TOWNSHIP OF LUMBERTON
BURLINGTON COUNTY, NEW JERSEY

Operating Manual
For the Administration of

AFFORDABILITY ASSISTANCE PROGRAM
POLICIES AND PROCEDURES

In accordance with the
Uniform Housing Affordability Controls
N.J.A.C. 5:80 - 26.1 et seq.

Prepared March 2, 2026

by:

CME ASSOCIATES

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Introduction

The purpose of this manual is to describe the policies and procedures of the Affordability Assistance Program for the Township of Lumberton. This manual explains what is needed for residents of the Township to qualify for the program, in addition to outlining the operation of the program.

The Affordability Assistance Program is designed to help very-low, low, and moderate-income households acquire funding to secure income restricted affordable housing within the Township of Lumberton, by providing financial assistance to offset the initial costs of securing adequate housing or the ongoing fees associated with affordable housing. This housing may be either owner-occupied dwelling units or rental dwelling units. The Township of Lumberton is required to allocate $2,577,016 from its Affordable Housing Trust Fund towards affordability assistance, including at least $859,005 for households earning no more than 30% of the regional median income. However, the Township intends to allocate $4,506,914, including $1,502,304.67 for households earning no more than 30% of the regional median income.

The manual has been prepared with a flexible format allowing for periodic updates of its sections, when required, due to revisions in regulations, terms, and/or procedures. Where it is found that a new procedure may be more effective or can alleviate recurring issues, such procedure may be implemented into the program operation by amending this Operating Manual. In addition, this manual may be revised to reflect changes in affordable housing policies and regulations at the local, state, and federal level. Pursuant to the Federal Fair Housing Act and Equal Opportunities laws discrimination against persons making application to buy or rent a home based on age, race, religion, national origin, sex, handicapped or familial status is unlawful and strictly prohibited.

This program provides the following options for affordability assistance:

- Security Deposit Assistance – Funding equal to the required security deposit for a rental dwelling unit may be available to be paid directly to the landlord on behalf of a very low-, low-, or moderate-income tenant. This is a loan to the landlord. At the end of the lease, the security deposit shall be returned to the Township rather than the tenant.
- Down Payment / Closing Cost Assistance – Funding of up to $10,000.00 per applicant may be applied to offset the up-front costs of purchasing an affordable home or condominium unit in Lumberton. These funds would be a deferred interest loan to the prospective buyer, and if the buyer remains in the home for a period of at least 10 years, the loan will be forgivable.

- Homeowner's Association Fee Assistance and Special Assessments – A grant up to $500.00 may be available on an annual basis, paid to the housing association. This is a one-time payment and no repayment is necessary.
- Very-low income units assistance – A loan up to $20,000 may be available to developers of inclusionary or 100 percent affordable housing developments or buying down the cost of low – moderate income units in a municipal fair share plan to render them affordable to very-low income households.
- Emergency Rental Assistance – Funding equal to the required contract rent may be available to be paid directly to the landlord on behalf of a low or very-low income tenant household. This is a grant payment and no repayment is required.
    - Emergency rental assistance is limited to a maximum of one payment per term of the lease for a low income households, and a maximum of two payments per year for a very-low income household.
    - The emergency rental assistance program shall not available for moderate income renter households.

All dwellings purchased with the funds from the Affordability Assistance Program shall be subject to a thirty (30) year deed restriction to remain affordable to very-low-, low-, and moderate-income households.

Administration

The Township's appointed Affordable Housing Administrative Agent shall be responsible for administering the Affordability Assistance Program. All funds provided for the Affordability Assistance Program shall be distributed from the Township's Affordable Housing Trust Fund, in accordance with the Township's adopted Affordable Housing Trust Fund Spending Plan.

Questions about the Affordability Assistance Program should be directed to the Administrative Agent. Contact information for the current Administrative Agent is listed below:

CME Associates	Phone: 732-462-7400
Address: 3600 NJ 66, 3rd Floor	Email: pgallagher@cmeusa1.com
Neptune, NJ 07753	Website: www.cmeusa1.com

Eligible Applicants

Applications submitted for affordability assistance will be provided and reviewed on a first-come-first-served basis according to the following criteria. The following criteria must be met in order for

an applicant to be deemed eligible for affordability assistance. Eligibility does not guarantee that any funding will be provided to applicants from this Program.

