



**USDA RD Snapshot** **As of 01.24.2022**

**USDA Eligibility Matrix**

Primary Residence Only							
Transactions	Units	Loan Amount	Min FICO	Max LTV <sup>1</sup>	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

<sup>1</sup>. 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 Handbook](#) for additional program requirements.

Topic	Description	
	Term	Conforming Product (Product Code)
Products & Terms	360	USDA Fixed 30 (RD30) USDA Streamlined Assist Fixed 30 (RD30SL)
Eligible Borrowers	<ul style="list-style-type: none"> <li>All borrowers must occupy the subject property.</li> <li>All borrowers may not have been suspended or debarred from participation in Federal Programs.</li> <li>US Citizens or non-US citizens who are legally present with lawful status.</li> </ul>	
Ineligible Borrowers	<ul style="list-style-type: none"> <li>Foreign Nationals.</li> <li>Borrowers with diplomatic immunity.</li> <li><a href="#">Borrowers without a social security number.</a></li> <li>Non-Occupant borrowers, Corporations, or Partnerships.</li> <li>Borrowers who qualify for a conventional mortgage.</li> </ul>	
Eligible Properties	<ul style="list-style-type: none"> <li>Single Family Residence.</li> <li>PUDs.</li> <li>Condo (must be CPM, VA, or FHA approved).</li> <li>Modular Homes.</li> <li>Purchase transactions – Location must eligible as determined by USDA.</li> </ul>	
Ineligible Properties	<ul style="list-style-type: none"> <li>Income-producing buildings and any property actively used for income-producing purposes.</li> <li>Loans on properties held in a trust.</li> <li>Mixed-use properties.</li> <li>Properties subject to litigation.</li> <li><a href="#">2-4 Unit</a></li> <li>Condo Hotels/motels</li> <li>Cooperatives</li> <li>Geodesic Domes</li> </ul>	

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Ineligible Properties (cont)	<ul style="list-style-type: none"> <li>• Properties that do not meet Minimum property Requirements (MPR) and Minimum Property Standards (MPS).</li> <li>• Properties located within the coastal barrier resources system</li> <li>• Properties on Native American lands</li> <li>• <a href="#">Properties with a condition rating of C5/C6</a></li> <li>• <a href="#">Properties with a quality rating of Q5/Q6</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Manufactured/mobile Homes</a></li> <li>• Resort condos or timeshares</li> <li>• Properties subject to litigation</li> <li>• Second Homes</li> <li>• Investment properties</li> <li>• Unimproved land, working farms, and ranches</li> </ul>
Ineligible Transactions	<ul style="list-style-type: none"> <li>• Rural Energy Plus Loans.</li> <li>• Single-close construction mortgage.</li> <li>• Texas 50(a)(6) loans.</li> <li>• <a href="#">Non-Streamlined Refinance.</a></li> <li>• Borrower is limited to subject property plus <b>one</b> other single-family home.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Streamline Refinance</a></li> <li>• <a href="#">Loans with non-traditional credit</a></li> <li>• <a href="#">Borrowers without credit scores.</a></li> <li>• Cash out refinances</li> <li>• Loans with non-occupying co-borrowers</li> <li>• May not vest title in name of trust.</li> </ul>
Underwriting Method	<ul style="list-style-type: none"> <li>• All purchase transactions must be run through GUS.</li> <li>• <a href="#">Guaranty Home Mortgage Corporation</a> reserves the right to make the final underwriting decision regardless of GUS finding Underwriting.</li> </ul> <p><b>Manual Underwriting</b> when GUS issues 'Refer' Finding or a Manual Downgrade is required.</p> <ul style="list-style-type: none"> <li>• Ratios that exceed 29%/41% require compensating factors as noted in <a href="#">HB-1-3555 Handbook</a>. See <i>Manual Underwrite</i> section below for additional requirements.</li> <li>• May consider a borrower to have acceptable credit history: <ul style="list-style-type: none"> <li>○ 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).</li> <li>○ No major derogatory revolving account in previous 12 months (0x90 or 3x60)</li> </ul> </li> <li>• <b>All Manual Underwriting transactions require Underwriting Manager approval.</b></li> </ul>	
Financing Restrictions	<ul style="list-style-type: none"> <li>• Temporary buydowns not permitted.</li> <li>• Discount points must result in reduced interest rate.</li> <li>• Escrow impounds for taxes and insurance required.</li> <li>• Must meet USDA requirements to retain current primary home and use USDA financing <ul style="list-style-type: none"> <li>○ Full PITIA of retained home used for qualification.</li> </ul> </li> </ul>	
Interested Party Contributions	<p>Permitted up to 6% of sales price for the following items:</p> <ul style="list-style-type: none"> <li>• Closing Costs</li> <li>• Prepaid Expenses</li> <li>• Discount Points</li> </ul>	
Credit Requirements	<ul style="list-style-type: none"> <li>• <a href="#">A tri-merge credit report is required for all borrowers.</a></li> <li>• <a href="#">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.</a></li> <li>• No collections that have been converted within the last 12 months.</li> <li>• No charge offs/judgements in the last 36 months.</li> <li>• No outstanding tax liens or delinquent government debt allowed.</li> <li>• <a href="#">No bankruptcy or foreclosure allowed in the 36 months prior to the application date.</a></li> <li>• All borrowers must be screened using the CAIVRS system.</li> <li>• <a href="#">All Borrowers must have at least one credit score.</a></li> </ul>	

