

USDA REPAIR ESCROW

PROGRAM SPECIFICATIONS	
Channels	<ul style="list-style-type: none"> • Broker • Correspondent <ul style="list-style-type: none"> ○ Table Funded ○ Non-Delegated UW ○ Delegated UW
FICO	<ul style="list-style-type: none"> • 620 minimum qualifying credit score for all qualifying borrowers • 2 credit scores required for all qualifying borrowers
UW Method	<ul style="list-style-type: none"> • Guaranteed Underwriting System (GUS)
AUS Recommendation	<ul style="list-style-type: none"> • Accept/Eligible • Refer/Eligible
Eligible Terms	<ul style="list-style-type: none"> • 30 Yr. Fully Amortizing Fixed
Eligible Transaction Types	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance
Eligible Property Types	<p>The security property must be owned and occupied by the applicants as their principal residence</p> <ul style="list-style-type: none"> • 1Unit • Condominiums (3555.205) <ul style="list-style-type: none"> ○ Must be approved or accepted by HUD/FHA, VA, Fannie Mae or Freddie Mac • PUDs (3555.207) • New Manufactured Housing (3555.102 and 3555.208) <ul style="list-style-type: none"> ○ Singlewide & Multi-wide • Existing Manufactured Housing <ul style="list-style-type: none"> ○ Follow the guidelines for the Existing Manufactured Housing Unit Pilot Program
Maximum LTV	<ul style="list-style-type: none"> • 100% of the appraised value
Maximum DTI	<p>Accept/Eligible GUS: Follow findings</p> <p>Refer/Manual Underwriting:</p> <ul style="list-style-type: none"> • The monthly housing expense to income ratio may not exceed 29 percent of repayment income. • The total debt ratio may not exceed 41 percent of repayment income.
Repairs	<p>The combination of both exterior AND interior repair escrows cannot exceed 10 percent of the final loan amount.</p> <p>Repair items will be required to be completed within 180 days of loan closing.</p>
Maximum Escrow Amount	<ul style="list-style-type: none"> • Cost of the repairs • Contingency Reserve - 1.5 times the cost of repairs • 2 inspections @ \$165 each
Ineligible Repairs	<ul style="list-style-type: none"> • Escrow accounts are not permitted for foundation/structural, electric, and plumbing repairs. • Any repair affecting the livability of the structure
Inspection	<p>A final inspection report on a 1004D must be completed by the appraiser with photos certifying the defect/repair has been properly repaired is required as outlined in the 3555-1.</p>
Guarantee Fee	<p>USDA Rural Development guaranteed home loans obligated in fiscal year 2018 (October 1, 2017 through September 30, 2018) will be subject to the following fee schedule:</p> <ul style="list-style-type: none"> • Upfront Guarantee Fee: 1% • Annual Fee: 0.35%
Income Limits	<p>The Borrower's adjusted income may not exceed the Rural Development limit for the area</p> <ul style="list-style-type: none"> • Income Eligibility <ul style="list-style-type: none"> ○ http://eligibility.sc.egov.usda.gov/eligibility/incomeEligibilityAction.do?pageAction=state&NavKey=income@11 • Income Limits <ul style="list-style-type: none"> ○ https://www.rd.usda.gov/files/RD-GRHLimitMap.pdf
Property Eligibility	<p>http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfp&NavKey=property@11</p> <p>UW must determine the home is habitable</p>



Geographic Restrictions	Hawaii <ul style="list-style-type: none">AFR does not operate in the state of Hawaii and does not permit loans with a subject property in Hawaii for all programs in all channels with the exception of Correspondent Delegated UW transactions.
Guidelines	https://www.rd.usda.gov/files/3555-1chapter12.pdf
Forms	See FORMS in the Resource Center
OVERLAYS	
Follow all overlays outlined in the Single Family Guaranteed Loan Program (USDA) Program Matrix and: <ul style="list-style-type: none">AFR will require a contingency reserve of 1.5 times the cost of repairsNo self-help permittedBorrower is not permitted to contribute their own funds to the repair escrowAFR requires an FHA Roster Appraiser to perform the appraisal	

