

[00:00:00.160] - Speaker 1

So a rehab loan is where you find a property that you like. You may not love the house. What we offer is a remodeling option. For you to purchase the property, roll in those remodel improvements, and make the dream home that you enjoy, Texas Farm Credit allows you to purchase the property and roll in those remodeling costs.

[00:00:22.260] - Speaker 2

Say you purchase the property, you hire a contractor, you roll those funds into the loan, and then we lend up to 85% of that. So we'll appraise the project as if it was complete and lend up to 85% of that loan. We use a program called Built. We set up the builder with this, and then the builder is able to draw money from Built as needed.

[00:00:41.770] - Speaker 2

So we typically get a draw schedule. For this, and then they requested we do an inspection every quarter draw to make sure they're doing what they say they're going to do. And that's how we disperse the funds. Let's say you already own your property. If you own it outright, we're able to use 15% of that equity as all or partial down payment.

[00:01:01.470] - Speaker 2

I feel like our rates are very competitive with other banks. We offer a conversion program during this time. After twelve months of consecutive payments, you'll be able to modify your rate down to what it is at that time. Let's say rates right now are six 4%, and in a year or twelve months of consecutive payments, the rate is a 5.8%. You can modify your rate down to that amount. So this is a true 30 year loan. You'll only pay interest on what has been drawn from the builder. So throughout construction, you're only paying interest on funds that have been taken out of the account versus a traditional bank that charges interest from day one on the full amount of the loan. We know that Remodeling can be intimidating and time consuming, but here at Texas Farm Credit, we want to help make that a breeze for you. Another benefit to our remodeling loan is you're able to roll in any other improvements. Instead of having a 30 plus one where you pay interest for a whole year until you roll into your permanent, the permanent starts when you close.

[00:02:00.750] - Speaker 2

So it's a true 30 year, you'll pay principal plus interest on what has been drawn, and then your rate is fixed for the entire 30 years. So to move forward with a remodel loan, we'll have to have a general contractor. We'll have to have house plans, elevations, any improvements that you want to roll into the loan, and then we can move forward with the remodel. You do have to have a general contractor for the loan. If you have extra money left in your account that gets taken out of your principal, so you are not responsible for those funds that have not been used. We are not able to add on to the loan once it's closed. We may look for alternative loans, but we're not able to add on to the existing Remodeling loan. And with all of this in mind, we hope this information has been helpful and encouraging. If you need anything, please just reach out and we can get your Remodeling Loan started.