

REPUBLIC
STATE MORTGAGE

*"Building Relationships
One Home at a Time"*

USDA / Rural Development Financing

You'll Like Our Numbers!

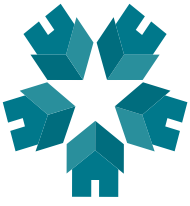
USDA BENEFITS

- No Down Payment Required
- Closing Costs Can Be Added To Loan Amount Up To The Appraised Value
- Low Monthly Mortgage Insurance Premium (MI)
- 100% Gifting Permitted
- Low Rate Financing
- No Cash Reserves Requirements
- No First-Time Homebuyer Requirement
- 6% Seller Contribution Limit
- No Maximum Loan Amount
- Rates, Terms, Eligible Areas, And Income Limits Subject To Change Without Notice.

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NOTHING DOWN HOME LOAN

Rural Development Financing

502 Guaranteed Rural Housing Loan

*No Loan Limits • No Down Payment • No Cash Reserves Required
No First Time Homebuyer Requirement
Loan Amount Can Include Closing Costs
6% Seller Contribution • Available In Many Areas
New and Existing Homes • Fixed Rate Financing*

Rural Development (RD) financing is perhaps the most misunderstood home financing offered in the United States today. It however provides probably the best terms for home financing available. Best of all, this loan features the **NO MONEY DOWN** option.

WHO AND WHAT IS RURAL DEVELOPMENT?

(Formerly known as Farmers Home Administration or FmHA) USDA (United States Department of Agriculture) has the unique responsibility of Coordinating Federal assistance to rural areas of the Nation. The Rural Development mission is to help rural Americans improve the quality of their lives, one of which is the financing of safe, decent, affordable housing. A new and sharper focus on rural development took shape with passage of the Department of Agriculture Reorganization Act of 1994. One of the new Rural Development organizations reporting to the Under Secretary for Rural Development is the Rural Housing Service (RHS) whose responsibility includes rural housing programs.

WHAT AREAS ARE RURAL DEVELOPMENT HOME LOANS AVAILABLE?

BEST ADVICE: *Don't assume anything. You may be surprised where RD financing is available. First of all...*

THE HOME DOES NOT HAVE TO BE IN "THE COUNTRY".

The home may be located inside the city limits of selected communities of generally less than 10,000 population and in some cases up to 25,000 population are eligible for RD financing. Call us or your local RD office for eligible areas and cities.

HOW MUCH MONEY WILL I NEED FOR A DOWN PAYMENT?

A down payment is not required.

IS THIS FIXED RATE FINANCING?

Yes. RD does not offer or allow adjustable rate mortgages. The 502 Guaranteed Rural Housing Loan is fixed rate for 30 years.

WHAT KIND OF HOME CAN I BUY?

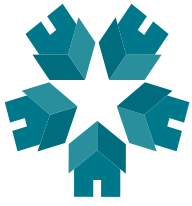
New and Existing homes are eligible. There is no restriction as to design or size of the home as long as the home is determined to be SAFE, SOUND and SANITARY and meet RD energy efficiency standards...A VERY COMMON SENSE APPROACH WITH THE BUYERS INTEREST IN MIND. However, homes with in-ground swimming pools are not eligible. As to homes with acreage, the number of acres included with the property must be determined reasonable for the area. Generally, the value of the acreage should not exceed 30% of the total value of the property being purchased. RD finances homes, not farms or ranches. Just use common sense. Call us or your local RD office if you have questions about acreage.

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ARE THERE LOAN LIMITS?

NO. The 502 Guaranteed Rural Housing Loan DOES NOT have loan limits. USDA Rural Housing Service removed the loan limits on the 502 Guaranteed Rural Housing Loan. Income Limits are still in place but the impact can be significant in selected areas. A qualified buyer can buy as much house as his or her income and debts will allow up to 29% house payment to income ratio and 41% total debt to income ratio.

ARE THERE INCOME LIMITS?

YES. There are income limits. The 502 Guaranteed Rural Housing program income limit is typically based on 115% of the medium county income adjusted to family size.

BEST ADVICE: Don't automatically assume you don't qualify. Currently the 1-4 person adjusted family income is \$78,200. And the 5-8 person adjusted family income is \$103,200.

WHAT ABOUT CLOSING COSTS?

