

CORRESPONDENT DELEGATED UNDERWRITING USDA PRODUCT MATRIX

USDA SINGLE FAMILY HOUSING GUARANTEED LOAN PROGRAM (SFHGLP)				
Standard and High Balance Matrix ¹				
OCCUPANCY	PROPERTY TYPE	LOAN PURPOSE	MAX LTV/CLTV	MIN CREDIT SCORE
Primary Residence	1-unit SFR/PUD/Condo	Purchase	100%	600
		Rate/Term Refinance	100%	600
		Streamline Refinance	105%	620
¹ Subject properties located in Essex County, NJ and Baltimore City, MD are temporarily ineligible (Subject properties in Baltimore County, MD remain eligible)				

PRODUCT OFFERINGS	USDA MATRIX NOTES
30 YR FIXED 30 YR STREAMLINE Nonstandard terms available	- Minimum loan amount is \$50,000 - Calculate LTV/CLTV using the base loan amount (excluding upfront guarantee fee) - LTV may exceed 100% of appraised value only to include the upfront guarantee fee - LTV/CLTV max of 90% or identity of interest and non-arm's length transactions - New home purchase transactions that do meet the minimum requirements are limited to a 90% LTV, refer to HB-1-3555 SFH Guaranteed Loan Program Handbook Ch.12 for details

<u>2025 CONFORMING LOAN LIMITS</u>			
UNITS	GENERAL LIMITS	HIGH COST LIMITS	AK, GUAM, HI, U.S. VIRGIN ISLANDS
1	\$806,550	\$1,209,750	\$1,209,750

USDA SFHGLP PROGRAM OVERVIEW
All loans must be eligible for and guaranteed under the USDA SFHGLP. Overlays in this matrix apply to USDA SFHGLP guidelines. Refer to the HB-1-3555 SFH Guaranteed Loan Program Handbook for additional guidance. Information in this matrix is subject to change without notice.

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TOPICS	GUIDELINES/OVERLAYS
Age of Credit and Loan Documents	- USDA requires all credit docs to be dated within 120 as of loan closing (Note date) - Underwriting has discretion to condition for updated credit documents when needed to support approval decision
Appraisals	- Appraisals must conform to the USDA's minimum property requirements. Underwriters must ensure the property is eligible for the Single-Family Housing Guaranteed Loan Program (SFHGLP) Appraisal Age: Appraisal must have been completed within 150 days of loan closing. An appraisal older than 150 days prior to closing is eligible for an appraisal update Appraisal Form: For all transactions other than Streamline Refinance transactions, a full appraisal report must be completed using the appropriate form: - One-Unit Single Family Dwelling: Uniform Residential Appraisal Report (FNMA Form 1004/FHLMC Form 70) - Condominium: Uniform Residential Appraisal Report for Individual Condominium Unit (FNMA Form 1073/FHLMC form 465). Property ratings of C5 and C6 are not allowed unless issues that caused the ratings are cured prior to closing - Private Well and Wastewater System that meets requirements of FHA SF Handbook or meets requirements of local and/or state health authority do not require additional inspections other than water purity tests Streamlined Refinance Transactions: Streamlined Refinance transactions require a valuation product
Assets and Reserves	- Assets must be documented as determined by GUS, as applicable, and in accordance with USDA SFHGLP guidelines - Internet Statements obtained from financial institution's website must contain the same information found on a standard bank statement - Gift funds are eligible for funds to close, but not eligible for reserves. Gifts of equity, sweat equity, and rent credits are not eligible sources of funds. Refer to HB-1-3555 and Attachment 9-A for individual asset types and options for documentation and verification.
Borrower Eligibility	General Requirements: All borrowers must meet USDA borrower eligibility requirements including: - US citizens - Permanent residents are allowed and must follow HB-1-3555 Ch. 8 - Non-permanent residents are temporarily ineligible

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TOPICS	GUIDELINES/OVERLAYS
	○ Corporation, Limited Liability Company (LLC), Partnership or other Business Entity are <u>not</u> eligible ○ Loans with co-signers and non-occupant co-borrowers are not permitted (applicants must personally occupy the dwelling as a principal residence) ○ All borrowers must have a valid SSN ○ Maximum of four borrowers per loan
Compliance, High Cost Loan, Qualified Mortgage (QM)	● Loans exceeding any applicable federal, state, or municipal High-Cost limits (HOEPA) are not eligible ● Loans must be Qualified Mortgage (QM), Safe Harbor, or Rebuttable Presumption; USDA provides a definition of QM in 7 CFR 3555.109 Qualified Mortgage ● Rebuttable Presumption QM USDA loans are eligible if they meet USDA requirements and applicable laws
Condominiums	● Condominium: Units located in a project approved or accepted by HUD/FHA, Fannie Mae, Freddie Mac, or VA are eligible for guarantee ○ Project must be reviewed to ensure compliance with HUD/FHA, Fannie Mae, Freddie Mac, or VA and certify documentation to support project approval or acceptable has been reviewed ● Site Condominium: Project approval may not be required if they meet these criteria: ○ Single family totally detached dwelling encumbered by a declaration of condominium covenant or condominium form of ownership ○ The unit has no shared garage or any other attached buildings (i.e. archways, breezeways) ○ The condominium unit consists of the entire structure, site and air space and is not considered to be common areas or limited common areas ● Planned Unit Development (PUD): Loans may be guaranteed for PUD single family dwellings the same as for single family dwellings not in a PUD (Refer to HB-1-3555, CH. 12 for Ineligible Condominium Project Characteristics)
Credit Eligibility	● Delinquent non-tax federal debt and delinquent court-ordered child support will render an applicant ineligible ● CAIVRS response for all applicants must be “A” for applicants to be eligible for a guaranteed loan

