



RURAL HOUSING

Financing 100% of the American Dream!

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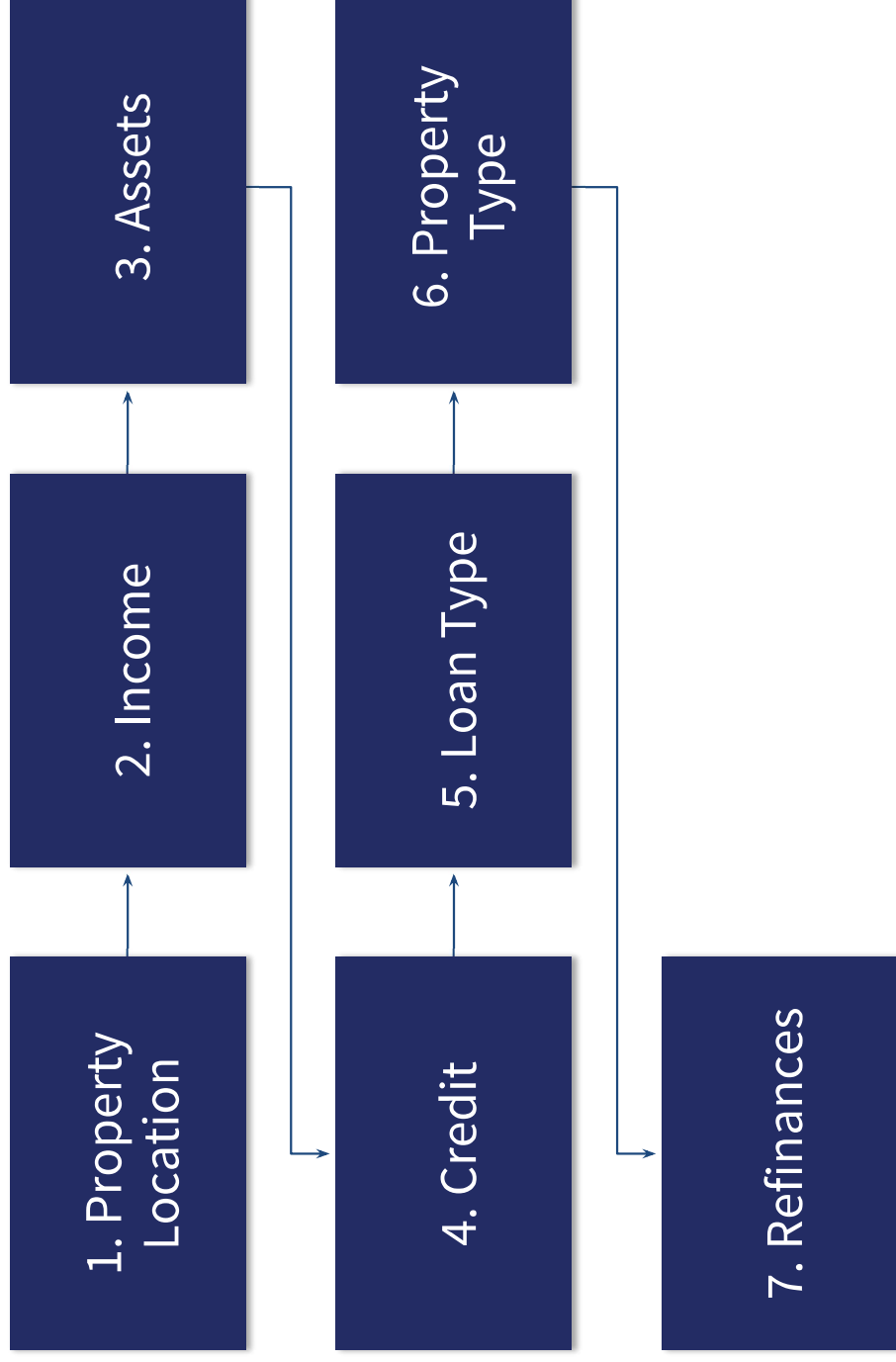
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7 Rules of Guaranteed Rural Housing Loans



