

MAXIMUM LTV

Maximum LTV	Maximum Loan Amount	Minimum FICO	Maximum LTV	Maximum DTI
Purchase / Refinance	Determined by county maximum limits	620	100% - Appraised value 101% – with guarantee fee financed	Per GUS

USDA LOAN ADVANTAGES

- 620 Min FICO
- No down payment required and no cash reserves needed
- Closing costs may be financed on some transactions
- Seller contributions allowed
- No pre-payment penalties
- Providing low and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas
- Eligible applicants may use funds for:
 - Refinancing of eligible loans
 - A pro rata share of real estate taxes that is due and payable on the property at the time of loan closing. Funds can be allowed for the establishment of escrow accounts for real estate taxes and/or hazard and flood insurance premiums
 - The upfront guarantee fee is 1.0% of the loan amount. The annual fee is 0.35% of the average scheduled unpaid principal balance for the life of the loan

LHFS PRODUCT NAMES AND CODES

PRODUCT CODE	PRODUCT DETAIL
WG30USDA-000	Land Home Wholesale Fixed 30 USDA
WG30HBUSDA-000	Land Home Wholesale Fixed 30 High Balance USDA
G30USDAFR-000	W Fixed 30 USDA Full Refinance

HELPFUL LINKS:

- [USDA Rural Development Home Page](#)
- [USDA Rural Development Eligibility Site](#) (determine property location and adjusted annual household compliance income limits)
- [USDA Guidelines](#)



USDA PURCHASE / REFINANCE PROGRAM

Guaranteed loan funds must be used to acquire a new or existing dwelling to be used as a permanent residence and may be used to pay costs associated with such an acquisition. Properties must be residential in use, character and appearance. Loan funds may be used for the following purposes:

- Acquiring a site with a new or existing dwelling;
- Repairs and rehabilitation when associated with the purchase of an existing dwelling;
- Reasonable and customary expenses associated with purchasing a dwelling

Applicant eligibility basic requirements:

- Applicant(s) does not qualify for a conventional credit loan
 - Passes conventional credit test
- Must occupy the home financed as their primary residence throughout the term of the loan.
- Having legal capacity to incur the loan obligation (An adult under state law, court-appointed guardian/conservator).
- Not having a suspension or debarment from participation in Federal programs
- Having acceptable citizenship or immigration status.

Applicants must meet [income eligibility](#).

Eligible areas are generally rural areas with a population less than 35,000 are eligible. Visit the [USDA Income and Property Eligibility](#) website for complete details.



GENERAL REQUIREMENTS	
Appraisal	<ul style="list-style-type: none"> FHA Appraiser only The appraisal report (for existing and proposed construction) must not be more than 120 days old at loan closing. All appraisal reports must include a Market Condition Addendum (Form FNMA 1004MC) and will meet the Uniform Appraisal Dataset (UAD) requirements set forth by Fannie Mae and Freddie Mac. The maximum loan amount for a guaranteed loan is 100% of the appraised value plus the guarantee fee. The guarantee fee can be included in the principal loan amount. Closing costs and fees may also be included in the loan amount up to 100% of the appraised value for purchase transactions. The maximum loan-to-value (LTV) allows financing the guarantee fee over and above the appraised value of the property. When financing the guarantee fee over and above the appraised value of the property, the foundation for calculating the guarantee fee is the loan amount before the guarantee fee is calculated. Administrative Appraisal Review 9 Form RD 1922-15 Well and septic systems require inspection
Borrower Eligibility	<ul style="list-style-type: none"> All borrowers must have a valid social security number U.S. Citizens Permanent Resident Aliens: Prior to submission of the Request for Single Family Housing Loan Guarantee, a copy of the front and back of the borrower's Green Card must be sent to the local RD office for approval by the "System Alien Verification for Entitlements" (SAVE) System. An approved Green Card application is not acceptable Non-Permanent Resident Aliens: Borrowers must provide acceptable visa per USDA guidelines to document their eligible immigration status. All Non-Permanent Resident Aliens must have a minimum of 2 years' residency, credit and employment AND currently reside and work in the U.S. Additionally, verification that income used to qualify will continue for at least 3 years will be required. Funds for closing must be in a U.S. bank. Inter-vivos or "Living Trusts" are permitted as long as the following requirements are met: <ul style="list-style-type: none"> The borrower(s) must be the Trustee, Settler and Beneficiary Vesting must be solely in the name of the trust A copy of the Trust must be provided as well as an Attorney Opinion Letter. In California only, a California Trust Cert is permitted
Buy-down	<ul style="list-style-type: none"> 2/1 temporary buy-downs are allowed for purchases (not permitted for refinancing)
Credit	<ul style="list-style-type: none"> 620 Minimum FICO Clear CAIVRS Non-traditional credit - USDA approval required Chapter 13 bankruptcy: 1 year from discharge date Chapter 7 bankruptcy: 3 years from discharge date Collection \geq \$2000 pay in full, payment arrangement or 5% of outstanding balance Non-Federal Judgments paid in full; Exception with repayment plan underway Disputed accounts required Manually underwritten Non-Purchasing Spouse's obligation considered in community property states Foreclosure, short sale and deed-in-lieu: 3 years Payment history reported in 0x30, 0x60, 0x90 format
Eligible Property Types	<ul style="list-style-type: none"> The property must be in an eligible rural area: <ul style="list-style-type: none"> http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do Eligible property types include: <ul style="list-style-type: none"> Single Family Residence (1-unit) Condominiums (3555.205) <ul style="list-style-type: none"> Must be approved or accepted by HUD/FHA, VA, Fannie Mae, or Freddie Mac PUD's (3555.207)
Escrow holdbacks	<ul style="list-style-type: none"> Not permitted unless the subject property is bank owned
Financing Concessions	<ul style="list-style-type: none"> Financing concessions cannot exceed 6% of the sales price



