



USDA RD Snapshot As of 12.08.2022

All GHMC overlays are written in **BLUE**
 Newest updates are written in **RED**

| USDA Eligibility Matrix | | | | | | | |
|------------------------------|-------|--|----------|----------------------|---------|-------------------------|-------------------|
| Primary Residence Only | | | | | | | |
| Transactions | Units | Loan Amount | Min FICO | Max LTV ¹ | Max DTI | Guarantee Fee | Underwrite Method |
| Purchase | 1 | Refer to RD Single Family Housing – Area Loan Limits | 620 | 100 % | Per GUS | 1% Upfront; .35% Annual | GUS |
| | | | 620 | | 29/41 | | Manual |
| Streamlined Assist Refinance | | | 640 | | N/A | | Manual Only |

¹. The LTV of the loan can exceed 100 percent of the market value of the property when the guarantee fee is financed.

| USDA Program Summary & Overlays | | |
|---|---|---|
| The following is an overview of core guidelines and overlays. This is not a complete set of guidelines. Please refer to the USDA HB-1-3555 for additional program requirements. | | |
| Topic | Description | |
| | Term | Conforming Product (Product Code) |
| Products & Terms | 360 | USDA Fixed 30 (RD30) |
| | | USDA Streamlined Assist Fixed 30 (RD30SL) |
| | <ul style="list-style-type: none"> Temporary Buydowns not permitted. | |
| Eligible Borrowers | <ul style="list-style-type: none"> All borrowers must occupy the subject property. All borrowers may not have been suspended or debarred from participation in Federal Programs. US Citizens, non-US Citizen nationals, or a qualified alien Non-Permanent Resident Aliens: <ul style="list-style-type: none"> A valid Employment Authorization Document (EAD), such as Form I-766, issued by the U.S. Department of Homeland Security must be obtained. SAVE must be run through the GUS System. All borrowers must have a valid social security number. | |
| Ineligible Borrowers | <ul style="list-style-type: none"> Foreign Nationals. Borrowers with diplomatic immunity. Borrowers without a social security number. Non-Occupant borrowers, Corporations, or Partnerships. Borrowers who qualify for a conventional mortgage. | |
| Eligible Properties | <ul style="list-style-type: none"> Single Family Residence. PUDs. Condo (must be CPM, VA, or FHA approved). Modular Homes. Purchase transactions – Location must eligible as determined by USDA. | |



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| Ineligible Properties | <ul style="list-style-type: none"> Income-producing buildings and any property actively used for income-producing purposes. Loans on properties held in a trust. Properties that do not meet Minimum property Requirements (MPR) and Minimum Property Standards (MPS). Properties located within the coastal barrier resources system Properties on Native American lands Properties with a condition rating of C5/C6 Properties with a quality rating of Q5/Q6 | <ul style="list-style-type: none"> Mixed-use properties. Properties subject to litigation. 2-4 Unit Condo Hotels/motels Cooperatives Geodesic Domes Manufactured/mobile Homes Resort condos or timeshares Properties subject to litigation Second Homes Investment properties Unimproved land, working farms, and ranches |
| Ineligible Transactions | <ul style="list-style-type: none"> Rural Energy Plus Loans. Single-close construction mortgage. Texas 50(a)(6) loans. Non-Streamlined Refinance. Borrower is limited to subject property plus one other single-family home. | <ul style="list-style-type: none"> Streamline Refinance Loans with non-traditional credit Borrowers without credit scores. Cash out refinances Loans with non-occupying co-borrowers May not vest title in name of trust. |
| Underwriting Method | <ul style="list-style-type: none"> All purchase transactions must be run through GUS. GHMC reserves the right to make the final underwriting decision regardless of GUS finding Underwriting. <p>Manual Underwriting when GUS issues 'Refer' Finding or a Manual Downgrade is required.</p> <ul style="list-style-type: none"> Ratios that exceed 29%/41% require compensating factors as noted in HB-1-3555 See <i>Manual Underwrite</i> section below for additional requirements. May consider a borrower to have acceptable credit history: <ul style="list-style-type: none"> Housing and installment debt is paid timely for previous 12 months and has no more than 2 X 30 late mortgage or installment payments in the previous 24 months (housing payments made to private individual – cancelled checks are required). No major derogatory revolving account in previous 12 months (0x90 or 3x60) <p>If underwriter is aware of any potential derogatory or contractionary information that is not part of the data submitted to UGS, or if there is any erroneous information in the data submitted to GUS, the loan must be manually downgraded.</p> <ul style="list-style-type: none"> All Manual Underwriting transactions require Underwriting Manager approval. | |
| Financing Restrictions | <ul style="list-style-type: none"> Temporary buydowns not permitted. Discount points must result in reduced interest rate. Escrow impounds for taxes and insurance required. Must meet USDA requirements to retain current primary home and use USDA financing <ul style="list-style-type: none"> Full PITIA of retained home used for qualification. | |
| Interested Party Contributions | <p>Permitted up to 6% of sales price for the following items:</p> <ul style="list-style-type: none"> Closing Costs Prepaid Expenses Discount Points | |



