

USDA Refinance Programs

This matrix is intended as an aid to help determine whether a property/loan qualifies for certain financing. It is not intended as a replacement for USDA guidelines. Users are expected to know and comply with USDA requirements.

NOTE: *This matrix includes overlays, which may be **more restrictive** than USDA requirements. A thorough reading of this matrix is recommended.*

Program Qualifications

- Impac's USDA Refinance Programs are designed for the refinance of owner occupied single family residences that have an existing USDA Guaranteed Rural Home loan. Refinance of a USDA Direct Loan is not eligible with this program.

Eligibility Matrix Loan Amount & LTV Limitations

USDA - Primary Residence – Rate Term

Units	Maximum LTV	CLTV	Minimum Credit Score
1	102.04%	Ineligible	620

The LTV is calculated as the loan amount divided by the appraised value. LTV may exceed 100% of the appraised value only to the extent that the excess represents the financed guarantee fee. (102.04 is a rounded number approximating the addition of 2% financed guarantee fee above the appraised value of the property. $100 / .98 = 102.04081\dots$)

Maximum Loan Amount

- \$417,000

Product Description

- Fixed Rate 30 year term; fully amortized

Product Codes

Years	Product Code	Description
30 Years	UF30	Rate/Term Refinance
30 Years	UF30SL	Streamline Refinance
30 Years	UF30PT	Rural Refinance Pilot

Eligibility Requirements

Appraisal Requirements	<p><u>Rate/Term Refinance Only</u> For non-streamline refinance transactions, a new appraisal is required. Appraisals must be ordered through Impac approved AMC (appraisal management company) One full appraisal (FNMA 1004/FHLMC 70) Per USDA, appraisals are valid for six months, effective from the date of the appraisal, and must be valid at the time of a conditional commitment request. The appraisal must meet the requirements of the Uniform Appraisal Dataset (UAD) (see AN 4601). FHA appraiser must certify that the property meets Minimum Property Requirements found in HUD Handbooks 4150.2 and 4905.1. The preferred method to document compliance is on page three under the "Comment" section of the appraisal report.</p> <p>See AN 4688, Outbuildings and Property Eligibility, for specific information related to outbuildings and farm service buildings.</p> <p>Property repairs may be required by the appraiser or Impac. Properties requiring repairs must have the work completed prior to closing. Repairs may not be financed into the loan amount. If required repairs cannot be completed prior to closing the loan will not be approved.</p> <p>Appraisal transfers are not allowed.</p> <p><u>Streamline Refinances</u> An appraisal is not required</p> <p><u>Rural Refinance Pilot</u> An appraisal is not required</p> <p><u>Inspections – all refinance types</u> No additional inspections or repairs are required by USDA.</p>
-------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

