

PRODUCT GUIDELINES
USDA STREAMLINED ASSIST REFINANCE (REPLACES PILOT PROGRAM)
PROGRAM CODE: U30FP, UH30FP



REFINANCE				
Maximum LTV	Max Loan Amount	Min FICO	Max Ratios	Mortgage/Rental History
Based on Loan Amount - No LTV Restriction	Determined by county maximum limits and payoff amount	550*	NA	0 x 30 last 12 Months
* For FICO scores 549 and lower, there is no minimum FICO required.				
Underwriting Guidelines Requirements				
PROGRAM SUMMARY				
Eligible borrowers may refinance without a new credit report, new appraisal, HUD Handbook minimum property determinations, property inspections, or qualifying ratios.				
Program Eligibility	The borrower must meet the following requirements to be eligible: 1) Meet current household income eligibility requirements. 2) Reside in an eligible rural area or an area that was eligible at the time of the original closing. 3) Have made timely mortgage payments for a 12-month period prior to the			
USDA GUARANTEE FEE TABLE				
The USDA guarantee fee is calculated on the loan amount. The fee may be financed. When financing the guarantee fee, the LTV/CLTV may not exceed 100% of the appraised value plus the financed Guarantee Fee.				
	Guarantee Fee	Annual Fee		
Refinance transactions	1.00%	0.35%		
PROGRAM REQUIREMENTS				
Existing Loan	Current loan may be a section 502 Guaranteed or Direct loan.			
New Interest Rate	The new interest rate must meet the following requirements: 1) Fixed, and 2) The interest rate may not exceed the existing rate (that described in RD 440.1)			
Maximum Interest Rate	The maximum interest rate is based on the 90 day FNMA 30 year A/A Remittance rate as of the lock date + 100 basis points and rounded up to the next 1/4%. The rates are found on the Fannie Mae website: http://www.efanniemae.com/sf/refmaterials/hrny/index.jsp			
Net Tangible Benefit	The new principal, interest, taxes, and insurance (PITI) must have at least a \$50 reduction compared to the existing PITI. The reduction (\$50) must be <u>independent</u> of any change in the annual fee, which is included in the calculation.			
Term	The new term must be 30 years only.			
Adding/Removing Borrowers	Borrowers may be added, but not removed (unless deceased) from the current loan.			
Maximum Mortgage Amount	The mortgage amount may include the principal balance plus a portion or the full amount of the applicable upfront guarantee fee, accrued interest, funds to establish tax and insurance escrow, and eligible loan closing costs (discount points not permitted see below).			
Discount Points	Discount points are eligible to be financed for a reduction in the interest rate. The financed discount points cannot exceed 2% of the loan amount.			
Late Fees	Late fees, unpaid fees and past due interest cannot be included in the loan amount.			
Cash-Out	Not permitted - Any overage MUST be applied to principal balance			
Debt Ratio	Debt-to-income ratio calculations are not required. Debt ratio and credit waivers request are not necessary.			
Closing Cost	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.			
Broker Compensation (Wholesale Only)	USDA compensation requirements now align with CFPB. Current general Broker compensation rules apply.			
Documentation Requirement	<ol style="list-style-type: none"> 1) Form 3555-21 "Request for Single Family Housing Loan Guarantee" 2) Full income and asset verifications/documentation for all adult household members 3) Uniform Residential Loan Application (1003) 4) Evidence of qualified alien status, if applicable 5) FEMA Form 81-93 - Flood Certificate (Do not need the Flood Elevation Certificate) 6) Evidence of previous 12 month mortgage payment history. 			
Flood Zone	Appropriate flood insurance must be obtained if the property is in a flood zone at the time of the new loan closing, even if the area was not in a flood zone at the of the original loan closing. A flood elevation survey is not required for this program.			
COLLATERAL				
Appraisal	No Appraisal required. A new appraisal is only required for direct loan borrowers that received a subsidy.			
Eligible Collateral	All dwellings must provide decent, safe, and sanitary at a modest cost (a dwelling with a purchase price not exceeding the FHA Single Family mortgage limit for its county is considered modest), Owner Occupied Only. 1 Unit, PUD's, Condos, Manufactured Homes permanently affixed to the foundation, built on or after June 15, 1976, and meet all RD requirements, Modular Homes.			
Ineligible Collateral	Mobile homes, single-wide manufactured homes, co-ops, Condo Hotels, State approved medical marijuana producing properties, income producing farms, ranches, mixed use, commercial properties, leaseholds, properties with sink holes, properties served by cisterns, properties serviced by hauled water, properties with a wastewater stabilization pond/lagoon (aka sewage lagoon), properties with individual water purification systems required to make the water safe for human consumption (does not include systems installed to improve the taste or softness of the water).			
Recent MLS Activity/ Properties Listed For Sale	Property cannot be listed for sale at time of application. For Streamline transactions without appraisals, the Underwriter must validate the subject property current MLS activity through RedFin. If RedFin doesn't identify the property, an alternative Google search (ie: Zillow) is acceptable. If an appraisal is utilized, the appraiser will comment if the property has been listed for sale within the past 6 months. If it was listed, the borrower must provide a letter of explanation regarding why the property was listed and confirm their intent to retain the property.			