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| <p>Credit Requirements</p> | <ul style="list-style-type: none"> • A tri-merge credit report is required for all borrowers. • No more than 1 x 30 in the last 12 months on consumer credit, or 1 x 30 in the last 12 months on housing expenses. • No collections that have been converted within the last 12 months. • No charge offs/judgements in the last 36 months. • No outstanding tax liens or delinquent government debt allowed. • No bankruptcy or foreclosure allowed in the 36 months prior to the application date. • Borrower is ineligible if: <ul style="list-style-type: none"> • Presently delinquent court ordered child support payments subject to the collection by an administrative offset unless the applicant has brought payments current, the debt is paid in full, or otherwise satisfied by documented release of liability. • Presently delinquent court ordered child support (not subject to an administrative offset) unless the applicant has an approved repayment agreement in place with three timely payments made prior to loan closing. The arrearage is paid in full prior to loan closing, or a release of liability is documented • All borrowers must be screened using the CAIVRS system. • All Borrowers must have at least one credit score. • GUS 'Refer' or downgraded findings require credit score to be validated <ul style="list-style-type: none"> • Borrower must be the account owner of at least two tradelines rated for 12+ months. • Eligible tradelines: <i>Installment & revolving accounts</i>. • Tradelines may be secured, unsecured, open, closed, and/or paid in full. • Authorized user accounts may be acceptable to validate if: <ul style="list-style-type: none"> • Owned by spouse or another borrower on the mortgage loan application, or • Borrower has made all payments for past 12 months prior to application. • Community property state and non-borrowing spouse: <ul style="list-style-type: none"> • A tri-merged credit for spouse is required. <p>See USDA HB-1-3555 Chapter 10 – Credit Analysis for additional credit requirements as well as requirements for loans that require a manual underwrite not addressed.</p> | | | | | | | | | | | | | | | | | | | | |
|----------------------------|---|------|-------------|-----------------|---|-----------------------|---|-----------|---|------------|---|----------------|--|-----------|--|--------|---|------------------|---------------------------------------|---------------|---|
| <p>Liability Types</p> | <table border="1"> <thead> <tr> <th data-bbox="492 1228 695 1266">Debt</th> <th data-bbox="695 1228 1419 1266">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="492 1266 695 1329">Housing Payment</td> <td data-bbox="695 1266 1419 1329">Include full PITIA for subject. If applicable, include leasehold payment.</td> </tr> <tr> <td data-bbox="492 1329 695 1392">Joint Debt/ Co-Signed</td> <td data-bbox="695 1329 1419 1392">Include payment unless another obligor has made on time payments for 12+ months prior to application.</td> </tr> <tr> <td data-bbox="492 1392 695 1430">Long Term</td> <td data-bbox="695 1392 1419 1430">Include payment if more than 10 monthly payments remain</td> </tr> <tr> <td data-bbox="492 1430 695 1493">Short Term</td> <td data-bbox="695 1430 1419 1493">Include payment of obligations with 10 or less payments if monthly payments ≥ 5% of monthly repayment income.</td> </tr> <tr> <td data-bbox="492 1493 695 1530">Lease Payments</td> <td data-bbox="695 1493 1419 1530">Included regardless of the number of payments remaining.</td> </tr> <tr> <td data-bbox="492 1530 695 1593">Revolving</td> <td data-bbox="695 1530 1419 1593">Include minimum payment per credit report. May use 5% if no payment shown.</td> </tr> <tr> <td data-bbox="492 1593 695 1688">30-day</td> <td data-bbox="695 1593 1419 1688">Include 5% payment if any late payments in past 12 months. No payment required for DTI if borrower has paid in full for past 12 months.</td> </tr> <tr> <td data-bbox="492 1688 695 1726">Balloon/Deferred</td> <td data-bbox="695 1688 1419 1726">Must include a verified fixed payment</td> </tr> <tr> <td data-bbox="492 1726 695 1755">Student Loans</td> <td data-bbox="695 1726 1419 1755"> <ul style="list-style-type: none"> • Fixed Payment – use documented payment. </td> </tr> </tbody> </table> | Debt | Description | Housing Payment | Include full PITIA for subject. If applicable, include leasehold payment. | Joint Debt/ Co-Signed | Include payment unless another obligor has made on time payments for 12+ months prior to application. | Long Term | Include payment if more than 10 monthly payments remain | Short Term | Include payment of obligations with 10 or less payments if monthly payments ≥ 5% of monthly repayment income. | Lease Payments | Included regardless of the number of payments remaining. | Revolving | Include minimum payment per credit report. May use 5% if no payment shown. | 30-day | Include 5% payment if any late payments in past 12 months. No payment required for DTI if borrower has paid in full for past 12 months. | Balloon/Deferred | Must include a verified fixed payment | Student Loans | <ul style="list-style-type: none"> • Fixed Payment – use documented payment. |
| Debt | Description | | | | | | | | | | | | | | | | | | | | |
| Housing Payment | Include full PITIA for subject. If applicable, include leasehold payment. | | | | | | | | | | | | | | | | | | | | |
| Joint Debt/ Co-Signed | Include payment unless another obligor has made on time payments for 12+ months prior to application. | | | | | | | | | | | | | | | | | | | | |
| Long Term | Include payment if more than 10 monthly payments remain | | | | | | | | | | | | | | | | | | | | |
| Short Term | Include payment of obligations with 10 or less payments if monthly payments ≥ 5% of monthly repayment income. | | | | | | | | | | | | | | | | | | | | |
| Lease Payments | Included regardless of the number of payments remaining. | | | | | | | | | | | | | | | | | | | | |
| Revolving | Include minimum payment per credit report. May use 5% if no payment shown. | | | | | | | | | | | | | | | | | | | | |
| 30-day | Include 5% payment if any late payments in past 12 months. No payment required for DTI if borrower has paid in full for past 12 months. | | | | | | | | | | | | | | | | | | | | |
| Balloon/Deferred | Must include a verified fixed payment | | | | | | | | | | | | | | | | | | | | |
| Student Loans | <ul style="list-style-type: none"> • Fixed Payment – use documented payment. | | | | | | | | | | | | | | | | | | | | |






