Y N
 Any payments past due, more than 30 days, in the past 12 months? Y N Any judgments, bankruptcy, or foreclosures in the past 3 yrs? Y N
 Comments: _____

Where did you learn about this loan program? Newspaper Realtor Bank Flyer Other: _____

PLEASE BE SURE EACH APPLICANTS SIGNS THE ATTACHED "AUTHORIZATION TO RELEASE INFORMATION" FORM

**United States Department of Agriculture
Rural Development
Rural Housing Service**

AUTHORIZATION TO RELEASE INFORMATION

TO: _____

RE: _____
Account or Other Identifying Number

Name of Customer

I, and/or adults in my household, have applied for or obtained a loan or grant from the Rural Housing Service (RHS), part of the Rural Development mission area of the United States Department of Agriculture. As part of this process or in considering my household for interest credit, payment assistance, or other servicing assistance on such loan, RHS may verify information contained in my request for assistance and in other documents required in connection with the request.

I, or another adult in my household, authorize you to provide to RHS for verification purposes the following applicable information:

- Past and present employment or income records.
- Bank account, stock holdings, and any other asset balances.
- Past and present landlord references
- Other consumer credit references.

If the request is for a new loan or grant, I further authorize RHS to order a consumer credit report and verify other credit information.

I understand that under the Right to Financial Privacy Act of 1978, 12 U.S.C. 3401, *et seq.*, RHS is authorized to access my financial records held by financial institutions in connection with the consideration or administration of assistance to me. I also understand that financial records involving my loan and loan application will be available to RHS without further notice or authorization, but will not be disclosed or released by RHS to another Government agency or department or used for another purpose without my consent except as required or permitted by law.

This authorization is valid for the life of the loan.

The recipient of this form may rely on the Government's representation that the loan is still in existence.

The information RHS obtains is only to be used to process my request for a loan or grant, interest credit, payment assistance, or other servicing assistance. I acknowledge that I have received a copy of the Notice to Applicant Regarding Privacy Act Information. I understand that if I have requested interest credit or payment assistance, this authorization to release information will cover any future requests for such assistance and that I will not be renofified of the Privacy Act information unless the Privacy Act information has changed concerning use of such information.

A copy of this authorization may be accepted as an original.

Your prompt reply is appreciated.

Signature (*Applicant or Adult Household Member*)

Date

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless as displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

RHS Is An Equal Opportunity Lender

SEE ATTACHED PRIVACY ACT NOTICE

NOTICE TO APPLICANT REGARDING PRIVACY ACT INFORMATION

The information requested on this form is authorized to be collected by the Rural Housing Service (RHS), Rural Business-Cooperative Services (RBS), Rural Utilities Service (RUS) or the Farm Service Agency (FSA) ("the agency") by title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.) or by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), or by other laws administered by RHS, RBS, RUS or FSA.

Disclosure of information requested is voluntary. However, failure to disclose certain items of information requested, including your Social Security Number or Federal Identification Number, may result in a delay in the processing of an application or its rejection. Information provided may be used outside of the agency for the following purposes:

