



Up to 102% LTV / NO PMI / GOVERNMENT BACKED GUARANTEED RURAL HOUSING LOANS (GEORGIA)

This fact sheet applies to manual underwriting / GUS is our Automated System

PROGRAM BENEFITS

LTV	Can always be 100% of appraised value; up to 102% LTV - appraised value can only be exceeded by "guarantee fee"
Guarantee fee	One time fee - 2% of loan amount - may be financed in all cases; 1/2% for USDA Refi's
Cash to close	Very little or zero cash needed to close in most cases; no minimum contribution
Appraised value is limit	Not limited to lower of appraised value or purchase price; Customary closing costs and repairs can be financed up to the appraised value, then the guarantee fee can be loaned in addition to that
Mortgage insurance	No Mortgage Insurance required - the government guarantee eliminates it
Term	30-year, fixed-rate
Interest rate	Market Rates! Maximum is higher of 1) FNMA 90-day, A/A + 60 basis points rounded up to the nearest 1/4% -or- 2) Lender's posted VA rate
Reserves	None required
Seller concessions/gifts	No maximum seller concessions or gift amounts - Purposes are limited
First-time homebuyer	Not limited to first-time homebuyers; But IF first-timer, homebuyer education certificate required
Property location	Must be located in eligible "rural" area (http://eligibility.sc.egov.usda.gov)
Lenders / Brokers	HUD/VA/FNMA/FHLMC/FCS approval); Brokers do not have to be approved and may submit packages to underwriting lender.
Government forms	1 origination form; 3 post-closing forms -- that is all !

INCOME AND RATIOS

Household income	Verify all income of <u>all</u> household members - adjusted total cannot exceed income limits (http://eligibility.sc.egov.usda.gov)
Adjustments to income	\$480 per child <18 or "18+ and full-time student", 100% child care paid, etc.
Repayment income	Verify <u>dependable</u> income of parties to the note; underwriter documents dependability; O.T./bonus/commissions/self-employment used w/2-year history
Grossing-up	Non-taxed income may be grossed-up; lender documents if > 125% (repayment income)
Ratios	29 / 41 ; 31 / 43 if built to 2000 Energy Code; ratios can be exceeded with documented compensating factors (underwriter documents- RD concurrence needed)
Maximum Loan	No limit on loan amount; income / ratios become the limit
Re-Fis	Can be used to refinance current USDA loans ("Direct" or "Guaranteed")
Co-signers	No non-occupant co-borrowers or co-signers are allowed
Other credit	Lender certifies the loan wouldn't be made without the gov't guarantee.

CREDIT

Credit score	Score of 620+ considered acceptable, regardless of trade line info; <620, manual credit assessment required; <580 should not be approved if any "indicators of unacceptable credit" (see next line) are present
Manual assessment & "Indicators of unacceptable credit"	More than one-30-day slow pay w/in 12 months, f/c<3 years ago, tax lien or delinquent gov't debt w/no arrangement, judgment outstanding w/in 12 months, more than 2 slow rental payments w/in 12 months, account converted to collection in last 12 months, etc.
Bankruptcy and Foreclosure	(without extenuating circumstances) If doing a manual assessment, Chpt. 7 & foreclosures must have been elapsed/discharged for 3 years, Chpt. 13 discharged for 1 year
CAIVRS	Lender must obtain a clear CAIVRS number for each applicant (http://www.hud.gov/offices/hsg/sfh/sys/caivrs/caivrs.cfm)
Credit waiver	Underwriter documents circumstances for derogatory credit were: beyond customer's control, temporary, and have been removed and issues waiver; "extraordinary compensating factors" must be present for waiver of score <580
Collection accounts	If there were extenuating circumstances to cause collection, lender determines if it will be paid off or left outstanding; if 620+, no more documentation needed; <620 lender documents circumstances
Verification of rent	Only needed if <620; 12-months history
Non-traditional credit	Acceptable if no traditional credit is available; 3 references minimum; no other risk layers
Credit report	RMCR or Tri-merged preferred, dual-merged accepted

