

# USDA Fixed Rate

See full Product Guide for complete information.

Revised 12-2-21

**Given the current situation associated with COVID-19, refer to Credit Policy 20-07B for temporary guidance related to certain credit, income and collateral requirements.**

<b>Loan Amount and LTVs</b>	<ul style="list-style-type: none"> <li>The Borrower may finance reasonable and customary expenses associated with purchasing a home as described in HB-1-3555 Chapter 6, as long as the total amount financed does not exceed any of the following limits: <ul style="list-style-type: none"> <li>The maximum loan amount for which the Borrower qualifies, as determined by their income and repayment ability as further discussed in HB-1-3555 Chapter 8 and 9;</li> <li>The fair market value of the property, as determined by a current appraisal conducted in accordance with the Uniform Standards of Professional Appraisal Practices (USPAP); and</li> <li>The LTV of the loan can exceed 100% of the market value of the property when the guarantee fee is financed. Loans may exceed 100% LTV only to the extent that the excess represents a financed guarantee fee. See additional guidance in HB-1-3555 Chapter 6 regarding refinance loans.</li> </ul> </li> <li>The purchase price of the property is permitted to exceed these limits for Borrowers with sufficient cash reserves or access to a source other than credit through which to obtain the necessary cash difference.</li> <li>No maximum CLTV</li> </ul>	
<b>Amortization</b>	30 Year	
<b>Terms</b>	• 360 months only	
<b>Upfront Guarantee Fee &amp; Annual Fee</b>	<ul style="list-style-type: none"> <li>1.00% Guarantee Fee for all transactions</li> <li>0.35% Annual Fee (of the outstanding balance) for all transactions</li> </ul>	
<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>Purchase Transactions: Not permitted.</li> <li>Refinance Transactions: <ul style="list-style-type: none"> <li>If subordinate financing exists, the maximum CLTV is as referenced above.</li> <li>No new subordinate financing is permitted for refinance transactions.</li> <li>Subordinate financing, such as home equity seconds and down payment assistance “silent” seconds, cannot be included in the new loan amount.</li> </ul> </li> </ul>	
<b>Buydown</b>	Temporary Buydown not permitted	
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>1 Unit</li> <li>Multi-Width Manufactured Housing</li> <li>Warrantable Condo/PUD/Townhouse</li> </ul>	
<b>Ineligible Property Types</b>	<ul style="list-style-type: none"> <li><b>Single-Width Manufactured Housing</b></li> <li>Manufactured Housing located in condo communities</li> <li>2-4 Units</li> <li>Non-warrantable Condo/PUD/Townhouse</li> <li>Timeshare</li> <li>Working Farm</li> <li>Mixed Use</li> <li>Mobile Home</li> <li>Cooperative</li> <li>Condo/PUD Hotel</li> </ul>	<ul style="list-style-type: none"> <li>Commercial Property</li> <li>Life Estates</li> <li><b>Properties with Resale Deed Restrictions</b></li> <li><b>Community Land Trust (other than age restricted)</b></li> <li><b>Leasehold Estates</b></li> <li><b>Properties located in Lava Zones 1 &amp; 2</b></li> <li>Properties not located in the agency designated rural area. Exceptions may be considered for refinance transactions for areas that have been determined to be non-rural since the existing loan was made.</li> </ul>
<b>Occupancy</b>	Primary Residence Only	
<b>Refinance Transactions</b>	<p><b>Both Non-Streamline &amp; Streamline Refinance</b></p> <ul style="list-style-type: none"> <li>Existing mortgage must be a Guaranteed Loan; Direct-to-Guaranteed Loan refinances are not permitted.</li> <li>Refinance transactions must result in a more favorable term for existing Section 502 guaranteed borrowers.</li> <li>No new subordinate financing is permitted. Eligible subordinate financing may remain in place; however, it must be re-subordinated to the first mortgage.</li> <li>Existing borrowers may be deleted from the current loan, provided that at least one original borrower is retained on the new refinance loan.</li> <li>For properties located in Texas, the first mortgage being refinanced cannot be a 50(a)(6), a/k/a Texas home equity loan.</li> <li>Unpaid fees, such as late fees due the servicer, are not eligible to be included in the new loan amount.</li> </ul> <p><b>Non-Streamline Refinance</b></p> <ul style="list-style-type: none"> <li>Limited to the base loan amount (principal and accrued interest) of the existing first mortgage plus the loan guarantee fee and reasonable and customary closing costs, including funds for tax and insurance escrows, up to the maximum LTV as supported by an appraisal. The appraised value may be exceeded only to the amount of financing that represents the guarantee fee. A new and current market value appraisal is required. The GUS system may be utilized for approval.</li> </ul>	