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| | | <ul style="list-style-type: none"> Non-Fixed (deferred, income-based, graduated, adjustable) – use higher of: <ul style="list-style-type: none"> .5% of the loan balance or Current documented payment |
| | Retained Primary | Include full PITIA in total debt ratio. May <i>not</i> include any income from departing home. |
| | Negative Rental | Negative cash flow of other retained real estate must be counted in DTI |
| Collections | <p>No credit exception is required, and medical collection are <i>not</i> required to be paid. If cumulative total of all non-medical collections exceeds \$2,000, apply one of these options:</p> <ul style="list-style-type: none"> Require payment in full prior to closing Qualify with the monthly payment of a repayment agreement (new or existing arrangement) Include 5% of outstanding balance as monthly payment | |
| Judgments | Must be paid in full or have evidence of timely payments made per an agreement with the creditor. If applicable, manually add the monthly payment. No downgrade required. | |
| Subordinate Financing | <ul style="list-style-type: none"> Permitted in accordance with USDA requirements. | |
| Manual Underwrite | <ul style="list-style-type: none"> GUS returned a “Refer” or “Accept” finding that was downgraded for factors not considered by GUS. Borrowers must have validated credit scores Non-traditional credit may not be used to off-set derogatory credit PITI > 29% or total debt ratios > 41% requires a debt ratio waiver, 680 credit score, and compensating factors. GUS finding will indicate if verification of rent is required. No bankruptcy or foreclosure allowed in the 36 months prior to the application date. | |
| Refinance Transactions | Streamlined Assist Refinance | |
| | <ul style="list-style-type: none"> Interest rate of refinance ≤ existing USDA loan. Total adjusted annual income for household ≤ county limit for household size. All USDA refinance loans require borrowers to have traditional credit and validated credit score for at least one borrower. Current loan must have closed at least 12 months prior to submission for conditional commitment. Only an existing USDA first lien mortgage may be refinanced. No cash out from collateral equity. Only reimbursement of documented pre-paid closing costs or refund of escrow overage to borrower. GUS not used Only an existing <i>guaranteed</i> loan is eligible for refinance Borrowers may be added but not removed Total loan amount may include principal and interest balance, eligible closing costs, and upfront Guarantee Fee Current mortgage payment history must reflect 0x30x12 Repayment income not computed; ratios not computed No appraisal. Use loan amount as value | |
| | Non-Streamlined Refinance | |






