

USDA PRODUCT GUIDELINES

PRODUCT OVERVIEW				
LTV/CLTV CREDIT SCORE MATRIX Full Doc Primary Residence 1 Unit				
Purpose	Max LTV ¹	Max CLTV	Loan Amount ²	Minimum Credit Score ^{3,6}
Purchase	100.00%	100.00%	No Set Limit	580 ⁷
Non-Streamline Refinance ⁴	100.00%	100.00%	No Set Limit	580 ⁷
Streamlined-Assist Refinance ⁵	110.00%	110.00%	No Set Limit	580 ⁷
Streamline Refinance ⁴	100.00%	100.00%	No Set Limit	580 ⁷
Footnotes:	<p>¹ The maximum LTV when financing the guarantee fee can exceed 100%:</p> <ul style="list-style-type: none"> - Guaranteed loans allow us to lend up to 100% of the APPRAISED VALUE, plus the one-time guarantee fee may be rolled into the loan ABOVE the appraised value. - Eligible closing cost (including discount points to buydown the interest rate), fees, repairs, etc. may be rolled into the loan amount. - 100% LTV may only be exceeded when financing the upfront guarantee fee. - Existing subordinate financing must be resubordinated; no new subordinate financing. <p>² A borrower's maximum loan amount is determined by their ability to repay the loan.</p> <p>³ Credit Score Overlays Apply – Refer to Credit Score Overlay Matrix ⁴ Loan being refinanced must be a USDA Guaranteed Rural Housing loan.</p> <ul style="list-style-type: none"> - Conventional, FHA & VA loans cannot be refinanced under this program. <p>⁵ Streamlined-Assist Refinance – available nationwide</p> <p>⁶ Borrowers with no credit score are eligible with manual underwriting only. See Manual Underwriting and Non-Traditional Credit sections for additional details.</p> <p>⁷ Minimum credit score for properties located in the state of New York is 600</p>			
Program Overview	<ul style="list-style-type: none"> » We follow the HB-1-3555; where guidelines are silent follow 7 CFR 3555 » Underwriting and Loan Closing Documentation Matrix 			
USDA Guaranteed Rural Housing Program Highlights	<ul style="list-style-type: none"> » GRH program offers 100% financing for low to moderate income buyers in rural areas subject to availability of funds from the USDA » Income must be ≤ 115% of the area median » No maximum purchase price » Not limited to first-time homebuyers » No down payment required » No reserves required 			
AUS	<ul style="list-style-type: none"> » Approve/Eligible – Underwritten by your Underwriter » Refer/Eligible – Full file submitted to USDA for underwriting and approval » Minimal documentation provisions apply to GUS underwriting recommendations that receive an ACCEPT. We may submit the following completed documents to obtain a Conditional Commitment, unless a quality control message on the GUS Underwriting Findings Report indicates a full documentation file is required. A quality control message requiring a full documentation file will appear on the GUS Underwriting Findings Report upon final submission. A complete file will need to be submitted to USDA for review. » Origination Stacking Order Checklist must be utilized when submitting the loan file to USDA. 			
GUS	<ul style="list-style-type: none"> » Accept Recommendation Received <ul style="list-style-type: none"> - We must retain all documentation to support the credit decision - RD may request evidence from Underwriter to support 7 CFR Part 3555 is met if eligibility is questionable - GUS cannot “read” the credit report, and GUS does not “approve” or “ignore” adverse credit, data must be considered and entered correctly. » Refer Findings – it is mandatory that the underwriter lists the specific compensating factors on the 1008 when approving a USDA loan that has a refer decision from GUS. 			

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Eligible Transactions	» Per the 7 CFR 3555 (Guaranteed) except those shown as ineligible in these guidelines.
Ineligible Transactions	<ul style="list-style-type: none"> » Cash-Out » Refinance of any loan that is not a current Rural Development loan – no pay offs of subordinate financing including Property Assessed Clean Energy (PACE) loan » Rural Housing Direct Loan (purchase transactions) » Land Trusts / Community Land Trusts » Loans on Native American Restricted Land » Single-close combination Construction to Permanent loans or Rehabilitation/Repair loans. » Loans with qualifying income earned from state-legalized marijuana businesses, as this is not considered as legally-derived income based on Federal law. » Loans where a borrower(s) has a Deferred Action for Childhood Arrivals (DACA) status
Occupancy	» Owner Occupied Primary Residence
Assumption	<ul style="list-style-type: none"> » Permitted, but we must obtain Agency approval before consenting to a transfer with an assumption of outstanding debt » Rural Development may approve a transfer with an assumption if certain conditions are met. » Please reference USDA Handbook 7 CFR Part 3555, Sec. 3555.256 – Transfers and Assumptions – to reference these conditions.
Prepayment Penalties	» Not Permitted
Temporary Buydown	<ul style="list-style-type: none"> » Permitted subject to the following: <ul style="list-style-type: none"> ○ The mortgage loan must be underwritten at the full note rate; <ul style="list-style-type: none"> ▪ Both the full note rate and initial buydown rate must be entered into GUS ○ Buydown funds may come from the Lender, Listing Agent, Seller, or Selling Agent ○ Buydown funds may not come from the borrower; ○ The buydown must not reduce the interest rate more than two percent below the full note rate; ○ The assistance may increase no more than one percent annually; ○ The borrower must agree in writing that the temporary buydown funds will be placed in an escrow with a financial institution supervised by a Federal or state agency and paid directly to the lender each month to reduce the monthly mortgage payment; ○ The buydown account must be fully funded at origination; and » A copy of the escrow agreement, signed by the borrower and the provider of the funds, must be retained in the lender's loan file » 2/1, 1/1/1, 1/1 and 1/0 options are offered
Escrow / Impounds	» Required

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Guarantee Fee	<ul style="list-style-type: none"> » Upfront guarantee fee for conditional commitments = 1.00% of the total loan amount. » Annual Fee = 0.35% for life of the loan.
Eligible Properties	<ul style="list-style-type: none"> » Must meet HUD Handbooks 4000.1 » Property must be eligible based on USDA Rural Area Maps updated effective 02/02/2015; verification can be found at: http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do » Single Family 1 Unit Properties » Condominiums; FNMA/FHLMC/HUD or VA Approved » Manufactured Homes (refer to the Manufactured Homes – New Constructions and Existing Homes Currently Financed Through RD section) » Townhomes & PUD's – Attached/Detached » Modular – Existing and New Construction » TBD (To Be Determined) Properties
Ineligible Properties	<ul style="list-style-type: none"> » Income producing properties » Properties with buildings or equipment for specific income producing purposes » Properties with large farm service buildings » Properties with windmills, wind turbines or cell phone towers located on the property » Properties identified by Rural Development as “remote” rural » Properties located in Lava Zone 1 and 2 (Hawaii) » 2-4 Unit properties » Manufactured Homes in the state of New York » Existing properties located in Special Flood Hazard Areas are ineligible unless; <ul style="list-style-type: none"> – Flood insurance through FEMA’s NFIP program is available. » New or proposed home in SFHA will not be guaranteed unless FEMA flood elevation certificate confirms lowest habitable floor (including basement) for dwelling and all related improvements is at or above the 100-year flood plain elevation. <ul style="list-style-type: none"> – See Flood Insurance: HB-1-3555 Chapter 12 for further information.