GUARANTEED RURAL HOUSING LOANS-102% LTV/NO PMI

4/20/09

UNDERWRITER INFORMATION

Risk layers	Any combination of payment shock, credit waiver, ratio waiver or non-traditional credit
Risk layering	Only <u>1 layer of risk</u> allowed; if >1, must have <u>strong</u> , documented compensating factors
Compensating factors	Ex.: PITI<Rent, 660+ credit score, substantial cash on hand after closing, accumulated savings, potential increase in income due to specialized training or education in their profession, conservative use of credit, long job history, etc.
Student loans	Deferred student loans must be counted in ratios regardless of length of deferment
Non-U.S. citizens	Qualified aliens are acceptable

PROPERTY REQUIREMENTS

Rural area	Property must be located in eligible rural area (http://eligibility.sc.egov.usda.gov)
No physical lot size limit	Value of lot generally must not exceed 30% of total appraised value
Appraisal forms	URAR (FNMA Form 1004) only
Appraisal review	RD will review appraisal for acceptability - make sure comps are best available
Other home	Cannot own other adequate home within local commuting area
Occupancy	Primary residence only
Property type	New or existing single family, site built/modular/PUD, new manufactured (condos must meet certain criteria)
Swimming pools	No in-ground swimming pools permitted - to be eliminated in future - waivers possible
Income-producing	No commercial or farm buildings
Existing home inspection (over 1 year old or previously lived-in)	Lender determines who is qualified to inspect; alternately, may have FHA-roster appraisal stating the property meets requirements of HUD Handbooks 4150.2 & 4905.1 serve as inspection; generally well inspections are outside FHA appraisers' expertise
Required repairs	Only repairs necessary to make the property structurally sound, functionally adequate and in good repair are required; 100% repairs can be financed based on as-improved value.
New homes (less 1 year old)	In a county/city who has adopted the 8 mandatory building codes: 1) C.O./Building permit, 2) Well/septic letters, 3) Termite letter, 4) Minimum 1-year builder's warranty. In a county/city who has <u>not</u> adopted the 8 mandatory building codes: 1) Plan certification (10-year warranted builders can self-certify), 2) Periodic inspection reports (with acceptable 10-year warranty, only the "final" inspection needed), 3) Well & septic letters, 4) Termite
Construction loans	Preferred way: Submit package prior to start of construction based on "as built" appraisal; However, package can be submitted after construction is completed to take out the construction loan. "Turn-key job" from builder to purchaser (house & lot) is covered under "new homes" above.

NO LONGER REQUIRED:

Thermal standards	These have been removed as of 1-10-08 for existing properties! Typical insulation for area applies.
Plans/specs	Only if lender requires
Surveys	As long as title insurance is obtained
Noise assessments	Major sources of noise addressed by appraiser in appraised value
Appraisal	Cost Approach Form - Only needed if lender requests or if appraiser thinks good indicator of value
Inspections/permits	Do not submit to RD, but retain in lender's file: building permit/C.O./warranties, well/septic/termite letters, & if lender requires, plans/specs
Lengthy checklists	Only 1 gov't origination form; Only 3 Post-closing forms

THE PROCESS

Underwriting Submission Packages	Overnight Packages or submit electronic packages to the common email box at ra.gagrh@ga.usda.gov (See Lender Handbook for office and county lists)
Lender actions	1) Accept application, 2) Complete Prequal, 3) Reserve funds w/RD (optional), 4) Process application & underwrite loan, 5) Submit package to RD (see Lender Handbook for checklist).
RD actions	1) Review package, 2) Issue Conditional Commitment or inform lender of needed add'l information w/in 2 business days.
Lender then:	1) Closes the loan, 2) Submits closing package to RD (see Lender Handbook for checklist).
RD then:	1) Completes closing package review, 2) Issue "Loan Note Guarantee"

GUARANTEED UNDERWRITING SYSTEM "GUS"

GUS	1)Free to USDA approved lenders 2) You will receive one of 3 results of Accept, Refer or Refer with Caution 3) For Accept Loans: 3 items required: appraisal with color photos, 1980-21 & Flood Cert, 4) For Refers submit a full doc package, 5)GUS Helpdesk 1-800-457-3642 Opt. 2 Opt. 2 6)For the GUS User Guide or to sign up GUS email ashley.carlan@ga.usda.gov
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MORE INFO / CONTACT

Lender Handbook	http://www.rurdev.usda.gov/ga/rhs.htm
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