

PURCHASE AND NON-STREAMLINED REFINANCE ELIGIBILITY MATRIX						
Units	Occupancy	Loan Purpose	LTV	CLTV	Min FICO	DTI
1	Primary Residence	Purchase	100%	100%	580	Per GUS
		Streamlined Refinance <sup>4</sup>	100%	100%	580	Per GUS
		Non-Streamlined Refinance <sup>3</sup>	100%	100%	600	Per GUS
		Streamlined-Assist Refinance <sup>1</sup>	100% <sup>2</sup>	100% <sup>2</sup>	580	N/A

(1) Loan being refinanced can be a USDA Guaranteed loan or Section 502 Direct loan. Conventional, FHA and VA loans may not be refinanced under the program.

(2) LTV may exceed 100% of appraised value only by the amount of the Guarantee Fee financed.

(3) Loan being refinanced must be a USDA GRH or 502 Direct loan. Conventional/FHA/VA loan not eligible under this program.

(4) Loan being refinanced must be a USDA GHR loan. USDA 502 Direct/Conventional/FHA/VA loans may not be refinanced under this program.

TOPIC	OVERLAY
Loan Terms	Fixed Rate: 30-year term
Upfront Guarantee Fee	<ul style="list-style-type: none"> <li>Up-front Guarantee Fee: 1%</li> <li>The upfront guarantee fee is calculated by multiplying the following percentage by the Total Loan Amount</li> <li>1% of Base Loan Amount (when Guarantee Fee is paid in cash)</li> <li>Total Loan Amount = Base Loan Amount/0.99 (when Guarantee Fee is financed)</li> </ul>
Annual Guarantee Fee	<ul style="list-style-type: none"> <li>Annual Fee: 0.35% (of the outstanding principal balance)</li> <li>The Annual Guarantee Fee is calculated on the Total Loan Amount and is based on the average annual schedule unpaid principal balance for the life of the loan.</li> </ul>
Age of Credit and Loan Documents	<ul style="list-style-type: none"> <li>Credit/Income/Asset documentation must be 120 days from Note Date. Appraisal valid for 6 months from the effective date and valid at the time of Conditional Commitment.</li> </ul>
Assets	<ul style="list-style-type: none"> <li>Internet Statements, obtained from financial institution’s website, must contain same information found on a standard bank statement. Assets must be documented as determined by GUS, as applicable, and in accordance with USDA guidelines/</li> <li>Gift funds are eligible for funds to close but <u>not</u> eligible for reserves. Refer to HB-1-3555 SFH Handbook <a href="https://www.rd.usda.gov/resources/directives/handbooks">https://www.rd.usda.gov/resources/directives/handbooks</a> and Attachment 9-A <a href="https://www.rd.usda.gov/files/3555-1chapter09.pdf">https://www.rd.usda.gov/files/3555-1chapter09.pdf</a> for individual asset types and options for documentation and verification.</li> </ul>
AUS Findings	<ul style="list-style-type: none"> <li>GUS Accept is required.</li> <li>Manual underwriting is not permitted.</li> </ul>
Borrowers – Add / Remove	<ul style="list-style-type: none"> <li>Borrowers may be added or removed on a refinance transaction, provided at least one original borrower remains on the loan.</li> <li>All borrowers’ changes must meet USDA eligibility requirements.</li> </ul>

