



USDA Loan Matrix- Correspondent

Updated 12/22/16

Category	FICO/LTV Matrix & Program Details
Base Guidelines	The following requirements and overlays apply to USDA's requirements. Effective with Loan Commitments on and after December 1, 2014 Rural Development requirements are per 3555 Regulation and Handbook. All loans must adhere to RD Policies and Procedures in addition to the RightStart overlays.
Eligible Transactions	Purchase and Non-Streamline Refinance. 1 unit owner occupied transactions only. 30 Yr Fixed Rate Only.
Ineligible Transactions	<ul style="list-style-type: none"> • USDA's Streamline Refinance / Streamline-Assist • USDA "Rural Refi Pilot" Program • Rural Energy Loans • Texas 50(a)(6) loans • Mortgage Credit Certificates are not eligible to be used as income or reduction of a housing payment for purposes of qualifying the borrower. In addition, originating lender to be fully responsible for the annual IRS reporting associated with the MCC issuance; RightStart will not complete any required IRS reporting.
Eligible Borrowers	Borrowers must be natural persons and title to the property must be in the name of the individual borrower(s). A mortgage is not eligible if the borrower is another type of legal entity – such as a corporation, general partnership, limited partnership, or real estate syndication.
Occupancy	Owner Occupied 1 unit Primary Residence only.
Property Eligibility	<ul style="list-style-type: none"> • Single Family Detached, attached/detached PUD, Condos. • Property must be located in a Rural Development eligible area. To check this, go to http://eligibility.sc.egov.usda.gov (under "Property Eligibility," select "Single Family Housing"). • 2-4 unit properties not permitted. Manufactured homes not permitted. • Income Producing Property. Purchase or improvement of income-producing land or buildings that will be used principally for income producing purposes is not allowed. Farm-related property cannot be acquired under this program. Vacant land or properties used primarily for agricultural, farming or commercial enterprise are ineligible. Refer to current USDA Handbook for additional guidance.
Underwriting Method	All loans must be run through GUS. Refers/Manual underwriting not permitted.
Debt to Income Ratio	Per GUS approval.
LTV / CLTV Purchase and Refinance (Non-Streamline)	<p>Max LTV / CLTV is 100%:</p> <ul style="list-style-type: none"> • LTV is based on appraised value. Also refer to Appraisal section for requirements when appraised value is higher than the sales price. Loans may exceed 100% LTV only to the extent that the excess represents the guarantee fee. When the guarantee fee is not being financed, the maximum loan is 100% of the appraised value. • All closing costs may be financed. Discount points are eligible to be financed to "buy-down" the interest rate. In such cases, discount points financed will not exceed two percentage points of the loan amount and must represent a reduction to the interest rate. • Rate/term refinances may include closing costs up to 100% of appraised value and add the funding fee.
Credit Score / History	<ul style="list-style-type: none"> • Minimum score requirements 640 and GUS approval required. All borrowers must meet minimum credit score. • Non-traditional credit is not permitted.
Texas Refinances	<ul style="list-style-type: none"> • Texas Section 50(a)(6) Transactions not permitted. • A copy of the original Note is required to verify the original loan balance and the loan is not TX A6
Loan Amount	<p>Minimum Loan Amount: \$50,000</p> <p>Maximum Loan Amount: Governed by maximum allowable income limit.</p>
USDA Guarantee Fee	<p>One month of the Annual Fee must be collected at closing.</p> <ul style="list-style-type: none"> • FY 2017: An upfront guarantee fee of 1.00 percent and an annual fee of 0.35 percent will apply to both purchase and refinance transactions in FY 2017. • FY 2016 – Upfront Fee: The fee for a purchase and a refinance transaction is 2.75%. Annual (Monthly) Fee: .50% of the initial loan amount is required.
Adverse Credit	Follow USDA Requirements for Adverse Credit, including Bankruptcy and Foreclosure. All loans must be GUS approved.
Collateral	<ul style="list-style-type: none"> • A complete Uniform Residential Appraisal Report (URAR) (I1) by an FHA Roster appraiser is required. Additionally, the Market Conditions Addendum is required. • The cost approach may be completed at the appraiser or lender's request. • Under no circumstance is a C5 or C6 condition rating acceptable unless the issues have been repaired/cured. . • All repairs affecting safety, livability, or habitability must be completed prior to delivery.
Interested Party Contributions	Seller or other interested party contributions towards closing costs in excess of six percentage points are prohibited. Closing costs and/or prepaid items paid by the lender by premium pricing are not included in the seller contribution limitation. Fees towards the applicant's cost to close such as real estate commission or other typical fees paid by the seller or other interested party under local, state law, or local custom are not considered in the maximum contribution calculation.
Escrows	Tax and Insurance escrows are required on all USDA loans. Effective on loans closed on or after January 1, 2016 that require flood insurance: the premiums related to the flood insurance must be escrowed. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required. Note: RightStart Mortgage does not permit escrow for earthquake insurance.