1. There are affordability assistance funds remaining in the budget for the year.
2. The applicant has not received more than one affordability assistance grant per category in the past year, except for very-low-income renter households.
3. The applicant must qualify as a very low-, low-, or moderate-income household in accordance with the most current regional income limits established by the Affordable Housing Professionals of New Jersey (AHPNJ). Supportive Housing providers are exempt from income certification, but must show proof of operating licenses and agree to a 30 year deed restriction on the property.
4. The applicant current rents or is purchasing a deed restricted affordable unit in the Township to be used as their primary residents or a licensed adult supportive housing development.
5. For the Security Deposit Assistance Program, the applicant must lease a dwelling unit within the Township of Lumberton that they will maintain as their primary residence.
6. For the Homeowner's Association Fee and Special Assessments Assistance Program, the applicant must be the owner of the property, and maintain the dwelling unit as their primary residence.

Security Deposit Assistance Program Procedures

1. An application for funding through the Affordability Assistance Program shall be filed with the Township's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. In the event that there are more income-qualified applicants than there are funds available, preference shall be given to very-low income households.
4. If an applicant is certified and approved, the Administrative Agent shall notify the Township's financial department of the intent to award the loan, and confirm the availability of funds.
5. The Administrative Agent shall prepare a draft resolution authorizing the award of the loan, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.

6. The Township shall release the funds from the Affordable Housing Trust Fund to the participating landlord following the approval of the resolution.
7. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Loan Amount and Period

The maximum amount of assistance that may be provided per applicant shall be equal to one and one-half month's contract rent, or $2,500.00, whichever is lesser. The loan period shall be the duration of the applicant's occupancy of the dwelling unit.

Loan Terms & Repayment Agreement

All funds distributed for a security deposit shall be deposited by the landlord in an escrow account in accordance with applicable state laws. Upon the end of the applicant's tenancy in the dwelling unit, the landlord shall repay the security deposit to the Township of Lumberton's Affordable Housing Trust Fund.

In the event that monies are deducted from the security deposit due to damages to the dwelling unit, the tenant shall be responsible for repaying any monies deducted to the Township's Affordable Housing Trust Fund.

Property Eligibility

Any property that will serve as the prospective homebuyer's or renter's primary residence, and is located within the Township of Lumberton is an eligible property type, including but not limited to the following:

- A single-family property (one-unit)
- A two- to four-unit property
    - If affordable housing trust funds are used to assist a purchaser to acquire one unit in a two- to four-unit property, and that unit will be the principal residence of the purchaser, the long-term affordability requirements apply to the assisted ownership unit only.
    - If affordable housing trust funds are used to help a purchaser acquire one or more rental units along with the homeownership unit, then rental affordability requirements shall apply to the rental units in addition.
- An apartment within a multi-family property
- A condominium unit

- A cooperative unit or a unit in a mutual housing project
- A manufactured house
    - At the time of completion, the manufactured housing must be connected to permanent utility hook-ups.
    - The manufactured housing unit must be located on land that is owned by the manufactured housing unit owner, or on land for which the manufactured housing unit owner has a lease.

Down Payment & Closing Cost Assistance Program Procedures

1. An application for funding through the Affordability Assistance Program shall be filed with the Township's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. If an applicant is certified and approved, the Administrative Agent shall notify the Township's financial department of the intent to award the loan, and confirm the availability of funds.
4. The Administrative Agent shall prepare a draft resolution authorizing the award of the loan, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.
5. The Township adopts a resolution to release the funds from Affordable Housing Trust Fund to the escrow account following the approval of the resolution.
6. The Township shall release the funds from the Affordable Housing Trust Fund to the escrow account upon the approval of the resolution.
7. A Repayment Agreement, Mortgage Note, and Mortgage shall be executed at closing, recorded by the title company. The original recorded mortgage and mortgage note shall be kept on file by the Program Administrator.
8. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Loan Amount and Period

The maximum amount of assistance that may be provided per applicant is $10,000.00. The loan will be forgiven at 0% for the first five (5) years, 20% percent for years six (6) – ten (10) and fully forgiven after ten (10) years. A mandatory minimum down payment of 5% of the purchase price is required from the applicant.

Loan Terms & Repayment Agreement

All funds are distributed at closing. The funds are sent via bank wire to either the participant's attorney or closing agent trust account. The attorney or trust account must have a business registration certificate and W-9 Tax Identification Form. The Township must be given notice of the closing five (5) business days ahead of the closing date.

Loans for applicants to the Program shall be secured through a mortgage and mortgage note in favor of the Township and executed by the property owner when required. The mortgage and mortgage note, as well as a deed restriction, will be executed at closing. The terms of the mortgage are in the mortgage note, which is not recorded. The original mortgage note shall be retained by the Program Administrator and kept in the unit file. The administrative agent shall send the mortgage and deed restriction requiring recording to the Township. Upon receipt, the Township will file said documents with the Burlington County Clerk's office upon the completion of the closing of title.