USDA Refinance Programs

	<p>However, lender may require inspections or repairs based on information in appraisal. Expenses related to inspections or repairs may <u>not</u> be financed.</p>
Appraiser Requirements	<p>Appraisers must be FHA roster appraisers on FHA's approved list on the FHA Connection with State Certification designation of Certified General or Certified Residential . Appraisers must be Impac approved as evidenced by appraisal ordered through an Impac-designated Appraisal Management Company (AMC).</p> <p>The assigned appraiser must perform the physical inspection of the property and may not sign the appraisal performed by another appraiser.</p> <p>Only appraisers who are properly licensed or certified, as appropriate, to make residential real estate appraisals in accordance with the criteria set forth by the Appraiser Qualification Board of the Appraisal Foundation regardless of the amount of the loan.</p>
Assets	<p>Assets are not required on USDA loans but can be used as a compensating factor. Any assets input into GUS must be verified.</p> <p>Cash on hand is ineligible. Funds must be validated in an account All funds required for closing must be fully documented</p> <p>Reserves</p> <ul style="list-style-type: none"> • None required
Assumptions	Ineligible
Borrower Eligibility	<p>US Citizens Permanent Resident Aliens</p> <ul style="list-style-type: none"> • Verify Alien Registration Card, I-551 • Must provide valid Social Security number <p>Ineligible</p> <ul style="list-style-type: none"> • Borrowers whose adjusted household income exceeds the Rural Development income limit for the applicable area • Foreign Nationals • Full time students • Borrowers closing in a trust • Inter Vivos Trust • Land Trusts • Non-Permanent Resident Aliens <p>Adding or deleting borrowers for any reason is permissible only on rate/term refinance transactions. If an existing borrower intends to relinquish their interest with the new transaction, the remaining borrower(s) must be eligible for the new loan and demonstrate repayment ability without assistance of the departing/departed borrower(s). At least one of the original borrowers must be retained in order to qualify as a refinance transaction.</p> <p><u>Rural Refinance Pilot</u> Borrowers may be added but not removed (unless deceased) from the current loan.</p>
Co-borrowers/Co-signers	<ul style="list-style-type: none"> • Co-borrower must occupy the property • Co-borrower must take title to the property AND sign the Note and the Security Instrument • Co-signors are ineligible • The co-borrower cannot be an interested party to the transaction (e.g., seller, builder, real estate agent, etc.) • Non-occupant co-borrowers are ineligible •
Credit	<p>Minimum Credit Score Requirements</p> <ul style="list-style-type: none"> • Minimum 620 credit score • Non-Traditional Credit is ineligible <p>Important: If the credit report reflects the mortgage loan creditor as "USDA", then the existing loan is a USDA Direct Loan and is <u>not</u> able to be refinanced under any USDA refinance program by Impac.</p> <p><u>Rate/Term Refinances</u> The existing loan to be refinanced must have been current for the 12 month period prior to the Agency's receipt of a conditional commitment request for refinance. Any late payments in the past 36 months on the existing USDA loan (with particular emphasis on the most recent 12 month period) must be considered in the underwriting analysis. Lender must determine if any late payments were a disregard for financial obligations, an inability to manage debt, or factors beyond the control of the borrower when considering the underwriting decision. The permanent file for the new loan must contain documented evidence that the payment history requirements have been met.</p>

USDA Refinance Programs

	<p>Credit of a non-borrowing spouse is not considered a reason to deny a loan application. The non-borrowing spouse will not sign the note, but will sign the security instrument. Community/marital property states (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin):</p> <ul style="list-style-type: none"> • Except for obligations specifically excluded by state law, the debts of the non-borrowing spouse must be included in the applicant's qualifying ratios • A credit report must be obtained for the non-borrowing spouse in order to accurately determine the debts that must be counted in the total debt ratio Note: GUS will only retrieve credit reports for applicants. Therefore, lenders must obtain an acceptable credit report outside of GUS for applications in community property states. The debt obligations must be entered in the appropriate liability section. • Any non-borrowing spouse debts in judgment status must be paid prior to closing. <p>Must receive a clear CAIVRS (Credit Alert Interactive Voice Response System)</p> <p>Housing Payment History</p> <ul style="list-style-type: none"> • Mortgage/Rental History: <ul style="list-style-type: none"> • GUS Accept/Eligible: Credit evaluated by GUS • Must have most recent 12 months on time mortgage payments <p>Bankruptcy/Foreclosure/Deed-In-Lieu</p> <ul style="list-style-type: none"> • Bankruptcy must have been discharged for more than 36 months • Foreclosure must have been dismissed for more than 36 months <p>Above is measured by discharge or dismissal date until date of application</p> <p><u>Streamline Refinances</u> The existing loan to be refinanced must have been current for the 12 month period prior to the Agency's receipt of a conditional commitment request for refinance. Any late payments in the past 36 months on the existing USDA loan (with particular emphasis on the most recent 12 month period) must be considered in the underwriting analysis. Lender must determine if any late payments were a disregard for financial obligations, an inability to manage debt, or factors beyond the control of the borrower when considering the underwriting decision. The permanent file for the new loan must contain documented evidence that the payment history requirements have been met.</p> <p>A credit report with scores for each borrower must be submitted with the file.</p> <p>The Streamline Refinance is a credit qualifying loan without an appraisal and all USDA credit guidelines must be followed. A manual underwrite is required with ratios of 29/41 (which may be exceeded with appropriate compensating factors).</p> <p><u>Rural Refinance Pilot Guidelines</u> A credit report with scores for each borrower must be submitted with the file.</p> <p>Mortgage History</p> <ul style="list-style-type: none"> • Borrower must have made timely mortgage payments for the 12-month period prior to the refinance. <p>Lender must secure evidence to document the borrower(s) has paid the loan on time for the previous 12 months. If the mortgage account is currently delinquent or has been reported delinquent in the previous 12 months, the borrower is not eligible.</p> <p>The lender may utilize a Verification of Mortgage obtained from or provided directly by the loan servicer that lists the payment history for each of the previous 12 months. As an alternative, the lender may submit a credit report which reflects a satisfactory mortgage payment history over the past 12 months. If the lender submits a credit report to Rural Development as proof of payment history, only the payment history of the current mortgage will be considered. Credit waivers or explanations for adverse credit that may be present on the report are not required.</p>
Escrow Holdback	Ineligible
Escrow Waivers	Ineligible
Financing Types	Rate/Term Streamline Refinance Rural Refinance Pilot Program
Geographic Locations/Restrictions	Eligible states are as follows: <ul style="list-style-type: none"> • Wholesale: AK, AL, AR, AZ, CA, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MN, MS, MT, NC, ND, NE, NV, OK, OR, SC, SD, TN, TX, UT, VA, WA, WI, WV

