

## USDA Rural Development Single Family Guaranteed Rural Housing Program Streamlined Refinance

Fixed Rate

Primary Residence Full Documentation			
<i>Transaction Type</i>	<i>Units</i>	<i>LTV/CLTV</i> <sup>1</sup>	<i>Credit Score</i>
Streamline Refinance	1	90%/90%	580
Streamlined Refinance	1	100%/110%	620

**Footnotes:**

1. Loan being refinanced must be a USDA Guaranteed Rural Housing loan; USDA Section 502 Direct loans (Direct loans are serviced only by USDA) conventional, FHA or VA loans **cannot** be refinanced under this program.

In addition to the USDA Rural Development GRH Streamlined program REMN Wholesale offers the USDA Rural Development Purchase and Non-Streamlined program. Refer to the applicable Purchase and Non-Streamlined guidelines for requirements.

Complete USDA Guaranteed Rural Housing guidelines can be accessed at [USDA LINC Training and Resource Library](#)

### USDA Guaranteed Rural Housing (GRH) Streamlined Program Highlights

A Streamlined Refinance is a credit qualifying loan. Borrower must meet all USDA income and credit requirements.

- Income must be  $\leq$  115% of the area median
- No reserves required
- Gift funds are eligible for closing costs or the upfront guarantee fee

### Guarantee Fee

Upfront guarantee fee for refinance transactions: 2% of the total loan amount

**Annual Fee** - Applicable for the life of the loan

- Conditional Commitment issued **prior to** October 1, 2014: Annual fee: 0.040%
- Conditional Commitment issued **on or after** October 1, 2014 Annual fee: 0.50%

## USDA Program Guidelines Streamlined Refinance

Topic	Guideline
4506-T	<ul style="list-style-type: none"> <li>Signed 4506-T required prior to loan closing for both personal and business tax returns (if applicable)</li> <li>4506-T results must be validated against the income documentation</li> <li>Broker provided processed 4506-T results are ineligible</li> </ul>
Age of Documents	All credit, income and asset documentation must be ≤ 120 days from the Note date. The appraisal is valid for 6 months from the effective date and must be valid at time of Conditional Commitment request.
Appraisals	<ul style="list-style-type: none"> <li>If an appraisal is required, it must be ordered from a REMN Wholesale approved AMC</li> <li>The source of the closed comparable sales used in the appraisal must be from one of the following or a desk review will be required:               <ul style="list-style-type: none"> <li>- A Multiple Listing Service (MLS), or</li> <li>- MRIS (<a href="http://www.mris.com">www.mris.com</a>), or</li> <li>- Midwest Real Estate Dated (MRED) (<a href="http://www.mredllc.com">www.mredllc.com</a>), or</li> <li>- North Texas Real Estate Information Systems, Inc. NTRIS) at (<a href="http://www.ntreis.net">www.ntreis.net</a>), or</li> <li>- San Antonio Board of Realtors (<a href="http://www.sabor.com">www.sabor.com</a>), or</li> <li>- GeoData at <a href="http://www.geodataplus.com">www.geodataplus.com</a> , or</li> <li>- Comps Inc. at <a href="http://www.compsny.com">www.compsny.com</a> .</li> </ul> </li> </ul> <p>NOTE: Comparables from a public independent source are only eligible in the states of Vermont and Maine.</p>
Appraisal Management Companies (AMC)	<p>The following is a list of REMN Wholesale approved AMCs:</p> <ul style="list-style-type: none"> <li>- ACT Appraisal Management</li> <li>- AMC Settlement Services</li> <li>- Appraisal-Tek</li> <li>- Axis Management Solutions</li> <li>- BRIDGE Appraisal Management Corp</li> <li>- Integrity Appraisal Management LLC</li> <li>- Lender's Choice Inc. (LCI)</li> <li>- MaxVantage Appraisal Management Company</li> <li>- Mortgage Management Consulting (MMC)</li> <li>- Nationwide Property &amp; Appraisal Services</li> <li>- ORDERPRO</li> <li>- Streetlinks Lender Solutions</li> <li>- Valuation Management Group</li> <li>- Valuation Partners</li> </ul> <p>Click here to go the REMN Wholesale <a href="#">Order an Appraisal</a> page on the REMN Wholesale website</p>
Assets	<ul style="list-style-type: none"> <li>Asset verification is required when funds are needed to close</li> <li>Assets include checking/savings accounts, gift funds, sale proceeds from currently owned property, 401K/retirement accounts, and stocks/bonds and must be documented as follows:               <ul style="list-style-type: none"> <li>- 2 months most recent bank statements (dated within 45 days of the initial loan application date)</li> <li>- Stocks and bonds require the most recent statement monthly or quarterly statement.</li> </ul> </li> <li>Cash on hand and unsecured funds are ineligible sources for assets.</li> <li>Retirement funds that allow for immediate withdrawal are eligible at 60% of the vested account balance to allow for withdrawal penalties.</li> <li>Retirement accounts that restrict withdrawals to retirement, employment separation, etc. cannot be considered for cash reserves.</li> </ul>
Assumptions	Not allowed
AUS	Manual underwriting required.