All loans are deferred payment loans and are due in full at zero percent (0%) interest upon sale, or change in title, if said sale or change in title occurs within five (5) years of the date of closing. However, if a sale or change in title occurs from years six (6) – ten (10), the deferred payment loans incur a 20% interest rate from years six (6) – ten (10). All repayment of loans shall be paid to the Township's Affordable Housing Trust Fund. If the applicant remains the owner and occupant of the dwelling at the end of the ten (10) year duration period of the loan, the loan shall be forgiven in full.

Insurance Requirements

The applicant must provide proof of homeowner's insurance and proof that the insurance has been paid. The homeowner's insurance must list the Township of Lumberton and the Township of Lumberton's Affordability Assistance Program as additional insureds, loss payees, or additional mortgagees for the entire 10-year period of the mortgage.

All prospective applicants must have Title Insurance naming the Township of Lumberton and Township of Lumberton's Affordability Assistance Program as additional insureds, loss payees, or additional mortgagees.

If the home is associated with a Condominium Association or a substantially similar entity, the Township of Lumberton and the Township of Lumberton's Affordability Assistance Program shall be listed as additional insureds, loss payees, or additional mortgagees on the blanket insurance policy for the Association's property.

In the event that the property is located in a Flood Zone, flood insurance will be required listing the Township of Lumberton and Township of Lumberton's Affordability Assistance Program as additional insureds, loss payees, or additional mortgagees.

Affordability Controls

All homes purchased by qualified very-low, low, or moderate income households with assistance from the Township's Affordability Assistance Program shall include a deed restriction which provides affordability controls indicating that the unit must remain affordable to a very-low, low, or moderate income household for a period of at least thirty (30) years, in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-26.1 et seq.

Homeowner's Association Fee and Special Assessments Assistance Program Procedures

1. An application for funding through the Affordability Assistance Program shall be filed with the Township's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. If an applicant is certified and approved, the Administrative Agent shall notify the Township's financial department of the intent to award the grant, and confirm the availability of funds.
4. The Administrative Agent shall prepare a draft resolution authorizing the award of the grant, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.
5. The Township shall release the funds from the Affordable Housing Trust Fund, payable to the applicable housing association, following the approval of the resolution.
6. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Grant Amount and Period

The maximum amount of assistance that may be provided per applicant is $500.00 on an annual basis. The funds shall be in the form of a one-time grant payment. No repayment of funds by the applicant shall be required.

Affordability Controls

All applications for Homeowner's Association Fee and Special Assessments Assistance shall be for fees required of a deed restricted affordable unit which provides affordability controls indicating that the unit must remain affordable to a very-low, low, or moderate income household for a period of at least thirty (30) years, in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-26.1 et seq.

Very-Low Income Unit Assistance

1. An application for funding through the Affordability Assistance Program shall be filed with the Township's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. If the applicant's proposed development includes low or moderate income rental units, and the prospective very-low-income tenant is certified and approved, the Administrative Agent shall notify the Township's financial department of the intent to award the loan, and confirm the availability of funds.
4. The Administrative Agent shall prepare a draft resolution authorizing the award of the loan, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.
5. The Township shall release the funds from the Affordable Housing Trust Fund to the escrow account following the approval of the resolution.
6. A Repayment Agreement, Mortgage Note, and Mortgage shall be executed at closing, and recorded by the title company.
7. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Funding Amount and Period

The maximum amount of assistance that may be provided per unit is $10,000.00. The loan period shall be five (5) years. Once issued, a new deed restriction for the property shall be filed indicating that.

Terms & Repayment Agreement

All funds distributed for very-low-income conversions shall be paid directly to the landlord and serve as payment in exchange for converting the dwelling unit into a deed restricted unit for very low-income households for a period of not less than 30 years. No repayment of the loan shall be required.

Emergency Rental Assistance Program Procedures

1. An application for funding through the Affordability Assistance Program shall be filed with the Township's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. In the event that there are more income-qualified applicants than there are funds available, preference shall be given to very-low income households.
4. If an applicant is certified and approved, the Administrative Agent shall notify the Municipal Housing Liaison and Township's financial department of the intent to award the grant, and confirm the availability of funds.
5. The Administrative Agent shall prepare a draft resolution authorizing the award of the grant, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.
6. The Township shall release the funds from the Affordable Housing Trust Fund to the participating landlord following the approval of the resolution.
7. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Funding Amount and Period

The maximum amount of assistance that may be provided per applicant shall be equal to the contracted rent for one month. As this is a grant, there is no period of repayment. For low-income households, a maximum of one award per term of the lease, or calendar year shall be permitted. For very low-income households, a maximum of two awards per term of the lease, or calendar year, shall be permitted.

