

USDA REPAIR ESCROW

PROGRAM SPECIFICATIONS	
Channels	<ul style="list-style-type: none"> Broker Correspondent <ul style="list-style-type: none"> Non-Delegated UW Delegated UW <ul style="list-style-type: none"> Important: CDE clients <u>must</u> complete an interview with the AFR Renovation Department and be approved <u>prior</u> to submission on any USDA Repair Escrow transaction.
FICO	<ul style="list-style-type: none"> 580 minimum qualifying credit score for all qualifying borrowers 1 credit score required for all qualifying borrowers, Use the middle score if 3 credit scores, or The lower of the two if 2 credit scores. Lowest representative score from all borrowers will be used for qualification purposes.
UW Method	<ul style="list-style-type: none"> Guaranteed Underwriting System (GUS)
AUS Recommendation	<ul style="list-style-type: none"> Accept/Accept Refer Refer with Caution <p>Note: Reference Chapter 10 of HB-1-3555 Guaranteed Loan Program Technical Handbook for Refer, Refer with Caution and Manual Underwriting requirements</p>
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 <p>Refinance Seasoning for existing USDA Loans:</p> <ul style="list-style-type: none"> The existing USDA loan being refinanced must have closed at least 180 days prior to the request for Conditional Commitment, The existing USDA loan being refinanced must have a mortgage payment history which does not reflect a delinquency greater than 30 days within the previous 180-day period.
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) Manufactured Housing (3555.102 and 3555.208) <ul style="list-style-type: none"> Singlewide & Multi-wide
Maximum LTV	<ul style="list-style-type: none"> 100% of the appraised value
Maximum DTI	<ul style="list-style-type: none"> Accept/Eligible GUS: Follow findings GUS Refer, Refer with Caution, and manually Underwritten loans: <ul style="list-style-type: none"> Follow Chapter 11.3, A. & B. of HB-1-3555, and If Total Debt ratio is > 41, a minimum FICO of 680 is required
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	http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfp&NavKey=property@11 UW must determine the home is habitable
Geographic Restrictions	<ul style="list-style-type: none"> • 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. • AFR requires the use of AFR's Texas counsel on all Texas transactions with the exception of Correspondent Delegated loans. AFR utilizes this 3rd party for document preparation and require 48 hours for both title review and to generate a closing package.
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 repairs • No self-help permitted • Borrower is not permitted to contribute their own funds to the repair escrow • AFR requires an FHA Roster Appraiser to perform the appraisal • AFR does not permit the renovation or construction of an Additional Dwelling Unit (A.D.U.). • 2nd level review by AFR Management on any property that is identified to have a current "As-is" property condition rating of C5 or C6. Loan is subject to additional requirements/conditions. Note: "As Completed" Property Condition Rating as determined by the Appraiser must be C1-C4. 	