USDA Refinance Programs

	<p>Additional restrictions as follows: Texas Cash-out 50(a)(6) is ineligible State specific regulatory requirements supersede all underwriting guidelines set forth by Impac.</p> <p>Existing RD loans may be refinanced even if the property is no longer in a designated rural area.</p> <p><u>Rural Refinance Pilot Program (limited coverage)</u> The following states are eligible per USDA for the Rural Refinance Pilot Program: AK, AL, AR, AZ, CA, CO, FL, GA, ID, IL, IN, KS, KY, MI, MO, MS, MT, NC, ND, NJ, NM, NV, OH, OK, OR, RI, SC, SD, TN, TX, UT, WA, WV, WI</p>
<p>Guarantee Fee</p>	<p>USDA must issue a conditional commitment prior to funding the loan</p> <p>The entire guarantee fee must either be financed or paid in cash at closing.</p> <p>Up Front Guarantee Fee The amount of the fee is determined by multiplying the percentage by the total loan amount as follows:</p> <ul style="list-style-type: none"> • New Section 502 Guaranteed Loan – 2% of the total loan amount • See below for calculations when Guarantee Fee is paid in cash or financed <p><u>When the Guarantee Fee is paid in cash:</u></p> <ul style="list-style-type: none"> • Multiply the final total loan amount by 2% to arrive at the guarantee fee (102%LTV) <p><u>When the Guarantee Fee is financed into the loan:</u></p> <ul style="list-style-type: none"> • Divide the base loan amount (before the guarantee fee is added, but after other financed items) by .98 (Base loan amount /0.98) to arrive at the Total Loan Amount including Guarantee Fee • Multiply this amount by 2% • The total gross loan amount may only exceed the appraised value by the amount of the financed guarantee fee <p>Annual Fee (paid monthly)</p> <ul style="list-style-type: none"> • 0.40% of the outstanding principal balance • The annual fee is calculated based on the guaranteed loan amount and on the average annual scheduled unpaid principal balance for the life of the loan. <p>Guarantee Fee and Annual Fee Calculators are available on the USDA LINC Training And Resource Library at: https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do. The calculators are in the Loan Origination section under Documentation and Resources.</p>
<p>Income</p>	<p><u>Ability to Repay Income:</u> Repayment Income</p> <ul style="list-style-type: none"> • Only the income from the borrower(s) on the loan application may be used in calculating the ratios • Refer to the Rural Development Instruction 1980-D sections 1980.345, 1980.347, 1980.348 for additional clarification of eligible Annual Income, Adjusted Annual Income and Repayment Income. http://www.rurdev.usda.gov/SupportDocuments/1980d.pdf <p><u>Employment Gaps – Income Continuity</u> All gaps in employment of greater than one month over the last two years must be documented.</p> <p>Form 4506-T</p> <ul style="list-style-type: none"> • 4506T must be signed and processed prior to closing. • A new 4506-T is required to be signed with closing docs package as well as at application even when the form has been processed <p>Installment Debt – Include all installment debts greater than 6 months Primary Income – 2 year history required Self-employment – 2 years of 1040s and P&L required Alimony/Child Support – 1 year history, with proof of 3 years continuance Part-time, Over-time & Bonus – 2 year history Disability Benefits – 1) Benefits letter required; 2) 3 years continuance; 3) Gross up based on tax bracket Social Security Income Benefits - 1) Benefits letter required; 2) 3 years continuance; 3) Gross up based on tax bracket</p> <p><u>Program Eligibility Income</u> Household Income</p> <ul style="list-style-type: none"> • In order to be eligible for a Rural Development guaranteed loan, the borrowers' adjusted household income

