



EVERYTHING YOU NEED TO KNOW ABOUT  
**RURAL HOUSING LOANS**

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[WWW.LOCALMORTGAGESPECIALIST.COM/USDA](http://WWW.LOCALMORTGAGESPECIALIST.COM/USDA)

# **Hello & welcome!**

We're so glad you're here.

If you downloaded this eBook, it's likely that you're somewhere in the home buying process – congratulations! This is such an exciting time, but it can be scary and overwhelming too. There's enough to learn and understand as it is, but what if you're also looking for a rural housing program that is going to meet your unique needs? Perhaps a program that –

- Requires zero down payment
- Offers 100% financing (including closing costs)
- Has low interest rates (that won't change or adjust on you)

Does such a program even exist?

**It does and you're in the right place.**

We're here to tell you all about Rural Housing Loans with the USDA.

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THE TRUTH ABOUT  
THE USDA RURAL  
HOUSING PROGRAM

# You might be worried right off the bat about rural housing programs.

Why's that? Because there's negative information out there. You've probably heard that it's extremely difficult to qualify, it's for very remote locations only, and is more of a hassle than a help. Guess what? None of that is true!

Rural housing home loan programs are meant to help buyers with the purchase of their home if they are low on cash up front, or even need to save cash for renovations after purchasing.

If you're looking for the perfect program, look no further. The USDA Rural Housing Program was created to help you and your family.

Surprisingly, the USDA's rural mortgage program is one of the least known housing programs out there. Just a quick background – **A USDA home loan is a zero-down mortgage for eligible rural homebuyers.** The program was designed to help improve the economy and quality of life in rural America. **100% financing and low 30-year fixed interest rates are among the other large benefits.**

You may be surprised at just how accessible the program is. We'll get into the eligibility requirements later on in this eBook.

# Don't believe everything you hear.

Misconceptions about the rural housing program prevents many potential buyers from researching it further. The USDA Rural Housing Program can boost your purchasing power and help you retain a solid cash reserve for moving costs or home improvements. **We're debunking the top 5 myths you may have heard about the USDA Rural Housing Program to show you just how great of a program it is.**

## MYTH 1: This program is only for first-time homebuyers.

Wrong! Though this program is excellent for first-time home buyers, it's not ONLY for them. If you have a current home to sell before purchasing a new home, you can still qualify for this program. There's a number of requirements you'll have to meet (which we'll discuss later in this book), but you are not required to be a first-time homebuyer.

For instance, perhaps you have debt you need to pay off and any money you make from selling your current house must go to that. This leaves you little or no money for the down payment on your current home. As long as you meet the other requirements, this program would definitely work for you.

## MYTH 2: This program is only for inexpensive homes.

Wrong again! There are no loan limits for this program. If you can afford a higher monthly mortgage and are looking in a higher price-range, that's great! This program can still work for you. There are income limits set by each county, which we'll discuss later in this book.

## MYTH 3: The home buying process will be more difficult.

Once again, this statement is wrong. Qualifying for the USDA Rural Housing Program is the same as qualifying for any other mortgage. There's paperwork for all parties involved, but if you begin the work early in the home buying process, you won't have any problem at all.

Securing a home-loan yourself is a tough process and just another thing to add to your list of things you have to do in your home buying process. **Work with an expert who's going to make this part easy for you.**

## MYTH 4: This program requires a longer period of time for closing.

You know what we're going to say here – wrong, again! Rural housing loans take approximately the same amount of time to close as other loan programs (FHA or conventional). It is true that the local state office reviews each file, which is why it's essential to start the application steps early on in the home buying process and work with an expert who can help move things along for you.

## MYTH 5: It is difficult to apply for the program.

This is the single thing that keeps most potential buyers away. People figure they would never qualify for a program like this, so why even try? **You might be surprised to hear that it's quite simple to qualify.** Keep reading to review the eligibility requirements, then apply and see what you qualify for.

