



USDA RURAL DEVELOPMENT PROGRAM



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Wauwatosa, WI 53213
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www.onechoicemort.com

RURAL HOUSING - GUARANTEED LOAN PROGRAM		DOCUMENTATION TYPE		MORTGAGE INSURANCE																
<p>The Guaranteed Rural Housing Loan Program is offered through the Rural Housing Service (RHS), an agency of the U.S. Department of Agriculture. The program offers assistance to low and moderate income families whose income is equal to or less than 115% of the are median income.</p> <p>This program allows 100% LTV, 30 year fixed rate, first lien mortgages on primary residences in designated RHS service areas.</p>		<p>FULL DOC VOE (written Verification of Employment) plus one pay stub and verbal verification of employment.</p> <p>ALT DOC W-2 tax forms for the last 2 years, verbal verification of employment and a paystub(s) covering the most recent 30 day period.</p>		<p>A guarantee fee of 2% on purchases and 0.5% on refinance loans is due at closing. The fee can be financed in the loan amount, included as part of seller's contribution, or collected directly from the borrower at closing. No other monthly or annual insurance is required.</p>																
<p>ELIGIBLE FINANCE TYPES Purchase and limited cash out refinance transactions. Limited cash out refinance loans MUST be paying off an existing rural housing (RD) loan to be eligible. Cash out refinances are not allowed.</p>		<p>UNDERWRITING METHOD Loans will be manually underwritten. USDA G.U.S. automated underwriting system will not be required.</p>																		
<p>ELIGIBLE BORROWERS Borrowers may have only one primary residence. Borrowers may currently own a primary residence at the time of loan application but it MUST be sold prior to or concurrent with the purchase of the new home. Borrowers must lack sufficient resources to obtain conventional financing without the need for mortgage insurance, which is typically a 20% down payment. Borrowers must have a valid social security number. Borrowers may be a permanent or non-permanent resident alien. Title must be vested in individual names only. All borrowers MUST be screened using CAIVRS (Credit Alert InteractiveVoice Response System) to determine if an applicant is delinquent on a Federal loan.</p>		<p>MINIMUM LOAN AMOUNT \$50,000.00</p> <p>MAXIMUM LOAN AMOUNT Up to 100% of the conforming loan limits (\$417,000), or 102% when the guarantee fee is financed.</p>		<p>DOWN PAYMENT AND/OR SOURCE OF FUNDS Down payment is not required.</p>																
<p>ELIGIBLE PROPERTY TYPES Single family non-farm residences, approved condominiums, PUDs. Property must be located in an area designated as eligible by RHS. The value of the site should not exceed 30% of the total value of the property. The cost approach must be fully completed on the appraisals of homes less than 1 year old. The property must be contiguous to and have access to a paved or all-weather surface street, road or driveway. The property must have dependable water and sewer systems that are approved by local authorities. Homes with private wells and/or sewer systems will require a water test/septic inspection from a qualified inspector.</p>		<p>CREDIT REPORTS Residential merged credit report for all borrowers dated within 60 days of closing.</p> <p>CREDIT SCORES 620 for all borrowers. "Spouse only" loans are permitted only if a credit report is provided for the excluded spouse and all debts are included in the applicant's debt ratio. Any of the excluded spouse's debts that are in judgment must be satisfied prior to closing. The excluded spouse's income must also be properly verified to determine eligibility of the household.</p>		<p>GIFTS Are acceptable from a family member that is not a member of the household. A fully completed gift letter plus evidence of funds is required.</p>																
<p>INELIGIBLE PROPERTY TYPES Manufactured Housing. Multi-unit structures. Properties with an in-ground swimming pool. Properties located in a flood zone. Properties that are located in an area not designated as rural by RHS.</p>		<p>MAXIMUM LTV and CLTV 100% of the lesser of: acquisition cost or market appraised value and may include all of the closing costs, including escrows, less any prepaid interest. The maximum LTV may exceed 100% of the contract price only by the amount of the guarantee fee being financed in the loan amount. Purchase transactions are eligible up to 102% LTV (2% guarantee fee). Refinance transactions are eligible up to 100.50% (0.50% guarantee fee).</p>		<p>REFINANCE REQUIREMENTS Must meet documentation and credit eligibility requirements. See Wisconsin GRH website for full details.</p>																
