



**Planet Home Lending**  
WE'LL GET YOU HOME

**GOVERNMENT**

**HOME LOANS GUIDE**

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## GOVERNMENT HOME LOAN BENEFITS

Government home loans offer some great deals. They often have lower interest rates and sometimes let you buy with no down payment. What's the catch? You have to qualify.

This Government Home Loan Guide will tell you exactly what you need to do to make your dream of homeownership come alive using federal or state home loans.

## WHAT IS A GOVERNMENT HOME LOAN?

Federal and state lawmakers created home loan programs because they believe homeownership is key to building wealth in America. The government doesn't actually lend money to homebuyers. Instead, it guarantees you'll repay your home loan. That guarantee is why we can offer you great interest rates and reduced or zero down payment options.

## ARE GOVERNMENT HOME LOANS THE BEST CHOICE FOR EVERY BORROWER?

Even though they have lower interest rates, low down payments, and they're easier to qualify for, government loans aren't the best choice for every borrower.

Government home loans are just one option. It's smart to check out all your options. When you work with us, we quickly and easily show you multiple home loan scenarios. Then, we discuss the pros and cons of each choice. You'll soon know which one best fits your lifestyle and financial goals.

The Guide to Government Home Loans gives you a little bit of information about the most popular government home loans.



# FHA HOME LOANS



## WHAT ARE FHA LOANS?

The Federal Housing Administration (FHA) has helped people buy and refinance homes since 1934. FHA insures your home loan so Planet Home Lending can offer you:

- **Low down payments**
- **Low closing costs**

### FHA home loans help people who want to:

- Buy with a small down payment
- Buy a home and renovate it
- Buy manufactured and factory-built homes
- Refinance to lower monthly payments
- Refinance to pull cash out
- Refinance to remodel or expand a home
- Replace or repair a home damaged or destroyed by a natural disaster



## WHAT DO I HAVE TO DO TO GET AN FHA LOAN?

To use an FHA home loan, you typically need a **3.5% down payment**, but you can use a gift from family, close friends, or other sources to cover that. People whose homes were destroyed or damaged by a natural disaster can buy a new home with no down payment.

**You can buy a home with an FHA loan even if you have less than-perfect credit.** Planet Home Lending works with people whose FICO credit scores are as low as 500, when your credit is low because of one-time circumstances. In general, the lower your credit score, the bigger your down payment needs to be.

FHA has a special loan called a 203(k) that you can use to **buy a home you like and turn it into a home you love.** With the 203(k) refinance, you borrow enough to buy then remodel, getting up to 110% of the home's value.





## FHA HOME LOAN PROS

**Easy credit** and **low down payments** make FHA home loans a popular choice for **first-time homebuyers**. You can take a home you like and turn it into a home you love by remodeling or even adding new rooms with the 203(k) program. That's helpful in markets where there aren't a lot of homes for sale or when you can't find a "perfect" home in the neighborhood where you want to live. If a home you own or rent is destroyed or damaged by a natural disaster, FHA's no down payment loans can help you rebuild without having to first save a down payment.

## FHA HOME LOAN CONS

FHA home loans have lower interest rates and down payments because they're insured by FHA. You pay for that "mortgage insurance" via an **upfront fee and a monthly premium**.

There's also a limit to how much you can borrow with an FHA loan. Each area has its own "loan limit" based on how much homes typically cost. In the lowest-cost housing markets, the loan limit is **\$294,515** for a one-family home. In the most expensive markets, it's **\$679,650**.

For Alaska, Guam, Hawaii, and the Virgin Islands, the FHA loan limits are higher.



# USDA HOME LOANS

## ? WHAT ARE USDA HOME LOANS?

You can buy a home with **no money down at a low interest rate** with a U.S. Department of Agriculture (USDA) home loan. You can reduce your homebuying costs even more by having the sellers pay your closing costs. There are two conditions for USDA home loans:

1. Your home has to be in a rural or suburban area.
2. You must meet family income limits.

## ✔ WHAT DO I HAVE TO DO TO GET A USDA HOME LOAN?

To use a USDA home loan, the property you want to **buy must be in a rural area (or a suburban area that until recently was rural)**. Your family income must be below local income limits.

## + USDA HOME LOAN PROS

You can buy with zero down and have the sellers pay your closing costs.

## ! USDA HOME LOAN CONS

The home you want to buy must be in a rural area (or a suburban area that until recently was rural). Your family income must be below local income limits. That means some properties and some homebuyers can't use the program. If you make a down payment of less than 20%, you will have to pay an upfront guarantee fee.



# VA HOME LOANS

## ? WHAT ARE VA HOME LOANS?

Military service members can **buy a home with no money down and low or no closing costs** using the U.S. Department of Veterans Affairs (VA) home loans. Planet Home Lending can include the VA funding fee in your loan to cut your closing costs. Or, the sellers can pay your closing costs. Veterans with service-connected disabilities may not have to pay the funding fee.

