

6210

RURAL DEVELOPMENT (RD) GUARANTEED RURAL HOUSING (GRH) PRODUCT MATRIX

PROGRAM BENEFITS

LTV	100% LTV – Appraised value can only be exceeded by “guarantee fee”.
GUARANTEED FEE	One-time fee – 2% of the final loan amount – may be financed in all cases.
CASH TO CLOSE	Very little or zero cash needed to close in most cases; no minimum contribution.
APPRAISED VALUE IS LIMIT	Not limited to lower of appraised value or purchase price. Customary closing costs and repairs can be financed up to the appraised value, then the guarantee fee can be loaned in addition to that.
MORTGAGE INSURANCE	.04% of base loan amount.
TERM	30-year, fixed rate.
INTEREST RATE	Market rates.
RESERVES	None required.
FIRST-TIME HOMEBUYER	Not limited to first-time homebuyers
PROPERTY LOCATION	Must be located in eligible “rural” area (http://eligibility.sc.egov.euda.gov)

INCOME RATIOS

HOUSEHOLD INCOME	Verify all income of <u>all</u> household members – adjusted total cannot exceed income limits (http://eligibility.sc.egov.usda.gov)
ADJUSTMENTS TO INCOME	\$480 per child < 18 or “18+ and full-time student”, 100% child care paid, etc.
REPAYMENT INCOME	Verify <u>dependable</u> income of parties to the note. Underwriter documents dependability. O.T./bonus/commissions/self-employment used w/2-year history.
GROSSING-UP	Non-taxed income may be grossed up.
RATIOS	29/41; 31/43 if built to 2000 Energy Code. Ratios can be exceeded with documented compensating factors (underwriter documents – RD concurrence needed) GUS approval is required.
MAXIMUM LOAN	No limit on loan amount. Income/ratios become the limit
REFINANCE LOANS	Can be used to refinance current USDA loans (“Direct” or “Guaranteed”)

CREDIT

CREDIT SCORE	Score of 580+ considered acceptable, regardless of trade line information. GUS approval is required on all loans.
MANUAL ASSESSMENT & “INDICATORS OF UNACCEPTABLE CREDIT”	More than one 30-day slow pay within 12 months, foreclosure < 3 years ago, tax lien or delinquent government debt with no arrangement, judgment outstanding within 12 months, more than 2 slow rental payments within 12 months, account converted to collection in last 12 months, etc. A GUS approval is required on all USDA loans.
BANKRUPTCY AND FORECLOSURE (WITHOUT EXTENUATING CIRCUMSTANCES)	3 years seasoning and acceptable established credit required.
CAIVRS	Lender must obtain a clear CAIVRS number for each applicant (http://hud.gov/offices/hsg/sfh/sys/caivrs/caivrs.cfm)
CREDIT BUREAU	Kroll Factual Data reports are required.

UNDERWRITER INFORMATION

RISK LAYERS	Any combination of payment shock, credit waiver, ratio waiver, non-traditional credit or buydown.
RISK LAYERING	Only <u>1 layer of risk</u> should be allowed. If > 1, must have a <u>strong</u> , documented compensating factors.
COMPENSATING FACTORS	100% gifting acceptable from disinterested third party
STUDENT LOANS	Deferred student loans must be counted in ratios.
VERIFICATION OF RENT	A Verification of Mortgage/Rent is required for the most recent 12 months.

PROPERTY REQUIREMENTS

RURAL AREA	Property must be located in eligible rural area (http://eligibility.sc.egov.usda.gov)
NO PHYSICAL LOT SIZE LIMIT	Value of lot generally must not exceed 30% of total appraised value.
APPRAISAL FORMS	URAR (FNMA Form 1004) only.
APPRAISAL REVIEW	RD will review appraisal for acceptability – make sure comps are best available.
OTHER HOME	Cannot own other adequate home within local commuting area.
OCCUPANCY	Primary residence only
PROPERTY TYPE	New or existing single family, site built/modular/PUD (condos must meet certain criteria)
INCOME-PRODUCING	- No commercial or farm buildings. - No income producing property.
EXISTING HOME INSPECTION <i>(OVER 1 YEAR OLD OR PREVIOUSLY LIVED-IN)</i>	Lender determines who is qualified to inspect; alternatively, may have FHA-roster appraisal serve as inspection; generally well inspections are outside FHA appraiser' expertise.
REQUIRED REPAIRS	Only repairs necessary to make the property structurally sound, functionally adequate and in good repair are required; 100% repairs can be financed based on as-improved value.
NEW HOMES (<1 YEAR OLD OR PREVIOUSLY LIVED-IN)	In a county/city who has adopted the 8 mandatory building codes: <ol style="list-style-type: none"> 1) C.O./Building permit 2) Well/septic letters 3) Termite letter 4) Minimum 1-year builder's warranty.
	In a county/city who has <u>not</u> adopted the 8 mandatory building codes: <ol style="list-style-type: none"> 1) Plan certification (10-year warranted builders can self-certify) 2) Periodic inspection reports (with 10-year warranty, only the "final" inspection needed) 3) Well and septic letters 4) Termite letter 5) Minimum 1-year builder's warranty

THE PROCESS

LENDERS ACTIONS	<ol style="list-style-type: none"> 1) Accept application 2) Complete Pre-qualification 3) Process application and underwrite loan 4) Submit package to RD (see Lender's Handbook for checklist)
RD ACTIONS	<ol style="list-style-type: none"> 1) Review package 2) Issue Conditional Commitment or inform lender of needed additional information within 2 business days.
LENDER THEN:	<ol style="list-style-type: none"> 1) Closes the loan 2) Submits closing package to RD (see Lender's Handbook for checklist)
RD THEN:	<ol style="list-style-type: none"> 1) Completes closing package review 2) Issues "Loan Note Guarantee"

REFINANCE TRANSACTIONS

<ul style="list-style-type: none"> • New loan must be paying off an existing USDA loan. • The interest rate of the new loan must be at least 100 basis points (1.0%) below the interest rate of the existing loan to be refinanced. • The existing loan to be refinanced must be current for the 12 months prior to application. No loan can be refinanced unless 6 payments have been made. • For refinances, a new appraisal is required whenever the refinanced loan amount exceeds the original loan amount regardless of the age of the loan, or if the application date is greater than 12 months from the original date of the loan. • Discount points paid to the originator representing application fees, or broker fees cannot be assessed to the borrower. Discount points associated with a permanent interest rate reduction may be assessed to the borrower. These points may not be financed, however, unless the applicants have household incomes defined as "RHS Low-Income." • Reasonable and customary closing costs may be collected from the borrower, but may not exceed the actual cost incurred for the service provided. The maximum for all origination related fees paid to the Broker is 1.0%. • No properties with in-ground swimming pools are permitted.