# The USDA rural housing program has 3 primary eligibility requirements.

1. Property eligibility, 2. Income guidelines, and 3. Credit guidelines.

See below for the specific requirements for the USDA Rural Housing Program. Please keep in mind that there are other guidelines and requirements that will need to be met. **We recommend working with a qualified mortgage specialist to help make the home buying process as simple and stress-free as possible.**

## PROPERTY ELIGIBILITY

There are two factors in determining property eligibility - the physical location of the home and the type of home.

### PROPERTY TYPE:

#### Eligible homes:

- Single family homes
- Condos
- Town homes
- Homes must be in good standard condition

#### Noneligible homes:

- Income producing homes (duplex, triplex, etc)
- Rental properties
- Mobile homes
- Fixer-upper homes

### LOCATION:

The USDA provides a great tool for determining if a property is located within an approved rural area. **[Http://LocalMortgageSpecialist.com/USDA/Property](http://LocalMortgageSpecialist.com/USDA/Property)** takes you to the USDA website where you can either enter your property address or use the interactive map to browse for approved areas to determine if the property is eligible.

## INCOME GUIDELINES

The USDA has established income guidelines for qualifying for a rural housing loan. Income limits are based on the county you live in and the size of your household. This loan program is designed to promote home ownership for households of average means; therefore, income limits are designed around the county's median income levels.

\*Income guidelines are subject to change and are evaluated on an annual basis by the USDA. Example: in Utah county (state of Utah), the maximum adjusted annual household income for a family of 5 is \$105, 850.

Quick Note: ALL household income must be used in this calculation, not just those who are applying for the loan. A great mortgage specialist can help you with this calculation. You can also check the income guidelines for your area by visiting-

**<http://localmortgagespecialist.com/USDA/income>**

## CREDIT GUIDELINES

Lastly, like all home loans, the USDA does have credit requirements. Here are a few things you need to be aware of:

- 620 Minimum Credit Score\*
- No Late Payments in the past 12 months
- No open collections or judgments
- 3 open and active trade lines (Recommended)
- No Chapter 7 Bankruptcies or Foreclosures in the past 3 years
- Chapter 13 Bankruptcy is okay after 1 year (additional qualifications apply)

Credit has become more and more important in all aspects of our lives. This is very true and apparent in the lending industry. If you would like more information about establishing or maintaining a strong credit profile, please check out my credit resources page on my website at **<http://LocalMortgageSpecialist.com/credit>**

\*Subject to change



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## STEPS TO A USDA RURAL HOUSING LOAN

The USDA Rural Home Loan program was created to help borrowers purchase their dream home in a designated rural area. Qualifying for and buying a home with 100% financing and no down payment is within reach. **You can purchase the home you've always wanted and have a safe financial plan for you and your family.**

After reading the basic requirements, you might be realizing that you likely qualify for the USDA rural home loan program. When you start researching, you'll find a lot of different ads and articles that will begin to overwhelm you. In fact, that might be how you found this eBook. Well, we're glad you're here. We'll walk you through what to do next.

First, you should know what **not to do.**

- 1. Don't shop for interest rate only.** Quite frankly, you're opening yourself up to be taken advantage of here. You'll get low-ball rates that can't possibly be true and you'll have to undergo the deceptive ploys of desperate sales people. You'll end up just wasting your time.  
Rates and fees are tied together and often lenders manipulate their rates to look like a better deal than it is. Make sure you understand what your total charges will be.
- 2. Don't work with big box banks or companies.** It's only business for them and they don't have your best interest at heart. They don't care about your story – they just want your business to make money.
- 3. Don't work with just anyone.** Just because they have access to this loan program doesn't mean they know what they are doing. Who should you work with? Read on to find out.

**You need to work with a professional.** It's overwhelming enough to be in the first steps of buying a house and trying to obtain a mortgage. This is bound to be one of the most exciting decisions of your life – don't work with just anyone!

## Who should you work with?

**1. Find an expert in USDA loans.** There are many steps involved with obtaining a rural housing loan, including extra paperwork that you typically wouldn't need for a mortgage. It can get stressful at times. Working with an expert takes that stress away. They'll walk you through every step, take care of the tough parts, keep you updated on the newest information, and ensure that everything goes smoothly through the entire process. An expert will make the process of securing a rural housing loan simple and straightforward. All that's left is for you to enjoy your new home.