USDA Refinance Programs

	<p>cannot exceed the maximum allowable income limit set forth in Rural Development Instruction 1980-D § 1980.348, Exhibit C (use moderate-income limits) http://eligibility.sc.egov.usda.gov</p> <ul style="list-style-type: none"> Income from all working adult members (age 18 or older) residing in the home must be included in the household income. The total of that income cannot exceed the moderate-income limits established for the area in which they are purchasing the home. Income of a non-purchasing spouse must be verified and included in the household income calculation to determine if household is "income eligible." However, the non-purchasing spouse's income will not be counted toward repayment/qualifying income. Social Security income is included, but it is not "grossed up" for purposes of the income limits Full income verification/documentation is required for all adult household members regardless of refinance program (includes rate/term, streamline, and rural refinance pilot) <p>Household income used to determine program eligibility is defined as Annual Income and Adjusted Annual Income and can be determined by using the following link: http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do (Income Limits - Single Family Housing – Guaranteed)</p> <p>Rural Refinance Pilot Impac requires all borrowers on the loan to be employed at the time of closing on the refinance transaction or have alternate sources of income such as: retirement income, social security income, disability income, alimony or child support. (Exception: When husband and wife are on the loan, income from only one spouse is acceptable)</p> <p>While there are no <u>required</u> DTI ratios, if borrower's employment/income situation has materially changed within the last 6 months, Impac reserves the right to disallow the loan.</p>		
Internet Links	<p>USDA LINC Training and Resource Library: https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do</p> <p>USDA Rural Development Administrative Notices: http://www.rurdev.usda.gov/rd-an_list.html</p> <p>USDA Eligibility Page (Property and Income): http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do</p> <p>USDA Income Limits: http://www.rurdev.usda.gov/HSF-Guar_Income_Limits.html</p> <p>Rural Development State Websites (format) - www.rurdev.usda.gov/ (state abbreviation) Example: For Washington, add WA, e.g., www.rurdev.usda.gov/wa</p> <p>USDA Rural Development Administrative Notices: http://www.rurdev.usda.gov/rd-an_list.html</p> <p>RD AN 4738 – Refinancing Single Family Housing Loans: http://www.rurdev.usda.gov/SupportDocuments/an4738.pdf</p> <p>RD AN 4688 – Outbuildings and Property Eligibility: http://www.rurdev.usda.gov/SupportDocuments/an4688.pdf</p> <p>RD AN 4702 – Lender Charges and Fees: http://www.rurdev.usda.gov/SupportDocuments/an4702.pdf</p> <p>RD AN 4710 – Debt Ratio Waivers and Compensating Factors http://www.rurdev.usda.gov/SupportDocuments/an4710.pdf</p> <p>RD AN 4749 – Rural Refinance Pilot (Replaces RD AN 4720) http://www.rurdev.usda.gov/SupportDocuments/an4749.pdf</p> <p>RD 1980-21 (Rev. 02-13) Request for Single Family Housing Loan Guarantee: http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1980-21.PDF</p> <p>Underwriting and Loan Closing Documentation Matrix: https://usdalinc.sc.egov.usda.gov/docs/rd/sfh/loanorigination/UW_Loan_Closing_Matrix_Document.pdf</p>		
Limitations on Other Real Estate Owned	<p>Borrower may not own any other real property. A manufactured home that is personal property is allowed.</p>		
Loan Amount	No minimum loan amount		
Manufactured Home Criteria	<p>The following table contains overlays, clarifications, and additions to existing guidelines regarding manufactured homes.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Appraisal</td> <td> <p>When an appraisal is required the following is applicable:</p> <p>Full interior and exterior appraisal must be completed (Form 1004C) All comparables should be sales of manufactured homes on permanent foundation similar to</p> </td> </tr> </table>	Appraisal	<p>When an appraisal is required the following is applicable:</p> <p>Full interior and exterior appraisal must be completed (Form 1004C) All comparables should be sales of manufactured homes on permanent foundation similar to</p>
Appraisal	<p>When an appraisal is required the following is applicable:</p> <p>Full interior and exterior appraisal must be completed (Form 1004C) All comparables should be sales of manufactured homes on permanent foundation similar to</p>		