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<b>Available Markets</b>	<ul style="list-style-type: none"> <li>All 50 states with the exception of Massachusetts</li> <li>Guam, Puerto Rico and the Virgin Islands are ineligible.</li> <li>Properties do not have to be located in an area currently identified as an eligible rural area. If the property was eligible at origination a refinance is allowed even if area not currently defined as rural by USDA Rural Development.</li> </ul>
<b>Borrowers – Adding or Deleting</b>	Borrower(s) may be added or deleted as long as one original borrower remains on the loan.
<b>CAIVRS/LDP/GSA</b>	<ul style="list-style-type: none"> <li><b>CAIVRS at <a href="#">CAIVRS</a></b> <ul style="list-style-type: none"> <li>- All borrowers must be checked against the Credit Alert Interactive Voice Response System (CAIVRS) to determine if they have delinquent federal debt. A clear CAIVRS is required.</li> <li>- All federal debt and judgments must be paid in full or otherwise resolved and have supporting documentation.</li> <li>- CAIVRS claims: The borrower must provide official documentation that the delinquency has been paid in full or otherwise resolved prior to loan processing.</li> </ul> </li> <li><b>LDP / GSA <a href="#">LDP</a> / <a href="#">GSA</a></b> <ul style="list-style-type: none"> <li>- All of the following parties to the transaction, as applicable, must be checked against HUD's Limited Denial of Participation list and the General Service Administration's Excluded Parties List System.               <ul style="list-style-type: none"> <li>- Borrower(s),</li> <li>- Broker,</li> <li>- Loan Agent,</li> <li>- Seller,</li> <li>- Real Estate Listing and Selling Agent(s),</li> <li>- Appraiser.</li> </ul> </li> </ul> </li> </ul>
<b>Cash Back to Borrower</b>	<p>The borrower cannot receive any cash back from the transaction with the exception of out of pocket money (with supporting documentation) as follows:</p> <ul style="list-style-type: none"> <li>First year of homeowners insurance paid</li> <li>Loan application fees</li> <li>Appraisal/inspection fees</li> <li>Paid repairs</li> </ul> <p>Tax credits, excess loan funds, excess seller concessions, and items paid with credit cards <b>cannot</b> be refunded to the borrower; a principal reduction is required.</p>
<b>Contingent Liabilities</b>	<p>A contingent liability exists when an individual is responsible for payment of a debt if another party, jointly or severally obligated, defaults on the payment.</p> <p><b>Co-Signed Debt</b></p> <p>Any co-signed liability (including mortgages) may be excluded from the DTI if documentation is provided that the other party has paid the debt for the most recent 12 months or if there is an official release of liability provided from the creditor. Acceptable documentation includes copies of checks, money orders, receipts).</p> <p><b>Business Debt</b></p> <ul style="list-style-type: none"> <li>Include business debts listed on personal credit reports <b>unless</b> the business is legally obligated and evidence of payment for the most recent 12 months payments have been made by the business</li> </ul>

