



first community mortgage

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USDA RURAL DEVELOPMENT PRODUCT GUIDE DELEGATED CORRESPONDENT

CLICK HERE TO VIEW CURRENT 7 CFR 3555 HANDBOOK	
PROGRAM OVERVIEW	
A program designed by the United States Department of Agriculture to facilitate homeownership in rural areas through lower down payment options and lower Mortgage Insurance amounts than traditional FHA and Conventional products.	
PROGRAM TERMS	
FCM RD LENDER ID	<ul style="list-style-type: none"> • 412031753
TERM	<ul style="list-style-type: none"> • 30 Year Fixed Only
LOAN TYPE	<ul style="list-style-type: none"> • Fixed Rate Only
OCCUPANCY TYPE	<ul style="list-style-type: none"> • Primary Residence Only
LOAN-TO-VALUE	<ul style="list-style-type: none"> • For the most recent FCM Credit Score/LTV Matrix please reference the link below: FCM Credit Score/LTV Matrix • 100% LTV based on appraisal, plus the financed Guarantee Fee • For Purchases and Standard Refinances: Closing costs, but not discount points, can be financed when there is sufficient equity as supported by the appraisal
MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • For Purchases: Determined by appraised value and Loan-To-Value calculations shown above • For Standard Refinances: The maximum loan amount cannot exceed the balance of the loan being refinanced, plus the guarantee fee, and reasonable and customary closing costs.
SECONDARY FINANCING	<ul style="list-style-type: none"> • Only allowed from an approved government or non-profit down payment assistance 2nd lien
ESCROWS	<ul style="list-style-type: none"> • Tax and Insurance escrow required
BORROWER ELIGIBILITY	
GENERAL	<ul style="list-style-type: none"> • Powers of Attorney are acceptable. Follow specific RD requirements for borrowers who are in the Military or are Incapacitated.
EMPLOYMENT & INCOME	<ul style="list-style-type: none"> • When considering income, the underwrite must verify the borrower meets income eligibility requirements using ALL sources of income • Eligibility Income – In order to be eligible for a Rural Development guaranteed loan the Borrowers’ adjusted household income cannot exceed the maximum allowable income limit set forth by the USDA. Income limits can be found by clicking here. • Qualifying Income DTI restrictions: <ul style="list-style-type: none"> ◊ GUS Accept: Determined by GUS ◊ GUS Refer: 29%/41% DTI (Ratio waivers permitted with RD concurrence and documented compensating factors) • Tax Transcripts: <ul style="list-style-type: none"> ◊ Are required for all adult household members
ASSETS & RESERVES	<ul style="list-style-type: none"> • Borrower may not have assets sufficient to obtain financing via a conventional uninsured product offering (20% down) • Asset Types: <ul style="list-style-type: none"> Cash on Hand is not permitted ◊ Gift Funds are permitted and may be used for closing costs or down payment and reserves ◊ Borrowing of Unsecured Funds: This is an acceptable source of funds as long as the monthly payment for the new debt is included in the ratio calculations. These funds cannot be used for reserves • Reserves are not required