7 Rules of USDA Guaranteed Rural Housing Loans



1. Property Location

- Determine eligibility at <http://eligibility.sc.egov.usda.gov>

The screenshot displays the USDA Rural Development Eligibility website. At the top, there is a navigation bar with the USDA logo and the text "United States Department of Agriculture Rural Development". Below this, a header section contains the slogan "Committed to the Future of Rural Communities" and a "Home About SCA Contact Us" menu. The main content area is divided into several sections:

- Eligibility:** A green header with a dropdown menu for "Home".
- Property Eligibility Programs:** A list of program types including Single Family Housing, Multi Family Housing, Business Programs, Satellite Grant Program, and Wear & Environmental.
- Income Eligibility Programs:** A list including Single Family Housing.
- Income Limits:** A list including Single Family Housing.
- Single Family Housing:** A list including Direct and Guaranteed.
- Loan Program Basics:** A list including Direct and Guaranteed.
- Single Family Housing:** A list including Direct and Guaranteed.
- Satellite Grant Program:** A list including Program Rules.
- Contact Us:** A list including Direct and Guaranteed.
- Business Programs:** A list including Direct and Guaranteed.

Below the navigation is a text box with instructions: "You must use Internet Explorer 7.0 or higher, Mozilla Firefox 3.0 or higher, and Google Chrome 8.0 or higher to view this site. Best viewed using screen resolution of 1024 X 768."

The central part of the page features a large map of the United States with a search bar and a "Find Your Address" button. The map is titled "UNITED STATES" and "MEXICO". A legend in the bottom right corner of the map indicates "Ineligible Areas".

At the bottom of the page, there is a section titled "Welcome to the USDA Income and Property" with a paragraph explaining the site's purpose: "This site is used to determine eligibility for certain USDA home loan programs. In order to be eligible for many USDA Satellite Grant Programs, the home to be purchased or served must meet certain guidelines. Also, the home to be purchased or served must be located in a rural area as defined by USDA." Below this is a "You are here: Eligibility / Home" breadcrumb trail and a "Property Eligibility" header.



1. Property Location, cont.

USDA Rural Development
Committed to the Future of Rural Communities

You are here: Eligibility / Property Eligibility

birmingham, al

Switch Basemap

TEXT DESCRIPTION

Home About SCA Contact Us

Eligibility

- Home
- Property Eligibility Programs
 - Single Family Housing
 - Multi Family Housing
 - Business Programs
 - Satellite Grant Program
 - Water & Environmental
- Income Eligibility Programs
 - Single Family Housing
- Income Limits
 - Single Family Housing
- Loan Programs
 - Single Family Housing
 - Business Programs
 - Water and Environmental

Map Legend

Eligible Areas

- Search by city, state, zip or property address
- Use zoom tool as needed
- Shading indicates ineligible areas



2. Income

- Determine eligibility at <http://eligibility.sc.egov.usda.gov>
- Must be less than Rural Development County Income Limit for moderate-income families (based on number of members in household)
- 29/41 repayment ratios (exceptions permitted with compensating factors)
- Full Documentation
- 24 Month Employment History
- 24 Month History on Supplemental Income
 - Part-time, Overtime and Bonus
 - Non-taxed income may be grossed up (Social Security, disability, child support)
 - 3 years continuance on child support, alimony, disability, Social Security



2. Income, cont.

Eligibility

You must use Internet Explorer 7.0 or higher, Mozilla Firefox 3.0 or higher, and Google Chrome 8.0 or higher to view this site. Best viewed using screen resolution of 1024 X 768.

Welcome to the USDA Income and Property Eligibility Site

This site is used to determine eligibility for certain USDA home loan programs and the USDA Satellite Grant Program. In order to be eligible for many USDA loans, household income must meet certain guidelines. Also, the home to be purchased or served must be located in an eligible rural area as defined by USDA.

To learn more about a USDA home loan program, click on the **Loan Program Basics** link on the left side of this screen and select one of USDA's home loan programs.

To determine if a property is located in an eligible rural area, click on the **Property Eligibility** link on the left side of the screen and select a Rural Development program. When you select a Rural Development program, you will be directed to the appropriate property eligibility screen for the Rural Development loan program you selected.