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<b>Credit History</b>	<p>The borrower's credit history must indicate the borrower has a reasonable ability and willingness to pay their obligations.</p> <ul style="list-style-type: none"> <li>• Any of the following are indicators of an unacceptable credit history per Rural Development:           <ul style="list-style-type: none"> <li>- More than one 30 day late within the past 12 months (including more than one late payment on a single account)</li> <li>- Bankruptcy or foreclosure that occurred within the past 3 years</li> <li>- Outstanding tax liens or delinquent government debt with no satisfactory arrangements for payments, regardless of age if they are currently delinquent or due and payable.</li> <li>- Outstanding judgments within the past 12 months.</li> <li>- Two or more rent payments 30 days or more late within the past 3 years.</li> <li>- Any account converted to a collection account in the past 12 months (utility bills, medical bills, etc.)</li> <li>- Outstanding collections accounts with no satisfactory arrangements for payments, regardless of age if they are currently delinquent or due and payable.</li> <li>- Any debt written off within the last 3 years (charge-offs)</li> </ul> </li> <li>• Borrowers with a foreclosure on a previous Rural Development loan are ineligible.</li> </ul>
<b>Credit Report/Scores</b>	<ul style="list-style-type: none"> <li>• A minimum credit score of 580 is required.</li> <li>• A tri-merged credit report is required for all borrowers.</li> <li>• The primary borrower (the borrower with the highest income) must meet the minimum credit score requirement.</li> <li>• The representative credit score is determined as follows:           <ul style="list-style-type: none"> <li>- If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used.</li> <li>- If there are two (2) valid scores, the lower of the two is used</li> <li>- If there is one (1) valid score, that score is used</li> </ul> </li> <li>• The borrower(s) must address <b>all</b> credit inquiries indicated on the credit report within the previous 120 days and indicate the reason for and result of the inquiry (i.e. was new credit obtained or not).</li> <li>• Authorized user tradelines require underwriter review to ensure the trade lines are an accurate reflection of the borrower's credit history. When there is an open account(s) one evidence of one of the following is required::           <ul style="list-style-type: none"> <li>- The tradeline belongs to another borrower on the loan application, or</li> <li>- The owner of the tradeline is the spouse of one of the borrowers, or</li> <li>- The borrower has been making the payments on the tradeline for the past 12 months.</li> </ul>           If none of the above can be documented the loan is ineligible.         </li> <li>• Disputed accounts are acceptable subject to the following:           <ul style="list-style-type: none"> <li>- The account has a zero balance, or</li> <li>- The account is marked "paid in full" or "resolved", or</li> <li>- The account has a balance owed of &lt; \$500.00 and is more than 24 months old.</li> </ul>           If none of the above applies, the loan is ineligible.         </li> <li>• When the borrower lives in a community property state and there is a non-purchasing spouse a full credit report must be obtained for the non-purchasing spouse and their debts must be included in the borrower's debt ratio. Community property states include Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin.</li> </ul>

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### Credit Score 580-619

The following applies when the borrower's credit score is between 580-619:

- Maximum 90% LTV/CLTV
- Minimum 2 year payment history on the current loan with 0x30 in previous 24 months verified by an in-file credit report is required on all refinance transactions
- Maximum DTI 29%/41%. A Debt Ratio Waiver must be submitted to USDA to exceed maximum DTI and USDA approval required.
- VA residual income requirements apply to USDA loans with a credit score 580-619. Refer to the residual income chart below for requirements.

