



WESLEND GUARANTEED RURAL HOUSING (GRH) – Fixed Program

<p>SECTION 1: PROGRAM CODES:</p>	<p>CODING PROGRAM CODE:</p> <p>30 year Fixed Guaranteed Rural Housing 7000-00</p> <p>Any GRH requirements not specifically addressed in these guidelines must meet the requirements under the National USDA Rural Development GRH guidelines as published in the RD instruction 1980-D and accompanying notices and announcements. These can be located on their website at www.rurdev.usda.gov</p> <p>All loans must be in compliance with published GRH guidelines.</p>
<p>ELIGIBLE LOAN TERM</p> <p>INELIGIBLE LOAN TYPES</p>	<ul style="list-style-type: none"> • 30 year fixed only ▪ Cash out Refinances ▪ Rate and Term Refinances of a non-USDA loan ▪ High Balance Programs ▪ Non-Traditional Credit ▪ Non-occupant borrowers ▪ Construction to permanent loans with modifications ▪ Energy Efficient Mortgages ▪ Escrow holdbacks
<p>SECTION 2:</p>	<p>LOAN AMOUNTS AND LTV PERCENTAGES</p>
<p>MAXIMUM LOAN AMOUNTS AND LTV:</p>	<p>Conforming Loan Amounts up to \$417,000 with 100% financing.</p> <p>The maximum loan amount is further limited to the appraised value of the property. However, loan amount may exceed the appraised value of the property (i.e. > 100% LTV) to include the amount of the financed guarantee fee. This applies only to loan for which all or a portion of the guarantee fee is being financed into the loan.</p> <p>Note: For properties with in-ground swimming pools, the value of the swimming pool must be deducted from the appraised value, before computing the maximum loan amount (i.e. If a home with an in-ground swimming pool is valued at \$100,000, and the contributory value of the pool is \$10,000, then the maximum loan amount must be calculated based on a \$90,000 value).</p>
<p>PURCHASE TRANSACTIONS:</p> <p>RATE AND TERM REFINANCE</p>	<p>Purchases - Applicants may finance closing costs and fees up to 100% of the appraised value. Loan amounts may exceed the appraised value of the property (i.e. > 100% LTV) to include the amount of the financed guarantee fee. This applies only to loans for which all or a portion of the guarantee fee is being financed into the loan.</p> <p>Closing costs can be provided by the Seller, paid with over-par pricing, or financed, providing the appraised value is high enough to support inclusion of the costs.</p> <p>Rate and Term Refinances of an existing Rural Development loan is acceptable, in accordance with Rural Development guidelines.</p> <p>Applicants may finance closing costs and fees up to 100% of the current appraised value. Loan amounts may exceed the current appraised value of the property (i.e. > 100% LTV) to include the amount of the financed guarantee fee. This applies only to loans for which all or a portion of the guarantee fee is being financed into the loan.</p> <p>The maximum loan amount cannot exceed the balance of the existing Rural Development loan being refinanced plus:</p> <ul style="list-style-type: none"> • Accrued interest • Financed guarantee fee • Reasonable and customary closing costs



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RATE AND TERM REFINANCES (cont'd):	<ul style="list-style-type: none"> Funds to establish a new tax and insurance escrow account <p>Refinance transactions must comply with the following requirements:</p> <ul style="list-style-type: none"> The interest rate cannot exceed the interest rate of the existing loan. The loan security must include the same property as the original loan. The security property must be owner-occupied as the borrower's primary residence. Maximum loan amount cannot exceed the balance of the loan being refinanced, plus the guarantee fee and reasonable and customary closing costs (including funds necessary to establish a new tax and insurance escrow account). Subordinate financing, such as home equity lines of credit and down payment assistance "silent" seconds, cannot be included in the new loan amount. Unpaid fees, such as late fees due the servicer, cannot be included in the new loan amount. Any existing secondary financing must be subordinate to the first lien.
CASH BACK TO BORROWER:	<p>Applicants are not allowed to receive cash out from the transaction. The HUD-1 cannot reflect cash back to the borrower(s) except for items prepaid by the borrower outside of closing. These would include the credit report, appraisal, earnest money, or pre-paid hazard insurance. Borrowers may be reimbursed at closing for any fees paid in advance.</p>
CASH OUT REFINANCE	<p>A nominal amount of cash out may result due to final escrow and interest calculations. This amount, if any, must be applied to principal reduction of the new Loan.</p>
STREAMLINE REFINANCES:	<p>Not Eligible</p>
STREAMLINE REFINANCES:	<p>Not Eligible</p>
SECTION 3:	PROGRAM PARAMETERS
MINIMUM LOAN AMT:	\$60,000
ALLOWABLE TERMS:	30 year fixed rate only
TEMPORARY BUYDOWNS:	Temporary buydowns are not available.
ASSUMPTIONS:	<p>The Guaranteed Rural Housing loan is assumable subject to the following conditions:</p> <ul style="list-style-type: none"> Subject property and applicant(s) must meet all criteria for the Rural Development Guaranteed Housing Program. Borrower must be credit approved by current Servicer. A new title policy will be required at closing.
PREPAYMENT PENALTY:	No prepayment penalty
MAXIMUM INTEREST RATE:	<p>Purchase Transactions: The maximum interest rate for the Rural Development Guaranteed Housing Program is defined as the FNMA 90-day actual-actual yield requirements plus 60 basis points, rounded up to the nearest quarter percent.</p> <p>Refinance of an existing GRH Loan: The interest rate of the new loan must only be less than the interest rate of the existing loan.</p>
SECTION 4:	BORROWER ELIGIBILITY
ELIGIBLE BORROWERS:	<p>In order to be eligible for a Rural Development guaranteed loan, the borrower's adjusted household income cannot exceed the maximum allowable income limit set forth in the Rural Development Instruction 1980-D S1980.348, Exhibit C (use moderate-income limits) –</p>