1. When a record on its face, or in conjunction with other records, indicates a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule, or order issued pursuant thereto, disclosure may be made to the appropriate agency, whether Federal, foreign, State, local, or tribal, or other public authority responsible for enforcing, investigating or prosecuting such violation or charged with enforcing or implementing the statute, or rule, regulation, or order issued pursuant thereto, if the information disclosed is relevant to any enforcement, regulatory, investigative, or prosecutive responsibility of the receiving entity.
2. A record from this system of records may be disclosed to a Member of Congress or to a Congressional staff member in response to an inquiry of the Congressional office made at the written request of the constituent about whom the record is maintained.
3. Rural Development will provide information from this system to the U.S. Department of the Treasury and to other Federal agencies maintaining debt servicing centers, in connection with overdue debts, in order to participate in the Treasury Offset Program as required by the Debt Collection Improvement Act, Pub. L. 104-134, Section 31001.
4. Disclosure of the name, home address, and information concerning default on loan repayment when the default involves a security interest in tribal allotted or trust land. Pursuant to the Cranston-Gonzales National Affordable Housing Act of 1990 (42 U.S.C. 12701 et seq.), liquidation may be pursued only after offering to transfer the account to an eligible tribal member, the tribe, or the Indian Housing Authority serving the tribe(s).
5. Referral of names, home addresses, social security numbers, and financial information to a collection or servicing contractor, financial institution, or a local, State, or Federal agency, when Rural Development determines such referral is appropriate for servicing or collecting the borrower's account or as provided for in contracts with servicing or collection agencies.
6. It shall be a routine use of the records in this system of records to disclose them in a proceeding before a court or adjudicative body, when: (a) the agency or any component thereof; or (b) any employee of the agency in his or her official capacity; or (c) any employee of the agency in his or her individual capacity where the agency has agreed to represent the employee, or (d) the United States is a party to litigation or has an interest in such litigation, and by careful review, the agency determines that the records are both relevant and necessary to the litigation, provided; however, that in each case, the agency determines that disclosure of the records is a use of the information contained in the records that is compatible with the purpose for which the agency collected the records.
7. Referral of names, home addresses, and financial information for selected borrowers to financial consultants, advisors, lending institutions, packagers, agents and private or commercial credit sources, when Rural Development determines such referral is appropriate to encourage the borrower to refinance the Rural Development indebtedness as required by title V of the Housing Act of 1949, as amended (42 U.S.C. 1471), or to assist the borrower in the sale of the property .
8. Referral of legally enforceable debts to the Department of the Treasury, Internal Revenue Service (IRS), to be offset against any tax refund that may become due the debtor for the tax year in which the referral is made, in accordance with the IRS regulations at 26 C.F.R. 301.6402-6T, Offset of Past Due Legally Enforceable Debt Against Overpayment, and under the authority contained in 31 U.S.C. 3720A.
9. Referral of information regarding indebtedness to the Defense Manpower Data Center, Department of Defense, and the United States Postal Service for the purpose of conducting computer matching programs to identify and locate individuals receiving Federal salary or benefit payments and who are delinquent in their repayment of debts owed to the U.S. Government under certain programs administered by Rural Development in order to collect debts under the provisions of the Debt Collection Act of 1982 (5 U.S.C. 5514) by voluntary repayment, administrative or salary offset procedures, or by collection agencies.
10. Referral of names, home addresses, and financial information to lending institutions when Rural Development determines the individual may be financially capable of qualifying for credit with or without a guarantee.
11. Disclosure of names, home addresses, social security numbers, and financial information to lending institutions that have a lien against the same property as Rural Development for the purpose of the collection of the debt. These loans can be under the direct and guaranteed loan programs.
12. Referral to private attorneys under contract with either Rural Development or with the Department of Justice for the purpose of foreclosure and possession actions and collection of past due accounts in connection with Rural Development.
13. It shall be a routine use of the records in this system of records to disclose them to the Department of Justice when: (a) The agency or any component thereof; or (b) any employee of the agency in his or her official capacity where the Department of Justice has agreed to represent the employee; or (c) the United States Government, is a party to litigation or has an interest in such litigation, and by careful review, the agency determines that the records are both relevant and necessary to the litigation and the use of such records by the Department of Justice is therefore deemed by the agency to be for a purpose that is compatible with the purpose for which the agency collected the records.

NOTICE TO APPLICANT REGARDING PRIVACY ACT INFORMATION- CONTINUED

14. Referral of names, home addresses, social security numbers, and financial information to the Department of Housing and Urban Development (HUD) as a record of location utilized by Federal agencies for an automatic credit prescreening system.

15. Referral of names, home addresses, social security numbers, and financial information to the Department of Labor, State Wage Information Collection Agencies, and other Federal, State, and local agencies, as well as those responsible for verifying information furnished to qualify for Federal benefits, to conduct wage and benefit matching through manual and/or automated means, for the purpose of determining compliance with Federal regulations and appropriate servicing actions against those not entitled to program benefits, including possible recovery of improper benefits.

16. Referral of names, home addresses, and financial information to financial consultants, advisors, or underwriters, when Rural Development determines such referral is appropriate for developing packaging and marketing strategies involving the sale of Rural Development loan assets.

17. Rural Development, in accordance with 31 U.S.C. 3711(e)(5), will provide to consumer reporting agencies or commercial reporting agencies information from this system indicating that an individual is responsible for a claim that is current.

18. Referral of names, home addresses, home telephone numbers, social security numbers, and financial information to escrow agents (which also could include attorneys and title companies) selected by the applicant or borrower for the purpose of closing the loan.

19. Disclosures pursuant to 5 U.S.C. 552a(b)(12): Disclosures may be made from this system to consumer reporting agencies as defined in the Fair Credit Reporting Act (15 U.S.C. 168a(f) or the Federal Claims Collection Act (31U.S.C. 3701(a)(3)).

100% FINANCING

PROGRAM CRITERIA:

- * be without housing
- * occupy the home on a permanent basis
- * be unable to obtain credit from other sources on terms and conditions they can reasonably be expected to fulfill
- * have an acceptable credit history and sufficient income to pay loan payments, insurance premiums taxes and assessments, and necessary living expenses
- * be an adult under State law and possess the legal capacity to incur the loan obligation
- * be a citizen of the United States or reside in the United States after having been legally admitted for permanent residence

SUBSIDIZED FUNDS

Payment Assistance is available to applicants meeting the very low and low income. Payment Assistance is granted annually which reduces the effective interest rate to a rate equivalent to that relating to the borrower's income range or the amount of principal and interest due based on a minimum percentage of the borrower's adjusted income ranging from 22% to 26% determined at the equivalent interest rate, whichever is greater, depending on the loan amount and the size and income of the family. **Payment Assistance is subject to recapture upon sale or transfer of the property.**

TERMS

Loans are amortized for up to 33 years (38 for those with incomes below 60 % of AMI and who cannot afford 33-year terms). The loan term is 30 years for manufactured homes. The promissory note interest rate is determined based on the Government's cost of money. However, that interest rate is modified by payment assistance subsidy.