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Borrower Eligibility	<ul style="list-style-type: none"> <li>• All borrowers must meet USDA program eligibility requirements including:               <ul style="list-style-type: none"> <li>• US citizens</li> <li>• Permanent residents are allowed and must follow HB-1-3555 Ch. 8</li> <li>• Non-permanent residents are ineligible</li> <li>• All borrowers must have a valid SSN</li> <li>• Maximum of four (4) borrowers per loan</li> <li>• Co-signers or non-occupant borrowers are not permitted. All borrowers must occupy the subject property as their primary residence.</li> </ul> </li> </ul>
Borrower Ineligible	<ul style="list-style-type: none"> <li>• Foreign Nationals.</li> <li>• Borrowers with diplomatic immunity</li> <li>• Borrowers without an SSN</li> <li>• Borrowers with a Tax Identification Number (TIN)</li> <li>• Non-permanent residents</li> <li>• Non-occupant co-borrowers</li> <li>• Co-signers</li> <li>• Borrowers who qualify for conventional credit.</li> </ul>
Property Owned	Cannot own another home within the local commuting area unless it was deemed unsafe/structurally unsound
Credit Report	Tri-merged required. Non-borrowing spouses in community property states require tri-merge credit report on purchase transactions.
Credit History	<ul style="list-style-type: none"> <li>• All of the following are considered unacceptable:               <ul style="list-style-type: none"> <li>○ More than one 30 day late in the past 12 months (unless GUS Accept)</li> <li>○ Bankruptcy or foreclosure in previous 3 years</li> <li>○ Outstanding tax lien or delinquent government debts</li> <li>○ Outstanding judgment within past 12 months</li> <li>○ Any account converted to a collection account in the past 12 months</li> <li>○ Outstanding collection and outstanding collection accounts with no satisfactory payment arrangements</li> <li>○ Borrowers who are delinquent on federal debts, or if SFHGLP suffered any loss related to a previous loan may not be eligible for a guaranteed loan.</li> </ul> </li> </ul>
Credit Eligibility	<ul style="list-style-type: none"> <li>• CAIVRS response for all applicants must be 'A' for applicants to be eligible for a guaranteed loan,</li> <li>• Delinquent non-tax federal debt and delinquent court-ordered child support will be ineligible.</li> </ul>
Debt-to-Income Ratio	Determined by GUS findings Accept/Eligible.
Deed Restrictions (Resale Deed Restrictions)	<ul style="list-style-type: none"> <li>• Mortgage loans subject to resale deed restrictions, other than an acceptable Aged Deed Restriction on a one-unit property for borrower's principal residence are not eligible.</li> </ul>

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Ineligible Properties	<ul style="list-style-type: none"> <li>• Co-Ops</li> <li>• Indian Leased Land</li> <li>• Barndominiums</li> <li>• Assisted Living Facilities</li> <li>• Bed and Breakfast Homes</li> <li>• Boarding Houses</li> <li>• Condotels</li> <li>• Houseboat</li> <li>• Manufactured Home Single-wide</li> <li>• Working Farm or Ranch</li> <li>• Vacant land or land development properties</li> <li>• Exotic or Non-traditional structure, such as dome or log home</li> </ul>
Ineligible Programs	<ul style="list-style-type: none"> <li>• Construction to Perm loans</li> <li>• Construction and/or Land loans or Land Sale Contracts</li> <li>• Farm Residence Loans</li> <li>• Loans for Tribal (Native American Trust) Lands</li> </ul>
Minimum Loan Amount	\$75,000
Condominiums	<ul style="list-style-type: none"> <li>• <b>Condominium:</b> Units located in a project approved or accepted by HUD/FHA, Fannie Mae, Freddie Mac, or VA are eligible for guarantee. <ul style="list-style-type: none"> <li>○ Project must be reviewed to ensure compliance with HUD/FHA, Fannie Mae, Freddie Mac, or VA and certify documentation to support project approval or acceptable has been reviewed.</li> </ul> </li> <li>• <b>Site Condominium:</b> Project approval may not be required if they meet the following criteria: <ul style="list-style-type: none"> <li>○ Single family totally detached dwelling encumbered by a declaration of condominium covenant or condominium form of ownership.</li> <li>○ The unit has no shared garage or any other attached buildings.</li> <li>○ The condominium unit consists of the entire structure, site and air space and is not considered to be common areas or limited common areas.</li> </ul> </li> <li>• <b>Planned Unit Development (PUD):</b> Loans may be guaranteed for PUD single family dwellings the same as for single family dwellings not in a PUD (refer to <b>HB-1-3555, Ch. 12</b> for Ineligible Condominium Project Characteristics)</li> </ul>
Manufactured Home	<p>Manufactured Home must be double-wide, with a floor area of not less than 400 square feet, on a permanent foundation.</p> <ul style="list-style-type: none"> <li>• <b>Builder Certification:</b> Builders must certify that installation follows construction plans, the home is undamaged and properly joined/sealed.</li> <li>• <b>Certificate of Origin:</b> Must confirm the unit is free from legal encumbrance</li> </ul>