#### Residual Income Requirements\*

Loan Amounts ≤ 79,999				
Family Size	Northeast	Midwest	South	West
1	\$390	\$382	\$382	\$425
2	\$654	\$641	\$641	\$713
3	\$788	\$772	\$772	\$859
4	\$888	\$868	\$868	\$967
5	\$921	\$902	\$902	\$1,004
<b>Over 5</b>	Add \$75.00 for each additional family member up to 7.			
Loan Amounts ≥ 80,000				
Family Size	Northeast	Midwest	South	West
1	\$450	\$441	\$441	\$491
2	\$755	\$738	\$738	\$823
3	\$909	\$889	\$889	\$990
4	\$1,025	\$1,003	\$1,003	\$1,117
5	\$1,062	\$1,039	\$1,039	\$1,158
<b>Over 5</b>	Add \$80.00 for each additional family member up to 7			

Geographic Regions as Identified by VA			
<b>Northeast</b>	Connecticut	New Hampshire	Pennsylvania
	Maine	New Jersey	Rhode Island
	Massachusetts	New York	Vermont
<b>Midwest</b>	Illinois	Michigan	North Dakota
	Indiana	Minnesota	Ohio
	Iowa	Missouri	South Dakota
	Kansas	Nebraska	Wisconsin
<b>South</b>	Alabama	Kentucky	Puerto Rico
	Arkansas	Louisiana	South Carolina
	Delaware	Maryland	Tennessee
	District of Columbia	Mississippi	Texas
	Florida	North Carolina	Virginia
	Georgia	Oklahoma	West Virginia
<b>West</b>	Alaska	Hawaii	New Mexico
	Arizona	Idaho	Oregon
	California	Montana	Utah
	Colorado	Nevada	Washington
			Wyoming

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<b>Derogatory Credit</b>	<p><b>Chapter 7 Bankruptcy</b> Bankruptcy must be discharge a minimum of 36 months from date of application</p> <p><b>Chapter 13 Bankruptcy</b> Borrower must have 12 months history with paid as agreed and permission from the bankruptcy court is required.</p> <p><b>Foreclosure</b> A foreclosure must be dismissed a minimum of 36 months from the application date. Borrowers with a previous foreclosure on a Rural Development loan are ineligible.</p> <p><b>Delinquent Child Support</b> Delinquent child support must be paid current or in a payment plan. On a case-by-case basis this requirement may be waived subject to underwriter review.</p> <p><b>Judgments</b> Open judgments, garnishments and all outstanding liens must be paid off prior to or at closing and documentation of sufficient funds to satisfy these obligations must be obtained.</p> <p><b>Consumer Credit Counseling</b></p> <ul style="list-style-type: none"> <li>• One year of payout under the plan has elapsed</li> <li>• All payments have been made on time</li> <li>• The Counseling Agency has provided written permission for the borrower to enter into a mortgage transaction</li> <li>• If an "Accept/Eligible" Finding is received, no explanation or other documentation is required from the borrower.</li> </ul> <p><b>Collections / Judgment</b></p> <ul style="list-style-type: none"> <li>• Collection accounts require satisfactory arrangements for payment.</li> <li>• Accounts converted to collections within the previous 12 months indicate unacceptable credit risk.</li> <li>• Federal judgments require payment in full.</li> </ul>
<b>DTI</b>	<ul style="list-style-type: none"> <li>• Maximum 29%/41%. Exceptions may be granted subject to <b>all</b> of the following being met:             <ul style="list-style-type: none"> <li>- The PITI payment is between 29% and 32% and the total DTI is between 41% and 44%, <b>and</b></li> <li>- All borrowers have a credit score of <math>\geq 680</math>, <b>and</b></li> <li>- A minimum of one compensating factor is identified and substantiated with supporting documentation;                 <ul style="list-style-type: none"> <li>- The proposed PITI payment is <math>\leq</math> the borrower's current housing expense. Current housing must be 0x30 for previous 12 months and documented with VOR or credit report. Previous rent or mortgage payment cannot be verified by a family member; <b>or</b></li> <li>- Borrower has accumulated liquid assets (savings, cash reserves) after close of a minimum of 3 months PITI payments verified with two (2) months bank statements or VOD, dated with 45 days of the loan application. Cash on hand is not eligible; <b>or</b></li> <li>- All employed borrowers have been continuously employed, with their current respective employer, for a minimum of two (2) years. Employment must be verified using RD Form 1910-5 Request for Verification of Employment or Fannie Mae Form 1005. VOE prepared by an employment verification service (e.g. The Work Number, etc.) are acceptable.</li> </ul> </li> </ul> <p style="margin-left: 20px;">NOTE: Only wage earners may use 2 year employment as a compensating factor; not eligible for self-employed borrowers.</p> <p>NOTE: Debt waiver ratios are subject to Rural Development approval of the Debt Waiver Request.</p> <ul style="list-style-type: none"> <li>• All debts with 6 months or more payments remaining must be included to ensure accurate debt ratio.</li> </ul> </li> </ul>

