



## USDA PURCHASE

<b>1. AGED DOCUMENTS</b>	<ul style="list-style-type: none"> <li>• Credit documents must be no more than 120 days old on the date the Note is signed, including credit reports and employment, income and asset documents.</li> </ul>
<b>2. APPRAISALS</b>	<ul style="list-style-type: none"> <li>• A full appraisal (e.g. form 1004 or equivalent, accompanied by form 1004MC) is required for all submissions</li> <li>• The appraisal must be no more than 150 days old at loan closing.</li> <li>• Recert of value not allowed.</li> </ul>
<b>3. ASSETS</b>	<ul style="list-style-type: none"> <li>• Gift of equity is not allowed</li> <li>• Investigate individual (non-recurring) deposits greater than \$1,000 on the account statements that are not attributed to wages or earnings to confirm the deposits are not from undisclosed income sources.</li> </ul>
<b>4. BORROWER ELIGIBILITY</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Borrowers must have a valid Social Security Number</li> <li>• Must meet USDA adjusted annual household income limit threshold for applicable state and county for where subject is located. <a href="https://eligibility.sc.egov.usda.gov/eligibility/incomeEligibilityAction.do?pageAction=state&amp;NavKey=income@11">https://eligibility.sc.egov.usda.gov/eligibility/incomeEligibilityAction.do?pageAction=state&amp;NavKey=income@11</a></li> <li>• Permanent resident aliens, with proof of lawful permanent residence</li> <li>• Non-permanent residents are allowed as long as they are a qualified alien with proof of lawful residence.</li> <li>• Non-occupant borrowers are ineligible</li> <li>• DACA Visas are not permitted</li> <li>• A very specific list of borrower eligibility is available and can only be accessed by entering loan into GUS.</li> </ul> <p>See Property: Maximum Number of Properties Owned for information regarding borrowers who currently own a property.</p>
<b>5. CONDOMINIUMS</b>	<p>The lender must perform an underwriting review of the condominium project to ensure the unit meets HUD/FHA, VA, Fannie Mae, or Freddie Mac guidelines. The 1008 must be marked with the appropriate warranty and include all documentation utilized to make the condo warranty.</p>

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<p><b>6. CREDIT</b></p>	<p>Credit Score Requirements</p> <ul style="list-style-type: none"> <li>• 580</li> <li>• No score is permitted with acceptable non-traditional tradelines</li> <li>• GUS Refer requires manual underwrite.</li> </ul> <p>Housing (Mortgage/Rental) Payment History (PITIA):</p> <ul style="list-style-type: none"> <li>• Inclusive of all liens regardless of lien position</li> <li>• Applies to all mortgages on all financed properties</li> <li>• All loans must be current</li> <li>• AUS Approve (rental history not required) <ul style="list-style-type: none"> <li>• Follow AUS</li> </ul> </li> <li>• AUS Refer and Manual Underwrite <ul style="list-style-type: none"> <li>• 0 x 30 in last 12 months</li> <li>• All loans must be current at the time of application</li> </ul> </li> </ul> <p>Validation of credit score:</p> <ul style="list-style-type: none"> <li>• At least one applicant whose income or assets are being used for qualification must have a valid credit report score. <ul style="list-style-type: none"> <li>- Two or more eligible tradelines with at least 12 months of repayment reporting on the credit report are required.</li> </ul> </li> <li>• One borrower whose income and assets are used for the loan transaction, is required to meet tradeline requirement for manual underwrite.</li> </ul> <p>Validation of tradelines for non-traditional credit:</p> <ul style="list-style-type: none"> <li>• Two tradelines are required when at least one of the trade references is verification of housing payments. If unavailable, three trade references must be used.</li> <li>• A 12 month history must be verified with cancelled checks, third party verification, or a non-traditional credit report.</li> </ul>
<p><b>7. ESCROW/IMPOUNDS</b></p>	<p>An impound account for collection of taxes and insurance (or additional escrow items) is required.</p>
<p><b>8. FINANCING CONCESSIONS</b></p>	<p>Financing or sales concessions cannot exceed 6% of the sales price.</p>



