



Direct 502 - Subsidized Mortgages Available to Low and Very Low Income Families

PURPOSE:

To provide affordable housing to low and very low income families.

ELIGIBILITY:

Have sufficient income to pay house payments, insurance premiums, and taxes and necessary living expense. Persons with inadequate repayment ability may obtain co-signers for the loan. Be unable to obtain a loan from private lenders on terms and conditions that they can reasonably be expected to meet.

MAXIMUM LOAN AMOUNT:

Rural Development can lend up to 100% of the value of the property as appraised by this agency, not to exceed the maximum dollar limitation of Section 203(b) of the National Housing Act.

CURRENT INTEREST RATE:

Prevailing 3.00% with Terms at 33 years (subject to change without notice).

PAYMENT ASSISTANCE:

Borrowers may be eligible for a non-cash credit, which may reduce their scheduled payment to a level equivalent to amortizing the loan to as low as 1%. Any Payment Assistance received by a borrower will be subject to repayment by the borrower when the mortgage is released, when the loan is assumed by another person, when the property is sold, or when the borrower no longer occupies the dwelling.

ELIGIBILITY DETERMINATION:

Eligibility is determined by the use of 2 ratios. For Low-Income applicants, a PITI ratio (principle, interest, taxes and insurance divided by the gross monthly income) cannot exceed 33% and a TD ratio (total monthly debt divided by gross income) cannot exceed 41%. For very low-income applicants, the PITI ratio cannot exceed 29% and the TD ratio cannot exceed 41%.

Section 504 - 1% Fixed Rate Home Repair Loans and Grants

PURPOSE:

To provide a 1% repair loan to homeowners in designated rural areas with a household income below the very low-income limit for the area.

GRANT ELIGIBILITY:

Applicants must meet income guidelines, be 62 years of age and be unable to repay a 1% loan for a 20 year term. Repairs can only be for removal of health and safety hazards.

MAXIMUM LOAN/GRANT:

Maximum loan amount is \$20,000.00. Maximum grant amount is \$7,500.00 lifetime limit.

INCOME LIMITS:

Family Size	Very Low	Low Income
1 Person	\$27,650	\$44,150
2 Person	\$31,600	\$50,500
3 Person	\$35,550	\$56,800
4 Person	\$39,450	\$63,100

Home Value Must not exceed the County Loan Limit of \$274,300

ELIGIBLE AREAS:

Cape May County – All Lower Township is eligible.

CONTACT: www.rd.usda.gov/nj

Direct Loan Origination: For Initial Pre-Qualification – nj.direct.Origination@nj.usda.gov

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