



Arc Home USDA Program

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USDA Solutions



- **Guaranteed by the U.S. Department of Agriculture**
 - Provides low- and moderate-income households the opportunity to own a Primary Residence in eligible rural areas
- **Eligible Transactions**
 - Purchase
 - Non-Streamline and Streamline-Assist – Rate/Term Refinance of existing USDA loan





USDA

- Up to 100% LTV, plus financed guarantee fee
- Credit score down to 620
- Maximum loan amount per USDA HB-1-3555
- Loan amounts down to \$50,000
- DTI per GUS Accept and USDA HB-1-3555 for Manual UW
- Available for Primary Residence only
- Non-traditional credit permitted





Overview – USDA

- Wholesale Only
- Available Program
 - 30-Year Fixed Rate (Fully Amortized)
- HI ineligible
- All non-streamline loans must be scored on GUS
 - GUS Accept/Eligible OR GUS Refer/Eligible
 - Manual underwriting allowed per USDA guidelines
- **Important Note:** Unless otherwise noted on product matrix and Arc Home overlays, USDA underwriting guidelines apply





General Eligibility – USDA

- Primary Residence ONLY
 - Single Family Residence, includes modular and leasehold
 - Condos – meet Fannie Mae/Freddie Mac project requirements, OR on HUD/VA approved condo list
- Purchase and Rate/Term Refinance
 - Non-Streamline and Streamline-Assist – refinance of existing USDA loan ONLY
 - Refer to HB-1-3555 [Chapter 6](#) and [Chapter 7](#) for max loan amount/LTV
- Escrows for taxes and insurance required, in all cases





Program Eligibility – USDA

- Validate [Property Eligibility](#) for USDA program
- Verify USDA [Annual Income Eligibility](#) meets limits for size of household, county and state of subject property
 - Income eligibility requirements apply – **HOUSEHOLD** income may not exceed 115% of median household income
 - Annual **HOUSEHOLD** income must be documented and calculated – income of all adult household members (≥ 18 years old), regardless of whether they will be parties to the promissory note
 - Completed/signed USDA 4506-C required for **EACH** household member at time of loan application





Borrower Eligibility – USDA

Applicant Characteristics – [Chapter 8](#) of USDA HB-1-3555

- May own one additional SFR property; must not be financed by USDA
- May not meet cumulative criteria of traditional conventional credit
- Agrees to personally occupy the subject as a Primary Residence throughout term of loan
- Individual with legal capacity (considered adult under state law)
- May not be suspended or debarred from participation in Federal programs
 - Screen through Credit Alert Interactive Voice Response System (CAIVRS) and System for Award Management (SAM.gov)
- Acceptable citizenship or immigration status





Credit Requirements – USDA

- Tri-merge credit report required
 - Credit report required for a non-purchasing spouse in a community property state; NPS debts will be considered in DTI
 - Non-traditional credit permitted
- Credit requirements determined by underwriting decision/method (GUS Accept vs. GUS Refer vs. Manual)
 - 620 minimum credit score; must meet minimum number of credit tradelines per USDA guidelines
 - See Attachment 10-A of [USDA guidelines](#) for credit documentation requirements and eligibility





Income and Assets – USDA

Income

- Full Documentation per [USDA guidelines](#)
 - Required for Annual Income (program eligibility) **AND** Repayment Income (qualification)
- Wage Earner:
 - W-2 forms for most recent two (2) years
 - Paycheck stubs or payroll earning statements that report the most recent four (4) weeks of earnings
- Self-Employed:
 - Most recent two (2) years personal and business tax returns with all schedules

Assets and Reserves

- See Attachment 9-A of [USDA guidelines](#) for asset documentation requirements and eligibility for reserves/funds to close
- Reserves will be considered in GUS risk assessment, but are NOT required for program





Additional Information – USDA

- NO Mortgage Insurance
 - **Guarantee Fee:** Currently 1.0% of the principal obligation; non-refundable and paid upfront – may be financed (included in the loan) or paid at closing
 - **Annual Fee:** Currently .35% of average scheduled unpaid principal balance of mortgage; assessed annually

Important Notes

- Guaranteed Underwriting System (GUS)
 - Not integrated with SPARC/LQB
 - Must run outside of SPARC and upload to E-docs
- ALL loans submitted to USDA prior to CTC
 - Conditional Commitment for a Single Family Housing Loan Guarantee (Form RD 3555-18 or Form RD 3555-18E)