**2. Work with someone local.** Though it's not completely necessary, it's always better to work with someone in your own state or area. It creates a personal connection and will make you feel more comfortable right away – You are trusting this person with your finances, after all!

Working with someone local also means that they can attend your closing and help with any issues that might appear last minute.

**3. Make sure they specialize in your area.** It's incredibly helpful to work with someone who knows the area you wish to live in. They'll be familiar with local real estate market trends and can advise you on areas.

Don't drive yourself crazy and try to figure everything out yourself. Spend time on the things that matter (like finding your new home!) and let your USDA rural housing expert do the dirty work.

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ABOUT 'LOCAL  
MORTGAGE SPECIALIST'  
& MATTHIAS ALLRED

# Local Mortgage Specialist

We are your local USDA experts. We specialize in rural home loans and make the process of securing a USDA rural housing mortgage simple and straightforward. We'll keep you informed with the most up-to-date information on home loans, which will enable you to make sound financial choices that will protect you and your family's financial future.

## Matthias Allred - Mortgage Specialist

"It's my job to educate my clients on what tools and programs are available to them, and help them make wise and educated decisions that are best for their financial future.

**My goal is to make sure that every single one of my clients has a smooth, stress-free home buying experience.** I am always available to answer any questions you may have, either before or after you purchase your home."

Buying a home with Matthias was a great experience. We had A LOT of questions and concerns that came up during the mortgage process. Matthias was always willing and happy to address all of them. The horror stories of buying a home were non-existent in getting a loan with Matthias. We highly recommend using Matthias for your home loan.

Let us make the home buying process stress-free and easy for you!

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## FREQUENTLY ASKED QUESTIONS

### **What is the minimum credit score needed to qualify?**

ANSWER: We require a 620+ credit score.

### **What are the income qualifications?**

ANSWER: They are set differently for each County. Please call for details or check online at <http://LocalMortgageSpecialist.com/USDA/income>

### **What is included in Total Household income?**

ANSWER: All people living in the house, not just the people on the loan. This includes spouse, parents, children above 18, etc.

### **I have another house; can I still get a USDA loan?**

ANSWER: Yes, there are some restrictions. Please call for details.

### **I have had a short sale or foreclosure; can I get a new loan with USDA?**

ANSWER: Yes, there are some restrictions that apply.

### **Can I use a USDA loan to purchase a rental property?**

ANSWER: No, this is for a primary residence only.

### **I already applied for a home loan with a different lender, do I have to stay with them?**

ANSWER: No, you don't. You can change your mind, and decide who you want to close your loan. Transfer of your loan is an easy process.

### **Who controls the interest rate and how often does it change?**

ANSWER: Interest rates are set according to the market, same as all other mortgages.

### **Can I refinance my primary residence using the USDA Loan Program?**

ANSWER: Only if you already have a USDA loan.

**How will I know what interest rate I will get on my home loan?**

ANSWER: We will communicate with you prior to locking your loan so you will know exactly what rate you are getting.

**I hate to fill out forms online; can I talk to a person?**

ANSWER: Sure, just call me!

**I don't feel comfortable giving my financial information over the internet, what can we do?**

ANSWER: We will do everything over the telephone or in person.

**How long does it take to close my loan?**

ANSWER: Similar to other home loans, typically three-four weeks.

**I am working with a realtor - is that ok?**

ANSWER: No problem.

**I want to place my loan in your hands, what's next?**

ANSWER: Call me. 435-228-5080

**I want to move forward with you, what do I tell my realtor?**

ANSWER: Ask them to send us a copy of your purchase contract, and I will give your Realtor a call to coordinate.

**I just want to talk; can I call you?**

ANSWER: Sure, please call me at your convenience. 435-228-5080



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WHAT'S NEXT?

**VISIT US**

FOR MORE INFO

[WWW.LOCALMORTGAGESPECIALIST.COM/USDA](http://WWW.LOCALMORTGAGESPECIALIST.COM/USDA)

**CALL US**

FOR QUESTIONS

& TO GET PRE-APPROVED!

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And keep your savings in your account.



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