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CREDIT	
MINIMUM CREDIT SCORE	<ul style="list-style-type: none"> For the most recent FCM Credit Score/LTV Matrix please reference the link below: FCM Credit Score/LTV Matrix
CREDIT REPORT REQUIREMENTS	<ul style="list-style-type: none"> Determining Qualifying Credit Score: <ul style="list-style-type: none"> Three Scores provided: use mid-score Two Scores provided: use lower of the two One Score and No Score acceptable, follow RD Handbook Non Traditional Credit requirements.
CREDIT	<ul style="list-style-type: none"> All loans must be submitted through the Guaranteed Underwriting System (GUS) <ul style="list-style-type: none"> Acceptable Recommendations: Accept/Eligible, Refer or Refer with Caution with RD Commitment Unacceptable Recommendations: Accept/Ineligible
AGE OF CREDIT DOCS	<ul style="list-style-type: none"> All credit docs (credit report, income, assets, etc.) must be dated within 120 days of note date
PROPERTY	
GEOGRAPHICAL RESTRICTIONS	<ul style="list-style-type: none"> In order for a property to be eligible for a Rural Development Guaranteed Loan, the property must be located in a rural designated area as defined by the USDA. Eligible areas can be found by clicking here. Existing properties must meet the current requirements of HUD Handbooks 4150.2 and 4905.1 Location of property is further restricted by FCM's standard lending footprint.
INELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> Manufactured Homes
NEW CONSTRUCTION REQUIREMENTS	<ul style="list-style-type: none"> Evidence of certified plans and specifications by any one of the following methods: <ul style="list-style-type: none"> Copy of certification from a qualified individual Building Permit Certificate of Occupancy Evidence of construction inspections by any one of the following methods: <ul style="list-style-type: none"> Certificate of Occupancy and one year insured builder warranty acceptable to Rural Development Three construction phase inspections Final Inspection and a ten-year insured builder warranty plan acceptable to Rural Development Confirm thermal standards in accordance with 1980.340(a) of RD instruction 1980-D are met. The final inspection or Certificate of Occupancy issued by local jurisdiction meets this requirement. Otherwise, certification may be by builder, qualified registered architect or qualified registered engineer.
NON-STREAMLINED/RATE AND TERM REFINANCE	
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> Additional Borrowers may be added to the new guaranteed loan. Existing borrowers on the current mortgage note may be removed, however, at least one of the original borrowers must be an applicant for the new refinance.
CREDIT	<ul style="list-style-type: none"> Applicant must meet all credit and income requirements as stated in the guidelines GUS may be used for loan approval DTI Ratios are 29%/41%. DTI exceptions may be requested when strong compensating factors exist (ie. Current satisfactory mortgage payment history)

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MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> Maximum loan amount not to exceed the new appraised value except by the upfront guarantee fee. The following may be included in the new loan amount: Existing principal and interest, closing costs and fund for new escrow account. All discount fees must be used to permanently reduce the interest rate for the term of the loan.
PROPERTY ELIGIBILITY	<ul style="list-style-type: none"> Property must be owned and occupied by the borrowers as their principal residence A complete 1004/70 or 1073 appraisal report is required No safe water drinking tests, septic inspections or thermal certifications are necessary
SECONDARY FINANCING	<ul style="list-style-type: none"> Existing secondary financing cannot be included in the new loan amount Any existing secondary financing must be subordinate to the new first lien
ADDITIONAL TERMS	<ul style="list-style-type: none"> The existing loan must have closed 12 months prior to request for a refinance and must be current for the 180-day period prior to RD's receipt for conditional commitment (Application date to Final to RD date) No cash out is allowed Interest rate of the new loan cannot exceed the interest rate of the loan being refinanced
STREAMLINE ASSIST	
CREDIT	<ul style="list-style-type: none"> 0x30x12 months is required on current mortgage The borrower is not required to meet all of the credit requirements as laid out in the handbook. A credit report with a minimum score of 620 and the existing mortgage reported is required. (Mortgage Only with Score is acceptable)
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> Borrowers may be added but not removed.
PROPERTY ELIGIBILITY	<ul style="list-style-type: none"> No new appraisals or property inspections are required
EMPLOYMENT & INCOME	<ul style="list-style-type: none"> Income must be reported. Front End and Back End DTIs may be the same if a mortgage only credit report is used. DTI will calculate since income is reported but is not required to meet RD requirements/DTI limits.
LOAN AMOUNT	<ul style="list-style-type: none"> The maximum loan amount may include the principal and interest balance of the existing loan, eligible loan closing costs, funds for new escrow accounts and the USDA Guarantee Fee. Discount points may be charged up to 2%. All discount fees must be used to permanently reduce the interest rate for the term of the loan.
DOCUMENTATION LIST	<ul style="list-style-type: none"> A Payoff good through Funding Date 1003 Standard income documentation and RD Income worksheet evidencing borrower's income eligibility. Follow Tax Transcript Policy 1980-21 "REQUEST FOR SINGLE FAMILY HOUSING GUARANTEE" Flood Certificate with insurance if applicable Evidence of 12 month pay history on current mortgage RD Final Approval/Commitment
ADDITIONAL TERMS	<ul style="list-style-type: none"> All Streamlined Assist Refinance loans will be manually underwritten, no GUS findings are required The existing loan must have closed 12 months prior to application for a refinance. (Note Date to Application Date) The borrowers must have a net tangible benefit of at least \$50 per month reduction in PITI and annual fee when compared to the existing payment. 30 Year Terms Only Cash Out/Cash to the Borrower is not permitted

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