

USDA Rural Housing Fixed Rate Program Matrix

PURCHASE

Doc Type	Occupancy	Units	FICO/Credit Score	LTV/CLTV
Full	Primary Residence	1	620	100 / NA

RATE TERM REFINANCE

Doc Type	Occupancy	Units	FICO/Credit Score	LTV/CLTV
Full	Primary Residence	1	620	100 / 100
Streamline	Primary Residence	1	620	105 / 105

Program Matrix Notes

- The LTV may be exceeded by the financed Upfront Guarantee Fee.

Product Detail	Product Guidelines
AUS	<ul style="list-style-type: none"> • GUS Approve/Accept recommendations are allowed. • Manual downgrades are allowed; however, the Approve/Accept recommendation findings must be included in the file. • Manual underwrites are allowed. Loans must be ran through GUS first and receive a Refer recommendation. The Refer findings must be included in the file. • Manual underwrites are required on Streamlined-Assist Refinances. Refer to the Streamline-Assist Refinance section.
Age of Docs	<ul style="list-style-type: none"> • 120 days for existing and new construction from the date the note is signed. • Document age is measured from the date of the document to the date the note is signed. Credit documents include all income, employment, asset information and credit reports. • Preliminary Title Policies must be no more than 180 days old on the date the Note is signed.
Amortization Type	Fixed
Appraisals	<ul style="list-style-type: none"> • Appraisal transfers are allowed. • The appraisal has a term of 120 days for existing and new construction. • The term of the appraisal begins on the day the home is inspected by the FHA appraiser. • Appraisals cannot be re-used after the mortgage for which the appraisal was ordered has closed. • A new appraisal is required for each refinance transaction requiring an appraisal. • A 30 day extension per USDA guidelines is allowed. <p>Unpermitted Property Additions Properties with "unpermitted" structural additions are allowed under the following conditions:</p>

Note: All Product Revised on 12/14/2016.

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Product Detail	Product Guidelines
<p>Appraisals</p>	<ul style="list-style-type: none"> • The subject addition complies with all investor guidelines; • The quality of the work is described in the appraisal and deemed acceptable ("workmanlike quality") by the appraiser; • The addition does not result in a change in the number of units comprising the subject property (e.g. a 1 unit converted into a 2 unit). • If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal: <ul style="list-style-type: none"> ○ Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property. ○ The appraiser has no reason to believe the addition would not pass inspection for a permit.
<p>Assignment of Mortgages</p>	<p>All loans must be registered with MERS at time of delivery and a MERS transfer of beneficial rights and transfer of servicing right must be initiated by the Seller, within 24-hours of purchase.</p>
<p>Borrowers</p>	<ul style="list-style-type: none"> • All borrowers must have a social security number • All borrowers must have no CAIVRS claim • U.S. citizens • Permanent resident aliens, with proof of lawful permanent residence • Nonpermanent resident alien: <ul style="list-style-type: none"> ○ USDA guarantees mortgages made to non-permanent resident aliens provided that: <ul style="list-style-type: none"> - The USDA office of jurisdiction must be contacted to confirm borrower's resident status is acceptable to USDA. - The Social Security card cannot be used as evidence of work status. Although Social Security cards may indicate work status, such as "not valid for work purposes," an individual's work status may change without the change being reflected on the actual Social Security card. For this reason, the Social Security card must not be used as evidence of work status, and the EAD must be used instead. - If the borrower has <2 years within the US, a copy of the Passport used to enter the country and a copy of the 1-94 issued by USCIS are required. - If the borrower has ≥ 2 years within the US, a copy of the current and previous EAD card is required. - When utilizing a visa, a copy of the unexpired visa and a copy of the passport must be included in the loan file. - I-797 documents can be utilized in lieu of a VISA if it meets the following criteria: <ul style="list-style-type: none"> ○ I-797 evidences an approval for an acceptable VISA class ○ The approval term is not expired ○ Visa extension is current with an end date that meets American Lending Home Loans policy. - Borrowers residing in the U.S. by virtue of refugee or asylum status granted by the USCIS are automatically eligible to work in this country. An EAD is not required. ○ Immigration Classifications and Visa Categories can be found on the USCIS website. ○ Non U.S. citizens must be submitted through SAVE.