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<b>Employment</b>	<p>A two year employment history is required.</p> <p><b>NOTE:</b> If the borrower has any gaps in employment that are &gt; 30 days, a letter of explanation from the borrower will be required.</p> <p><b>Wage Earners</b></p> <ul style="list-style-type: none"> <li>• A verbal verification of employment (VVOE) is required within 10 calendar days of the Note date for salaried borrowers and 30 days for self-employed borrowers.</li> </ul> <p><b>Self-employed Borrowers</b></p> <ul style="list-style-type: none"> <li>• Self-employed borrowers are individuals who have 25% or greater ownership interest in a business.             <ul style="list-style-type: none"> <li>- Self-employed borrower's business requires verification of the business by a third party source (e.g. CPA, Federal Tax ID Certificate, Business License).</li> <li>- A self-employed borrower with 1-2 year self-employment history <b>may</b> be eligible subject to the following:                 <ul style="list-style-type: none"> <li>- Borrower has 2 years documented previous successful employment in the line of work in which they are self-employed or it is a related occupation, or</li> <li>- A combination of one year of employment and formal education or training in the line of work in which the individual is self-employed or in a related occupation is also acceptable.</li> </ul> </li> </ul> </li> </ul> <p style="margin-left: 40px;">NOTE: &lt; 1 year of income from self-employment is not considered effective income</p> <ul style="list-style-type: none"> <li>- Annual earnings that are stable or increasing are acceptable, while businesses that show a significant decline in income over the analysis period are not acceptable, even if the current income and debt ratios meet FHA guidelines.</li> <li>- Income must not be declining more than 10% per year. If income declining more than 10% the lowest income must be used to qualify.</li> <li>- Depreciation and/or depletion may be added back</li> <li>- Signed and dated individual tax returns, with all applicable tax schedules, for the most recent two years are required.</li> <li>- Corporations, S-Corporation or partnership are required to provide signed copies of Federal Business income tax returns for the last 2 years with all applicable tax schedules.</li> </ul> <p><b>Employed by Family Business</b></p> <ul style="list-style-type: none"> <li>• In addition to normal employment verification, a borrower employed by a family owned business is required to provide evidence that they are not the owner of the business. Acceptable evidence includes;             <ul style="list-style-type: none"> <li>- Copies of signed personal tax returns, or</li> <li>- Signed copies of the corporate tax returns showing ownership percentage.</li> </ul> </li> </ul>
<b>Escrow Holdbacks</b>	Not allowed