The VA's rules are flexible so **you can get a VA home loan even if your credit is less than perfect.**

The VA's cash-out refinance loans let you **take cash out of your home to pay off debt,** pay for education, make home improvements, and more.

You can reuse your VA home loan benefit once you repay your existing VA home loan and sell your home, or if you sell your home to another veteran who agrees to assume the loan. **You can also reuse your VA home loan benefit** once if you repay your loan and want to keep your home and buy another.





## WHAT DO I HAVE TO DO TO GET A VA LOAN?

### Military service members earn the VA's home loan benefit after serving:

- 90 days of active duty during wartime
- Less than 90 days of active duty with a service-connected disability during wartime
- 181 days of continuous active duty during peacetime
- Two years of continuous active duty
- Six years of Selected Reserve or National Guard duty

### These spouses can apply for the VA home loan benefit:

- Surviving spouses who remarry on or after age 57, and on or after December 16, 2003
- Unremarried spouses of veterans who died while in service or from a service-connected disability
- Spouses of service members missing in action or prisoners of war
- Surviving spouses who receive Dependency and Indemnity Compensation (DIC) benefits for a spouse whose death wasn't service-connected

### You may also be able to use the VA benefit if you're a:

- Public Health Service officer
- Cadet at the United States Military, Air Force or Coast Guard Academy
- Midshipmen at the United States Naval Academy
- Officer of the National Oceanic & Atmospheric Administration
- Merchant seaman with World War II service



## VA HOME LOAN PROS

You can buy a home **without a down payment and little to no closing costs with a VA home loan**. There's no monthly mortgage insurance bill to pay. Sellers can pay your closing costs, and you can include your VA funding fee in the loan, so you don't have to pay it out-of-pocket.



## VA HOME LOAN CONS

**VA loans offer unmatched benefits with virtually no drawbacks to our veterans, active duty, and surviving spouses.**

A VA funding fee is required with each VA loan, which goes directly to the VA to keep the program running for future military homebuyers. The fees will vary, and are waived for veterans with service-connected disabilities. VA borrowers can finance the funding fee.

The VA loan is a government home loan that offers unmatched benefits to our heroes, with no potential drawbacks.



# MORTGAGE INSURANCE



## WHAT IS MORTGAGE INSURANCE?

When you buy a home with a down payment of less than 20%, you may have to buy a mortgage insurance policy. That policy protects the lender if you stop making payments on your home loan. There are three kinds of mortgage insurance:

1. Upfront mortgage insurance is a policy you buy “upfront,” when you take out your home loan.
2. Monthly mortgage insurance is a policy you pay for every month.
3. Lender-paid mortgage insurance is a policy Planet Home Lending pays for when you take out your home loan. We add the cost of that policy to your loan amount.



## MORTGAGE INSURANCE PROS

You can get into a home with a smaller down payment, so you don't spend as long saving up for a home.



## MORTGAGE INSURANCE CONS

Mortgage insurance possibly adds to your closing costs and monthly costs.



# FUNDING FEES

## ? WHAT IS A FUNDING FEE?

**A funding fee is VA's name for mortgage insurance.** It's insurance that protects the lender if you stop making payments on your home loan. You pay the VA's funding fee upfront when you get a home loan. The cost of the VA funding fee depends on:

- Your type of military service
- Your down payment amount
- Your disability status
- Whether you're buying a home or refinancing
- Whether this is your first VA loan, or you've had a VA loan before

You can pay the funding fee from your own funds or use a no out-of-pocket-cost option.

## + FUNDING FEE PROS

You can get into a home with no down payment, so you don't spend as long saving up for a home.

## ! FUNDING FEE CONS

The funding fee adds to your closing costs if you pay it upfront, or your monthly costs if you use a no out-of-pocket-cost option.



## ABOUT PLANET HOME LENDING

### MORE SMARTS PER SQUARE INCH THAN ANY OTHER LENDER

Planet Home Lending makes it simple, easy, and fast to analyze multiple home loan options that fit your lifestyle and financial goals. With help from the smartest home loan experts on the Planet, you confidently choose the home loan scenario that works best for you.

### A GREAT RATE AND MORE CHOICES

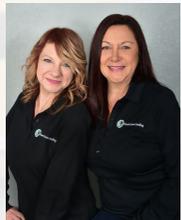
Planet Home Lending is big enough to get great rates for customers – not to brag, but service 65,000 home loans. We give you more home loan choices with fewer restrictions than banks.

### LITERALLY HERE FOR YOU

We're customer-centric. Your Planet home loan expert stays with you. Call, text, email, or walk into one of our convenient branch offices. Reach out anytime, even after hours.

### WE'RE COMMITTED TO A LONG-TERM RELATIONSHIP

You can count on the same great service after closing your home loan because we keep and service the vast majority of the home loans we make.



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