GENERAL REQUIREMENTS (continued)	
Gift Funds	<ul style="list-style-type: none"> Executed gift donor letter; proof of transfer from the donor to the applicant by obtaining a copy of the canceled check or other withdrawal document showing the withdrawal is from the donor's personal account, along with the homebuyer's deposit slip or bank statement that indicates the deposit. Gifts funds are not to be repaid. Funds may be provided by the applicant's relative, employer or labor union, charitable organization, or government agency/public entity that has a program to provide homeownership assistance to low and moderate income applicants. Funds received from non-profit entities may not be used to pay installment loans, credit cards, collections, judgments, or other similar debts of the applicant. Donor must be able to furnish conclusive evidence that the funds given to the homebuyer came from the donor's own funds, and were not provided directly or indirectly by the seller, real estate agent, builder, or any other entity with an interest in the sales transaction. Gift funds in applicant's bank account at time of loan application: Copy of the canceled check or other withdrawal document showing that the funds are from the donor's account and evidence the homebuyer deposited the gift into their personal account are required. Gift funds provided at loan closing: If the gift funds are not verified in the applicant's account at time of application and the transfer occurs at closing, LHFS must obtain verification that the closing agent received funds from the donor for the amount of the purported gift and that the funds came from an acceptable source. "Cash on hand" is not an acceptable source of funds. Gift funds should be reflected on the application as a separate entry to the applicant's depository account(s). Gift funds should not be reflected in applicant's depository account balances. Gift funds will not be considered as cash reserves or a compensating factor in the underwriting decision. Once gift funds are documented, verified and received, for the purposes of loan settlement, gift funds are considered the applicant's personal funds. Any excess funds at settlement that represent gift funds contributed may be returned to the applicant.
Guarantee Fee	<p>The USDA mortgage insurance rates are:</p> <ul style="list-style-type: none"> For purchases: 1.00% upfront fee paid at closing, based on the loan size. For purchases: 1.00% upfront fee paid at closing, based on the loan size. For all loans: 0.35% annual fee paid at closing, based on the average annual scheduled unpaid principal balance for the life of the loan. To confirm the upfront and monthly amounts, use the USDA Guarantee Fee Calculator at: https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do
Income Documentation Types (Continued on next page)	<ul style="list-style-type: none"> Form RD 3555-21 "Request for Single Family Housing Loan Guarantee" Evidence of qualified alien status, if applicable Full income verifications / documentation for all adult household members Employment income of non-self-employed applicants: <ul style="list-style-type: none"> Form RD 1910-5, "Request for Verification of Employment" or its equivalent HUD, A, Fannie Mae or Freddie Mac form to verify the applicant's current, year-to-date, and previous year's employment earnings. Employment income may include base income, overtime, bonus, commissions or other income earned. The most recent paycheck stubs will be obtained directly from the applicant to support or clarify income information provided. The paycheck stub must clearly indicate that the applicant is the employee and reflect year to date (YTD) earnings. If the documentation is from a third-party, such as an employer verification of income, it must be provided directly to LHFS. Self-employed applicants: <ul style="list-style-type: none"> Self-employed income will be verified with two consecutive years of signed Federal income tax returns filed with the IRS including all applicable attached schedules. Signed business tax returns for the most recent two years with all applicable schedules, year-to-date profit and loss and balance statements are required, but are not required to be audited. As an alternative, LHFS may obtain IRS-issued transcripts of the applicant's tax returns, as long as the transcripts include the information from all applicable schedules. In all cases, LHFS must obtain sufficient documentation to support determination of income. A business with a loss will be considered zero for the annual income calculation.