Terms & Repayment Agreement

All funds distributed for emergency rental assistance shall be paid directly to the landlord and serve as payment for one month's contracted rent. No repayment of emergency rental assistance funding shall be required.

Income Eligibility and Certification Procedure

In order to be eligible for assistance, applicants must be determined to be income eligible. All adult members of the applying household 18 years of age and older must be fully certified as income-eligible before they can receive any assistance from the Program. The Program will income qualify applicants in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-26.1 et seq., except for the asset test. The applicant's monthly housing payment shall not exceed 40% of the applicant's adjusted monthly gross income.

Qualified Income Sources

The following are considered income and shall be included in the determination of the applicant's income eligibility:

- Wages, salaries, tips, commissions
- Regularly scheduled overtime
- Social Security
- Unemployment Compensation (verify # of weeks that are eligible to be received)
- Pensions
- Disability
- Alimony
- Verified regular child support (received)
- Any other forms of regular income reported to the Internal Revenue Service
- Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
- Imputed interest (using a current average annual rate of 2%) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payment, real estate taxes, property owner's insurance.
- TANF (Temporary Assistance for Needy Families)
- Net income from business or real estate
- Rent from real estate is considered income

Unqualified Income Sources

The following are not considered income and shall not be included in the determination of the applicant's income eligibility:

- Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income
- Food stamps
- Rebates or credits received under low-income energy assistance programs
- Income of live-in attendants
- Student loans
- Part-time income of dependents enrolled as full time students
- Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
- Payments received for foster care
- Relocation assistance benefits
- Scholarships
- Personal property such as automobiles

Income Verification

To calculate income, the current gross income of the applicant is used to project income over the next 12 months. Income verification documentation should include, but is not limited to, the following for each and every member of a household who is 18 years of age or older:

- Four current consecutive pay stubs, including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure, or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.
- A signed copy of regular IRS Form 1040 (Tax computation form), 1040A, or 1040EZ (as applicable) and state income tax returns filed for the last three years prior to the date of interview or notarized tax waiver letter for respective tax year(s).
- A form 1040 Tax Summary for the past three tax years can be requested from the local IRS Center or by calling 800-829-1040
- If applicable, a letter or appropriate reporting form verifying monthly benefits such as:
    - Social Security or SSI – current awards letter or computer printout letter
    - Unemployment – verification of unemployment benefits
    - Welfare – TANF current award letter
    - Disability – Worker's compensation letter, or
    - Pension income (monthly or annually) – a pension letter

- A letter or appropriate reporting to verify any other sources of income claimed by the applicant such as alimony or child support – copy of court order or recent original letter from the court (includes separation agreement or divorce papers) or education scholarship/stipends – current award letter.

- Reports from the last two consecutive months that verify income from assets to be submitted by banks or other financial institutions managing savings and checking accounts (bank statements and passbooks), trust funds, money market accounts, certificate of deposit, stocks or bonds (in brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates)

Examples: copies of all interest and dividend statements for savings accounts, interest and non-interest bearing checking accounts, and investments.

- Evidence or reports of income from directly held assets, such as real estate or businesses owned by any household member 18 years and older.

- Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.

- Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating current mortgage balance. For rental property attach copies of all leases.

Verifying Student Income and Income from Real Estate

- *Student Income* – Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35 hour work week.

- *Income from Real Estate* – If real estate owned by an applicant to the Program is a rental property, the rent is considered income. After deduction of any mortgage interest, real estate taxes, property owner insurance, and reasonable property management expenses as reported to the IRS, the remaining amount shall be counted as income.

Other Eligibility Requirements

Applicants must also submit the following in the application package as applicable:

- Recorded deed to the property to be assisted;

- If you are a widow or widower, copy of Death Certificate should be included;

- Signed release form to verify eligibility determination from third party sources;

- Copy of any and all other liens recorded against property; and
- Personal identification (a copy of any of the following: Driver's license, Passport, Birth Certificate, Social Security Card, Adoption Papers, Alien Registration card, etc.) for each household member.

Eligibility Certification

After the Administrative Agent determines that the household is income eligible and meets all other eligibility requirements, the Administrative Agent will complete and sign the eligibility certification. This certification is valid for twelve (12) months starting from the date of eligibility certification.