USDA Refinance Programs

		<p>subject (e.g., similar configuration and quality) Distance of the comparable sales must be reasonable The following are ineligible:</p> <ul style="list-style-type: none"> • If the site or manufactured home is substantially non-conforming with the neighborhood it is ineligible • Creating comparable sales by combining vacant land sales with the contract purchase price of the home is prohibited
	Documentation	<p>Evidence of surrender of certificate of title or that no certificate was issued, refer to individual state requirements.</p> <ul style="list-style-type: none"> • Confirm property is legally classified and taxed as real property, on a permanent foundation, and owner owns both land and MFH • ALTA Endorsement 7, 7.1, or 7.2 or any other endorsement required for manufactured homes to be treated as real property • Deed of Trust (or other security instrument) must include a comprehensive description of the manufactured home and the land in the property description section or on a separate attached rider. The description must include the serial or VIN number for each unit/section; make, model, size, and any other information required by applicable law to definitively identify the manufactured home. • Affidavit of Affixture/Affixation – Borrower and Lender must sign and notarize acknowledging their mutual intent that the manufactured home be a permanent part of the real property securing the mortgage. • Limited Power of Attorney pertaining to title issues and foreclosure must be signed with closing documents
	MFH Property Requirements	<p>Minimum 400 square feet of gross living area Multi-width only, no single wide The land where the manufactured home rests must be fee simple The MFH must be a one-unit dwelling legally classified as real property The towing hitch, wheels, and axles must be removed The MFH must assume the same characteristics of a site-built housing The MFH must have sufficient square footage and room dimensions to be acceptable to purchasers in the subject market area The MFH must be located on an all-weather accessible road</p> <p>The MFH must have been built in compliance with Federal Manufactured Home Construction and Safety Standards (FMHCSS) that were established June 15, 1976 as amended and in force at the time the home is manufactured, and additional requirements that appear in HUD regulations at 24 C.F.R. Part 3280 as evidenced by:</p> <ul style="list-style-type: none"> • HUD Data Plate/Compliance Certificate – A paper document located on the interior of the subject property that contains, among other things, the manufacturer's name and trade/model number. In addition the data plate includes pertinent information about the unit including a list of factory-installed equipment; and • HUD Certification Label (sometimes referred to as a HUD "seal" or "tag") – A metal plate located on the exterior of each section of the home <p>The appraisal form 1004C must indicate evidence of both the HUD Data Place/Compliance Certificate and the HUD Certification Label The MFH must be attached to a permanent foundation system The MFH must be permanently connected to the septic or sewage system The MFH must be permanently connected to all necessary utilities (water, electricity, gas service, etc.) The MFH must not have been installed or occupied previously at any other location or site (re-siting)</p> <p>HUD requirements The FMHCSS and HUD requirements may be found at www.access.gpo.gov/nara/cfr/waisidx_04/24cfr3280_04.html</p> <p><u>Title and Lien requirements</u> The following conditions must be met and documented in the lender's file:</p> <ul style="list-style-type: none"> • MFH must be secured by a perfected lien on real property consisting of the manufactured home and the land; • The MFH must be taxed as real estate as applicable under State law, including relevant