Product Detail	Product Guidelines
Buy downs	<ul style="list-style-type: none"> No Temp Buy downs
Condominiums	<ul style="list-style-type: none"> Approved Fannie Mae (FNMA), Freddie Mac (FHLMC), HUD, or VA approved Condominium (Detached. Attached) Evidence of the attached condominium project's approval by one of these four entities must be in the file. Projects located in Hawaii <ul style="list-style-type: none"> Many projects located in Hawaii are subject to ground leases. There are also projects that will have a mixture of both fee simple and ground lease units within the same project. Many of the ground leases are not compliant with FHA or VA. Therefore, it is extremely important if the unit is subject to a ground lease, a copy of the ground lease and all amendments, riders and subleases must be obtained along with other applicable condominium documents. If the ground lease is found to be non-compliant and the lessor is unwilling to agree to amend the lease to bring it into compliance with the applicable Agency guidelines, the ground lease cannot be approved.
Credit	<ul style="list-style-type: none"> Non-Traditional Credit is not permitted All borrowers must return at least 1 credit score via three-in-file merged credit report. At least one borrower whose income or assets are used for qualification must have two tradelines that have existed 12 months. This policy applies to loans approved through GUS. Non-traditional credit remains ineligible.
Derogatory Credit	Follow USDA guidelines
Documentation	Full
Down Payment Assistance	<ul style="list-style-type: none"> Mortgage Credit Certificates (MCCs) are not allowed.
Employment/ Income	<ul style="list-style-type: none"> Follow USDA guidelines A verbal verification of employment is required. To determine if the borrower's income is eligible, visit https://eligibility.sc.egov.usda.gov Marijuana Related Business (MRB) employment and income is not permitted.
Escrow Holdbacks	<ul style="list-style-type: none"> Repair requirements outstanding on the appraisal report or required by the DE underwriter must be satisfied before the mortgage is submitted for endorsement. All holdbacks must be cleared at delivery and a copy of an amended HUD-1 / Closing Disclosure showing the disbursement is required with the loan file. If the holdback was due to appraiser required repairs, a copy of a form 442 - Certificate of Completion is also required.
Escrow / Impounds	<ul style="list-style-type: none"> An impound account for collection of taxes and insurance (or additional escrow items) is required. Escrow Waivers not permitted.

Product Detail	Product Guidelines
Exclusionary Lists	<ul style="list-style-type: none"> All borrowers must be screened by CAIVRS to determine there have been no late payments on Federal debt obligations. The HUD Limited Denial of Partnership (LDP) list and the General Services Administration (GSA) lists must be reviewed for all borrowers, sellers, realtors (listing and selling agents), loan officers or builders.
FICO/Credit Score	620
Guarantee Fee	<ul style="list-style-type: none"> Purchase Transaction Effective with conditional commitments on or after October 1, 2016 <ul style="list-style-type: none"> Guarantee Fee of 1.0% of the Total Loan Amount Annual premium of 0.35% of the Total Loan Amount Refinance Transaction Effective with conditional commitments on or after October 1, 2016 <ul style="list-style-type: none"> Guarantee Fee of 1.00% of the Total Loan Amount Annual premium of 0.35% of the Total Loan Amount
High Cost / High Priced	Not allowed
Lien Position	First
Maximum Loan Amount	Conforming limit The total loan amount after adding the Guarantee Fee may exceed 100% of the appraised value by the amount of the Guarantee Fee.
Occupancy	Primary residence
Pre-Payment Penalty	Pre-payment Penalties are not permitted.
Program Codes	USDAF30
Property; Eligible Types	<ul style="list-style-type: none"> 1 unit Single Family (Detached, Attached) PUD (Detached, Attached) Approved Fannie Mae (FNMA), Freddie Mac (FHLMC), HUD, or VA approved Condominium (Detached, Attached). Evidence of the attached condominium project's approval by one of these four entities must be in the file. Modular Home Leasehold To determine if the borrower's property is eligible, visit https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do

