

USDA MATRIX

PURCHASE / RATE & TERM¹

PROPERTY TYPE	LTV	CLTV	FICO
1-UNIT	100% + UPFRONT FEE	100% + UPFRONT FEE	580

¹Must be paying off an existing USDA loan.

PROGRAM OVERVIEW

Complete Guidelines	Where not specified within, refer to the respective agency guidelines HB 1-3555 SFH Guaranteed Loan Program Technical Handbook
Amended Tax Returns	Accepted for the following amendment reasons: <ul style="list-style-type: none"> Amended for clerical items only (i.e., modifying a prior ITIN number to a newly issued SSN) Amended for income-related items, under the following conditions: <ul style="list-style-type: none"> Amended at least thirty (30) days before mortgage application taken. Amendment shows on transcripts (stamped returns not acceptable) Documentation supplied to support the increase, including but not limited to: <ul style="list-style-type: none"> 1099 or W2 showing missed/updated income. Canceled Checks or Bank Statements showing missed/updated rental income
Assets	<ul style="list-style-type: none"> Bank Statements must show account activity for a full two (2) month period. Internet Statements, obtained from financial institution's website, must contain same information found on a standard bank statement. VOD as stand-alone document not permitted unless obtained from a Third-Party Vendor.
Contingent Liabilities	<ul style="list-style-type: none"> Must be included in the borrower's debt to income unless the creditor cannot hold the borrower liable for the debt and evidence of 12 months on-time payments made by a non-borrower.
Condominium	<ul style="list-style-type: none"> Condo projects must meet the standard USDA loan requirements outlined the handbook.
Electronic Signatures/eSigning	<ul style="list-style-type: none"> eSigning is allowed for most documents. eSigning is not allowed for: <ul style="list-style-type: none"> Note Note Rider(s) Notice of Right to Cancel Security Instrument Security Instrument Rider(s)
Escrow Account	Escrow Account required; no escrow waiver allowed.
Escrow Repair/Holdbacks	Not permitted
Hazard Insurance	Replacement Cost is required on all files to ensure sufficient coverage is documented.
Social Security Number	All borrowers must have a valid SSN.
Income Limits	Annual Income includes all eligible income sources from <i>all adult household members</i> , not just the parties on the loan. The annual income for the household will be used to calculate the adjusted annual household income. The borrowers adjusted annual household income must meet the limits in accordance with size of household, county, and state in which the applicants will reside. USDA Property Income Limits Tool
MAX LTV	The LTV may exceed 100% of the market value of the property when the guarantee fee is financed.
Occupancy	Borrowers must occupy the property.
Property Eligibility	Properties must be USDA eligible.



	USDA Property Eligibility Tool
Rate & Term Refinance	Arrangements must be made to either pay off or defer repayment of any subsidy recapture due when a Section 502 loan is refinanced. Refer to Handbook for complete details.
Social Security Number	All borrowers must have a valid SSN.



USDA PROGRAM OVERLAYS

<p>AUS Findings & Manual Underwriting</p>	<p>Approve/Eligible</p> <ul style="list-style-type: none"> Streamline Assist – Excluded <p>Note: Second review required if loan has one of the following:</p> <ul style="list-style-type: none"> Mortgage history indicates 1x30 in 12 months. The borrower is in an IRS tax repayment plan. Active disputed tradelines The subject loan was previously a restructured/modified mortgage. A minimum of 12 months of 0x30 payments have been made on the modified loan. <p>Refer/Eligible</p> <p>May be considered for manual underwriting when the following requirements are met: Purchase transaction only; MIN 640 FICO; USDA approval required and has a MIN 2 compensating factors:</p> <ul style="list-style-type: none"> 3 Months PITIA reserves – over the required cash to close. Gift funds or cash back due to a refinance excluded. DTI below 33/41 Savings history No payment shock – housing payment not increasing. Acceptable previous mortgage/housing history 0x30 lates for 12 months <p>Compensating factors:</p> <ul style="list-style-type: none"> 3 Months PITIA reserves – over the required cash to close. Gift funds or cash back due to a refinance excluded. New PITIA does not exceed current PITIA by more than \$100 or 5%, whichever is less and 0x30x12. No Discretionary Debt – Housing payment is the only open account with an outstanding balance, and the credit report shows established credit in the borrower’s name that has been open in the past 6 months. Accounts must be documented. Borrower has additional income not included in the qualifying income, e.g., overtime, bonus, part-time work, seasonal income. Income must be documented for a MIN of 12 months and if included DTI would not be more than 37/47. (non-borrowing spouses’ income cannot be used) Downpayment exceeds MIN required – Borrower funds only
<p>Assets</p>	<ul style="list-style-type: none"> Any cash-in-hand proceeds, to the Borrower, from any cash-out refinance transaction must be wired to a U.S. bank account. <p>Ineligible:</p> <ul style="list-style-type: none"> Proceeds from 1031 Tax Deferred Exchanges. Sweat equity; cash on hand
<p>Bankruptcy – Chapter 13</p>	<p>Borrowers in an active bankruptcy chapter 13 will be required to meet the following:</p> <ul style="list-style-type: none"> Purchase transaction AUS approval Trustee approval 12 months of timely repayments 0x30 for housing/mortgage payments for the last 12 months
<p>Borrower Eligibility</p>	<p>Max 6 loans to one borrower, including the subject property, or a total of \$3.5MM in financing, whichever is less.</p>
<p>Condominiums</p>	<p>Ineligible: Manufactured Home Condo Projects; Fannie Mae Project Eligibility Waivers (PEWs); Freddie Mac Project Waiver Requests (PWRs)</p>
<p>Conflict of Interest</p>	<p>The Loan Officer may not act as the Realtor in a single transaction</p>
<p>Credit</p>	<ul style="list-style-type: none"> All borrowers must have at least 2 valid credit scores. Soft pull credit/LQI report is required within 10 days of Note date. RMCR or traditional tri-merge is required. All material inquiries within the last 90 days requires a letter of explanation from the borrower unless the AUS identifies a letter is not required. <p>Ineligible</p> <ul style="list-style-type: none"> Frozen credit reports Non-traditional credit
<p>Credit Score</p>	<ul style="list-style-type: none"> MIN 580 required for all borrowers
<p>Contingent Liabilities</p>	<p>Must be included in the borrower’s debt to income unless the creditor cannot hold the borrower liable for the debt and evidence of 12 months on-time payments made by a non-borrower.</p>



