

SECTION 1	MATRIX:																				
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SECTION 2	Overlays:																				
	<ul style="list-style-type: none"> • 620 Minimum Fico Score • Min loan amount \$60,000. • Min loan amount \$75,000 for properties located in NY and TX. • Condos must be FHA, VA, Fannie Mae or Freddie Mac approved. • Manufactured Homes with accessory dwellings or guest houses – not allowed • 0X30 Housing History for the most recent 12 months 																				
SECTION 3	Products:																				
Program Code	<table border="1"> <tr> <td colspan="2">USDA – (GRH)</td> </tr> <tr> <td>30 Year Fixed</td> <td>7000-00</td> </tr> </table>	USDA – (GRH)		30 Year Fixed	7000-00																
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SECTION 4	Parameters and Underwriting:																				
ATR and QM	<ul style="list-style-type: none"> • All loans must meet the Ability to Repay (ATR) and Qualified Mortgage (QM) provisions of the Dodd-Frank Act. 																				
LOAN LIMIT	<ul style="list-style-type: none"> • USDA doesn't have a loan limit 																				
Underwriting:	<p>Underwriting: Automated Underwriting:</p> <ul style="list-style-type: none"> • GRH loans must be underwritten by the Rural Development Single Family Housing Guaranteed Loan Program (SFHGLP) Lender using GRH automated decision GUS (Guaranteed Underwriting System). • <u>Non-traditional credit is not allowed.</u> • Form 3555-21, Request for Single Family Housing Loan Guarantee, must be completed by the loan originator at time of origination, and submitted with 1008, 1003, and other up-front documentation. 																				

	<ul style="list-style-type: none"> • The request for Loan Guarantee is valid for 60-days. • All household members must be listed with their names, birth dates, whether or not they are full time students and/or disabled, whether or not they receive income and the source of the income. In addition all adult household members must sign a 4506-t form at the time of the initial application. 																		
<p>Ratio</p>	<p>Debt to Income Ratio – DTI: Standard Rural Development ratio requirements apply: Per GUS</p> <ul style="list-style-type: none"> • Maximum total obligations ratio of 41% 																		
<p>Derogatory Credit Seasoning</p>	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="485 500 1953 537">Derogatory Seasoning</th> </tr> </thead> <tbody> <tr> <td data-bbox="485 537 1073 683">Bankruptcy</td> <td data-bbox="1073 537 1953 683"> <ul style="list-style-type: none"> • CH 7 – 36 months • CH 11 – 36 months • CH 13 – 12 months of the pay-out period has elapsed with satisfactory performance and court approval </td> </tr> <tr> <td data-bbox="485 683 1073 721">Foreclosure</td> <td data-bbox="1073 683 1953 721"> <ul style="list-style-type: none"> • 36 Months </td> </tr> <tr> <td data-bbox="485 721 1073 792">Deed-in-Lieu, Pre-Foreclosure, Charge-off of Mortgage account</td> <td data-bbox="1073 721 1953 792"> <ul style="list-style-type: none"> • 36 Months </td> </tr> <tr> <td data-bbox="485 792 1073 829">Short Sale</td> <td data-bbox="1073 792 1953 829"> <ul style="list-style-type: none"> • 36 months </td> </tr> <tr> <td data-bbox="485 829 1073 889">Mortgage Modification</td> <td data-bbox="1073 829 1953 889">Utilize the payment history in accordance with the modification agreement to determine acceptable mortgage history for the most recent 12 months</td> </tr> <tr> <td data-bbox="485 889 1073 987">Foreclosure and Bankruptcy on the same Mortgage (Mortgages not-reaffirmed)</td> <td data-bbox="1073 889 1953 987">36 months; Manual underwriting required and must demonstrate acceptable mortgage history from bankruptcy discharge</td> </tr> <tr> <td data-bbox="485 987 1073 1094">Judgement / Liens</td> <td data-bbox="1073 987 1953 1094">All non-federal judgments must be paid OR the borrower must have a validated payment arrangement and have made timely payments for three months prior to loan application (prepaying scheduled payments is not