<p>Credit Requirements (cont)</p>	<ul style="list-style-type: none"> <li>• GUS 'Refer' or downgraded findings require credit score to be validated <ul style="list-style-type: none"> <li>• Borrower must be the account owner of at least <b>two</b> tradelines rated for <b>12+ months</b>.</li> <li>• <a href="#">Eligible tradelines: Installment &amp; revolving accounts</a>.</li> <li>• Tradelines may be secured, unsecured, open, closed, and/or paid in full.</li> </ul> </li> <li>• Authorized user accounts may be acceptable to validate if: <ul style="list-style-type: none"> <li>• Owned by spouse or another borrower on the mortgage loan application, or</li> <li>• Borrower has made all payments for past <b>12 months</b> prior to application.</li> </ul> </li> <li>• Community property state and non-borrowing spouse: <ul style="list-style-type: none"> <li>• A tri-merged credit for spouse is required.</li> </ul> </li> </ul> <p>See USDA <a href="#">HB-1-3555 Handbook</a> 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="488 596 690 632">Debt</th> <th data-bbox="690 596 1419 632">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 632 690 695">Housing Payment</td> <td data-bbox="690 632 1419 695">Include full PITIA for subject. If applicable, include leasehold payment.</td> </tr> <tr> <td data-bbox="488 695 690 758">Joint Debt/ Co-Signed</td> <td data-bbox="690 695 1419 758">Include payment unless another obligor has made on time payments for 12+ months prior to application.</td> </tr> <tr> <td data-bbox="488 758 690 793">Long Term</td> <td data-bbox="690 758 1419 793">Include payment if more than 10 monthly payments remain</td> </tr> <tr> <td data-bbox="488 793 690 856">Short Term</td> <td data-bbox="690 793 1419 856">Include payment of obligations with 10 or less payments if monthly payments ≥ 5% of monthly repayment income.</td> </tr> <tr> <td data-bbox="488 856 690 892">Lease Payments</td> <td data-bbox="690 856 1419 892">Included regardless of the number of payments remaining.</td> </tr> <tr> <td data-bbox="488 892 690 955">Revolving</td> <td data-bbox="690 892 1419 955">Include minimum payment per credit report. May use 5% if no payment shown.</td> </tr> <tr> <td data-bbox="488 955 690 1060">30-day</td> <td data-bbox="690 955 1419 1060">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="488 1060 690 1096">Balloon/Deferred</td> <td data-bbox="690 1060 1419 1096">Must include a verified fixed payment</td> </tr> <tr> <td data-bbox="488 1096 690 1255">Student Loans</td> <td data-bbox="690 1096 1419 1255"> <ul style="list-style-type: none"> <li>• Fixed Payment – use documented payment.</li> <li>• Non Fixed (deferred, income-based, graduated, adjustable) – use higher of: <ul style="list-style-type: none"> <li>○ .5% of the loan balance or</li> <li>○ Current documented payment</li> </ul> </li> </ul> </td> </tr> <tr> <td data-bbox="488 1255 690 1318">Retained Primary</td> <td data-bbox="690 1255 1419 1318">Include full PITIA in total debt ratio. May <i>not</i> include any income from departing home.</td> </tr> <tr> <td data-bbox="488 1318 690 1381">Negative Rental</td> <td data-bbox="690 1318 1419 1381">Negative cash flow of other retained real estate must be counted in DTI</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"> <li>• Fixed Payment – use documented payment.</li> <li>• Non Fixed (deferred, income-based, graduated, adjustable) – use higher of: <ul style="list-style-type: none"> <li>○ .5% of the loan balance or</li> <li>○ Current documented payment</li> </ul> </li> </ul>	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
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<p>Collections</p>	<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 <b>one</b> of these options:</p> <ul style="list-style-type: none"> <li>• Require payment in full prior to closing</li> <li>• Qualify with the monthly payment of a repayment agreement (new or existing arrangement)</li> <li>• Include 5% of outstanding balance as monthly payment</li> </ul>																									
<p>Judgments</p>	<p>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. <b>No downgrade required.</b></p>																									