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<b>Gift Funds</b>	<ul style="list-style-type: none"> <li>• Gift funds are eligible for closing costs or may be applied to guarantee fee. There must be no expected or implied repayment requirement of the gift funds.</li> <li>• Gift funds may <b>not</b> be used for cash reserves as a compensating factor.</li> <li>• A gift letter is required which includes the following:             <ul style="list-style-type: none"> <li>- The dollar amount of the gift,</li> <li>- Signature of the donor and the borrower,</li> <li>- The date the funds were transferred,</li> <li>- The donor(s) name, address, phone number, and relationship to the borrower, and</li> <li>- A statement by the donor that no repayment of the gift funds is expected.</li> </ul> </li> <li>• The gift fund donor cannot be affiliated with the broker or any other interested party to the transaction including household members.</li> <li>• Regardless of when gift funds are made available to the borrower, it must be determined that the gift funds were not provided by an unacceptable source and that the gift funds were the donor's own funds.</li> <li>• Gift fund availability and transfer of the funds must be documented. Verification of transfer of funds must be documented as noted below:             <ul style="list-style-type: none"> <li>- Gift funds given prior to closing                 <ul style="list-style-type: none"> <li>- Copy of the donor's cancelled check (front and back) and conclusive evidence that the money was withdrawn from the donor's account (conclusive evidence might be a withdrawal slip or bank statement and the borrower's deposit slip and/or bank statement verifying the deposit.</li> </ul> </li> <li>- Gift funds given to closing agent:                 <ul style="list-style-type: none"> <li>- Must be received at least one day prior to closing to allow for underwriter review; gift funds the day of closing are not allowed.</li> <li>- A copy of donor's check to the closing agent is required, and</li> <li>- Gift must be reflected on HUD-1.</li> </ul> </li> </ul> </li> </ul> <p style="margin-left: 40px;">NOTE. When a bank statement is used to document funds, the donor <b>may</b> be required to document large deposits to ensure the funds did not come from an interested third party.</p> <p>Gift funds are eligible from any acceptable source provided the borrowers are not obligors to any Note to secure the money borrowed for the gift.</p>
<b>Impound Account</b>	Required on all loans, no exceptions.



## USDA Program Guidelines Streamlined Refinance

### Income

The borrower's adjusted household income cannot exceed 115% of the area median as determined by Rural Development for the state/county where the property is located. To view the GRH income limits by state click here: [Rural Development Single Family Housing Guaranteed Loan Income Limits](#)

To determine income eligibility click here [Rural Development Income Eligibility](#) and enter the information requested.

NOTE: The Rural Development system will indicate eligible/ineligible for both the Guaranteed Rural Housing Loan Program **and** the Direct Rural Housing Loan Program. REMN Wholesale **only** offers the Guaranteed Rural Housing program.

Rural Development has three separate income calculations that are required.

- **Annual income** – The total income and assets of **all** adult household members, **including borrower(s) and non-applicants 18 years old and older**. The gross amount (prior to any payroll deductions) of wages, salaries, overtime pay, commissions, fees, tips, bonuses and any other compensation for personal services of all adult members of the household must be included. This is projected income, not an average of previous years' income. Unreimbursed employee business expenses are deducted from annual income and repayment income calculations.

Annual income also includes any interest, dividend, social security, unemployment, disability, retirement fund, pension, public assistance income, or alimony/child support (unless payments are not received and a reasonable effort has been made to collect).

Income must be calculated on any net family assets in excess of \$5,000. Net family assets include the value of equity in real property, savings, IRAs, market value of stocks, bonds and other forms of capital investments.

Social security and disability income require a 3 year continuance documented with an award letter.

Alimony and child support income must continue for 3 years and have a minimum 12 month history documented with bank statements

If an adult member of the household is currently unemployed but there is recent history of employment that person's income must be considered unless the borrower and the adult unemployed person sign a statement that the person is not presently employed and does not intend to become employed again in the foreseeable future.

- **Adjusted income** – The household's annual income (as described above) minus eligible deductions equals the adjusted income. The adjusted income determines GRH program eligibility. Eligible deductions include:
  - Dependents - \$480
  - Elderly (head of household or spouse is 62 years of age and older and a borrower on the loan) - \$400 (one time deduction; not per person)
  - Disability expenses (Unreimbursed expenses in excess of 3% of annual income)
  - Medical expenses exceeding 3% of gross annual for elderly households only
  - Child care expenses for children 12 years old and under, and
  - Attendant care expenses for disabled members. The adjusted income determines program eligibility.

