

Effective: March 27, 2020

Occupancy	Min Credit Score	Max DTI Ratio	Max Loan Amount
Conforming and High Balance			
Primary Residence	660	29/41¹	Based on Income Eligibility
Transaction Type	Max LTV	Max CLTV	Mortgage Rating²
Purchase	100% ³⁴	100% ⁴⁵	0x30 for 12 months prior to application date
Rate/Term	100%	100%	0x30 for 12 months prior to application date
Streamline Refinance	100%	100%	0x30 for 12 months prior to application date

¹ Please refer to the DTI section for additional information on ratio limitations

² Mortgages must remain current through the month prior to disbursement. If less than 12 months of history on the mortgage, all mortgage payments must be made within the month due.)

³ New construction not meeting all required plan certification, inspections, and warranty document requirements are limited to 90% LTV

⁴ LTV limit is 100% of appraised value, closing costs may be financed up to the amount in which the appraised value exceeds the sales price.

General Eligibility	
Eligible Borrowers	<ul style="list-style-type: none"> U.S. Citizens, Permanent Residents, and Qualified Non-Permanent Residents with valid documentation to support legal residency <ul style="list-style-type: none"> All non-US Citizens must be run through SAFE in GUS to determine eligibility based on residency documentation. Maximum of 4 borrowers per transaction. Borrowers must not qualify for conventional financing to be eligible for USDA financing (see "Qualification")
Ineligible Borrowers	<ul style="list-style-type: none"> Borrowers without a valid SSN, Borrowers with a history of utilizing an SSN that was not legally obtained, Borrowers with no credit score, Borrowers classified under Diplomatic Immunity, Temporary Protected Status, Deferred Enforced Departure, or Humanitarian Parole. DACA recipients (EAD Category C33)
Eligibility	<ul style="list-style-type: none"> GUS Approve/Eligible, The subject property must be in an "eligible" location, and Borrowers Annual Income must be below the established "moderate-income level" based on the property location Property and Income eligibility can be determined at https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?NavKey=home@1
Ineligible	<ul style="list-style-type: none"> Temporary rate buy downs, Manual underwriting Escrow waivers, Energy Efficient Mortgages (EEM), Mortgage Credit Certificates (MCC), Leased equipment, PACE Obligations
Minimum Loan Amt	\$75,000
Guarantee Fees	<ul style="list-style-type: none"> Upfront Fee: 1% of loan. <ul style="list-style-type: none"> When the fee is to be financed in the loan amount, calculate as: (loan amount / 0.99) - loan amount. When not financed, calculate as: loan amount x 1%. Annual Fee: 0.35%
Qualification	<p>The following criteria are used to determine if a borrower will qualify for conventional financing:</p> <ul style="list-style-type: none"> Sufficient liquid assets for 20% down payment and closing costs (assets subject to withdrawal penalties are not considered), DTI of 28/36 or less with the 20% down payment considered, and Otherwise meet conventional credit requirements.
Net Tangible Benefit	<ul style="list-style-type: none"> Rate/Term and Streamline refinance must have a perceived benefit to the borrower The interest rate on the new mortgage cannot exceed the interest rate on the existing lien
ARM	Not permitted
Loan Term	30-year fixed rate only
Subordinate Financing	Subordinate financing not permitted.
Land Contracts	Transactions involving land contracts are not eligible
Living Trusts	A copy of the trust agreement is required, and subject to review and acceptance by JMAC Lending
Power of Attorney	<p>Acceptable for military or incapacitated borrowers only</p> <ul style="list-style-type: none"> For military borrowers:

	<ul style="list-style-type: none"> ○ A POA may only be used on either the initial or the final application & disclosures, not both; ○ The borrower must be on overseas duty or unaccompanied tour • For incapacitated borrowers; <ul style="list-style-type: none"> ○ Sufficient evidence of their inability to sign must be provided • The POA in both cases must provide specific authority to encumber the property and obligate the borrower • See HB 1-3555 for full requirements.
E-signature	<ul style="list-style-type: none"> • E-signatures acceptable • E-signature must be validated with some type of authentication, tracking, or independent verification. • Copy and pasted PDF signatures are NOT acceptable.
4506T	<ul style="list-style-type: none"> • 4506T authorization form required on all transactions for borrowers only • Full 1040 transcripts are verified to validate the documentation used for the annual income calculation
Occupancy	All borrowers must occupy (refinance) or intend to occupy (purchase) the subject property as their primary residence
Non-Occupant Co-Borrower	Not permitted
Cash Back to Borrower	<ul style="list-style-type: none"> • Borrowers may only receive cash back at closing to the amount the borrower paid out of pocket for costs such as: <ul style="list-style-type: none"> ○ A deposit of earnest money, ○ An appraisal, or ○ Other allowable items that may be financed with the loan being guaranteed • The borrower must document that funds used for these items came from personal funds, and not paid by credit card
Credit	
Social Security #	<ul style="list-style-type: none"> • SSN must be fully validated on income documents • Discrepancies require processing of SSA-89
Credit Report	<ul style="list-style-type: none"> • Full trimerge credit report is required • Non-borrowing spouse credit report is also required in community property states
Credit History	<ul style="list-style-type: none"> • Per GUS
Housing Rating	<ul style="list-style-type: none"> • Mortgages that are not rated on the credit report require a VOM to document an acceptable housing rating • GUS Approved: <ul style="list-style-type: none"> ○ There can be no lates in the last 12 months, ○ Lates greater than 12 months are accepted per AUS
Payment Shock	<ul style="list-style-type: none"> • GUS Approved: <ul style="list-style-type: none"> ○ Per AUS
Collections	<ul style="list-style-type: none"> • All open collections must be listed on the application as a liability • Collections with an active balance require capacity analysis: <ul style="list-style-type: none"> ○ If the aggregate balance of all open (non-medical) collections exceed \$2000, they must be paid in full, or be in an established repayment plan with satisfactory payment history, or ○ A 5% payment will be included in qualifying ratios • GUS Approved: <ul style="list-style-type: none"> ○ Per AUS approval, ○ The underwriter must explain their reason for approval in GUS in the "assets and liabilities" page next to each open collection
Charge Offs	<ul style="list-style-type: none"> • All charge offs must be listed on the application as a liability • GUS Approved: <ul style="list-style-type: none"> ○ Per AUS approval
Disputed Accounts	<ul style="list-style-type: none"> • Disputed accounts require an LOE from the borrower, and documentation to support the basis of the dispute

	<ul style="list-style-type: none"> • GUS Approved: <ul style="list-style-type: none"> ○ Must be downgraded to manual underwriting, and denied unless any of the following apply to the disputed tradeline: <ul style="list-style-type: none"> ▪ The tradeline has a \$0 balance, ▪ The tradeline is marked "paid in full" or "resolved", or ▪ The tradeline has a balance of < \$500 and is more than 24 months old
Judgments	<ul style="list-style-type: none"> • Non-Federal Judgments may remain unpaid if the borrower documents an existing repayment plan with at least 3 months of payments made prior to the date of the application • Payments cannot be prepaid to meet the 3-month requirement • Borrower must have a satisfactory repayment history <ul style="list-style-type: none"> ○ Judgments not meeting the 3 criteria above must be paid in full, and ○ All funds used to satisfy the account must be sourced • Any lien corresponding to the judgment must be subordinated if remaining in a repayment plan • Any Federal (non-tax) judgment must be paid in full
Liens	<ul style="list-style-type: none"> • Federal Tax Liens may remain unpaid if the borrower documents an existing repayment plan with at least 3 months of payments made prior to the date of the application • Payments cannot be prepaid to meet the 3-month requirement • Borrower must have a satisfactory repayment history <ul style="list-style-type: none"> ○ Federal Tax Liens not meeting the 3 criteria above must be paid in full, and ○ All funds used to satisfy the lien must be sourced • If the lien is reporting on title it must be subordinated to the new first mortgage • All other liens must be paid in full and satisfied
Government Debt	Borrowers cannot have any outstanding delinquent Federal Debt or Obligation including IRS debt that has not yet become a lien.
Modifications	<ul style="list-style-type: none"> • GUS Approved: <ul style="list-style-type: none"> ○ Per AUS approval
Foreclosure/Short Sale/Deed in Lieu	<ul style="list-style-type: none"> • GUS Approved: <ul style="list-style-type: none"> ○ 3 years from the date of title transfer due to foreclosure, short sale, or deed in lieu
Bankruptcy	<ul style="list-style-type: none"> • GUS Approved: <ul style="list-style-type: none"> ○ Chapter 7 & Chapter 13: Per AUS approval; ○ Borrowers in an active Ch. 13 are ineligible
Credit Counseling	<ul style="list-style-type: none"> • At least 1 year under the payout period has elapsed, • All payments must have been made on time, and • Borrower must receive written permission from the counseling agency to enter a new mortgage.
Non-Traditional	<ul style="list-style-type: none"> • Non-traditional credit is not permitted • Borrowers must have at least 1 valid credit score.
Student Loans	<ul style="list-style-type: none"> • Student loans must be considered in the DTI regardless of payment type, or status of payments • Include the payment as follows: <ul style="list-style-type: none"> ○ <u>Fixed payment loans</u>: A permanent amortized, fixed payment may be used in the debt ratio when the lender retains documentation to verify the payment is fixed, the interest rate is fixed, and the repayment term is fixed. ○ <u>Non-Fixed payment loans</u>: Payments for deferred loans, Income Based Repayment (IBR), Graduated, Adjustable, and other types of repayment agreements which are not fixed cannot be used in the total debt ratio calculation. <u>The higher of one half percent (.50%) of the loan balance or the actual payment reflected on the credit report</u> must be used as the monthly payment in the underwriter decision. No additional documentation is required.
Downgrades	<ul style="list-style-type: none"> • GUS findings may be invalidated if any downgrade reason per HB 1-3555.