NO DOWN PAYMENT

Revised 05/2017

ELIGIBILITY

To be eligible applicants must meet the very low and low income limits, adjusted for household size, established by the Department of Housing and Urban Development for the County and metropolitan statistical areas where the property is or will be located.

Loan limits cannot exceed the maximum dollar limitation established by County for the State of New Jersey.

View Income Limits and Determine Eligibility [ONLINE!](http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do)

County Loan limits effective March 31, 2017

COUNTY	NEW/EXIST
ATLANTIC	\$218,300
BURLINGTON	\$220,200
CAMDEN	\$225,000
CAPE MAY	\$274,300
CUMBERLAND	\$198,500
GLOUCESTER	\$229,300
HUNTERDON	\$317,400
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



NEW JERSEY



SINGLE FAMILY HOUSING DIRECT LOAN PROGRAM

Rural Development provides loans in rural areas to assist very low, low and moderate-income rural families in obtaining decent, safe, and sanitary housing. Rural areas include open country and places with population of 10,000 or less and under certain conditions, towns and cities between 10,000 and 35,000.

Loans may be used for construction, purchase, repair and or rehabilitation of existing housing in rural areas.

STANDARDS

Under the Section 502 program, housing must be modest in size, design, and cost. *Modest housing is property that is considered modest for the area, does not have a market value in excess of the applicable area loan limit, and does not have certain prohibited features.* Homes that are constructed must meet the State of New Jersey model building and energy codes and Manufactured Housing much meet the Federal Manufactured Home Construction and Safety Standards (FMHCSS) from approved Builders/Dealers.

**“COMMITTED TO THE FUTURE
OF RURAL COMMUNITIES”**



NEW JERSEY ELIGIBLE AREAS

Atlantic County

All of:

Borough of Buena
Buena Vista Twp.
Corbin City
Egg Harbor City
Estelle Manor
Folsom Borough
Hamilton Twp.
Mullica Twp.
Port Republic City
Weymouth Twp.
Portions of:
Egg Harbor Twp.
Galloway Twp.

Burlington County

All of:

Bass River Twp.
Beverly Boro
Burlington City
Burlington Twp.
Delanco Twp.
Eastampton Twp.
Edgewater Park Twp.
Fieldsboro
Florence Twp.
Hainesport Twp.
Lumberton Twp.
Mansfield Twp.
Medford Lakes
Medford Twp.
Mount Holly
North Hanover Twp.
New Hanover Twp.
Pemberton Borough
Pemberton Twp.
Riverside Twp.
Shamong Twp.
Springfield Twp.
Southampton Twp.
Tabernacle Twp.
Washington Twp.
Westampton Twp.
Woodland Twp.
Wrightstown
Portions of:
Bordentown Twp.
Delran Twp.
Chesterfield Twp.

Camden County

All of:

Chesilhurst
Waterford Twp.

Cape May County

Entire County except:

Ocean City
Wildwood City
West Wildwood
Wildwood Crest and contiguous
portion of Lower Twp.
North Wildwood

Cumberland County

Entire County except:

Bridgeton
Millville
Vineland

Gloucester County

All of:

Clayton
E. Greenwich Twp.
Elk Twp.
Franklin Twp.
Greenwich Twp.
Harrison Twp.
Logan Twp.
Mantua Twp.
National Park
Newfield
Paulsboro
S. Harrison Twp.
Swedesboro
Woolwich Twp.

Portions of:

Monroe Twp.
West Deptford Twp.

Hunterdon County

Entire county eligible

Mercer County

All of:

E. Windsor Twp.
Hightstown
Hopewell Borough
Pennington
W. Windsor Twp.
Washington Twp.
Portions of:

Hopewell Twp.
Lawrence Twp.
Princeton Twp.

Middlesex County

All of:

Cranbury Twp.
Helmetta
Jamesburg
Plainsboro Twp.
Spotswood

Monmouth County

All of:

Allentown
Englishtown
Farmingdale
Millstone Twp.
Roosevelt
Upper Freehold Twp.

Portions of:

Colts Neck Twp.
Holmdel Twp.
Wall Twp.

Morris County

All of:

Chester
Chester Twp.
Harding Twp.
Jefferson Twp.
Kinnelon Borough
Mendham
Mine Hill
Mt. Arlington Twp.
Mt. Olive Twp.
Netcong
Roxbury Twp.
Washington Twp.
Portions of:
Denville Twp.
Morris Twp.
Randolph Twp.
Rockaway Twp.
Wharton Twp.