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| | <ul style="list-style-type: none"> Currently not offered |
| | <p>Streamlined Refinance</p> <ul style="list-style-type: none"> Currently not offered |
| Appraisal Requirements | <ul style="list-style-type: none"> A full appraisal must be completed no more than 180 days prior to closing. Appraisals must be completed by a qualified appraiser that can confirm the property meets minimum HUD handbook 4000.1 standards. Appraiser noted repairs should be completed prior to closing. New Construction must meet rural housing inspection and builderwarranty requirements; evidence must be included in the file. New Constructions requires Certificate of Occupancy. Appraisal not required for Streamlined Assist Refinance <p>See USDA HB-1-3555 Chapter 12.9– Dwelling Requirements for additional requirements for existing and new construction properties.</p> |






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| <p>Termite, Septic, and Individual Water Systems</p> | <ul style="list-style-type: none"> • Termite/pest inspections are not required unless the lender, appraiser, inspector, or State law requires the inspection to confirm the property is free of active infestation • Water Systems <ul style="list-style-type: none"> ○ Individual Privately Owned: <ul style="list-style-type: none"> ▪ Water quality of the well must meet the requirements of the state or local authority. ▪ Local health authority or state certified laboratory must perform a water quality analysis. ▪ Water analysis report must be no greater than 150 days old at closing. • Wastewater / Septic Inspections are not required when the appraiser indicates the property meets HUD Handbook 4000.1 • Cisterns, springs, and water sources other than dug wells are not acceptable. <p>See HB-1-3555 Chapter 12.6 Water and Wastewater Disposal Systems for additional details on individually owned & community owned water & wastewater systems.</p> |
| <p>Annual Income</p> | <p>The income of all adult household members. This calculation will include variable or unstable income not considered for debt ratio calculation.</p> <ul style="list-style-type: none"> • Adjusted household income of all adults residing in the subject property must not exceed the designated USDA county limit. • Other adult household members also required to document their income with VOE, paystubs, W2, tax returns, tax transcripts, etc. as applicable. • Income derived from non-retirement assets retained after closing will be considered in annual income. <p>USDA Annual Income Limits by State</p> <p>See USDA HB-1-3555 Chapter 9 Section 1 – Income Analysis; Annual Income for additional annual income requirements not addressed.</p> |






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| | Income Type | Description |
|----------------------|---|--|
| Income Documentation | Repayment Income | <ul style="list-style-type: none"> • Repayment income includes stable and dependable income used to calculate debt ratios and determine whether the borrower can afford the home; must have 3-year continuance • Caution should be used to ensure repayment income is not inflated/overstated or reflects documented declining wages or earnings |
| | Rental income | <p>Annual Income: Positive income must be included in regardless of its duration. Negative income is treated as zero.</p> <p>Repayment Income: Net rental income received for 24 months or more may be considered. Negative cash flow is counted as liability.</p> |
| | Salaried Documentation | <ul style="list-style-type: none"> • Paystubs covering the most recent 30-day period with YTD earnings and W2s for the prior two years or WVOE allowed. VOE within 10 business days prior to closing required. |
| | Self Employed Documentation | <ul style="list-style-type: none"> • Most recent two years personal and business tax returns • YTD profit and loss statement accompanied by a current balance sheet and YTD income and expense statement • Must obtain sufficient documentation to support determination regarding the viability of the business and of the self-employed borrower or adult household member's income • Provide confirmation with a third-party source the existence of a borrower's business no more than 30 calendar days prior to close |
| | See USDA HB-1-3555 Chapter 9 Section 2 – Income Analysis; Repayment Income for additional repayment income requirements not addressed. | |
| IRS Transcripts | <ul style="list-style-type: none"> • IRS form 4506C and taxpayer consent form must be signed, completed, dated, and received upon submission as well as at closing by all borrowers. • Obtain most recent two-year 1040 transcripts for all adult household members except full time students. | |