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	<ul style="list-style-type: none"> <li>• <b>Energy Standards:</b> Must meet regional energy efficiency standards</li> <li>• <b>HUD Certification:</b> Homes must meet HMHCSS and have a red HUD Certification Label. If an MFH is missing its HUD certification label, a Letter of Label Verification from the Institute for Building Technology and Safety (IBTS) is permitted.</li> <li>• <b>HUD Certification Compliance:</b> Units that do not meet Federal Manufactured Home Construction and Safety Standards or HUD guidelines are ineligible.</li> <li>• <b>Relocation:</b> Manufactured homes that have been moved from previous location not allowed.</li> <li>• <b>REO &amp; USDA 502 Loans:</b> Real Estate Owned (REO) properties or transfer of an existing USDA Section 502 loan are eligible.</li> <li>• <b>Site &amp; Foundation:</b> Homes without an eligible site or permanent foundation not allowed.</li> <li>• <b>Tax Classification:</b> Must be taxed and classified as real estate.</li> <li>• <b>Title Insurance:</b> A real property title insurance policy is required, and the mortgage must cover both the unit and land.</li> </ul> <p><b>Existing Manufactured Homes Additional Restrictions:</b></p> <ul style="list-style-type: none"> <li>• Existing MFH must be no older than 20 years from the note date and never install on a different homesite.</li> <li>• Units older than 20 years (unless already financed under Section 502) are ineligible.</li> </ul>
Compliance, High-Cost Loan, Qualified Mortgage	<ul style="list-style-type: none"> <li>• Loan exceeding any applicable federal, state, or municipal High-Cost limits (HOEPA) are not eligible.</li> <li>• Loan must be Qualified Mortgage (QM), Safe Harbor, or Rebuttable Presumption; USDA provides a definition of QM in <b>7 CFR 3555.109</b> Qualified Mortgage.</li> <li>• Rebuttable Presumption QM USDA loans are eligible if they meet USDA requirements and applicable laws.</li> </ul>
Refinance – General Requirements	<p>Prior to the request for Conditional Commitment:</p> <ul style="list-style-type: none"> <li>○ The existing USDA loan being refinanced must have closed at least 180 days prior to the request for Conditional Commitment. Refer to FNMA seasoning below.</li> <li>○ The existing USDA loan refinanced must have a mortgage payment history which does not reflect a delinquency greater than 30 days within the previous 180-day period.</li> <li>○ All other refinance requirements described in <b>HB-1-3555, Ch.6</b></li> <li>• Interest Rate of the new loan must be fixed and may not exceed the interest rate of the loan being refinanced.</li> <li>• Unpaid Fees, past due interest and late fees/penalties due to the servicer cannot be included in the new loan amount.</li> <li>• Refinance Type: <ul style="list-style-type: none"> <li>○ Non-Streamlined Refinance</li> <li>○ Streamlined Refinance</li> <li>○ Streamlined-Assist</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>• Ineligible Refinance Transactions:               <ul style="list-style-type: none"> <li>○ Refinance of certain Construction financing types, including site without dwelling refinance.</li> <li>○ Refinance of Existing Section 502 Direct Loan (including Section 502 Leveraged Loan)</li> <li>○ Streamlined Assist-Refinance Transaction</li> </ul> </li> <li>• <b>GNMA Seasoning:</b> <ul style="list-style-type: none"> <li>○ The borrower made at least six (6) consecutive monthly payments on the loan being refinanced, referred to hereinafter as the initial Loan, beginning with the payment made on the first payment due date; <b>AND</b></li> <li>○ The first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the initial loan.</li> </ul> </li> <li>• For Refinance Transactions in Texas, also see Refinance Texas section</li> </ul>
Refinance – Texas Requirements	<p>Texas (a)(6) Cash-out: <u>not</u> eligible          Texas (f)(2) <u>not</u> eligible for USDA Streamlined Refinance transactions</p> <ul style="list-style-type: none"> <li>○ Texas SJR allows refinance of a home equity loan (a)(6) as a Rate and Term Refinance Transaction (f)(2) provided certain conditions are met.</li> <li>○ Non-Streamlined Rate and Term USDA Refinance, Texas (f)(2) are eligible, subject to meeting requirements of the Texas Constitution, including:             <ul style="list-style-type: none"> <li>▪ Refinance Loan is closed at least one (1) year after the (a)(6) Home Equity Loan was closed.</li> <li>▪ Funds: No additional funds are advanced other than funds to refinance the existing debt, actual closing costs, and required reserves (Rate and Term).</li> <li>▪ Maximum allow LTV/CLTV/HCLTV is 80% of the fair market value of the subject property.</li> <li>▪ A 12-day notice (f)(2) Disclosure informing the borrower of their rights associated with an equity or non-equity home loan is required; the Disclosure must be delivered or placed in the mail no later than 3 business days after an owner submits an application specifically for an (f)(2) loan and at least 12 days prior to loan closing.</li> </ul> </li> <li>○ The loan file must contain a separate affidavit signed by the owner acknowledging that requirements of Texas Section 50(f)(2) have been met.</li> </ul>