USDA Refinance Programs

		<p>statutes, regulations, and judicial decisions:</p> <ul style="list-style-type: none"> • The security instrument must be recorded in the land records and must identify the encumbered property as including both the home and the land; • If applicable state law so permits, any certificate of title to the MFH must be surrendered to the appropriate state government authority. If the certificate of title cannot be surrendered, the lender must indicate its lien on the certificate; • The mortgage must be covered by a standard real property title insurance policy and any other endorsement required in the applicable jurisdiction for MFH ensuring the manufactured home is part of the real property that secures the loan; and • The borrower must acknowledge the unit is a fixture and part of the real estate securing the mortgage.
	USDA References	RD Instruction 1980-D 3555.208 Special requirements for manufactured homes
	Restrictions	<ul style="list-style-type: none"> • The following are ineligible: <ul style="list-style-type: none"> ○ Non-traditional credit ○ ARMs ○ High Balance loans ○ Re-siting of manufactured home ○ Single Width manufactured home ○ Manufactured home in condominium project ○ Manufactured home on leasehold ○ MFH properties within SFHA (Special Flood Hazard Area) or any property that requires flood insurance
Mortgage Insurance	Not required	
Occupancy	Primary Residence Only	
Prepayment Penalty	Ineligible	
Processing	Standard and Streamline	
Property Types	<p>Eligible</p> <ul style="list-style-type: none"> • 1 unit attached or detached <ul style="list-style-type: none"> • SFR's • PUDs • Townhouse • Modular Pre-Cut/Panelized Housing • Manufactured Housing – Existing USDA Guaranteed Loan Only <ul style="list-style-type: none"> ○ Important – A USDA Refinance Loan is only allowed for the refinance of an existing USDA Guaranteed loan with the same borrower at the same location. USDA Direct Loans are not eligible for refinance (Impac overlay). See <i>Manufactured Home Criteria</i> for additional restrictions. <p>Ineligible</p> <ul style="list-style-type: none"> • 2 – 4 Units • Condominiums • Condo Hotels • Co-ops • Income producing farms • Leasehold • Properties located within designated Coastal Barrier Resource system (CBRS) areas. • Properties with in-ground swimming pools are ineligible – this exclusion is not applicable to PUD developments with a common pool • Properties with resale/deed restrictions • Rehabilitation loans • Farm related property, vacant land, or properties used primarily for agricultural, farming, farm operation or commercial enterprise are ineligible <p>Properties with a site value exceeding 30%:</p> <ul style="list-style-type: none"> • If site value is greater than 30%, USDA requires the appraiser to note that it is common for the area and the property is not subdividable. If both of these conditions are not met, the loan is denied. <p>Flood and mudslide hazard area precautions:</p> <ul style="list-style-type: none"> • Rural Home Loan policy is to discourage lending in designated flood and mudslide hazard areas. Loan guarantees shall not be issued in designated flood/mudslide hazard areas unless there is no practical alternative. (1980.318) 	

USDA Refinance Programs

<p>Qualifying Rate and Ratios</p>	<p><u>Rate/Term Refinances</u> Qualify at note rate – The refinance loan must reduce the current interest rate by 100 basis points (1 percent) or more</p> <ul style="list-style-type: none"> GUS Accept/Eligible – GUS determines acceptable ratios for rate/term refinances. Manual underwriting is allowed for GUS files that generate a “Refer” or “Refer with Caution” recommendation. Allowable ratios are 29.41 which may be exceeded with appropriate compensating factors. <p><u>Streamline Refinances</u> Qualify at note rate – The refinance loan must reduce the current interest rate by 100 basis points (1 percent) or more</p> <ul style="list-style-type: none"> Allowable ratios are 29/41 which may be exceeded with appropriate compensating factors See AN 4710 – Debt Ratio Waivers and Compensating Factors <p><u>Rural Refinance Pilot</u> Qualify at note rate Interest rate on the new loan must be at least 1% lower than the interest rate on the loan to be refinanced. Debt-to-income ratio calculations are not required; therefore, debt ratio waiver requests will not be necessary. However, for compliance reporting purposes, ratios should be calculated and input on the completed 1008 form.</p>
<p>Secondary Financing</p>	<p>Ineligible</p>
<p>Special Requirements/ Restrictions</p>	<p>The Request for Single Family Housing Loan Guarantee must be completed and executed by all borrowers who will be a party to the note. Multiple forms may be utilized.</p> <p>Form 4506-T must be processed prior to underwriting.</p> <ul style="list-style-type: none"> A new IRS Form 4506 T is required to be signed with the closing package as well as at application even when the form has been processed. <p>CAIVR System Access the FHA Connection to check CAIVRS for all borrowers on the transaction: Borrowers, co-borrowers and co-signors if applicable. A CAIVRS number that begins with anything other than an “A” must be investigated and verification must be obtained that the debt has been satisfied prior to moving forward with the loan application.</p> <p>Limited Denials of Participation (LDP) List</p> <ul style="list-style-type: none"> Examine/Search the list for all parties to the transaction: all borrowers, sellers, listing and selling real estate agents and loan officers. The appraiser, termite co, and all licensed professionals contracted to provide mechanical certifications such as heating, plumbing, air conditioning, roofing and electrical companies should also be searched <p>Government Services Administration’s (GSA) Lists of Parties Excluded from Procurement or Non-procurement Programs</p> <ul style="list-style-type: none"> Examine/Search the list for all parties to the transaction: all borrowers, sellers, listing and selling real estate agents and loan officers. The appraiser, termite co, and all licensed professionals contracted to provide mechanical certifications such as heating, plumbing, air conditioning, roofing and electrical companies should also be searched <p>Non-Purchasing (Non-Borrowing) Spouse in a Community Property State Community Property States are as follows.</p> <ul style="list-style-type: none"> Arizona California Idaho Louisiana Nevada New Mexico Texas Washington Wisconsin <p>If property is located in a community property state, or the borrower resides in a community property state, the following requirements apply A credit report for the non-purchasing spouse is required to determine any joint or individual debts. The spouse’s authorization to pull a credit report must be obtained. If the spouse refuses to provide authorization for the credit report, the loan must be rejected</p> <ul style="list-style-type: none"> Even if the non-purchasing spouse does not have a social security number, the credit reporting company