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Subordinate Financing	<ul style="list-style-type: none"> <li>Permitted in accordance with USDA requirements.</li> </ul>
Manual Underwrite	<ul style="list-style-type: none"> <li>GUS returned a "Refer" or "Accept" finding that was downgraded for factors not considered by GUS.</li> <li>Borrowers must have validated credit scores</li> <li>Non-traditional credit may not be used to off-set derogatory credit</li> <li>PITI &gt; 29% or total debt ratios &gt; 41% requires a debt ratio waiver, 680 credit score, and compensating factors.</li> <li>GUS finding will indicate if verification of rent is required.</li> <li>No bankruptcy or foreclosure allowed in the 36 months prior to the application date.</li> </ul>
Refinance Transactions	Streamlined Assist Refinance
	<ul style="list-style-type: none"> <li>Interest rate of refinance &lt;=existing USDA loan.</li> <li>Total adjusted annual income for household ≤ county limit for household size.</li> <li>All USDA refinance loans require borrowers to have traditional credit and validated credit score for at least one borrower.</li> <li>Current loan must have closed at least 12 months prior to submission for conditional commitment.</li> <li>Only an existing USDA first lien mortgage may be refinanced.</li> <li>No cash out from collateral equity. Only reimbursement of documented pre-paid closing costs or refund of escrow overage to borrower.</li> <li>GUS not used</li> <li>Only an existing <i>guaranteed</i> loan is eligible for refinance</li> <li>Borrowers may be added but not removed</li> <li>Total loan amount may include principal and interest balance, eligible closing costs, and upfront Guarantee Fee</li> <li>Current mortgage payment history must reflect 0x30x12</li> <li>Repayment income not computed; ratios not computed</li> <li>No appraisal. Use loan amount as value</li> </ul>
	Non-Streamlined Refinance
	<ul style="list-style-type: none"> <li>Currently not offered</li> </ul>
Appraisal Requirements	Streamlined Refinance
	<ul style="list-style-type: none"> <li>Currently not offered</li> </ul>
Appraisal Requirements	<ul style="list-style-type: none"> <li>A full appraisal must be completed no more than 150 days prior to closing.</li> <li>Appraisals must be completed by a qualified appraiser that can confirm the property meets minimum HUD handbook 4000.1 standards.</li> <li>Appraiser noted repairs should be completed <b>prior</b> to closing.</li> <li>New Construction must meet rural housing inspection and builder warranty requirements; evidence must be included in the file.</li> <li>New Constructions requires Certificate of Occupancy.</li> <li>Appraisal not required for Streamlined Assist Refinance</li> </ul> <p>See USDA <a href="#">HB-1-3555 Handbook</a> 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"> <li>• <b>Termite/pest inspections</b> are not required unless the lender, appraiser, inspector, or State law requires the inspection to confirm the property is free of active infestation</li> <li>• <b>Water Systems</b> <ul style="list-style-type: none"> <li>○ <b>Individual Privately Owned:</b> <ul style="list-style-type: none"> <li>▪ Water quality of the well must meet the requirements of the state or local authority.</li> <li>▪ Local healthy authority or state certified laboratory must perform a water quality analysis.</li> <li>▪ Water analysis report must be no greater than 150 days old at closing.</li> </ul> </li> </ul> </li> <li>• <b>Wastewater / Septic Inspections</b> are not required when the appraiser indicates the property meets HUD Handbook 4000.1</li> <li>• Cisterns, springs, and water sources other than dug wells are not acceptable.</li> </ul> <p>See <a href="#">HB-1-3555 Handbook</a> Chapter 12.6 Water and Wastewater Disposal Systems for additional details on individually owned &amp; community owned water &amp; wastewater systems.</p>
<p>Annual Income</p>	<p><b>The income of all adult household members. This calculation will include variable or unstable income not considered for debt ratio calculation.</b></p> <ul style="list-style-type: none"> <li>• Adjusted household income of all adults residing in the subject property must not exceed the designated USDA county limit.</li> <li>• Other adult household members also required to document their income with VOE, paystubs, W2, tax returns, tax transcripts, etc. as applicable.</li> <li>• Income derived from non-retirement assets retained after closing will be considered in annual income.</li> </ul> <p><a href="#">USDA Annual Income Limits by State</a></p> <p>See USDA <a href="#">HB-1-3555 Handbook</a> Chapter 9 Section 1 – Income Analysis; Annual Income for additional annual income requirements not addressed.</p>