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Multiple Mortgages to the Same Borrower	<p>An applicant who owns a dwelling to which they will retain ownership is eligible for a guaranteed loan to purchase another home if all of the criteria below are met:</p> <ul style="list-style-type: none"> • The homeowner's current dwelling is not financed by a Rural Development guaranteed or direct Section 502 or 504 loan or active grant (the grant agreement has not expired); • The homeowner is financially qualified to own more than one house (the loan applicant is limited to owning one single family housing unit other than the one associated with the loan request); • The homeowner will occupy the home financed with the guaranteed loan as their primary residence throughout the term of the loan. • The current home owned no longer adequately meets the applicants' need. Manufactured housing units that are not fixed on a permanent foundation are considered functionally inadequate (all costs associated with this unit must be included in the total debt ratio). The determination that the current home no longer adequately meets the applicant's needs must include documentation of a significant status change in the circumstances of the borrower that require immediate remedy. <p>Examples of changes in status could include, but are not limited to:</p> <ul style="list-style-type: none"> • Severe overcrowding which is defined as more than 1.5 household residents per room. The room count generally includes a living room, dining room, kitchen, den, recreation room, and bedroom(s). Room counts do not include the bathroom or an entry hall/foyer. The lender must obtain verification that overcrowding has existed for more than 90 days and will persist for at least nine (9) months into the future. • The disability or limited mobility of a permanent household resident that cannot be accommodated without substantial retrofitting of the current property, e.g., the installation of a ramp, an elevator or stair-lift, or extra-wide doors and hallways. Lender must obtain verification of the change in status, the existing property deficiencies, and the suitability of the new property. • The applicant is/has relocated with a new employer, or being transferred by the current employer to an area not within reasonable and locally recognized commuting distance. <p>In all cases, the lender must provide an additional explanation of the burden upon the applicant imposed by the status change both in the near the near and longer term, and also the reasons beyond homeowner convenience why the purchase of the property must be completed prior to the sale of the existing property. All documentation will be retained in the lender's permanent loan file and may be requested by the Agency upon review.</p>
Income & Asset Documentation	<ul style="list-style-type: none"> • Written VOE (WVOE): Written VOE's require a year-to-date paystub. • Verification of Deposit (VOD): Acceptable when accompanied by a bank statement. Requires seller certification VOD is Validated.
Verbal Verification of Employment (VVOE)	<p>For all transactions a Verbal Verification of Employment (VVOE) must be completed by the Seller within ten (10) days of Right Start's funding date.</p>
4506T & Tax Transcripts	<ul style="list-style-type: none"> • A fully complete and signed 4506T for each borrower is required. • Tax Return transcripts cannot be used in place of actual tax returns. • USDA requires each adult member of the household to complete and execute an IRS Form 4506-t. Validation from IRS must be received prior to funding.
USDA Resources & Documents	<p>Link to USDA LINK Training and Resource website: https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do Forms may also be pulled from this website: http://forms.sc.egov.usda.gov/eForms/searchAction.do?pageAction=BrowseForms</p> <ul style="list-style-type: none"> • Direct link to RD 3555-21: https://usdalinc.sc.egov.usda.gov/docs/rd/sfh/3555/Forms/FormRD3555-21_Request_for_SFH_Loan_Guarantee_DRAFT.pdf <p>Note: Effective December 1, 2014 revised forms required under the 7CFR 3555 are required as required by the new regulation. Conditional Commitment is Form 3555-21.</p>
Escrow Holdbacks	<p>Only permitted for HUD REO's, if borrower is financing cost of and for weather-related repairs. Cannot be health or safety repairs</p>
Employee Loan	<p>Owner Occupied only. The following documentation is required:</p> <ul style="list-style-type: none"> • 2 yrs personal 1040 tax returns • 2 yrs business tax returns (if applicable) • 2 yrs W2s & Paystub (current with YTD earnings) • 2 months bank statements • AVM / QC tool including validation of value
<p>Information in this matrix is a summary only and is not a complete representation of RightStart Mortgage (NMLS #35960) lending Policies. Information is accurate as of the date of publishing and is subject to change without notice. The overlays outlined in this matrix apply to USDA loans submitted to GUS. In addition to applying these RightStart Mortgage-specific overlays, all loans submitted to GUS must comply with the GUS Findings and USDA requirements. To verify our state license, please log onto the following website: www.nmlsconsumeraccess.org</p>	
<p style="text-align: center;">www.rightstartmortgage.com www.rsmwholesale.com</p>	