Even though RD is a **NOTHING DOWN LOAN...there are closing costs.** However, the seller can pay all or a portion of the closing costs and prepaids and any remaining closing costs can be added to the loan amount up to the appraised value of the property. If any cash is required of the buyer it can be 100% gifted. What this can mean is a low cost or "0" total move-in cost to a borrower. It is definitely possible to get into a new or existing home for no money out of pocket.

BEST ADVICE: Contact your loan officer on how to structure your financing to ensure all closing costs and prepaids have been allowed for.

DO I HAVE TO BE A FIRST TIME HOME BUYER?

NO. Rural Development loans are available to all that qualify. You do not have to be a first time home buyer. However, you cannot own two homes.

HOW MUCH HOUSE CAN I AFFORD?

BEST ADVICE: Call us for pre-qualification. Because of the unique features of these loans you may be able to qualify for more home than you may assume. We can Mail, Fax, or E-Mail a loan pre-qualification questionnaire to you. It's quick and easy.

WHAT ABOUT MY CREDIT?

While it is important that your credit be good to qualify...it by no means has to be perfect. Underwriting a loan is an art not a science. Not all borrowers are the same and each applicant's circumstances may be different. As a basic guideline, if you have declared bankruptcy, it must be discharged a minimum of three years. (There are exceptions). Outstanding collections and judgments must be paid but underwriter discretion is allowed based on individual circumstances. Underwriting's goal is to determine your willingness and ability to pay your house payment not find ways to deny your loan.

BEST ADVICE: If you're not sure how your credit is...**FIND OUT.**

A copy of your credit report is available by contacting the three national credit bureaus of Trans Union, Experian (fka TRW) and Equifax. If you still have questions or concerns about your credit you should contact a Republic State Mortgage loan officer.

WHAT IF I HAVE NO CREDIT?

If you have no credit or never used credit that's OK. The lack of credit is not necessarily a reason to deny a loan. Many factors are used to determine your willingness and ability to pay your house payment.

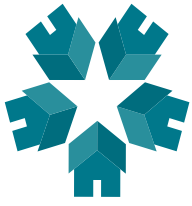
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MY CREDIT IS GOOD BUT MY SPOUSES CREDIT IS TERRIBLE.

Can I get a loan by myself?

YES. This is referred to as a Non-Purchasing Spouse Loan. If you meet credit and income guidelines by yourself you may be able to purchase a home. Your spouse's credit is disregarded.

Note however, that if the spouse's credit is disregarded his or her income will not be counted in determining repayment ability. You must qualify by yourself.

WHEN SHOULD I START MY LOAN?

AS SOON AS POSSIBLE. You don't have to have a property contracted in order to start the loan process. Let us get you pre-approved it can help in your contract negotiations.

WILL I KNOW RIGHT AWAY IF I QUALIFY FOR A LOAN?

We can pre-qualify you with unverified information by phone or in person. However, final eligibility and approval will not be made until formal application is made, all provided information is verified, and credit is determined to be acceptable.

HOW DOES THIS LOAN COMPARE TO FHA AND VA?

FHA, VA, and RD Loans each have their individual advantages...that is to say that there are unique features of each loan that when applied to an individual situation may be better suited or necessary to accommodate the needs of a particular situation. The unique features of each loan may be the only way a person might qualify for a home. Below are some advantages of RD loans over FHA and VA.

RD vs. FHA

- FHA has up-front mortgage insurance of up to 1.75%...this is added to the loan amount. RD has a 1.0% Guarantee Fee on the 502 Guaranteed Rural Housing Loan.
- FHA has an annual mortgage insurance (MIP) of .85% of loan amount. This increases the monthly payment. RD has a lower annual mortgage insurance of .35%.
- FHA has a required down payment of 3.5%...RD is “Nothing Down”.
- FHA will only allow the loan amount to be a percentage of Sale Price or Appraised Value...whichever is lower. RD allows the loan amount to exceed sales price up to appraised value of property.

RD vs. VA

- VA has a minimum 2.15% VA funding fee (for first time use unless veteran is disabled). RD has a 2.0% guarantee fee on the 502 Guaranteed Rural Housing Loan.
- VA offers “Nothing Down”...but you must be a Veteran. RD offers “Nothing Down” to any qualified borrower who purchases a home in eligible areas.
- VA will only allow the loan amount to be up to Sale Price or Appraised Value...whichever is lower. RD allows the loan amount to exceed sales price up to appraised value of property.

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