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Credit Requirements	• RMCR credit report or traditional tri-merge is required for each borrower. Non-Traditional Merged Credit Report (NTMCR) are not acceptable. • GUS Accept loans do not require Credit Score Validation • A minimum of two eligible tradelines are required to validate the credit score; eligible tradelines include credit accounts (installment, revolving, etc.) with at least 12 months of repayment history reported on the credit report • USDA will not accept a credit score less than 600 under any circumstance ○ Manual underwriting is not permitted on USDA loans • Non-traditional Credit: Non-traditional credit is not allowed Adverse Credit: • If the applicant has a repayment plan with the creditor for a charged off debt, include the payment in the Asset and Liabilities GUS application page or on the loan application • Non-medical collections totaling more than \$2,000 must be paid in full—OR—have a satisfactory payment arrangement documented in the file—OR—use 5% of the balance to qualify. Charge-offs and medical collections are not to be included in the total. • Consumer Credit Counseling Plan: Payments must be included in the debt-to-income ratio (DTI); written permission from the counseling agency and recommendation for approval must be documented • Federal Debt and Judgements: Borrowers who are delinquent on federal debts, or if SFHGLP suffered any loss related to a previous loan (under most circumstances) may not be eligible for a guaranteed loan • Major Adverse Credit – No major credit events allowed within last 36 months. Seasoning is measured from date of title transfer/discharge/dismissal to closing date. • Non-Federal Judgements: Open and unpaid non-federal judgments are ineligible. Exception: Non-federal judgments must be 1) paid in full, or 2) there must be a current three-month history of regular payments
Debt-to-Income Ratio (DTI)	• Ratios are Determined by GUS findings Accept/Eligible • Manual underwriting is not allowed
Deed Restrictions (Resale Deed Restrictions)	• Mortgage loans subject to resale deed restrictions, other than an acceptable Age Deed Restriction on a one-unit property for borrower's principal residence are <u>not</u> eligible

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Disaster Policy	Refer to the Disaster Area Policy for requirements
Down Payment Assistance	Down Payment assistance products may not be combined with USDA products. Examples include but are not limited to Homebuyer Assistance Program (HAP), Housing Authority Subsidy, a Mortgage Credit Certificate (MCC).
Electronic Signatures (eSignatures)	- The following mortgage loan documents may not contain eSignatures: - Note and Rider(s) to the Note - Notice of Right to Cancel - Power of Attorney - Security Instrument and Rider(s) to the Security Instrument - COVID -19 Temporary Attestation - Electronic Signatures must meet USDA requirements and applicable laws, including compliance with the ESIGN Act Policy on Use of Electronic Signatures; the E-Sign Act, Compliance and Technology
Escrow Holdback	Not Allowed
Escrow/Impounds	Escrow/Impound Account: An escrow/impound account is required for all USDA guaranteed loans for payment of taxes and insurance premiums (unless otherwise prohibited by applicable law); USDA requires escrow accounts for collection of the monthly portion of the Guaranteed Annual Fee Established Data Tolerances: Lender is <u>not</u> required to update the Underwriting Analysis of a loan that has received a Conditional Commitment for Loan Note Guarantee when monthly tax and insurance payments increase but do not exceed the established thresholds (cumulative total of \$50); the threshold policy should not be construed to allow lender manipulation of escrow variables to obtain approvals)
Flood Insurance	Existing and New Construction in a Special Flood Hazard Area (SFHA): If not served by a public sewer system with on-site septic or sewage treatment systems must have a drinking water supply that is protected from cross-contamination from the on-site septic/sewage treatment during flooding
Geographic Restrictions	Loans originated in the US Territories are ineligible
Homeownership Counseling	Certain USDA Rural Development state offices require Homeownership Counseling for first-time homebuyers; proof of borrower's homebuyer education completion is required (if applicable)