Deed Restrictions	Mortgage loans that are subject to resale restrictions are not eligible, except for age-related restrictions that meet the Handbook requirements.
Escrow Repair/Holdbacks	Not permitted
Family-Owned Business	When a borrower is employed (wage-earner) by a family-owned business - Two years tax returns are required regardless of GUS recommendation.
Gift Letters	When using gift funds, a signed and dated gift letter is required to provide all of the following information: <ul style="list-style-type: none"> • Donor's name, address, phone, and relationship to borrower (donor must be a relative); and • Dollar amount of gift; and • Date funds were transferred; and • Donor's statement that no repayment is expected; and • Dated prior to the Note date
Ineligible Programs	<ul style="list-style-type: none"> • USDA – Streamline • USDA – Streamline Assist • Balloon Terms • Community Land Trust • Energy Efficient Mortgages (EEM) • High Balance Loans • HFA Programs • Indian Reservations or Native American Direct Loans • Loan Assumptions • Loans in Redemption • Loans to Non-Profit Organizations • Loans with negative amortization or balloon payments on subordinate financing • Non-QM loans • Non-resident aliens & foreign nationals • Prepayment Penalties • Rural Energy Plus Provisions • Repair and Rehabilitation Loan • Rural Energy Plus • Section 184 – Indian Home Loan Guarantee Program • Section 223(e) - Declining Neighborhoods • Section 247 - Hawaiian Homelands • Section 8 • Short refi-with negative equity • Single Close Construction to Perm • Solar and Wind technologies product • Transactions with subordinate PACE liens • TX 50 (f) (2) • TX 50 (a)(6) • TX 50 (a)(4) • Weatherization program



Ineligible Properties	<ul style="list-style-type: none"> • Adult family home, group homes, care facilities • Build to own. • Co-Ops • Community Land Trusts • Condo-tels • Energy Efficient Mortgages, Weatherization, Solar and Wind Technologies. • Deed restrictions other than age restrictions • Farm Residence Loans • Graduated Payment Mortgage (GPM) • Growing Equity Mortgages (GEM) • High-Cost Loans • Higher-Priced Mortgage Loans (HPML) • Indian Leased Land • Indian Leaseholds • Indian Reservations or Native American Direct Loans • Leasehold • Loan Assumptions • Loans with resale deed restrictions, except for age restricted properties • Prepayment Penalties • Properties located in lava zone 1 or 2. • Properties in Redemption • Properties with Individual Purification Water Systems • Properties with PACE obligations or PACE-like assessments • Property Flip of Non-Arm's Length Transaction • Property ratings of C5, C6 or Q6 are not allowed unless the issues that caused these ratings are cured prior to loan delivery. • Proposed and under construction properties. • Properties not suitable for year-round occupancy or a not readily accessible by roads that meet local standards. • REO properties • Renovation loan or construction to perm. • Solar and Wind technologies • Solar Panels that affect first lien position • Units in condominium projects identified on the Exclusionary List "Excluded Condo Projects" • Unusual properties such as: 3D printed homes; Barndominiums; Container homes; Shouses; Tiny homes; bed & breakfast; berm homes, log homes, and geodesic dome homes; houseboats, working farms or ranches; timeshares; mixed use properties. • Vacant land • Weatherization
Layered Risk	<p>If any of the following are present, Underwriting Management review and approval is required.</p> <ul style="list-style-type: none"> • Unstable work history • Payment shock that exceeds 150% • Less than 3 tradelines that have been active within the past 3 years for a minimum of 24-month duration. • Any late payment in the last 12 months
Manufactured Housing	<ul style="list-style-type: none"> • MIN FICO 620 • Manual underwriting not permitted • Fixed Rate programs only • Temporary buydown not eligible