Ocean County

All of:

Barneget Twp.
Eagleswood Twp.
Lacy Twp.
Lakehurst Borough
Little Egg Harbor Twp.
Long Beach Island Communities
Ocean Twp.
Plumsted Twp.
Stafford Twp.
Tuckerton Borough

Passaic County

West Millford Twp.

Salem County

Entire County eligible

Somerset County

All of:

Bernardsville Borough
Bedminster Twp.
Branchburg Twp.
Far Hills Borough
Millstone Borough
Montgomery Twp.
Peapack & Gladstone Borough
Rocky Hill Borough

Portions of:

Bernards Twp.

Sussex County

Entire county eligible

Warren County

Entire County except:

Phillipsburg

NO ELIGIBLE AREAS

All of:

Bergen County
Essex County
Hudson County
Union County

*For more information, please contact your nearest USDA
Rural Development Office*

[Hackettstown Area Office](#)

*101 Bilby Road, Suite 1H
Hackettstown, NJ 07840-1753
(908) 852-2576*

Hunterdon, Morris, Passaic, Somerset, Sussex, Warren

[Columbus Area Office](#)

*1971 Jacksonville-Jobstown Road
Columbus, NJ 08022
(609) 267-1639*

Burlington, Mercer, Middlesex, Ocean, Monmouth

[Vineland Area Office](#)

*1318 S. Main Road, Bldg. 5, Suite A
Vineland, NJ 08360
(856) 285-7679*

Atlantic, Cape May, Cumberland

[Woodstown Area Office](#)

*51 Cheney Road, Suite 2
Woodstown, NJ 08098
(856) 769-1126*

Camden, Gloucester, Salem

[State Office](#)

*8000 Midlantic Drive 50S
Mt. Laurel, NJ 08054
(856)-787-7700*

Information is also available on our web site at

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

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USDA is an equal opportunity provider, employer, and lender.

Direct Section 502 Single Family Housing Loan Program 21 Frequently Asked Questions

Questions	Answers
1 What is the program purpose?	The purpose of the Direct Section 502 Single Family Housing Loan Program is to provide low and very-low-income people (who will live in rural areas) with an opportunity to own adequate but modest, decent, safe, and sanitary dwellings.
2 What are the advantages?	100 percent financing, fixed interest rate, subsidized payments
3 What is the lowest credit score allowed?	Credit scores are used to reduce the time necessary to conduct a credit analyses, but are not used to make adverse decisions.
4 What is acceptable credit?	Applicants must be able to demonstrate a willingness and ability to repay debts when due.
5 What is the maximum loan allowed?	There are loan limits depending on the county where the dwelling is located. Loan amount is also limited by market value and repayment ability.
6 What is the loan term?	Term is typically 33 years (38 for those with incomes below 60 percent of AMI and who cannot afford 33-year terms). 30 year term for new manufactured homes.
7 What is the interest rate?	Fixed interest rate based on the Government's cost of money. In most cases the interest rate is modified by payment assistance subsidy.
8 Can this program be used for investment or rental property?	No. To be eligible for a Section 502 loan, applicants must agree to personally occupy the dwelling on a permanent basis. Properties that include income-producing land or buildings designed to accommodate a business or income-producing enterprise will not be financed.
9 What is the loan to value?	100 percent of market value for existing homes (over 1 yr old) and new construction where acceptable construction inspections were made and an acceptable warranty is provided. 90 percent or less of new construction where acceptable construction inspections were <u>not</u> made.
10 What properties qualify?	Housing must be modest in size, design, and cost. Modest housing is property that has less than 2,000 sq ft. living area, is considered modest for the area, does not have market value in excess of the applicable area loan limit, and not have certain prohibited features.
11 What are the eligibility requirements?	Applicants must be US citizens or permanent US residents, have very low or low incomes. Very low income is defined as below 50 percent of the area median income (AMI); low income is between 50 and 80 percent of AMI. Families must not own adequate housing, but be able to afford the mortgage payments, including taxes and insurance. Applicants must be unable to obtain credit elsewhere, yet have acceptable credit histories.
12 Can the loan be for construction & permanent?	USDA Rural Development can loan the construction loan which is converted to permanent after construction is completed.
13 In-ground swimming pools?	No. Homes with in-ground swimming pools will <u>not</u> be financed.
14 What about the location?	The project must be located in an eligible rural area. Dwellings should be located away from flood plains. http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do
15 What about the income limits?	Applicant's adjusted household income must meet Agency guidelines. http://www.rd.usda.gov/HSF-Direct_Income_Limits.html
16 What are the qualifying maximum ratios?	Principal Interest Taxes and Insurance (PITI) Ratio 29% Very low-income applicants 33% Other applicants Total Debt Ratio 41% (all applicants)
17 Are loans made for Manufactured Housing?	Yes, manufactured housing must be new and permanently installed and meet the HUD Manufactured Housing Construction and Safety Standards and RD thermal and site standards. Manufactured homes must be sold and set-up by an Agency Approved Dealer
18 How large can the site be?	The site must not be large enough to be subdivided under local subdivision regulations. The site value may not exceed 30 percent of the as-improved market value of the property. The property must not include farm service buildings.
19 Is homebuyer education required?	Yes, Homebuyer education is required before loan closing for first time homebuyers
20 What about subsidy repayment?	There is a repayment agreement that borrowers sign agreeing to repay the subsidy.
21 How do I find out more about the application process	Contact the USDA Rural Development office that serves the county where you wish to purchase a home. http://offices.sc.egov.usda.gov/locator/app