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<b>9. FLOOD INSURANCE</b>	<p><b>Existing dwellings:</b></p> <ul style="list-style-type: none"> <li>Existing dwellings in a SFHA are not eligible under the SFHGLP unless flood insurance through the FEMA National Flood Insurance Program (NFIP) is available. The lender will require the borrower to obtain, and maintain for the term of the mortgage, flood insurance for any property located in a SFHA, listing the lender as a loss payee.</li> </ul> <p><b>New or Proposed Dwellings:</b></p> <ul style="list-style-type: none"> <li>Rural Housing will not guarantee loans for new or proposed homes in an SFHA unless the lender obtains a Letter of Map Amendment (LOMA) that removes the property from the SFHA or Letter of Map Revision (LOMR) that removes the property from the SFHA or obtains a FEMA elevation certificate that shows that the lowest habitable floor (including basement) of the dwelling and all related building improvements is built at or above the 100 year flood plain elevation in compliance with the NFIP.</li> </ul> <p>Flood insurance from private insurance not allowed</p>
<b>10. GUARANTEE FEE</b>	<ul style="list-style-type: none"> <li>Upfront Purchase Fee: 1% of the loan           <ul style="list-style-type: none"> <li>Financed Guarantee Fee calculated: <math>(\text{loan amount} / .99) - \text{loan amount}</math></li> <li>Not financed Guarantee Fee calculated: <math>\text{loan amount} * 1\%</math></li> </ul> </li> <li>Upfront Refinance Fee: 1% of the loan           <ul style="list-style-type: none"> <li>Financed Guarantee Fee calculated: <math>(\text{loan amount} / .99) - \text{loan amount}</math></li> <li>Not financed Guarantee Fee calculated: <math>\text{loan amount} * 1\%</math></li> </ul> </li> <li>Can be financed above the appraised value</li> <li>Annual Fee: .35%</li> </ul>
<b>11. LOAN AMOUNT</b>	The maximum loan amount for which the applicant qualifies is determined by their income and repayment ability.
<b>12. LTV LIMITS</b>	100% of the appraised value or sales price plus GRH fee
<b>13. OCCUPANCY</b>	Owner Occupied Residences only
<b>14. PROPERTY, ELIGIBLE TYPES</b>	<ul style="list-style-type: none"> <li>Single Family Attached/Detached</li> <li>PUDs and condos</li> <li>Purchase Transactions must be located in an area designated as acceptable for Rural Housing.</li> <li>New Construction must meet Rural Housing inspection and Builder Warranty requirements; evidence must be included in the file.</li> <li>Existing Double wide homes manufactured homes allowed in pilot states only**</li> <li>Properties with wells require water testing completed by EPA approved lab.</li> </ul> <p>** Pilot States: Colorado, Iowa, Louisiana, Michigan, Mississippi, Montana, Nevada, New Hampshire, New York, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming</p>

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<b>15. PROPERTY, INELIGIBLE TYPES</b>	<ul style="list-style-type: none"> <li>Single wide manufactured/mobile</li> <li>Cooperatives</li> <li>Condotels</li> <li>Hotel Condominiums</li> <li>Timeshares</li> <li>Geodesic Domes</li> <li>Working Farms and Ranches</li> <li>Unimproved Land and property currently in litigation</li> <li>2-4 units</li> <li>Income Producing properties that do not meet Rural Housing's requirements. Examples include, but not limited to grain bins, silos, dairy farms, hog barns and multiple equestrian stables.</li> <li>Properties served by cisterns</li> </ul>
<b>16. PRODUCT DESCRIPTION</b>	<ul style="list-style-type: none"> <li>Fixed Rate 30-year term only</li> <li>Temporary buydowns are not allowed</li> <li>Interest only not allowed</li> <li>Rural Energy Loans are not allowed</li> <li>Fully amortized</li> <li>Low to moderate income families</li> </ul>
<b>17. PROPERTY, MAXIMUM NUMBER OF PROPERTIES</b>	<p>Current homeowners may be eligible for guaranteed home loans under this part if all the following conditions are met:</p> <ul style="list-style-type: none"> <li>The homeowner's current dwelling is not financed by a Rural Development guaranteed or direct Section 502 or 504 loan or active grant</li> <li>The homeowner is financially qualified to own more than one house (the borrower is limited to owning one single family housing unit other than the one associated with the loan request;</li> <li>The homeowner will occupy the home financed with the guaranteed loan as their primary residence throughout the term of the loan;</li> <li>The current home no longer adequately meets the borrowers' needs (See Chapter 8.2 of the Technical Handbook for details regarding what is defined as not meeting needs);</li> <li>In all cases, the lender must provide an additional explanation of the burden upon the borrower imposed by the status change both in the near the near and longer term, and also the reasons beyond homeowner convenience why the purchase of the property must be completed prior to the sale of the existing property</li> </ul>
<b>18. RATIOS</b>	Follow GUS findings for approve/eligible. Refer/manual = 34/41 ** No waivers permitted to go above 34% housing ratio.
<b>19. RESERVES</b>	Not required. When reserves are entered into the GUS, the Lender must develop a one month average. Assets such as 401ks, IRAs, etc., may be included up to only 60% of the vested value.
<b>20. RURAL HOUSING DOCUMENTATION</b>	<p><b>RD 3555-21</b> Request for Single Family Housing Loan Guarantee</p> <ul style="list-style-type: none"> <li>Must include completed, signed, and dated applicant acknowledgement. Lender certification should be left blank.</li> </ul>

Please note that this is not a client offer or solicitation for all loan products listed. All loans submitted for purchase to Stockton Mortgage must be eligible for purchase by Stockton Mortgage and be in full compliance with the Stockton Mortgage Loan Product Matrix, Agency Selling Guide and Client Contract for each approved client. Stockton Mortgage NMLS 8259 Equal Housing Lender Georgia Residential Mortgage License / Stockton GA License 50873



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### 21. UW METHOD

- All loans must be submitted to Guaranteed Underwriting System (GUS)
- The loan must receive either an Accept/Eligible or Refer (manual).
- Non-traditional credit acceptable in accordance with Rural Housing's guidelines. See Credit: History section for more information.