	<ul style="list-style-type: none"> • Primary Residence only • Purchase only. • MAX DTI 50% • One unit • Minimum 700 square feet • Property condition must be average or better. • Must not have been installed or occupied previously at any other site or location. • Must be taxed as real property prior to application date. • Must meet all other USDA guidelines. <p>Ineligible:</p> <ul style="list-style-type: none"> • Manufactured Homes that are subject to deed restrictions • Leased Land property • Single-wide homes • Leaseholds • Manufactured Home Condominium Projects (MHCPs) 												
Maximum DTI with GUS Approval	<table border="1"> <thead> <tr> <th>LTV/CLTV</th> <th>FICO</th> <th>AUS Approval</th> <th>MAX DTI</th> </tr> </thead> <tbody> <tr> <td>All</td> <td>>=640</td> <td>Y</td> <td>Follow AUS</td> </tr> <tr> <td>All</td> <td>600-619</td> <td>N</td> <td>41%</td> </tr> </tbody> </table>	LTV/CLTV	FICO	AUS Approval	MAX DTI	All	>=640	Y	Follow AUS	All	600-619	N	41%
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Minimum Loan Amount	<ul style="list-style-type: none"> • \$100,000 												
Mortgage Credit Certificate	<ul style="list-style-type: none"> • Not permitted 												
Multiple Loans to One Borrower	STG Mortgage allows up to six (6) loans for one borrower, including the subject property, or a total of \$3.5MM in financing, whichever is less.												
Non-Permanent Resident Aliens	<p>These borrowers accepted under the following conditions:</p> <ul style="list-style-type: none"> • Evidence of an acceptable Visa required. • Borrower eligible to work in the U.S., as evidenced by EAD issued by the USCIS. • Borrower has valid Social Security Number (SSN) • Borrower satisfies the same requirements, terms, and conditions as those for U.S. citizen. <p>Ineligible: Borrowers with Diplomatic Immunity; DACA recipient; Foreign Nationals</p>												
Non-Traditional Credit/Credit Reports	Not permitted												
Power of Attorney (POA)	<ul style="list-style-type: none"> • POA permitted for closing documents only. • POA not permitted on initial disclosures. • A POA must be specific to the transaction. <p>Ineligible:</p> <ul style="list-style-type: none"> • Cash-out transactions • Properties held in Trust. • Non-Arm's length transactions • Non-occupant borrowers • Electronically signed POA 												
Purchases	Assignment of contract not permitted												
Renegotiated Purchase Contract	<ul style="list-style-type: none"> • Not allowed; however, minor adjustments due to condition or other relevant factors are permitted. <p>Increase of sales price after appraisal completed is not permitted.</p>												
Subordinate Financing	Requirements:												



	<ul style="list-style-type: none"> • A copy of the subordination agreement or equivalent required, if applicable. <p>Property Assessed Clean Energy (PACE) or Home Energy Opportunity (HERO) loans are ineligible – applies to new or existing subordinate financing.</p>
Tax Transcripts	<p>Required when qualifying on:</p> <ul style="list-style-type: none"> • Self-employed income • Commission income greater than 25% of the borrower’s total earnings • Rental income documented on schedule E. • Employed by a family-owned business. • Fixed income when the 1040s are used in lieu of alternative documentation. • Nontaxable income is grossed up. • Other income types such as auto allowance, capital gains/losses, dividend/interest, or farm income/loss • Handwritten income documentation • Loan files where there is relationship between the Borrower and an interested party of the subject transaction such as Seller, or Loan Officer, or employee of a Mortgage Broker • Seller has relationship to the Loan Officer • Business transcripts required if income is not validated on personal returns.
Temporary Buy-Downs	<ul style="list-style-type: none"> • Fixed Rate only • Minimum 660 FICO Score <p>Ineligible:</p> <ul style="list-style-type: none"> • Lender and Borrower paid buydowns • Second Homes • Investment Properties • 2-4 Unit properties • Manufactured Homes • Refinance Transactions - including Streamline. • ARMs • Fixed rate < 30 years • Custom loan terms
Title Insurance	Title insurance policy required; attorney title opinion letter in lieu of a title insurance policy is not allowed
Unpaid Federal Tax Debt	<p>STG Mortgage considers all unpaid tax debt from prior years as delinquent, even if lien has not been filed.</p> <p>Evidence of one of the following required:</p> <ul style="list-style-type: none"> • Payment plan must be established and at least one payment made in accordance with the agreement. Payment plan arrangements and evidence of payment required. • Delinquent Federal Tax Debt must be paid in full.