DIRECT LOAN PROGRAM INCOME LIMITS

P R O G R A M	A J U S T E D I N C O M E L I M I T S							
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON*
Allentown-Bethlehem-Easton, PA-NJ MSA								
Warren County, NJ HUD Metro FMR Area								
VERY LOW INCOME	32450	37050	41700	46300	50050	53750	57450	61150
LOW INCOME	47600	54400	61200	68000	73450	78900	84300	89750
MODERATE INCOME	53100	59900	66700	73500	78950	84400	89800	95250
38 YEAR TERM	39700	45350	51050	56700	61250	65750	70300	74850
ADJ. MEDIAN INC.**	64900	74100	83400	92600	100100	107000	114900	122300
Atlantic City-Hammonton, NJ MSA (Atlantic County)								
VERY LOW INCOME	25250	28850	32450	36050	38950	41850	44750	47600
LOW INCOME	40400	46150	51950	57700	62300	66950	71550	76150
MODERATE INCOME	45900	51650	57450	63200	67800	72450	77050	81650
38 YEAR TERM	30300	34600	38950	43250	46700	50150	53650	57100
ADJ. MEDIAN INC.**	50500	57700	64900	72100	77900	83700	89500	95200
New York-Northern New Jersey-Long Island, NY-NJ-PA MSA								
Bergen-Passaic, NJ HUD Metro FMR Area								
VERY LOW INCOME	33800	38600	43450	48250	52150	56000	59850	63700
LOW INCOME	49450	56500	63600	70650	76300	81950	87600	93250
MODERATE INCOME	54950	62000	69100	76150	81800	87450	93100	98750
38 YEAR TERM	40550	46300	52100	57900	62500	67150	71800	76450
ADJ. MEDIAN INC.**	67600	77200	86900	96500	104300	112000	119700	127400
Jersey City, NJ HUD Metro FMR Area (Hudson County)								
VERY LOW INCOME	30100	34400	38700	43000	46450	49900	53350	56800
LOW INCOME	49550	56650	63700	70800	76450	82150	87800	93450
MODERATE INCOME	55050	62150	69200	76300	81950	87650	93300	98950
38 YEAR TERM	26700	30500	34350	38150	41200	44250	47300	50350
ADJ. MEDIAN INC.**	60200	68800	77400	86000	92900	99800	106700	113600
Middlesex-Somerset-Hunterdon, NJ HUD Metro FMR Area								
VERY LOW INCOME	36900	42000	47450	52700	56950	61150	65350	69600
LOW INCOME	53950	61700	69400	77100	83250	89450	95600	101750
MODERATE INCOME	59450	67200	74900	82600	88750	94950	101100	107250
38 YEAR TERM	44300	50600	56950	63250	68300	73350	78450	83500
ADJ. MEDIAN INC.**	73800	84400	94900	105400	113900	122300	130700	139200
Monmouth-Ocean, NJ HUD Metro FMR Area								
VERY LOW INCOME	32900	37600	42300	47000	50800	54550	58300	62050
LOW INCOME	48450	55350	62300	69200	74750	80250	85800	91350
MODERATE INCOME	53950	60850	67800	74700	80250	85750	91300	96850
38 YEAR TERM	39500	45100	50750	56400	60900	65400	69950	74450
ADJ. MEDIAN INC.**	68000	75200	84600	94000	101600	109100	116600	124100
Newark, NJ HUD Metro FMR Area (Essex, Morris, Sussex, Union County)								
VERY LOW INCOME	33000	37700	42400	47100	50900	54650	58450	62200
LOW INCOME	47600	54400	61200	68000	73450	78900	84300	89750
MODERATE INCOME	53100	59900	66700	73500	78950	84400	89800	95250
38 YEAR TERM	39550	45200	50850	56500	61000	65550	70050	74600
ADJ. MEDIAN INC.**	66000	75400	84800	94200	101800	109300	116900	124400
Ocean City, NJ MSA (Cape May County)								
VERY LOW INCOME	27650	31600	35550	39450	42650	45800	48950	52100
LOW INCOME	44150	50500	56800	63100	68150	73200	78250	83300
MODERATE INCOME	49650	56000	62300	68600	73650	78700	83750	88800
38 YEAR TERM	33950	38800	43650	48500	52400	56250	60150	64000
ADJ. MEDIAN INC.**	55300	63200	71100	78900	85300	91600	97900	104200
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA (Burlington, Camden, Gloucester, Salem County)								
VERY LOW INCOME	29150	33300	37450	41600	44950	48300	51600	54950
LOW INCOME	46600	53250	59900	66550	71850	77200	82500	87850
MODERATE INCOME	52100	58750	65400	72050	77350	82700	88000	93350
38 YEAR TERM	34950	39900	44900	49900	53900	57900	61900	65850
ADJ. MEDIAN INC.**	58300	66600	74900	83200	89900	96600	103200	109900
Trenton-Ewing, NJ MSA (Mercer County)								
VERY LOW INCOME	33950	38800	43650	48500	52400	56300	60150	64050
LOW INCOME	47600	54400	61200	68000	73450	78900	84300	89750
MODERATE INCOME	53100	59900	66700	73500	78950	84400	89800	95250
38 YEAR TERM	40750	46550	52400	58200	62850	67500	72150	76800
ADJ. MEDIAN INC.**	67900	77600	87300	97000	104800	112600	120300	128100
Vineland-Millville-Bridgeton, NJ MSA (Cumberland County)								
VERY LOW INCOME	23250	26600	29900	33200	35900	38550	41200	43850
LOW INCOME	37150	42500	47800	53100	57350	61600	65850	70100
MODERATE INCOME	42650	48000	53300	58600	62850	67100	71350	75600
38 YEAR TERM	28800	32900	37050	41150	44450	47750	51050	54300
ADJ. MEDIAN INC.**	46500	53200	59800	66400	71800	77100	82400	87700