	Income Type	Description
Income Documentation	Repayment Income	<ul style="list-style-type: none"> <li>• 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</li> <li>• Caution should be used to ensure repayment income is not inflated/overstated or reflects documented declining wages or earnings</li> </ul>
	Rental income	<p><b>Annual Income:</b> Positive income must be included in regardless of its duration. Negative income is treated as <b>zero</b>.</p> <p><b>Repayment Income:</b> 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"> <li>• Paystubs covering the most recent <b>30-day</b> period with YTD earnings and W2s for the prior two years or WVOE allowed. VOE within 10 business days prior to closing required.</li> </ul>
	Self Employed Documentation	<ul style="list-style-type: none"> <li>• Most recent two years personal and business tax returns</li> <li>• YTD profit and loss statement accompanied by a current balance sheet and YTD income and expense statement</li> <li>• 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</li> <li>• Provide confirmation with a third-party source the existence of a borrower's business no more than 30 calendar days prior to close</li> </ul>
	See USDA <a href="#">HB-1-3555 Handbook</a> Chapter 9 Section 2 – Income Analysis; Repayment Income for additional repayment income requirements not addressed.	
IRS Transcripts	<ul style="list-style-type: none"> <li>• IRS form 4506C and taxpayer consent form must be signed, completed, dated, and received upon submission as well as at closing by all borrowers.</li> <li>• Obtain most recent two-year 1040 transcripts for <b>all adult household members</b> except full time students.</li> </ul>	

Assets	<p><b>GUS Evaluated Assets:</b></p> <ul style="list-style-type: none"> <li>• May run GUS with no assets showing; or</li> <li>• Input the lesser of the two-month average balance or actual balance.</li> </ul> <p><b>Funds to close (may differ from the GUS evaluated assets):</b></p> <ul style="list-style-type: none"> <li>• Verification of funds to close should be supported by bank statements or VOD.</li> <li>• All deposits must be sourced (there is no specific amount that may be overlooked).</li> <li>• Gifts allowed in accordance with USDA Guidelines. Gifts must be specifically identified as a gift in GUS to omit from reserves.</li> <li>• Cash-On-Hand not permitted.</li> </ul> <p><b>Reserves:</b></p> <ul style="list-style-type: none"> <li>• Not required. Retirement assets may be included up to 60% of vested value.</li> <li>• Non-retirement reserves more than \$50,000 are subject to annual income calculation.</li> <li>• <b>Gifts may not be used as reserves.</b></li> </ul> <p>Most recent two months statements are required <b>for all household asset</b> accounts.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b>Sale of Personal Property:</b></p> <ul style="list-style-type: none"> <li>• Bill of sale reflecting: <ul style="list-style-type: none"> <li>○ Date of sale.</li> <li>○ Asset to be sold.</li> <li>○ Sales Price.</li> <li>○ Signatures of the Buyer &amp; Seller.</li> </ul> </li> <li>• Proof of ownership.</li> <li>• Proof of value via third party.</li> <li>• Transfer of ownership via copy of check or bank statement showing deposit.</li> </ul> <p>See USDA <a href="#">HB-1-3555 Handbook</a> 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"> <li>• '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.</li> </ul>
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"> <li>• 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, <b>or</b></li> <li>• 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.</li> </ul>
<p><b>For additional USDA RD loan program information: <a href="#">HB-1-3555 Handbook</a></b>  <b>GHMC Overlays to guidelines are indicated with blue font</b></p>	

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