Product Detail	Product Guidelines
Property; Ineligible Types	<p>ineligible:</p> <ul style="list-style-type: none"> • Mobile Homes • Geodesic Domes • Unimproved Land and property currently in litigation • Income producing property, per USDA guidelines • Property with Grain bins, silos, dairy farms, hob barns, multiple equestrian stables; farm service buildings, windmills, cell phone towers. • Acreage - site value must be typical for the area per the appraisal. Must be non-tillable or income producing. • Multi-family (2 to 4 units) • Cooperative • Manufactured homes • Rehabilitation Loans • Resale/Deed Restrictions • Dwellings which are located closer than 300 feet to an active or planned oil or gas drilling site or closer than 75 feet to an operating well. This applies to the site boundary, not to the actual well location. • Properties located in lava flow zones 1 and 2 • Properties located in avalanche slide or run-out areas classified as Red Zones (black/extreme on some maps) or Blue Zones (red/high on some maps) • Commercial enterprises • Boarding houses, hotels, motels, and tourist homes • Condotels • Fraternity/sorority houses • Private clubs • Sanitariums
Ratios	<ul style="list-style-type: none"> • For GUS approved loans, ratios are as determined by GUS • For manually underwritten loans: <ul style="list-style-type: none"> ◦ Maximum 29/41 DTI ◦ Debt ratio waivers must be requested and documented in the file when the PITI is between 29 and 32 percent or the DTI ratio is between 41 and 44 percent. If a debt ratio waiver is not included in the file, the loan file will be denied.
Reserves	<ul style="list-style-type: none"> • No reserves are required for USDA financing • Can be considered a compensating factor
Sales Concessions	<ul style="list-style-type: none"> • Sales concessions cannot exceed 6% of the LTV/CLTV
Seasoned Loans	<ul style="list-style-type: none"> • Please refer to the American Lending's Seasoned Loan Policy located in the American Lending Seller Guide for requirements and loan-level price adjustments (if applicable).
Secondary Financing	<ul style="list-style-type: none"> • No secondary financing allowed on purchase or refinance transactions. • Existing second liens must be re-subordinated on refinance transactions.

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State Restrictions	<ul style="list-style-type: none"> • Hawaii <ul style="list-style-type: none"> ○ The Appraiser must review the U.S. Geological Survey (USGS) Lava Flow Hazard Zone maps. ○ Properties in lava flow zones 3 through 9 are eligible for financing with sufficient Hawaii Property Insurance. ○ The Appraiser must report in the Comments section that the property is in the Lava Flow Hazard Zone and provide the Zone number. • Texas 50 (a)(6) loans are not allowed.
Streamline Assist Refinance Transactions	<p>A streamline-assist refinance loan is a special refinance option available to existing Section 502 guaranteed loan borrowers. There are no debt-to-income calculation requirements and no property inspection requirements.</p> <p>A streamline-assist refinance loan is allowed per USDA guidelines; however, the below guidelines must be followed in addition to USDA requirements:</p> <ul style="list-style-type: none"> • A new appraisal is not required for existing guaranteed loan borrowers. The original loan amount should be entered into H2O as the appraised value in order to calculate the LTV. • The borrower is not required to meet all of the credit requirements as outlined in Credit Requirements section; however, a minimum credit score is required, refer to the Program Matrix. A mortgage only tri-merge credit report must be obtained to verify a credit score for each borrower. • The existing mortgage must be paid as agreed for the 12 months prior to application for a streamlined-assist refinance. Lenders may verify mortgage payment history through either: <ul style="list-style-type: none"> ○ A Verification of Mortgage obtained directly from the servicing lender or ○ A mortgage only tri-merge credit report.
Tax Transcripts	<ul style="list-style-type: none"> • Most recent two years tax transcripts required for all household members age 18 or older. 4506T must be completed at loan application. • Generally, when the documentation used to verify income is from the same calendar period as the tax transcript, the information must match exactly. However if the income documentation is from the current calendar year and the transcript is from a prior year, there can be acceptable variances. If this variance exceeds 20%, document the rationale for using current income. • If tax transcripts are not available (due to a recent filing) a copy of the IRS notice showing "No record of return filed" is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and the previous year's tax transcript. • An additional 4506-T, signed at application and closing, is required for all transcripts per GUS findings.
Term	30 year
Title Insurance	Required
Transaction Types	<ul style="list-style-type: none"> • Purchase • Rate/term Refinance • Streamline-Assist Refinance • Streamline Refinance and Cash-out Refinances are not allowed

Product Detail	Product Guidelines
Transaction Types	<ul style="list-style-type: none"> • Restructured or Short Payoffs <ul style="list-style-type: none"> ○ This transaction may not result in a modified loan, restructured loan or short payoff. ○ The subsequent refinance of a modified/restructured loan is allowed as long as the loan meets standard rate term refinance requirements.