GENERAL REQUIREMENTS (continued)	
Income Documentation Types (Continued)	<ul style="list-style-type: none"> • Military income: <ul style="list-style-type: none"> • Pay allowances and other types of income should be included in the calculation of annual income when there is a history of receipt and will continue to be paid. The hazardous duty pay to a service person exposed to hostile fire will not be included in the calculation of annual income. • Non-Employed income: • A copy of the most recent award letter, pension statement IRS 1099, verification through individual federal income tax returns for the most recent tax year or other appropriate documents for, other non-employed income. Documentation must be dated within the last 12 months. Examples of other income types can include alimony/child support, pension/retirement income, social security/disability income, trust income, notes receivable, etc. (Refer to HB 1-3555 - Sec 9-13 to 17)
Ineligible Borrowers	<ul style="list-style-type: none"> • Fractional Title Vesting is not permitted. <ul style="list-style-type: none"> • For Example: Borrower A's vested interest is 70% and borrower B's vested interest is 30%. • Corporation • LLC's • Irrevocable Trusts • Partnerships • Non-US citizen who do not have lawful residency in the U.S. • Individuals with Diplomatic Immunity • Borrowers with TIN numbers • Foreign Nationals • Land Trusts • Conservatorships • Non-Occupant Co-Borrowers • Non-Arm's Length Transactions
Ineligible Property Types	<ul style="list-style-type: none"> • Cond-hotels • Co-ops • Timeshare Units • Manufactured Homes • Properties subject to the right of redemption • Properties located in an area not designated as rural by RHS • Working farms • Ranches • Orchards • Commercial operations • Mixed use properties • Wind turbines • Cell towers • Unique Properties – Geodesic domes, stilt foundations, etc. • Properties with water purification system • 2 – 4 unit properties • Condo / PUD with pending litigation
Ineligible	<ul style="list-style-type: none"> • Texas 50(a)(6) is not permitted
Maximum Number of Properties Financed	<ul style="list-style-type: none"> • 1 (inclusive of subject)
Occupancy	<ul style="list-style-type: none"> • Owner occupied properties only • Non-occupying co-borrower not allowed
Secondary Financing	<ul style="list-style-type: none"> • Not allowed
Underwriting Method	<ul style="list-style-type: none"> • GUS approval or manual underwriting is acceptable with USDA approval. <ul style="list-style-type: none"> • Max DTI for Manual Underwriting: 29% / 41% • All borrowers must obtain a clear CAIVRS rating. CAIVRS will be run by GUS.



REFINANCE GENERAL REQUIREMENTS

Refinances

- Appraisal required, completed by an FHA Appraiser
 - Examples of reasonable and customary fees and charges:
 - actual cost of the appraisal, inspection or credit reports;
 - imposed verification charges;
 - title examination and title insurance fees;
 - attorney fees;
 - settlement and recording and/or courier/wire/notary fees;
 - real estate taxes for establishing an escrow;
 - test or treatment fees;
 - document preparation fees (if prepared by a third party); and
 - origination fee.
 - Discount points may be financed in connection with the new loan request when the existing borrower's adjusted household income is at or below the low-income limits, as determined by Appendix 5 of the [USDA Handbook](#).
 - See: <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
 - Select Guaranteed from the navigation menu under Income Limits.
 - Permissible discount points financed in accordance with the [USDA Handbook](#) will not exceed two percentage points of the loan amount for a non-streamlined refinance. Financed discount points must be used to permanently reduce the interest rate.
- Documents required:
- Form RD 3555-21, "Request for Single Family Housing Loan Guarantee" must be completed and
 - executed by the borrower
- Full documentation file as follows:
- Fully completed and executed mortgage loan application.
 - Evidence a non-citizen is a qualified alien, as applicable, with the addition of new borrowers.
 - Current credit report and verification of debt.
 - Income documentation of household income.
 - Evidence of the current market value when the refinance type is non-streamlined refinance.

Any item not covered in the guidelines can be accessed by referring to [USDA HB-1-3555 \(USDA Handbook\)](#).

For specific scenario requests, please go to the eScenarios tab located in eXPRESS - www.LHFSWholesale.com, and post your scenario.

Guidelines are for use by mortgage professionals only and subject to change without notice.