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<b>Income (cont.)</b>	<ul style="list-style-type: none"> <li>• <b>Repayment income</b> – Determined by the stable/dependable income of the borrowers only. Borrower must have a history of receiving the income and there must be a reasonable expectation of continued receipt. Repayment income is the qualifying income and is used to calculate DTI. In addition to following income may be included in the repayment income calculations: <ul style="list-style-type: none"> <li>- Income from employed minors (under 18 years of age)</li> <li>- Foster care income</li> <li>- The value of any food stamps received</li> <li>- Sporadic or irregular cash gifts</li> <li>- Lump-sum additions to family assets (e.g. inheritance, capital gains, insurance for health, accident, hazard or workers comp)</li> <li>- Reimbursements for medical expenses</li> <li>- Amounts of education scholarships paid directly to the student or to the educational institution</li> <li>- Amounts paid by the government to a veteran for use in meeting tuition costs, fees, books and equipment.</li> <li>- Hazardous duty pay to a service person away from home and exposed to hostile fire</li> </ul> </li> </ul> <p>Tax exempt income may be grossed up 25%.</p>
<b>Income Documentation</b>	<p><b>Salaried Borrowers</b></p> <ul style="list-style-type: none"> <li>• Current paystubs for previous 30 days with YTD income</li> <li>• W-2s for prior 2 years</li> <li>• Written VOE</li> </ul> <p><b>Self-Employed Borrowers</b></p> <ul style="list-style-type: none"> <li>• 2 years signed tax returns including all schedules</li> <li>• YTD P&amp;L (audited or unaudited) with balance sheet</li> <li>• YTD Income &amp; Expense statement</li> </ul>
<b>Inspections</b>	Not required

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<b>Liabilities</b>	<p>All debts are entered in GUS to ensure accurate GUS Findings. Debts with 6 months or more payments remaining must be included to ensure accurate debt ratio.</p> <p><b>401K Loans</b> Not counted in debt ratios.</p> <p><b>Alimony/Child Support/Garnishments</b> Must be included in the debt ratios.</p> <p><b>Installment Debt</b> Not required to be included in the debt ratio if 6 months or less remaining</p> <p><b>Revolving Debt</b> Revolving debt must be included if there is a balance indicated on the credit report. If the monthly payment is not included in the credit report the underwriter will calculate the payment using the greater of \$10.00 or 5% of the outstanding balance. If the actual dollar amount is documented by the creditor or a current monthly statement, that amount may be used for qualifying.</p> <p><b>Student Loans</b> Verification of the repayment type is required from the loan servicer or online account statement for loans currently being repaid.</p> <ul style="list-style-type: none"> <li>• Graduated repayment – use the highest payment due on the repayment schedule</li> <li>• Income Base Repayment (IBR) – IBR payments are not fixed and may increase annually. It is not acceptable to use \$0 in the DTI calculation. IBR repayment are subject to the following:             <ul style="list-style-type: none"> <li>- IBR payment is &lt; \$100 and 1% of the total loan balance is &gt; \$100, a minimum of \$100 payment is used for DTI calculation.</li> <li>- IBR payment is &lt; \$100 and the total loan balance is &lt; \$10,000, a minimum of 1% of the loan amount is used for the DTI calculation.</li> <li>- If the current IBR payment is &gt; \$100 use that payment amount for the DTI calculation.</li> </ul> </li> </ul> <p><b>Deferred Student Loans</b> All deferred student loans must be included in the DTI regardless of the deferment period. Use one of the following for payment:</p> <ul style="list-style-type: none"> <li>• Payment provided by the loan servicer, or</li> <li>• Use 1% of the loan balance indicated on the credit report.</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>• <b>Only</b> the principal balance of the loan and the upfront guarantee fee may be included in the new loan amount.</li> <li>• Accrued interest, closing costs or lender fees <b>cannot be financed</b> using the Streamlined option.</li> <li>• Maximum loan amount cannot exceed the existing balance on the loan being refinanced.</li> </ul>
<b>Mortgage/Rental History</b>	<ul style="list-style-type: none"> <li>• 0x30 in 12 months. Minimum 12 month payment history required on subject mortgage.</li> <li>• If the borrower had any late mortgage payments within the past 36 months on the existing Guaranteed loan, with additional emphasis placed on the most recent 12 months, the underwriter consider the circumstances surrounding the late payment(s) to determine if the loan is eligible (e.g. were the payments late due to the borrowers disregard for financial obligations or their inability to manage debt, or were their circumstances beyond the borrower's control such as an illness, job loss, etc.)</li> </ul>
<b>Occupancy</b>	Owner-occupied 1-unit primary residence