To determine income eligibility of an applicant/household, click on the **Income Eligibility** link on the left side of the screen and select a Rural Development program. When you select a Rural Development program, you will be directed to the appropriate income eligibility screen for the Rural Development loan program you selected.

To determine if a property is eligible to receive discounted satellite services under the Satellite Grant Program, click on the **Satellite Grant Program** link on the left side of the screen to view a map. You will be able to find your address on the map to determine if you meet the eligibility requirements of this program.

To find out how to apply for a Rural Development Loan, click on the **Contact Us** link on the left side of the screen to view a map. Use the map to determine the eligibility of your address.

Housing and Community Assistant

Select a state from the list below for Single Family Housing Guide Limits.

- All States
- Alabama
- Alaska
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- Florida
- Illinois
- Indiana
- Iowa
- Kansas
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Nebraska
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- North Dakota
- Ohio
- Oklahoma
- Oregon
- Pennsylvania
- Rhode Island
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Vermont
- Virginia
- Washington
- West Virginia
- Wisconsin
- Wyoming

2. Income, cont.

The screenshot displays the USDA Rural Development website's 'Income Eligibility' page. The page is divided into a header, a sidebar, and a main content area. The header includes the USDA logo and navigation links: 'Home', 'About SCA', and 'Contact Us'. The sidebar on the left contains a navigation menu with the following items: 'Eligibility', 'Home', 'Property Eligibility Programs', 'Income Eligibility Programs', 'Income Limits', 'Loan Program Basics', and 'Single Family Housing'. The 'Income Eligibility Programs' item is highlighted with a red box, and a red arrow points from it to the 'State' dropdown menu in the main content area. The main content area features a green banner with the text 'You are here: Eligibility / Income Eligibility' and 'Single Family Housing Income Eligibility'. Below the banner, there is a 'State' dropdown menu with the text 'Please pick a state below' and a 'Reset' button. The page also includes a 'Welcome to the USDA Income and Property Eligibility' section with instructions on how to use the site's interactive map.

United States Department of Agriculture
Rural Development

Committed to the Future of Rural Communities

You are here: [Eligibility / Income Eligibility](#) [Home](#) [About SCA](#) [Contact Us](#)

Single Family Housing Income Eligibility

You are here: [Eligibility / Income Eligibility](#) [Home](#) [About SCA](#) [Contact Us](#)

Eligibility

- Home
- Property Eligibility Programs
 - Single Family Housing
 - Multi Family Housing
 - Business Programs
- Income Eligibility Programs
 - Single Family Housing
- Income Limits
- Loan Program Basics
- Single Family Housing
 - Direct
 - Guaranteed

Income Eligibility Programs

Single Family Housing

To learn more about a USDA home loan program, click on the side of this screen and select one of USDA's home loan programs.

To determine if a property is located in an eligible rural area, click on the left side of the screen and select a Rural Development program, you will be directed to the appropriate Development loan program you selected.

To determine income eligibility of an applicant/household, click on the left side of the screen and select a Rural Development program, you will be directed to the appropriate Development loan program you selected.

To determine if a property is eligible to receive discounted interest, click on the [Satellite Grant Program](#) link on the left side of the screen. Use the map to determine if the property is eligible to receive a Rural Development Loan, click on the [Satellite Grant Program](#) link on the left side of the screen to view a map. Use the map to determine the property's eligibility.

Income Eligibility Programs

- Single Family Housing

Income Limits

Single Family Housing

- Direct
- Guaranteed

Loan Program Basics

Single Family Housing

- Direct
- Guaranteed

Satellite Grant Program

- Program Rules

Contact Us

Single Family Housing

- Direct
- Guaranteed

Business Programs

- Direct and Guaranteed



2. Income, cont.

Single Family Housing Income Eligibility

Property Location

State : Indiana
County : Marion
Metropolitan Area : Indianapolis, IN HUD Metro FMR Area