USDA Pricing in SPARC



Loan Information

Loan Purpose: Purchase Refinance

First Time Home Buyer? [explain](#)

Impound? Yes

Doc Type: **Full Document** (dropdown menu open)

Appraised Value: \$350,000.00

Sales Price: \$350,000.00

Down Payment: 0.000% (\$0.00)

1st Lien: 100.000% (\$350,000.00)

2nd Financing? No Yes

Rate Lock Period: 30 days

Rate Lock Expiration Date: 11/29/2021 (Assumes a 30-day lock...)

Other Information

Loan Originator is Paid By: Lender Borrower

Lender Fee Buyout Requested? No

Expected AUS Response: **GUS Accept/Eligible** (dropdown menu open)

Estimated Credit Score: 650

Total Monthly Income: \$100,000.00

Number of Financed Properties: 1 [explain](#)

Total Liquid Assets: \$5,000,000.00 [explain](#)

Prior Sales Date: mm/dd/yyyy [explain](#)

Conv Loan PMI Type: No MI

Is UFMIP/FF Financed? Yes

Override Auto-Calculated UFMIP/FF?

FHA UFMIP: 1.750%

VA Funding Fee: 2.300%

USDA Rural Guarantee Fee: 1.000%

USDA UW Type: **Automated UW** (dropdown menu open)

Doc Type dropdown options: Full Document, 12 Mo. Personal Bank Statements, 24 Mo. Personal Bank Statements

Expected AUS Response dropdown options: None/Not Submitted, LPA Accept/Ineligible, LPA A-level 1, A.C. non-origib., LPA Refer, GUS Accept/Eligible, GUS Accept/Ineligible, GUS Refer/Eligible, GUS Refer/Ineligible, GUS Refer with Caution/Eligible, GUS Refer with Caution/Ineligible, TOTAL Approve/Eligible

USDA UW Type dropdown options: No Selection, Automated UW, Manual UW - Traditional Credit, Manual UW - Non Traditional Credit

- **Doc Type**
 - Full Document
- **Expected AUS Response**
 - **Streamline:** None/Not Submitted
 - **Non-Streamline:** GUS Accept/Eligible **OR** GUS Refer/Ineligible
- **USDA UW Type**
 - Automated UW, **OR**
 - Manual UW – Traditional Credit, **OR**
 - Manual UW – Non Traditional Credit

Important Note: Select “USDA” product on “PML Options” tab



Arc Home Resources – USDA



- **Wholesale > Forms and Guidelines > USDA Forms and Guidelines**
 - USDA Standard & High Balance Program Matrix
 - USDA Streamline Program Matrix
 - 4506-C and USDA Instructions
 - USDA Lender Agent Access to GUS
- **Wholesale > Forms and Guidelines > Wholesale Resources**
 - Pricing and Lock Policy – Agency, Government & Conventional
 - Wholesale Important Information
 - Wholesale Transferred Appraisal Policy
 - Wholesale Product Overlays
- **Wholesale > Forms and Guidelines > Wholesale Forms**
 - Wholesale Agency, Investment & Government Initial Submission Form

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USDA Resources



- **Code of Federal Regulations, Part 3555 – Guaranteed Rural Housing Program**
<https://www.ecfr.gov/current/title-7/subtitle-B/chapter-XXXV/part-3555>
- **SFH Guaranteed Loan Program Technical Handbook – USDA HB-1-3555**
<https://www.rd.usda.gov/resources/directives/handbooks#hb13555>
- **USDA Guarantee Fee & Annual Fee Calculator**
<https://www.rd.usda.gov/resources/usda-linc-training-resource-library/loan-servicing>
- **USDA Property Eligibility**
<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfp>
- **USDA Income Eligibility**
<https://eligibility.sc.egov.usda.gov/eligibility/incomeEligibilityAction.do?pageAction=state>



Why Partner with Arc Home?

- Attract a diverse base of referral sources with our broad range of products
- Ease of use: Utilize the same online portal for all your loans at Arc Home
 - Agency, Government, Jumbo, Arc Access Non-QM, Arc Elite QM – Wholesale and Correspondent





QUESTIONS & ANSWERS



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