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<p>Refinance – Streamlined and Streamlined Assist Requirements</p>	<ul style="list-style-type: none"> <li>• USDA and GNMA seasoning requirement apply for Streamlined Refinance transactions and must meet the refinance requirements:</li> <li>• Maximum loan amount may include the principal and interest of the existing loan, reasonable and customary closing costs, and the Upfront Guarantee Fee.</li> <li>• Temporary Buydowns are not permitted.</li> <li>• Property must be taken off the market before application date. Borrowers must provide written confirmation of intent to occupy a property as their primary residence.</li> <li>• <b>GNMA Seasoning:</b> <ul style="list-style-type: none"> <li>○ The borrower made at least six (6) consecutive monthly payments on the loan being refinanced, referred to hereinafter as the initial Loan, beginning with the payment made on the first payment due date; <b>AND</b></li> <li>○ The first payment due date of the refinance loan occurs no earlier than 210 days after the first payment due date of the initial loan.</li> </ul> </li> <li>• <b><u>Streamlined Refinanced Requirements:</u></b> <ul style="list-style-type: none"> <li>○ Required standard credit/debt to be reviewed</li> <li>○ DTI – must meet standard USDA ratios</li> <li>○ GUS “Accept/Eligible” required</li> <li>○ 12-month mortgage history required. 0x30x6 prior to application date.</li> <li>○ Interest Rate on the New loan must be the same or lower than the current.</li> <li>○ Borrower(s) may be added to the loan.</li> <li>○ Existing borrowers on the current Note may be removed when one of the original borrowers(s) remains on the refinance loan.</li> </ul> </li> <li>• <b><u>Streamlined Assist Refinance Requirements:</u></b> <ul style="list-style-type: none"> <li>○ Credit Score is required for pricing purposes.</li> <li>○ Borrower’s income is subject to Rural Development income limits. 2 years of W-2s and current 30 days of YTD paystubs. Self-employed 2 years signed tax returns with all schedules + YTD P&amp;L and Balance Sheet. Only adjusted income is reviewed for eligibility purposes on this program.</li> <li>○ Manuals are allowed</li> <li>○ 0x30x12 on mortgage</li> <li>○ Must <b>save</b> at least \$50/month</li> <li>○ Borrower(s) may be added to the loan.</li> <li>○ Borrower(s) may <b>not</b> be removed (unless deceased)</li> </ul> </li> </ul>

