

One of the Last TRUE Zero-Down Programs

The USDA Guaranteed Housing Program

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Key Program Features:

- 30 year fixed rate only
- No cash reserve requirements
- Seller can pay all of the closing costs
- No monthly Mortgage Insurance – just a one-time fee of 2% of the loan amount financed at closing
- No minimum credit score (need extraordinary compensating factors if under 600)
- Standard ratios of 31/43 with higher ratios allowed with compensating factors, such as:
 - ❖ cash reserves
 - ❖ credit score over 660
 - ❖ no gaps in employment
 - ❖ not a lot of consumer debt
 - ❖ no payment shock (over 100%)
 - ❖ employment history of 2 years or more in current job

There is a 2% ratio increase for energy efficient homes meeting the requirements of the 2000 International Energy Conservation Code. **There is no first-time-homebuyer requirement**, but borrowers can not own a home at this time. (mobile homes or homes on leased ground don't count)

Applicants can have up to 115% of the median income for the area, which varies by family size. Here is a sample income grid for most North Carolina counties:

Maximum income limit for:	1-4 Person	5-8 Person
Most Major Metropolitan MSA's	\$74,050	\$97,750
Many Other Counties	\$70,750	\$93,400

You can make these deductions from their actual annual income to determine eligibility:

- \$480 per each minor or full-time student living in the household
- \$480 per each disabled/handicapped adults (not borrowers)
- a one time deduction of \$400 for any elderly family (over 62)
- the Actual Annual Child Care Expense for ages 12 and under
- their medical expenses for elderly family that is greater than 3% of household income

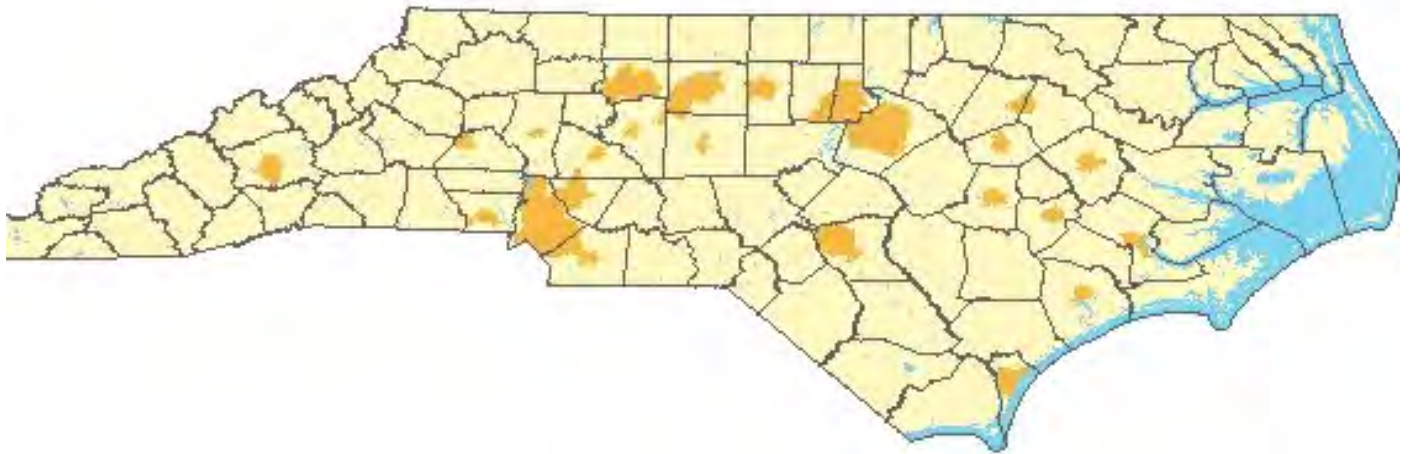
Loan qualifying income will vary from this. For example, not all household income-earners may be on the loan. Qualifying income also ignores these deductions. Using the maximum ratios are 31/43, a family of 4 can afford a home of about **\$250,000** using a 6% interest rate and an estimate of 20% of the total payment going towards taxes and insurance (there is no monthly MI).

There is a 2% guarantee fee added to the loan amount, just like FHA. But there is no recurring monthly mortgage insurance premium. Credit score for an automatic credit waiver is only 620. Repairs can be escrowed and done after closing. You can include new appliances or energy efficient improvements, subject to appraisal. No limit on seller contribution to closing costs, but most lenders limit it to 6% of the sale price. There's one quirk – NO in-ground pools!

So where in the state can you get this type of loan?

North Carolina Area Overview

The darker areas are ineligible for this program



You can research an individual property address to see if it qualifies for this program at: <http://eligibility.sc.egov.usda.gov>

For more information about this exciting program, please contact:



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