acceptable). Outstanding Federal judgements (other than IRS) are ineligible</td> </tr> <tr> <td data-bbox="485 1094 1073 1154">Collections and Charge off</td> <td data-bbox="1073 1094 1953 1154">Charge offs - As per GUS findings (can be ignored). Collections – Underwriter discretion</td> </tr> </tbody> </table>	Derogatory Seasoning		Bankruptcy	<ul style="list-style-type: none"> • CH 7 – 36 months • CH 11 – 36 months • CH 13 – 12 months of the pay-out period has elapsed with satisfactory performance and court approval 	Foreclosure	<ul style="list-style-type: none"> • 36 Months 	Deed-in-Lieu, Pre-Foreclosure, Charge-off of Mortgage account	<ul style="list-style-type: none"> • 36 Months 	Short Sale	<ul style="list-style-type: none"> • 36 months 	Mortgage Modification	Utilize the payment history in accordance with the modification agreement to determine acceptable mortgage history for the most recent 12 months	Foreclosure and Bankruptcy on the same Mortgage (Mortgages not-reaffirmed)	36 months; Manual underwriting required and must demonstrate acceptable mortgage history from bankruptcy discharge	Judgement / Liens	All non-federal judgments must be paid OR the borrower must have a validated payment arrangement and have made timely payments for three months prior to loan application (prepaying scheduled payments is not acceptable). Outstanding Federal judgements (other than IRS) are ineligible	Collections and Charge off	Charge offs - As per GUS findings (can be ignored). Collections – Underwriter discretion
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<p>Student Loan</p>	<p>Student loan payment requirements:</p> <ul style="list-style-type: none"> • Document if the student loan payment is fixed or non-fixed. • If fixed use the actual payment. • If non-fixed use 1% of the outstanding balance. <p>IBR – Interest Based Repayment plan – acceptable</p>																		
<p>Texas 50(a)(6)</p>	<ul style="list-style-type: none"> • Not Allowed 																		

<p>Assets / Reserves</p>	<ul style="list-style-type: none"> Assets / Reserves / Down payment may not be required by the Guaranteed Loan Program. Funds need to be verified and sourced, if applicable.
<p>GIFTS / DOWN PAYMENT</p>	<p>Gift Funds</p> <ul style="list-style-type: none"> Household members who are relatives may give gifts. Gifts can also be from the employer or a labor union. <p>Gift Letter Requirements The gift letter must:</p> <ul style="list-style-type: none"> Specify the dollar amount given. Be signed by the donor and the borrower. State that no repayment is required. Show the donor's name, address, telephone number, and relationship to the borrower. <p>Additionally, the gift letter must also contain language asserting that the funds given to the homebuyer were not made available to the donor from any person or entity with an interest in the sale of the property including the seller, real estate agent or broker, builder, loan officer, or any entity associated with them.</p> <p>Gift Transfer Documentation: Gift Funds in the Homebuyer's Account The lender must document the transfer of the funds from the donor to the homebuyer by obtaining:</p> <ul style="list-style-type: none"> A copy of the canceled check or withdrawal document showing the withdrawal is from the donor's personal account, and The homebuyer's deposit slip or bank statement showing the deposit. <p>Funds Provided at Closing If the transfer of the gift funds is by certified check made on the donor's account the lender must obtain a:</p> <ul style="list-style-type: none"> Bank statement showing the withdrawal from the donor's personal account, and Copy of the certified check. Must reflect the donor's name as the remitter. <p>If the donor purchased a cashier's check, money order, official check, or any other type of bank check as a means of transferring the gift funds:</p> <ul style="list-style-type: none"> The donor must provide a withdrawal document (or) Canceled check for the amount of the gift showing the funds came from the donor's personal account.