Household Members Information

Number of People in Household : 4
(Include all persons living in the household except foster adults and foster children.)
Number of Residents Under 18 Years Old, Disabled or Full Time Students : 2
(Do not include the applicant, spouse, or co-applicant)
Is Loan Applicant or Co-Applicant age 62 or older? : No
Are there any Disabled Persons Living in the Household? : No

<< Prev

Next >>

Reset

Single Family Housing Income Eligibility

Property Location

State : Indiana
County : Marion
Metropolitan Area : Indianapolis, IN HUD Metro FMR Area

Expenses and Deductions

Annual Child Care Expenses : 5200

Gross Monthly Income

	Applicant	Other Household Member
Base Employment Income	3500	3500
Overtime Income	0	0
Bonus Income	0	0
Commission Income	0	0
Self-Employment Income	0	0
Dividend/Interest Income	0	0
Net Rental Income	0	0
Other Income	0	0

All Other Income Received by Adult Members of the Household :
(See help for further explanation)



2. Income, cont.

You are here: [Eligibility / Income Eligibility](#)

Single Family Housing Income Eligibility

Property Location

State : Indiana
County : Marion

Metropolitan Area : Indianapolis, IN HUD Metro FMR Area [?](#)

[Single Family Housing Program](#)
[Income Eligibility Determination Summary](#)

Applicant is **ELIGIBLE** for the Section 502 Guaranteed Rural Housing Loan Program and **INELIGIBLE** for the Section 502 Direct Rural Housing Loan Program based on income entered and Program Income Guidelines in effect as of 02-28-2011. (Applicant must show repayment ability, have a reasonable credit history for the loan requested, and must meet other program requirements.)
[Contact Us](#) for further details on the Guaranteed Loan Program.
[Contact Us](#) for further details on the Direct Loan Program.

Summary of Adjusted Annual Household Income

Annual Household Income : **\$84,000.00**
Total Deductions : **\$6,160.00**
Household Adjusted Annual Income : **\$77,840.00**

Section 502 Guaranteed Rural Housing Loan Program

Maximum Adjusted Household Income for Selected State and County **\$79,000.00**

Section 502 Direct Rural Housing Loan Program

Maximum Adjusted Household Income for Selected State and County **\$54,950.00**
Adjusted Household Income Exceeds Maximum Income by : **\$22,890.00**

- Eligibility
- Home
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 - Guaranteed
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 - Direct and Guaranteed



2. Income, cont.

Income Adjustments	Amount
Occupants under 18 years of age or full-time students	\$480
Children under age 12 / child care	\$ child care expenses
Occupants over age 62	\$400
Disabled / Elderly persons	\$ disability / medical expenses



These deductions are subtracted from the ANNUAL household income and do not affect DTI.



3. Assets

- No reserves or minimum investment required
- Borrower's closing costs (including prepaids) may be contributed by seller
- Gifts and/or grants are permitted from eligible sources
- Cash-on-hand is acceptable
- All closing costs and prepaids may be borrowed on an unsecured basis when certain underwriting criteria are met
- Confirm assets with Verification of Deposit (VOD) or two months bank statements



4. Credit

- 640 Minimum Score for purchase and refinances
- Two *historical* trade lines with 12 month history required to validate score used in GUS
- For downgraded applicants, non-traditional credit acceptable:
 - Verify 12 month rental history plus one additional 12 month trade, or
 - Verify three trade lines with a current 12 month history if no rent



4. Credit, cont.

Indicators of an Unacceptable Credit History HB-1-3555 (10.7) (A)

- Foreclosure and Pre-Foreclosure in last 36 months
- Chapter 7 bankruptcy discharged in last 36 months
- Chapter 13 bankruptcy in the last 12 months
- 1x30x12 Mortgage/Rental history
- Capacity analysis for unpaid collections \$2,000 and greater
- Judgments outstanding with less than three month payment history

Mitigating Circumstances

- Circumstances were temporary
- Beyond the applicants' control
- Circumstances have been removed
- Examples:
 - Loss of job
 - Delay or reduction in government benefits
 - Increased expenses, illness or death
 - Dispute over defective goods or services
- Loan will reduce housing expense by more than 50% and improve debt repayment ability