	<ul style="list-style-type: none"> In those cases, the loan must be downgraded, and not eligible Downgrade reasons include but are not limited to: <ul style="list-style-type: none"> Certain disputed accounts, Certain authorized user accounts, Any derogatory or contradictory information not analyzed by GUS, and Short sales within 3 years of the application.
Income and Assets	
Income	<ul style="list-style-type: none"> Full income documentation is required for all adult household members Income calculations to determine eligibility for the GRH program are based on the adjusted annual income of all adult household members Calculations for repayment of the mortgage (DTI) are based on the stable and reliable income from applicants only For methodology guidance on each income calculation, refer to HB 1-3555.
Self-Employment	<ul style="list-style-type: none"> Borrowers with 25% or greater ownership interest in a business must provide: <ul style="list-style-type: none"> Signed personal, and business tax returns for the most recent 2 years A profit & loss, and balance sheet are required when more than a calendar quarter has elapsed since the last tax filing A 2-year history of self-employment is required for consideration in the repayment calculation
Non-Taxable Income	Non-taxable income may be grossed up by 25% for repayment income but should not be grossed up for the annual income calculation
Verification of Employment	<ul style="list-style-type: none"> Verbal re-verification of employment required for all wage earners within 10 days of the note Self-employed borrowers must be verified by an acceptable third party within 30 days of the note 411.com, Manta, Chamber of Commerce, or other website where business owners add their own information are not acceptable sources of verification
DTI	GUS Approved: Per GUS approval
Assets	<p>A two-month average monthly balance of liquid assets most accurately represents the true value of the account since accounts, such as checking accounts often fluctuate significantly during the month from deposit to average monthly balance</p> <ul style="list-style-type: none"> The amount considered is the lesser of: <ul style="list-style-type: none"> The two-month average balance, or The actual balance (as reported on the most recent statement) Assets for all members of the household must be disclosed and analyzed for the annual income calculation
Joint Accounts	Access letter for all joint accounts where any account holder is not a borrower on the loan
Unacceptable Assets	<ul style="list-style-type: none"> Cash for which the source cannot be verified, and Funds from any party to the transaction other than eligible gift donors
Gift Funds	<ul style="list-style-type: none"> Permitted; must be documented in accordance with standard RD guidelines Cannot be used for reserves Donors bank statement always required Funds cannot come from an unallowable source, including a business account unless the donor is a sole proprietorship, or the borrower's employer Cash is not an acceptable source of gift funds
Reserves	<ul style="list-style-type: none"> Only 60% of the vested balance of retirement assets may be considered; Accounts that restrict withdrawals to circumstances involving the borrower's employment separation, retirement, or death may not be considered
VOD	<ul style="list-style-type: none"> A VOD obtained directly from the financial institution may be used and must reflect the current and 2-month average balance Two months consecutive bank statements may be used in lieu of a VOD
Business Funds	<ul style="list-style-type: none"> CPA letter indicating the use of business assets will not materially affect the daily business operation Use of funds is limited to borrower's % of ownership in the business
Concessions	<ul style="list-style-type: none"> Interested party contributions for closing costs and prepaid expenses up to 6% Concessions exceeding 6% are not eligible.
Collateral	