<p>CALCULATION OF THE GUARANTEE FEE</p> <table border="1"> <thead> <tr> <th>TRANSACTION TYPE</th> <th>GUARANTEE FEE NOT FINANCED</th> <th colspan="2">GUARANTEE FEE FINANCED</th> </tr> </thead> <tbody> <tr> <td>Purchase Transaction</td> <td>Multiply the loan amount by 2.00% and round up to the nearest dollar. Example: \$100,000 x .02 = \$2,000.</td> <td>1) Divide the base loan amount by 0.98 and round to the nearest dollar. 2) Multiply that number by .02 (2.00%) and round to the nearest dollar. Example: \$100,000 ÷ .98 = \$102,041. \$102,041 x .02 = \$2,041.</td> <td rowspan="2"> <p>INTERESTED PARTY CONTRIBUTIONS 6% of the contract price can be contributed toward closing costs. But the amount cannot exceed the actual costs, less prepaid interest.</p> <p>IMPOUNDS Are required for property taxes and hazard insurance.</p> <p>BORROWER INCOME Borrower's adjusted income may not exceed 115% of the median income. An income eligibility calculator is available on the Rural Development website.</p> <p>APPRAISAL REQUIREMENTS FHA Roster appraisers MUST be used for all loans and the appraiser must include that the property meets the requirement of all HUD handbooks in the body of the appraisal.</p> <p>INTERESTING NOTES OF PROGRAM INFORMATION The guarantee fee MUST be disclosed on the GFE. Borrowers may only receive cash back at closing in the amount equal to their investment of earnest money. Any additional cash back must be re-directed towards the escrow account or to a principal reduction. Any increases to the loan amount or interest rate after the conditional commitments have been issued require the loan to be re-sent into RHS again.</p> </td> </tr> <tr> <td>Limited Cash Out Refinance</td> <td>Multiply the loan amount by 0.50% and round up to the nearest dollar.</td> <td>Repeat steps 1 and 2 above, substituting .9950 for .98 and .005 for .02.</td> </tr> </tbody> </table>		TRANSACTION TYPE	GUARANTEE FEE NOT FINANCED	GUARANTEE FEE FINANCED		Purchase Transaction	Multiply the loan amount by 2.00% and round up to the nearest dollar. Example: \$100,000 x .02 = \$2,000.	1) Divide the base loan amount by 0.98 and round to the nearest dollar. 2) Multiply that number by .02 (2.00%) and round to the nearest dollar. Example: \$100,000 ÷ .98 = \$102,041. \$102,041 x .02 = \$2,041.	<p>INTERESTED PARTY CONTRIBUTIONS 6% of the contract price can be contributed toward closing costs. But the amount cannot exceed the actual costs, less prepaid interest.</p> <p>IMPOUNDS Are required for property taxes and hazard insurance.</p> <p>BORROWER INCOME Borrower's adjusted income may not exceed 115% of the median income. An income eligibility calculator is available on the Rural Development website.</p> <p>APPRAISAL REQUIREMENTS FHA Roster appraisers MUST be used for all loans and the appraiser must include that the property meets the requirement of all HUD handbooks in the body of the appraisal.</p> <p>INTERESTING NOTES OF PROGRAM INFORMATION The guarantee fee MUST be disclosed on the GFE. Borrowers may only receive cash back at closing in the amount equal to their investment of earnest money. Any additional cash back must be re-directed towards the escrow account or to a principal reduction. Any increases to the loan amount or interest rate after the conditional commitments have been issued require the loan to be re-sent into RHS again.</p>	Limited Cash Out Refinance	Multiply the loan amount by 0.50% and round up to the nearest dollar.	Repeat steps 1 and 2 above, substituting .9950 for .98 and .005 for .02.	<p>QUALIFYING RATIOS</p> <table border="1"> <thead> <tr> <th>STANDARD RATIOS</th> <th>EXCEPTION RATIOS</th> </tr> </thead> <tbody> <tr> <td>Housing Ratio - 29%</td> <td>Housing Ratio - 30% +</td> </tr> <tr> <td>Total Debt Ratio - 41%</td> <td>Total Debt Ratio - 40% +</td> </tr> </tbody> </table> <p>Debt ratio waiver exception may be made to RHS with documented compensating factors. This is not a maximum amount the ratios may be exceeded. Depending on the strength of the compensating factors, housing and total debt ratios can range between the mid to high ratios listed.</p>		STANDARD RATIOS	EXCEPTION RATIOS	Housing Ratio - 29%	Housing Ratio - 30% +	Total Debt Ratio - 41%	Total Debt Ratio - 40% +
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<p>For Additional Information Please Contact:</p> <p>Paul Gaertner 414-431-3100 X3119 Fax # 414-777-0112</p> <p>Sales Contacts: Joe Houk, Manager Cell # 414-659-1482 Jason Schultz Cell # 414-313-6243 Chad Heller Cell # 608-347-2131</p>		<p>Frequently Used Websites</p> <p>Main Web Address: http://www.rurdev.usda.gov/wi/programs/rhs/sfhg/index.htm</p> <p>Rural Housing Originator Manual: http://www.rurdev.usda.gov/wi/programs/rhs/sfhg/handbook/originating/grhmanual.htm</p> <p>Origination Documents: http://www.rurdev.usda.gov/wi/programs/rhs/sfhg/handbook/originating/index.htm</p> <p>Income and Property Eligibility: http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do</p> <p>WI Rural Housing Resource Materials: http://www.rurdev.usda.gov/wi/programs/rhs/sfhg/handbook/resources/index.htm</p> <p>WI Interactive Map of Ineligible Areas for GRH Loans: http://www.rurdev.usda.gov/wi/programs/rhs/ineligible.htm</p> <p>WI Forms for GRH: http://www.rurdev.usda.gov/wi/download/download.asp?type=2&program=3&order=2&by=5</p> <p>WI Income Limits by County: http://www.rurdev.usda.gov/wi/programs/rhs/library/WI-Income-Limits-for-Single-Family-Housing-Guaranteed-Loans.pdf</p>																		
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