* ADD 8% OF 4 PERSON LIMIT FOR EACH PERSON IN EXCESS OF 8 EXCEPT FOR MODERATE INCOME FAMILIES, FOR WHICH \$5500 SHOULD BE ADDED TO THE RESPECTIVE LOW-INCOME LIMIT FOR 8+ PERSON FAMILIES
 ** RHS ADJ. MEDIAN INCOMES SHOWN EQUAL TWICE THE RESPECTIVE VERY LOW-INCOME LIMIT

GUARANTEED HOUSING PROGRAM INCOME LIMITS

STATE:NEW JERSEY	--- ADJUSTED INCOME LIMITS ---	
PROGRAM	1-4 PERSON	5-8 PERSON
Warren County, NJ HUD Metro FMR Area	RHS MOD.INC-GUAR.LOAN	97750 129050
Atlantic City-Hammonton, NJ MSA (Atlantic County)	RHS MOD.INC-GUAR.LOAN	91550 120850
Bergen-Passaic, NJ HUD Metro FMR Area	RHS MOD.INC-GUAR.LOAN	101550 134050
Jersey City, NJ HUD Metro FMR Area (Hudson County)	RHS MOD.INC-GUAR.LOAN	101800 134400
Middlesex-Somerset-Hunterdon, NJ HUD Metro FMR Area	RHS MOD.INC-GUAR.LOAN	110850 146300
Monmouth-Ocean, NJ HUD Metro FMR Area	RHS MOD.INC-GUAR.LOAN	99500 131350
Newark, NJ HUD Metro FMR Area (Essex, Morris, Sussex, Union)	RHS MOD.INC-GUAR.LOAN	97750 129050
Ocean City, NJ MSA (Cape May)	RHS MOD.INC-GUAR.LOAN	91550 120850
Philadelphia, PA-NJ (Burlington, Camden, Gloucester, Salem)	RHS MOD.INC-GUAR.LOAN	95650 126250
Trenton-Ewing, NJ MSA (Mercer)	RHS MOD.INC-GUAR.LOAN	97750 129050
Vineland-Millville-Bridgeton, NJ MSA (Cumberland)	RHS MOD.INC-GUAR.LOAN	91550 120850

* ADD 8% OF 1-4 PERSON LIMIT FOR EACH PERSON IN EXCESS OF 8 EXCEPT FOR MODERATE INCOME FAMILIES,
 ** MODERATE INCOME IS DEFINED AS THE GREATER OF 115% OF THE U.S. MEDIAN FAMILY INCOME OR THE AVG OF THE STATE-WIDE AND STATE NON-METRO MEDIAN FAMILY INCOMES OR 115/80THS OF THE AREA LOW-INCOME LIMIT



7 CFR Part 3550
§ 3550.53 (g)

(g) Repayment ability. Repayment ability means applicants must demonstrate adequate and dependably available income. The determination of income dependability will include consideration of the applicant's past history of annual income.

(1) A very low-income applicant is considered to have repayment ability when the monthly amount required for payment of principal, interest, taxes, and insurance (PITI) does not exceed 29 percent of the applicant's repayment income, and the monthly amount required to pay PITI plus recurring monthly debts does not exceed 41 percent of the applicant's repayment income.