Eligible Properties	<ul style="list-style-type: none"> SFR, PUD, Condos within an FHA, or VA Approved project or that are acceptable to Fannie Mae or Freddie Mac
Ineligible Properties	<ul style="list-style-type: none"> Condos without a current and valid Condo Project Approval, or with pending litigation Manufactured, or mobile homes, 2-4 unit properties, Co-Ops, Commercial or industrial properties, Unique or irregular properties (dome/log/etc.), Working farms, Marijuana producing properties, Properties secured by Community Land Trusts, Properties located in a designated Coastal Barrier Resource System (CBRS), Properties located in Wrightwood, CA, or Properties located on Indian Reservations or Tribal Lands The property must not include buildings typically used for income-producing purposes
Land Subsidence	Properties with evidence of land subsidence (sinkholes, or equivalent activity) are ineligible
Lava Zones	Lava Zones 1 & 2 are ineligible
Hazard Insurance	<ul style="list-style-type: none"> Hazard insurance coverage (dwelling limit plus any extended replacement) must be enough to cover the "estimated cost new" on appraisal Condo's and attached PUD's must provide: <ul style="list-style-type: none"> Master policy, and Evidence of "walls-in" coverage, otherwise a separate HO-6 policy is required Maximum deductible is the greater of: <ul style="list-style-type: none"> \$1,000 or 1%
Property Flipping	<ul style="list-style-type: none"> Value must be strongly supported when a significant increase between sales occur when resold within 12 months The lender must perform a thorough review of the appraisal report to validate and support the property's value and protect the applicants from possible predatory real estate lending
Defective Paint	<ul style="list-style-type: none"> Properties with defective paint surfaces built prior to 1978 require correction by an EPA certified contractor A copy of the contractors EPA certification is required If homeowner will be completing the repairs, a letter from the homeowner is required stating that they completed all the work Exterior exposed surfaces (wood) must be sealed, painted, or otherwise treated regardless of the year built
Leased Equipment	Not permitted
PACE	Not permitted
Private Water Source	<p>Private wells, and community water systems required a water test completed by a state licensed EPA certified lab to confirm that the water quality meets local standards for potable (drinking) water</p> <ul style="list-style-type: none"> Private well tests must be dated within 120 days of note date, and Community tests must be most recent available
Deed Restrictions	Properties subject to deed restrictions, or any type of restriction on conveyance other than acceptable age restricted communities (55+), are not eligible.
Repair Escrow/ Holdbacks	Not permitted
Transaction Specific	

Purchases	Seller must be owner of record at the time of purchase contract execution
All Refinances	<ul style="list-style-type: none"> At least one borrower on the application must hold title at the time of application Properties listed for sale at the time of application not eligible Must be paying off an existing USDA mortgage The interest rate of the new loan may not exceed the interest rate of the loan being refinanced
Rate/Term (Non-Streamline)	<ul style="list-style-type: none"> The new loan may include the principal and interest of the existing Agency loan, reasonable closing costs and lenders fees to extent there is sufficient equity in the property as determined by an appraisal The appraised value may be exceeded by the amount of up-front guarantee fee financed The new loan amount may never exceed the balance of the loan being refinanced including accrued interest, the guarantee fee, and reasonable closing costs The appraised value may be exceeded by the amount of up-front guarantee fee when financed
Streamline Refinance	<ul style="list-style-type: none"> No appraisal is required Fully credit qualifying transaction Must meet all standard credit, income and asset guidelines Payoff of Section 502 Direct Loans is not permitted, existing mortgage must be a Section 502 Guaranteed Loan The new loan amount cannot include any accrued interest, closing costs or lender fees The refinance up-front guarantee fee can be included in the loan to be refinanced to the extent financing does not exceed the original loan amount. The following seasoning requirements apply: <ul style="list-style-type: none"> Must have made at least 6 payments beginning with the first payment due date, and The first payment due date of the new loan must be at least 210 days after the first payment due date of the existing loan
Cash Out	Not permitted
Texas	<ul style="list-style-type: none"> If prelim indicates any prior Texas 50(a)(6) refinances, property is ineligible for refinance Cash out not permitted in Texas, borrower may not receive ANY funds back at closing (not even \$0.01) Any existing secondary financing must be subordinated with a recorded subordination agreement (automatic subordination not permitted) <ul style="list-style-type: none"> A copy of the note and deed for the subordinate financing is required
Rural Development (USDA) Approved Compensating Factors Chart	
Max Qualifying Ratios	Acceptable Compensating Factors
29%/41%	No Compensating factors are required
Purchase 32%/44%	<p>At least one compensating factor from the following list for PURCHASE:</p> <ul style="list-style-type: none"> Proposed PITI is less than or equal to the borrower's current verified housing expense for 12 months preceding the application date. A VOR must be provided, and canceled checks required for private party landlords. There may be no delinquencies in the past 12 months. 3 months of PITI reserves after closing. All borrowers have been continuously employed at their current employer for a minimum of 2 years. A WVOE is required for all applicants. This compensating factor may not be considered for self-employed borrowers.
Refinance 32%/44%	<p>Sufficient compensating factors from the following list (based on overall risk) for REFINANCE:</p> <ul style="list-style-type: none"> Credit score of 680 or higher. Credit scores of 680 and higher can be documented as a standalone compensating factor for a debt ratio waiver request, if no additional risk layers are present. The borrower has successfully demonstrated the ability to pay housing expenses equal to or greater than the new proposed PITI for the past 12 months. Cash reserves post-closing. The borrower(s) has demonstrated an ability to accumulate savings comparable to the difference between current housing costs and projected costs. Continuous employment with the current primary employer. The borrower has demonstrated a conservative attitude toward the use of credit.