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Income Requirements	<ul style="list-style-type: none"> <li>• Two-year employment history required. &gt; 30-day gap requires LOE from borrower. WOE required within 10 days of Note date and 30 days for self- employed.</li> <li>• Two-year employment history required. &gt; 30-day gap requires LOE from borrower. WOE is required within 10 days of Note date and 30 days for self- employed.</li> <li>• Borrower’s income is subject to Rural Development income limits at <a href="https://eligibility.sc.egov.usda.gov/eligibility/incomeEligibilityAction.do?pageAction=state">https://eligibility.sc.egov.usda.gov/eligibility/incomeEligibilityAction.do?pageAction=state</a></li> <li>• Current pay stubs for previous 30 days with YTD income and W-2 for previous 2 years. Self-employed 2 years signed tax returns with all schedules. YTD P&amp;L with balance sheet and YTD income &amp; Expense Statement.</li> <li>• <b>Adjusted Annual Income</b> is calculated by subtracting eligible deductions from the annual income figure.</li> <li>• <b>Annual income</b> includes all household members, not just parties on the Note. Annual income for the household is used to calculate the Adjusted Annual Income:               <ul style="list-style-type: none"> <li>○ 12-month calculation is based on income verifications, documentation, household composition, and (if applicable) verified changes of income amounts or sources in the ensuing 12 months.</li> <li>○ Income sources that will not be received for the entire ensuing 12 months are included in annual income unless excluded under <b>3555.152(b)(5)</b></li> <li>○ Significant variance (increase or decrease 20% or greater) in income from the previous 12 months must be analyzed and documented to determine “stable and dependable” income.</li> </ul> </li> <li>• The following types of income are unacceptable:               <ul style="list-style-type: none"> <li>○ Income is not in accordance with all applicable federal, state and local laws, rules and regulations.</li> <li>○ Any income generated from the cannabis or hemp industry</li> <li>○ Section 8 Housing Choice Vouchers</li> </ul> </li> </ul>
Inspections Requirements	<ul style="list-style-type: none"> <li>• On purchase transactions, a well inspection may be required if noted by the appraiser or at the discretion of the underwriter</li> <li>• Properties with a well, water quality test is required</li> <li>• Properties with sewage systems require an inspection</li> <li>• Termite/pest inspection required if appraisal indicates issues.</li> </ul>
Tax Transcripts / 4506-C	IRS Transcripts are required for all applicable household members
Stamped copies of Tax Returns	Not Accepted
Down Payment Assistance	Down payment assistance products may not be combined with USDA products.
Homeownership Counseling	Certain USDA Rural Development state offices require Homeownership Counseling for first-time homebuyers; proof of borrower’s homebuyer education completion is required (if applicable)
Escrow/Impounds	An escrow/impound account is required for all USDA guaranteed loans for payment of taxes and insurance

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	<p>premiums (unless otherwise prohibited by applicable law); USADA requires escrow accounts for collection of the monthly portion of the Guarantee Annual Fee.</p> <p><b>Established Data Tolerances:</b> Underwriter is not required to update the Underwriting Analysis of a loan that has received a Conditional Commitment for Loan Note Guarantee when monthly tax and insurance payment increase but do not exceed the established thresholds (cumulative total of \$50); the threshold policy should not be construed to allow lender manipulation of escrow variables to obtain approvals).</p>
Private Well Requirements	If not served by a public sewer system with on-site septic or sewage treatment systems must have a drinking water supply that is protected from cross-contamination from the on-site septic/sewage treatment during flooding.
Identity of Interest	Maximum 90% LTV/CLTV (before Guarantee Fee) for Identity of Interest and Non-Arm's Length transactions.
Subordinate Financing	Eligible on purchase transactions when provided by a government entity. All Jr. Liens must be paid off though transaction.
Temporary Buydown	<ul style="list-style-type: none"> <li>• 2-1 and 1-0 allowed</li> <li>• Purchase only</li> <li>• Conforming loan limits only</li> <li>• The loan must receive a 'GUS Accept/Eligible' recommendation.</li> </ul>