(2) A low-income applicant is considered to have repayment ability when the monthly amount required for payment of PITI does not exceed 33 percent of the applicant's repayment income, and the monthly amount required to pay PITI plus recurring monthly debts does not exceed 41 percent of repayment income.

(3) Repayment ratios may exceed the percentages specified in paragraphs (h)(1) and (h)(2) of this section if the applicant has demonstrated an ability to meet higher debt obligations, or if RHS determines, based on other compensating factors, that the household has a higher repayment ability.

(4) If an applicant does not meet the repayment ability requirements, the applicant can have another party join the application as a cosigner.

(5) If an applicant does not meet the repayment ability requirements, the applicant can have other household members join the application.

(h) Credit qualifications. Applicants must be unable to secure the necessary credit from other sources on terms and conditions that the applicant could reasonably be expected to fulfill. Applicants must have a credit history that indicates reasonable ability and willingness to meet debt obligations. An applicant with an outstanding judgment obtained by the United States in a federal court, other than the United States Tax Court, is not eligible for a loan or grant from RHS.

(1) Indicators of unacceptable credit include:

(i) Payments on any account where the amount of the delinquency exceeded one installment for more than 30 days within the last 12 months.

(ii) Payments on any account which was delinquent for more than 30 days on two or more occasions within a 12-month period.

(iii) A foreclosure which has been completed within the last 36 months.

(iv) An outstanding Internal Revenue Service tax lien or any other outstanding tax liens with no satisfactory arrangement for payment.

(v) A court-created or court-affirmed obligation or judgment caused by nonpayment that is currently outstanding or has been outstanding within the last 12 months, except for those excluded in paragraph (h)(2) of this section.

7 CFR Part 3550
§ 3550.53 (h) (Con.)

(vi) Two or more rent payments paid 30 or more days late within the last 2 years. If the applicant has experienced no other credit problems in the past 2 years, only 1 year of rent history will be evaluated. Rent payment history requirements may be waived if the RHS loan will reduce shelter costs significantly and contribute to an improved repayment ability.

(vii) Outstanding collection accounts with a record of irregular payment with no satisfactory arrangements for repayment, or collection accounts that were paid in full within the last 6 months.

(viii) Non-agency debts written off within the last 36 months unless paid in full at least 12 months ago.

(ix) Agency debts that were debt settled within the last 36 months or are being considered for debt settlement.

(x) Delinquency on a federal debt.

(2) The following will not be considered indicators of unacceptable credit:

(i) A bankruptcy in which debts were discharged more than 36 months prior to the date of application or where an applicant successfully completed a bankruptcy debt restructuring plan and has demonstrated a willingness to meet obligations when due for the 12 months prior to the date of application.

(ii) A judgment satisfied more than 12 months before the date of application.

(3) When an application is rejected because of unacceptable credit, the applicant will be informed of the reason and source of information.

(i) Homeownership education. Applicants who are first-time homebuyers must agree to provide documentation, in the form of a completion certificate or letter from the provider, that a homeownership education course from a certified provider under § 3550.11 has been successfully completed as defined by the provider prior to loan closing. Requests for exceptions to the homeowner education requirement will be reviewed and granted on an individual case-by-case basis. The State Director may grant an exception the homeownership education requirement for individuals in geographic areas within the State where the State Director verifies that certified homeownership education is not reasonably available in the local area in any of the formats listed in § 3550.11(b). Whether such homeownership education is reasonably available will be determined based on factors including, but not limited to: distance, travel time, geographic obstacles, and cost. On a case-by-case basis, the State Director also may grant an exception, provided the applicant borrower documents a special need, such as a disability, that would unduly impede completing a homeownership course in a reasonably available format.

§ 3550.54 **Calculation of income and assets.**

(a) Repayment income. Repayment income is the annual amount of income from all sources that are expected to be received by those household members who are parties to the promissory note, except for any student financial aid received by these household members for tuition, fees, books, equipment, materials, and transportation. Repayment income is used to determine the household's ability to repay a loan.

(b) Annual income. Annual income is the income of all household members from all sources except those listed in (b)(1) through (b)(12) of this section:

- (1) earned income of persons under the age of 18 unless they are a borrower or a spouse of a member of the household,
- (2) payments received for the care of foster children or foster adults,
- (3) amounts granted for or in reimbursement of the cost of medical expenses,
- (4) earnings of each full-time student 18 years of age or older, except the head of household or spouse, that are in excess of any amount determined pursuant to section 501(b)(5) of the Housing Act of 1949, as amended,
- (5) temporary, nonrecurring, or sporadic income (including gifts),
- (6) lump sum additions to family assets such as inheritances; capital gains; insurance payments under health, accident, or worker's compensation policies; settlements for personal or property losses; and deferred periodic payments of supplemental security income and Social Security benefits received in a lump sum,
- (7) any earned income tax credit,
- (8) adoption assistance in excess of any amount determined pursuant to section 501(b)(5) of the Housing Act of 1949, as amended,
- (9) amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling,
- (10) amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home,
- (11) the full amount of any student financial aid, and
- (12) any other revenue exempted by a Federal statute; a list of which is available from any Rural Development office.