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| Assets | <p>GUS Evaluated Assets:</p> <ul style="list-style-type: none"> • May run GUS with no assets showing; or • Input the lesser of the two-month average balance or actual balance. <p>Funds to close (may differ from the GUS evaluated assets):</p> <ul style="list-style-type: none"> • Verification of funds to close should be supported by bank statements or VOD. • All deposits must be sourced (there is no specific amount that may be overlooked). • Gifts allowed in accordance with USDA Guidelines. Gifts must be specifically identified as a gift in GUS to omit from reserves. • Cash-On-Hand not permitted. <p>Reserves:</p> <ul style="list-style-type: none"> • Not required. Retirement assets may be included up to 60% of vested value. • Non-retirement reserves more than \$50,000 are subject to annual income calculation. • Gifts may not be used as reserves. <p>Most recent two months statements are required for all household asset accounts.</p> <ul style="list-style-type: none"> • Asset statements containing unknown deposits (outside of what is documented in the credit file) must be investigated to determine if they need to be included in annual income calculations. <p>Sale of Personal Property:</p> <ul style="list-style-type: none"> • Bill of sale reflecting: <ul style="list-style-type: none"> ○ Date of sale. ○ Asset to be sold. ○ Sales Price. ○ Signatures of the Buyer & Seller. • Proof of ownership. • Proof of value via third party. • Transfer of ownership via copy of check or bank statement showing deposit. <p>See USDA HB-1-3555 Attachment 9-4 Assets And Reserves for additional requirements for gifts, cash on hand, employers' programs, unique savings, grants, secondary financing, gifts of equity, and other asset sources as well as requirements for loans that require a manual underwrite not addressed.</p> |
| High Cost and High Priced | <ul style="list-style-type: none"> • 'High Cost' loans not permitted. Loans defined as a 'higher-priced mortgage loan' or 'higher-priced covered transaction' under Regulation Z may be eligible. Additional restrictions apply. |
| Sales Contract changes/ Re-negotiated Purchase Agreements | <p>GHMC will not accept renegotiated purchase agreements that increase the sales price after the original appraisal has been completed. The Loan to Value will be based on the lower of the original purchase price or the appraised value, unless;</p> <ul style="list-style-type: none"> • Re-negotiation of only seller paid closing costs and/or pre-pays where seller paid closing costs/pre-pays are common and customary for the market and supported by the comps, or • An amended purchase agreement for new construction property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated appraisal must be obtained to verify the value of modifications. |
| <p>For additional USDA RD loan program information: HB-1-3555 GHMC Overlays to guidelines are indicated with blue font</p> | |



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| Updates | | |
|------------------------|------------|--|
| Section | Date | Update |
| Credit Requirements | 12.08.2022 | <p>Added:</p> <ul style="list-style-type: none"> Borrower is ineligible if: <ul style="list-style-type: none"> Presently delinquent court ordered child support payments subject to the collection by an administrative offset unless the applicant has brought payments current, the debt is paid in full, or otherwise satisfied by documented release of liability. Presently delinquent court ordered child support (not subject to an administrative offset) unless the applicant has an approved repayment agreement in place with three timely payments made prior to loan closing. The arrearage is paid in full prior to loan closing, or a release of liability is documented |
| Underwriting Method | 12.08.2022 | <p>Added:</p> <p>If underwriter is aware of any potential derogatory or contractionary information that is not part of the data submitted to UGS, or if there is any erroneous information in the data submitted to GUS, the loan must be manually downgraded</p> |
| Appraisal Requirements | 12.08.2022 | <p>Updated:</p> <ul style="list-style-type: none"> A full appraisal must be completed no more than 180 days prior to closing. |



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