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Identity of Interest	Maximum 90% LTV/CLTV (before Guarantee Fee) for Identity of Interest and Non-Arm's Length transactions
Income	- The following types of income are unacceptable: - Income that is not in accordance with all applicable federal, state and local laws, rules and regulations - Any income generated from the cannabis or hemp industry Adjusted Annual Income: Calculated by subtracting eligible deductions from the annual income figure. - Household Eligibility for the USDA Guaranteed Loan is determined using the Adjusted Annual Income - Certification household Adjusted Annual Income threshold (limit) is not exceeded per the state and county where the dwelling is located is required. Annual Income: Calculated for the ensuing 12 months, based on income verification, documentation, and household composition - Annual Income includes all eligible income sources from all adult household members, not just parties on the Note - Annual Income for the household is used to calculate the Adjusted Annual Income: 12-month calculation is based on income verifications, documentation, household composition, and (if applicable) verified changes of income amounts or sources in the ensuing 12 months. - Income sources that will not be received for the entire ensuing 12 months are included in annual income unless excluded under 3555.152(b)(5) - Significant variance (increase or decrease of 20% or greater) in income from the previous 12 months must be analyzed and documented to determine "stable and dependable" income
Ineligible Programs	- Construction to Perm loans - Construction and/or Land Loans or Land Sale Contracts - Energy Efficient Mortgages (EEMs) and Rural Energy Plus - Farm Residence Loans - Loans for Tribal (Native Americans Trust) Lands - Temporary Buydowns

TOPICS	GUIDELINES/OVERLAYS
Ineligible Properties	• Assisted Living Facilities with medical services or other types of assisted care facilities • Barndominiums • Bed and Breakfast Homes • Boarding Houses • Condotels • Container Homes • Co-op • Exotic or Non-traditional structure, such as dome or log home • Hawaii Property in Lava Zone 1 or 2 • Houseboat • Manufactured Home, Mobile Home, and On-frame Modular Home • Native American Indian Trust, Tribal Land Loan • Vacant land or land development properties • Working Farm or Ranch
Loan Purpose – Refinance (General Requirements)	• Interest Rate: Interest Rate of the new loan must be fixed and may not exceed the interest rate of the loan being refinanced. • Unpaid Fees, past due interest, and late fees/penalties due to the servicer cannot be included in the new loan amount. • Refinance Types: ○ Eligible Refinance Types: ▪ Non-Streamline Refinance ▪ Streamline Refinance ○ Ineligible Refinance Transactions: ▪ Refinance of certain Construction financing types, including site without dwelling refinance ▪ Refinance of Existing Section 502 Direct Loan (including Section 502 Leveraged Loan) ▪ Streamline Assist Refinance Transaction • Seasoning: The existing USDA loan being refinanced must have closed 180 days prior to the request for Conditional Commitment and may not have a delinquency greater than 30 days within the 180-day period • For Refinance Transactions in Texas, also see <u>Loan Purpose – Refinance (Texas)</u>

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Loan Purpose – Refinance (Streamline)	• Streamline Refinance: USDA and GNMA seasoning requirements apply for Streamlined Refinance transactions and must meet the refinance requirements: ○ Loan Amount: Maximum loan amount may include the principal and interest of the existing loan, reasonable and customary closing costs, and the Upfront Guarantee Fee ○ Seasoning: In addition to USDA seasoning requirements, GNMA seasoning requirements must be met: ▪ The borrower has made at least 6 consecutive monthly payments on the loan being refinanced (cannot prepay). Referred to hereinafter as the initial loan, beginning with the payment made on the first payment due date AND ▪ The first payment due date of the refinance occurs no earlier than 210 days after the first payment due date
Loan Purpose – Refinance (Texas)	• Texas Refinance restrictions apply: ○ Texas (a)(6) Cash-out: <u>Not</u> eligible ○ Texas (f)(2): <u>Not</u> eligible for USDA Streamline Refinance transactions ▪ Texas SJR allows refinance of a home equity loan (a)(6) as a Rate and Term Refinance Transaction (f)(2) provided certain conditions are met ▪ Non-Streamlined Rate and Term USDA Refinance, Texas (f)(2) are eligible, subject to meeting requirements of the Texas Constitution, including: ♦ Refinance Loan is closed at least one year after the (a)(6) Home Equity Loan was closed. ♦ Funds: No additional funds are advanced other than funds to refinance the existing debt, actual closing costs, and required reserves (Rate and Term) ♦ LTV/CLTV/HCLTV: Transaction cannot exceed 80% LTV/CLTV/HCLTV of the fair market value of the subject property ♦ Disclosure Notice: A 12-day notice [(f)(2) Disclosure] informing the borrower of their rights associated with an equity or non-equity home loan is required; the Disclosure must be delivered or placed in the mail no later than 3 business days after an owner submits an application specifically for an (f)(2) loan, and at least 12 days prior to loan closing ▪ Borrower Affidavit: The loan file must contain a separate affidavit signed by the owner acknowledging that requirements of Texas Section 50(f)(2) have been met
Power of Attorney (POA)	• A POA may not be eSigned and must be specific to the transaction

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TOPICS	GUIDELINES/OVERLAYS
Purchase Contract Assigned	Transactions with purchase contracts that have been assigned are not eligible
Subordinate Financing/Junior Lien	- All Jr. Liens must be paid off through transaction - New subordinate financing is not eligible
Tax Transcripts / 4506-C	IRS Transcripts are required for all applicable household members
Trusts	- Only an Inter Vivos Revocable Living Trust acceptable; other trust types are <u>not</u> eligible - Documents for loans where title is taken in a trust <u>cannot</u> be signed with a Power of Attorney