Existing Dwellings Attachment - Property Requirement

It is recommended that the taxes and insurance thresholds based on the eligibility not be exceeded. We recommend review of this document for understanding of the loan process. When a Sales Contract is signed after the Attorney review, please email to: nj.direct.Origination@nj.usda.gov

Your email submission should present the following information to Rural Development.

1. Copy of the purchase agreement signed by both buyer and seller including seller's disclosure and lead based paint disclosure, as applicable.
2. Copy of MLS data sheet. Taxes for current year will be verified. Note: The Appraisal request cannot be initiated if maximum loan amount is not supported with taxes higher than the MLS. A courtesy e-mail or phone call will be performed if this situation arises.

NOTE: Rural Development properties must meet the following conditions:

- The house must be located in an area eligible for financing by Rural Development.
- Property selected must have square footage of 2,000 square feet or less to meet the modest housing provision and shall not exceed the area loan limit. See NJ County Limits effective: 5/1/2014.
- If over [2,000 sq. ft.] requires a State Director **exception** if USDA considers property typical for area and/or Applicant has special needs to exceptionally large household or member with disability and proves that 12 month actual utility costs addressing the age and condition of the home and proves the ability to pay the higher costs associated with the large home.
- Rural Development does not finance **existing** manufactured homes, i.e. single or doublewide.
- Land for existing homes cannot be large enough to be subdivided according to local zoning regulations.
- The property cannot have an in-ground swimming pool, farm structures OR be an income producing property OR have an underground storage tank.
- The site to be financed must have access to the following:
 - A municipal or individual water and sewer system.
 - A hard surfaced or all weather road which is developed in full compliance with public body requirements, is dedicated for public use, and is being maintained by a public body or with proper easement.
- If pursuing a purchase of a condominium it must have a **current** FHA approval and the HOA fee must be placed in the applicant overall total debt and show affordability. Please contact the local office prior to placing the offer to perform the proper underwriting and acceptance of the condominium project in question.
- Purchaser(s) must closely inspect the home to determine if it meets his/her needs. It is the responsibility of the purchaser to see that the home has been inspected and is acceptable.

Inspection:

1. Effective October 1, 2015 USDA requires the use of a whole house inspection by a certified and/or licensed professional. Through this service: (1) will identify problems with the condition of the dwelling; (2) give you, the buyer, a better position to negotiate with the seller on the terms of the purchase; and (3) keep you, the buyer more informed and confident in your home buying decision. The applicant is responsible for the inspection fee at the time of inspection. The home inspector should be certified by either the National Association of Home Inspectors or the American Society of Home Inspectors with a current NJ license. The Applicants must attend the home inspection and provide our office with a copy of the inspection report. The Inspector will certify that all major systems are adequate, the dwelling has been inspected and meets agency standards with respect to: (1) Termites and other pests on form NPCA (or equivalent) or as verified by an extermination company; (2) plumbing, water and sewage; and (3) heating and cooling; (4) electrical systems; and (5) structural soundness; the dwelling should be designed to provide safe egress in the event of a fire.
2. The inspector must provide the following to a Rural Development Official within a timely manner;
 - A full copy of the report stating the structural integrity, functionally adequate, in good repair and/or a summarized list of repairs needed to place the home in good repair using attachment 5 A as a guide.
 - Well, septic evaluation and Water test must be performed by the local Health Department, State Licensed Lab or Registered Sanitarian.
 - Home must be free of termites and other wood destroying insects

Appraisal and Closing:

1. Rural Development will order and review appraisal to determine appraised value of property. An appraisal letter to all parties will be prepared after review of the appraisal report.
2. If the property appraised and funding is available, the seller and buyer should negotiate completing repairs prior to closing. All major repairs will be put in an escrow account and completed after closing. If major repairs (roof, furnace, etc) are required Rural Development will need 2-3 bids from NJ licensed contractors.
3. Rural Development will need to review a copy of the Title commitment, which should include a policy without exceptions and survey coverage verbiage.
4. After the funding commitment is issued a re-inspection must be provided certifying repairs are completed prior to closing and perform a final walkthrough to accept the condition of home and repairs
5. Once the above conditions have been met Rural Development will schedule a closing. It is recommended that the Sales Contract for closing date not be set any earlier than at least 45 days. USDA financing timeframes are generally within 45 – 60 days due to the contract appraisal timelines and funding. Funding for a Mortgage Commitment is completed after the appraisal is complete and agreed upon sales addendum to any repairs, and is first come first serve basis.