## USDA Program Guidelines Streamlined Refinance

<b>Other Real Estate Owned</b>	Borrower cannot own another home within the local commuting area unless that home has been deemed unsafe/structurally unsound or it is no longer an adequate size for the family (e.g. family of 6 living in a 2 bedroom home).
<b>Power of Attorney</b>	Allowed on an exception basis for closing only; cannot be used for the execution of the initial application and disclosures.
<b>Prepayment Penalty</b>	Not permitted
<b>Products</b>	30 year fixed rate. The maximum interest rate may not exceed the Fannie Mae 90 day Actual/Actual Yield for a 30 year fixed rate loan, plus 60 basis points, rounded up to the nearest quarter of one percent (e.g. Fannie Mae 90 day rate is 5.12 + 60 basis points = 5.72 rounded up + 5.75%)
<b>Reserves</b>	Not required
<b>State Restrictions</b>	Not eligible in the state of Massachusetts
<b>Streamlined Refinance General Requirements</b>	<p><b>Streamlined Refinance</b></p> <ul style="list-style-type: none"> <li>• The borrower must receive the benefit of a lower interest rate of at least 1% off the current note rate</li> <li>• A tri-merged credit report is required</li> <li>• The base loan amount may only include the principal balance of the loan and the up-front guarantee fee if financed. Accrued interest, closing costs or lender fees <b>cannot</b> be financed with the Streamlined option.</li> <li>• Subordinate financing cannot be included in the new loan amount. Any existing secondary financing must subordinate to the new first lien.</li> <li>• Borrowers may receive reimbursement from loan proceeds at settlement for personal funds advanced for loan purposes (e.g. appraisal fee, credit report, etc.) Borrower may not receive any cash back resulting from final escrow or interest calculations; the excess funds must be applied as a principal reduction.</li> <li>• Continuity of obligation requires that at least one of the borrowers on the refinance transaction is currently on the title of the property being refinanced.</li> <li>• Rural Development loan being refinanced must be a Guaranteed loan.</li> <li>• Properties that are now outside of a rural area as previously defined by Rural Development are eligible.</li> <li>• Income eligibility must be met.</li> <li>• Property must remain primary residence.</li> <li>• Properties now located in a flood zone with require flood insurance (elevation certificate not eligible).</li> <li>• Properties that were listed for sale in the previous 12 months must be taken off the market prior to the application date.</li> </ul>

## USDA Program Guidelines Streamlined Refinance

<b>Subordinate Financing</b>	No new subordinate financing. Existing subordinate financing cannot be included in the new loan amount. Any existing subordinate financing must subordinate to the new first lien.
<b>Temporary Buydowns</b>	Not allowed
<b>Transactions – Ineligible</b>	<ul style="list-style-type: none"> <li>Cash-out</li> <li>Refinance of a USDA Section 502 Direct Loan</li> <li>Refinance of any loan that is not a current Rural Development loan</li> </ul>
<b>USDA Forms and Links</b>	<p>USDA Rural Development forms are available at <b><i>Request for Single Family Housing Loan Guarantee</i></b> (RD Form 3555-21) – used to request a loan guarantee from Rural Development. Must be completed at time of origination and signed by the borrower(s)</p> <ul style="list-style-type: none"> <li><b><i>Conditional Commitment for Single Family Housing Loan Guarantee</i></b> (RD Form 3555-18) – issued by Rural Development to indicate the loan appears to be eligible for a GRH loan.</li> </ul>