USDA Refinance Programs

	<p>should verify that the non-purchasing spouse has no credit history and no public records recorded against him/her.</p> <ul style="list-style-type: none"> • Credit Company should be given non-purchasing spouse information: Name(s), address, birth date and any other significant information requested in order to do the records check. <p>The debts of the non-purchasing spouse must be considered in the qualifying ratios, except for those specifically excluded by state law.</p> <p>The greater of the monthly payment amount or 5% of the outstanding balance if minimum payment is not reflected on credit report if the non-purchasing spouse must be included in the qualifying ratios</p> <p>All defaulted federal debt, open judgments and liens, including those of the non-purchasing spouse, must be satisfied prior to or at closing.</p> <p>Disputed debts of the non-purchasing spouse need not be counted provided the file contains documentation to support the dispute.</p> <p>Credit history of the non-purchasing spouse should not be the basis for declining the loan.</p> <p>Additional State Specific restrictions:</p> <p>Idaho</p> <ul style="list-style-type: none"> • Married borrowers must have BOTH spouses on the loan or meet Idaho requirements for Sole and Separate applicants. If both spouses are not on the loan the file must meet all of the requirements of Idaho AN No. 1862 dated February 7, 2014 pertaining to "Sole and Separate" applicants. This is an Idaho Rural Development office rule. http://www.rurdev.usda.gov/SupportDocuments/ID_AN_SF_Housing_Loans_to_Sole_and_Separate Applicants.pdf
<p>Underwriting</p>	<p><u>Cash out refinance transactions are not permitted</u></p> <p><u>Rate/Term Refinance (see AN 4738)</u></p> <p>The new loan amount may include the principal and interest of the existing RD loan, closing costs, prepaid expenses, and lender fees to the extent there is sufficient equity in the property, as determined by the new appraisal. The guarantee fee may still be financed even if the resulting gross loan amount would exceed the appraised value. The maximum loan amount is the appraised value of the subject property plus the amount of the upfront guarantee fee financed into the new loan.</p> <p>The following refinance guidelines apply to <u>Rate/Term</u> transactions:</p> <ul style="list-style-type: none"> • The interest rate of the new loan must be 100 basis points (1 percent) lower than the interest rate of the existing loan. • The existing loan to be refinanced was closed at least 12 months prior to the Agency's receipt of a conditional commitment request for refinance; • The borrower has been current on their existing USDA loan for the 12-month period prior to the conditional commitment request for refinance; and • The new principal, interest, taxes, and insurance (PITI) monthly amount is less than the monthly PITI amount of the existing loan. <p>Escrow credits are not permitted. The borrower's existing escrow balance may not be credited to the payoff and/or credited anywhere on the HUD-1 Settlement Statement.</p> <p>Customary and reasonable closing costs and other fees may be collected from the borrower by the lender. Such charges may not exceed the cost paid by the lender or charged to the lender by the service provider. Excessive fees are not permitted.</p> <p>Only bona-fide discount points (paid to lender to lower the interest rate) can be charged to the borrower. Discount points may only be financed in connection with a non-streamline refinance transaction for a <u>low-income borrower as defined by USDA</u>. In such cases, discount points must not exceed two percentage points.</p> <p>Closing costs may be financed, including funds required to establish new tax/insurance escrow accounts, <u>if current appraised value allows</u>.</p> <p>Fees and charges associated with originating/closing a USDA loan should NOT exceed fees charged for loans insured or guaranteed by the FHA or VA. Refer to Administrative Notice 4702.</p> <p>For non-streamline loans, closing costs may be financed up to the appraised value of the property.</p> <p>Note: Cash back to the borrower at closing is not allowed. (Nominal "cash out" to the borrower may occur at closing typically resulting due to final escrow and interest calculations. This amount, if any, must be applied to a principal reduction of the new loan.)</p>