<p>Non-Occupant Co-Borrower:</p>	<ul style="list-style-type: none"> Not Allowed
<p>Multiple Properties</p>	<p>Cannot own any other property. If borrower owns property in the community area, property must be functionally inadequate or structurally unsound.</p>

Property	<p><u>Property / Appraisals</u> We must have a full FHA appraisal. A full Uniform Residential Appraisal Report with Market conditions Addendum is required. Only FHA transferred appraisals are eligible. Based on the property type, the following appraisal report form must be used:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Property Type</th> <th style="text-align: center;">Form Name/No.</th> </tr> </thead> <tbody> <tr> <td>Single-Family Residence (SFR), Planned Unit Development (PUD)</td> <td>Uniform Residential Appraisal Form (#1004/#70) And 1004MC</td> </tr> <tr> <td>Condominiums</td> <td>FNMA Form 1073 and 1004MC</td> </tr> <tr> <td>Site Condominiums</td> <td>FNMA Form 1073 and 1004MC</td> </tr> </tbody> </table> <p>If the appraisal report will be more than 120 days old, a new appraisal will be required.</p> <p>For refinance transactions, a full appraisal is required.</p> <p>Appraisals must be completed by an FHA Roster appraiser for Rural Housing loans. When prepared in accordance with HUD Handbook 4000.1. the appraisal constitutes acceptable documentation to comply with existing dwelling inspections made in accordance with RD Instruction 1980-D, section 1980.341(b)(1)(i). The lender should be careful to select an appraiser familiar with and who can certify that the requirements of HUD Handbook 4000.1</p> <p>The septic system must be free of observable evidence of failure. An FHA roster appraiser, government health authority, licensed septic professional, or qualified home inspector may perform the septic system evaluation. An FHA roster appraiser or qualified home inspector may require an additional inspection due to their observations.</p> <p>The local health authority or state certified laboratory must perform a water quality analysis. The water quality must meet state and local standards. The Safe Water Drinking Act does not apply to private wells. Contact the EPA at (800) 426-4791 for referrals to certified labs and other inquiries.</p> <p>A flip transaction is generally defined as a purchase transaction for a property that has recently been acquired by the Seller and is being sold for a quick profit. A flip transaction is evident if the title reveals several changes in ownership in the course of a few months.</p> <p><u>Ineligible Properties</u></p> <ul style="list-style-type: none"> • 2-4 Units • Cond's not on FHA's Approved Condominium Project list. • Manufactured Homes with accessory units or guest houses • Condotels • Cond/PUD with pending litigation • Working Farms, ranges, orchards, and/or commercial operations, or with outbuildings that could be rented out. • 1-unit properties with accessory units • Cooperatives • Properties located in flood or mudslide zone • Timeshare units • Houseboats • Properties with deed restrictions that limit transferability of title. • Unique Properties: Dome, geothermal, foundation on stilts, one of kind luxury residences 	Property Type	Form Name/No.	Single-Family Residence (SFR), Planned Unit Development (PUD)	Uniform Residential Appraisal Form (#1004/#70) And 1004MC	Condominiums	FNMA Form 1073 and 1004MC	Site Condominiums	FNMA Form 1073 and 1004MC
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	<ul style="list-style-type: none"> • Properties located in an area not designated as rural by RHS. • Mixed use properties • Properties with water purification systems • Singlewide Manufactured Homes. 			
Other Income	Alimony or Child Support	Allowed	Foster-Care Income	Not Allowed
	Automobile Allowances	Allowed	Foreign Income	Not Allowed
	Boarder Income	Not Allowed	Interest/Dividend Income	Allowed
	Capital Gains Income	Allowed	Notes Receivable	Allowed
	Expected Income(Future Income)	Allowed	Royalty Payment Income	Allowed
	Housing or Parsonage Allowance	Allowed	Tip Income	Allowed
	Employment Related Assets (Asset Depletion) Some examples: 401(k), IRA, SEP, Keogh.	Allowed	Trust Income	Allowed
Manufactured Home	<p>Manufactured Homes:</p> <ul style="list-style-type: none"> ▪ Units must be brand new. ▪ Not permitted in AK, CT, GA, IL, MN, MO, MS, ND, NE, NY, SD, TN, VT and WV. 			
Escrow Holdback	<ul style="list-style-type: none"> • Not Allowed 			
USDA - GRH Guidelines	<p>For further information not covered here please proceed to USDA – GRH Guidelines</p> <ul style="list-style-type: none"> • USDA - GRH Guidelines 			