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CREDIT	
Social Security Numbers	Required for ALL borrowers.
CAIVRS and Exclusionary List	CAIVR clearance must be obtained for all borrowers on the transaction. GSA/LDP/SAM clearance is required for all parties of the transaction within 30 days of USDA's Conditional Commitment date.
Bankruptcy	Chapter 7 and 13 must be discharged. The borrower(s) may not currently be in bankruptcy.
Judgments/Liens	All outstanding judgments and liens must be paid.
Foreclosure / Deed-in-lieu	Subject property may not have an active foreclosure.
Credit Report	A tri-merge mortgage only rating for subject property with credit scores will be used. Not required.
Mortgage History	0x30 in the previous 12 months. Must have evidence of payment history over the previous 12 months. No exceptions. A mortgage-only credit report or servicing verification (FiServ) is acceptable.
Community Property States	The following states are known community property states: AZ, CA, ID, LA, NV, NM, TX, WA, WI
INCOME/ASSETS	
Income Documentation	Income for all household members is required to determine if household income is under the USDA moderate income area limit. Income documentation is not used to calculate qualifying ratios.
Annual Income Limits	Annual income is the basis for determining adjusted income. Annual income includes the total gross income of the borrower, co-borrower, and any other adult (age 18 and up) household members, any amount anticipated to be received from a source outside of the family during the 12-month period, and all amounts derived during the 12-month period from assets to which any member of the family has access. If a cost of living allowance or a proposed increase in income has been estimated to be in effect prior to the first month's mortgage payment due date, this amount must be included as income. For annual income, count only the first \$480 of earned income from adult full time students who are not the borrower, co-borrower, or spouse. Rental income is included regardless of duration. Include total rental real estate income reported on most recent IRS form 1040 Schedule E for previous 12 months. If no schedule E, cancelled checks, money order receipts, bank statements, or other documents may be used to support rent amounts received.
Adjusted Income	The adjusted income is used to determine if the household income is within the maximum income limits for the program. The adjusted income allows for deductions associated with varying household expenses such as disability assistance, medical expenses, childcare expenses. Medical expenses are not an allowable deduction with nonelderly households. The income for all household members is considered when calculating the adjusted income. This includes the applicant, co-applicant, spouse, other adult, dependents (children under 18), and full time students over 18. Note - the income of a full-time student 18 yrs or older who is not the applicant, co-applicant, spouse is excluded after it exceeds \$480. Eligible deductions are: <ul style="list-style-type: none"> - Each dependent - \$480 - Each disabled individual who is not the applicant or co-applicant - \$480 - Each adult full time student \$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 (actual cost of care and must be documented), and - Attendant care expenses for disabled members. Income limits are published for each county in the Exhibits of RD Instruction 3555-D and online at http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do
Assets	o Household Assets – All household assets must be disclosed and documented; household assets in excess of \$5000 are added to household income at the rate of 1% or actual income earned per tax returns, whichever is greater. Common sources of household assets include the 2-mth average balance of depository accounts (checking, savings, etc.), current balance of securities (stocks, bonds, mutual funds, etc.), earnest money deposits, HUD-1 proceeds from the sale of property, and equity in retained real property. Household assets do not include retirement accounts (IRA, 401k, 203b, pensions, etc.). o Funds to Close –Must have sufficient liquid assets to close. Acceptable assets are checking, savings, gift funds, stocks/bonds, 401K/retirement, and proceeds from sale of other real estate owned. Funds borrowed against retirement accounts may be used for loan closing. Unacceptable sources are cash on hand, unsecured borrowed funds, retirement accounts that restrict withdrawal to retirement/employee separation.
Tax Transcripts	Each adult (18 or older) member of the household must complete and execute an IRS Form 4506-T for the previous 2 years at the time of application. Note: The information gathered from the IRS on household members not included on the loan is not intended to document income, but to validate the income documentation and disclosures provided by the applicant(s) on all adult members of the household in order to verify eligibility for the loan program only. All IRS Form 4506-T(s) are processed by CMS prior to issuance of Conditional Commitment.
GENERAL	
Underwriting	Underwritten by a CMS USDA Certified underwriter. USDA Conditional Commitment is required.
Manual Underwrite	All loans must be manually underwritten. Refinance Streamlined Assist loans cannot be processed through GUS.
Borrower Eligibility	US Citizens, qualified Permanent Resident Aliens, and qualified Non-Permanent Resident Aliens are eligible with supporting documentation. Foreign Nationals, borrowers with temporary residency status and borrowers with diplomatic immunity are not eligible.
Eligible States	All states originated by CMS.
Qualifying Fixed Products	Qualify at Note Rate
Assumptions	Not permitted
Escrow waivers	Not permitted
Prepayment Penalty	Not permitted
Buydowns	Not permitted