<p><b>Refinance Transactions</b></p>	<p><b>Streamline Refinance</b></p> <ul style="list-style-type: none"> <li>• The refinance loan amount cannot exceed the original loan amount/note amount (i.e. the original purchase loan amount will establish the maximum loan amount of the refinance transaction). The refinance loan amount may include the outstanding principal balance (including current interest charges due along with reasonable and customary fee for reconveyance) of the existing USDA loan and any amount of the upfront guarantee fee to be financed into the loan. Delinquent interest, closing costs or lender fees may not be financed into the new loan. A new appraisal is not required. The GUS system may be utilized for approval; streamlined refinances will utilize the original loan amount established in the Guaranteed Loan System (GLS).</li> </ul> <p><b>Cash Out Refinance</b></p> <ul style="list-style-type: none"> <li>• Not Permitted</li> </ul>
<p><b>Underwriting</b></p>	<ul style="list-style-type: none"> <li>• USDA GUS (Guaranteed Underwriting System) must be used for all transactions.</li> <li>• Eligible GUS Recommendation: <ul style="list-style-type: none"> <li>- Accept/Eligible</li> <li>- Refer/Eligible recommendations may be considered through a manual underwrite if all standard USDA guidelines are met.</li> </ul> </li> <li>• <b>If a loan initially receives a Refer with Caution or is downgraded to a Refer with Caution, the transaction is not eligible for financing.</b></li> </ul> <p><b>Co-Mortgagors:</b></p> <ul style="list-style-type: none"> <li>• All must occupy the property as their Primary Residence and combined income must not exceed income limits.</li> </ul> <p><b>Ratios</b></p> <ul style="list-style-type: none"> <li>• GUS Accept Recommendations: Maximum DTI will be the more restrictive of the GUS Accept recommendation, the investor requirements or <b>50%</b></li> <li>• Refer (with Caution) Recommendations/Manually Underwritten: Maximum DTI 29%/41%</li> <li>• For non-GUS approved loans, the 29/41 ratios may be exceeded if strong compensating factors to support the Borrowers repayment ability.</li> </ul> <p><b>Credit Profile</b></p> <ul style="list-style-type: none"> <li>• <b>Minimum risk score of 600 for each borrower for full documentation purchase transactions</b></li> <li>• <b>Minimum risk score of 600 for each borrower for streamline transactions</b></li> <li>• Credit reports can be no greater than 120 days old at loan closing</li> </ul> <p>Assets must also be reviewed for influence on the calculation of annual income (income from assets). For the purpose of computing annual income, the assets of all household members are considered, and borrowers must provide information regarding their assets at the time of loan application.</p>
<p><b>Documentation Requirements</b></p>	<p><b>Required Documentation:</b></p> <ul style="list-style-type: none"> <li>• Full Documentation</li> <li>• CAIVRS, GSA and SAM.gov must be reviewed and returned acceptable.</li> <li>• Request for Conditional Commitment must be submitted to Rural Housing with a complete underwriting file.</li> <li>• Insurance <ul style="list-style-type: none"> <li>- HOI</li> <li>- <b>HO-6, if applicable</b></li> <li>- Flood insurance, if applicable</li> </ul> </li> </ul>