5. Loan Type

- 30-year fixe-rate mortgage
- No maximum loan amount
- Primary Residence Only
- Maximum seller concessions limited to 6% on purchases
- No other real estate owned (Adequate Housing)
- Severe overcrowding (more than 1.5 residents per room)
- Non-functional due to disability or limited mobility
- Relocation with a new employer or transfer
- Manufactured home that is not on a permanent foundation



6. Property Type

- Must be located in an eligible Guaranteed Rural Housing area
- Single-family dwelling or Guaranteed Rural Housing-eligible Condo/PUD
- No design restrictions
- New construction must meet local standards
- Existing properties must meet HUD Handbook requirements
- FHA-approved Appraisers are recommended
- Existing dwelling in a flood zone requires flood insurance
- New Construction in flood zone acceptable with elevation cert; must be above 100 year base flood elevation



6. Property Type, cont.

Dwelling Inspection Requirements	<ul style="list-style-type: none">• House complies with HUD Handbook Minimum Property Standards• Pest Inspection• Septic Inspection• Well Inspection
New Construction	<ul style="list-style-type: none">• Certificate of Occupancy — Footing, Framing and Final Inspections• Termite Treatment Record• 1 year Builder Warranty• Thermal Certification
New Construction (No C.O.)	<ul style="list-style-type: none">• Plan Cert (Form 1924-25)• Termite Treatment Record• 2/10 Builder Warranty• Thermal Certification



7. Refinances

- Refinance existing Guaranteed or Direct Rural Development loans
- Can be located in non-rural areas
- Property inspections are not required
- **Minimum 1% rate reduction/30-year fixed***
- 12 month seasoning of existing loan with 0x30x6 mortgage history
- No cash-out
- Household income must meet current USDA Guaranteed Rural Housing program limits
- USDA streamlined-assist program now available in TX



Refinance Costs

What costs can be refinanced? (Non-Streamline)

- Outstanding balance
- ❖ Unpaid Principal Balance
- ❖ Accrued interest
- ❖ Escrow shortages
- Reasonable and customary closing costs
- Funds for new escrow account
- 2.75% guarantee fee (may exceed appraised value)

What costs can be refinanced? (Streamline)

- Outstanding balance
- Accrued interest
- Reconveyance fee
- 2.75% guarantee fee

Note: Maximum loan amount not to exceed original loan amount

What costs cannot be refinanced?

- Fees due to current Servicer
- Discount points (except for low income)



Streamlined Assist Program

- Available in all states
- No Appraisal/Property Inspections Required
- Borrowers can finance reasonable and customary closing costs
- No review of credit (0x30x12 month mortgage history)
- Ratio waivers not required
- **Loan must save borrower(s) at least \$50 per month PITI**
- Borrowers may be added but not removed (unless deceased) from the current mortgage
- Pricing available in Optimal Blue



Escrow Holdback for Repairs

USDA loans are eligible for Escrow holdback and home repairs. GMFS will escrow an amount equivalent to 1.5 times the cost to cure. The fee for an escrow holdback is \$200 on most business.

Loan must also meet the following GMFS requirements:

- o 660 FICO
- o First-time homebuyer must have an institutional Verification of Rent or cancelled checks.
- o Two (2) months reserves
- o Minimum Installment Trades of \$5,000 minimum/12 month installments.
- o GMFS Construction Lending Department Manager **must approve** prior to loan submission. When sending request in for approval, Client should include the following documentation in an email request to escrowholdback@gmfsfunding.com:
 - o 1003
 - o Credit Report
 - o Purchase Agreement
 - o Contract or estimate for cost to cure
 - o Appraisal
 - o GFE. Loan Officer must disclose escrow holdback fee and the final compliance inspection report fee on their GFE.
 - o VOR if first time homebuyer
- o Purchase file must contain a copy of the fully completed HUD form 92300 Mortgagee's Assurance of Completion. The 1004D Appraisal Update and/or Completion Report must be provided within 30 days of closing transaction.



Escrow Holdback for Repairs Example



Purchase price	\$142,000
Appraised value	\$150,000

Work completed: Required repairs



USDA RD File Flow