USDA Refinance Programs

However, borrower may receive reimbursement from loan proceeds at settlement for their personal funds advanced for eligible loan purposes that are part of the refinance transaction, such as an appraisal fee or credit report fee.

Unpaid fees, such as late fees due the servicer, are not eligible to be included in the new loan amount.

All loans must be submitted to GUS (Guarantee Underwriting System)

Loans which receive an underwriting recommendation of "Refer" or "Refer with Caution" must be manually underwritten. Manual underwriting is allowed per USDA rules.

If GUS renders an underwriting recommendation of ACCEPT and ELIGIBLE, the loan is eligible for Rural Development's guarantee. All files must be submitted to the RD office in the state in which the property is located to obtain a Conditional Commitment prior to closing. The Conditional Commitment must be retained in the file.

Refer to the Underwriting and Loan Closing Documentation Matrix Administrative Notice (AN) 4699 for required documentation for all loans at the following link:

https://usdalinc.sc.egov.usda.gov/docs/rd/sfh/loanorigination/UW_Loan_Closing_Matrix_Document.pdf

Streamline Refinance (see AN 4738)

The loan amount may not exceed the original loan amount (i.e., the original purchase loan amount will establish the maximum loan amount of the refinance transaction). The refinance loan amount may represent the outstanding principal balance (including current interest charges due along with a 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. Remember the new total loan amount may not exceed the original purchase loan amount.

The new loan amount cannot include any delinquent interest, closing costs or lender fees.

Streamline refinance transactions are manually underwritten. GUS may not be utilized when requesting a streamlined refinance. Allowable ratios are 29/41 which may be exceeded with appropriate compensating factors.

A streamline refinance loan refinances **ONLY the principal balance (including current interest charges and a reasonable fee for reconveyance)** of the existing loan. (The guarantee fee may be added to the Unpaid Principal Balance to the extent the total loan amount does not exceed the original purchase loan amount.)

The following refinance guidelines apply to Streamline transactions:

- The interest rate of the new loan must be 100 basis points (1 percent) lower than the interest rate of the existing loan.
- The existing loan to be refinanced was closed at least 12 months prior to the Agency's receipt of a conditional commitment request for refinance;
- The borrower has been current on their existing USDA loan for the 12-month period prior to the conditional commitment request for refinance; and
- The new principal, interest, taxes, and insurance (PITI) monthly amount is less than the monthly PITI amount of the existing loan.

Rural Refinance Pilot

Rural Refinance Pilot loans must be manually underwritten. They cannot be processed through the Guaranteed Underwriting System (GUS).

See *Credit* for mortgage history requirement.

Existing USDA Guaranteed Loans that have less than a 12 months payment history at time of application are **ineligible** for the Rural Refinance Pilot.

The new interest rate must be a fixed rate, and a minimum of 100 basis points below the current interest rate. The loan amount may include the principal balance of the existing loan, plus the applicable upfront guarantee fee, accrued interest and eligible loan closing costs. No cash out is permitted to the borrower.

Customary and reasonable closing costs and other fees may be collected from the borrower by the lender. Such charges may not exceed the cost paid by the lender or charged to the lender by the service provider.

Unpaid fees, home equity lines of credit, down payment assistance funds used for the original purchase of the property or other second liens on the property are not eligible to be included in the new loan amount.

NOTE: An origination fee not to exceed the lesser of two (2) percent of the total loan amount or \$3,000, whichever is less, is allowed for "borrower paid" or "lender paid" compensation. "Borrower paid" compensation is an eligible loan closing cost and may be included in the loan amount.

Bona Fide discount points may be financed into the loan amount for low income borrowers only, as defined

USDA Refinance Programs

	<p><u>by USDA.</u></p> <p>The origination fee does not include charges for credit reports, title examination, verification requests, appraisals, settlement costs or other eligible costs associated with processing and closing the loan.</p>
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

###