<p>ELIGIBLE BORROWERS (cond't):</p>	<p>http://eligibility.sc.egov.usda.gov.</p> <p>Income is determined by combining incomes of all adults in the household – whether or not they are on the loan.</p> <p>The borrower must not have sufficient assets to obtain other traditional conventional financing. The borrower may, however, qualify for an FHA or VA loan. In other words, applicants may have liquid assets and be eligible to participate in the GRH Program. Those assets, however, should not be sufficient to meet the down payment and closing cost requirements associated with a conventional uninsured mortgage product (LTV <= 80%). This means applicant do have a choice of USDA-Guaranteed Rural Housing, FHA, VA, or a conventional mortgage product with PMI.</p> <p>Borrowers must have a valid Social Security number.</p> <p>Title be placed in individual names only.</p>
<p>FIRST TIME HOMEBUYER:</p>	<p>All borrowers must be screened using CAIVRS (Credit Alert Interactive Voice Response System) to determine if an applicant is delinquent on a federal loan.</p> <p>Allowed, no restrictions.</p>
<p>NON-OCCUPANT CO-BORROWER:</p>	<p>Not Allowed</p>
<p>PERMANENT RESIDENT ALIEN:</p>	<ul style="list-style-type: none"> • Allowed under the same terms as US citizens. • Permanent resident aliens must provide proof of their residency (i.e. green card).
<p>NON-PERMANENT RESIDENT ALIEN:</p>	<p>Not eligible</p>
<p>FOREIGN NATIONAL:</p>	<p>Not eligible</p>
<p>NON-ARMS LENGTH TRANSACTIONS</p>	<p>Identity of Interest Identity-of-interest transactions on principal residences are restricted to a maximum LTV ratio of 85%.</p> <p>Restricted Family Member Transactions: If the property being sold from one family member to another is the property seller's investment property, the maximum mortgage is the lesser of either:</p> <ul style="list-style-type: none"> • 85% of the lesser of the sales price or appraised value, or • The current maximum mortgage calculation formula (per ML 98-29) <p>A non-arms length transaction is defined as a direct relationship between any of the parties to the transaction including, buyer, seller, employer, lender, originator, appraiser, etc.</p> <p>*Non-arms length transactions may be acceptable provided there is adequate verification the borrower is making the required minimum down payment from their own funds, there is an executed sales contract, the appraisal supports the value, and the appraiser comments on whether the market value is affected by the relationship of the parties.</p> <p>*A non arms length transaction may not be used to bail out a family member or any other owner with an established relationship to the borrower from a delinquent mortgage.</p> <p>*If the seller is a corporation, partnership or any other business entity, there must be proof that the borrower is not an owner of the business entity selling the subject property.</p>

<p>OCCUPANCY:</p> <p>NUMBER OF OTHER PROPERTIES:</p>	<p>Primary Residence Only A primary residence is a property that will be occupied by the borrower the majority of the calendar year and meets the following criteria:</p> <ul style="list-style-type: none"> • 1-unit single family homes, PUD's, FHA-approved condominiums • At least one borrower must occupy the property and sign the Note and security instrument for the property to be considered owner-occupied. • The borrower must occupy the property within 60 days after the loan closes with continued occupancy for at least one year. The only exceptions allowed are due to hardship or extenuating circumstances. <p>Cannot own any other property. If borrower owns property in the community area, property must be functionally inadequate or structurally unsound.</p>
<p>SECTION 5:</p>	<p>CREDIT CRITERIA</p>
<p>UNDERWRITING:</p> <p>CREDIT REPORT VENDOR:</p> <p>CREDIT SCORES:</p>	<p><u>Automated Underwriting:</u></p> <ul style="list-style-type: none"> • GRH loans must be underwritten by the Rural Development Single Family Housing Guaranteed Loan Program (SFHGLP) Lender using GRH automated decision GUS (Guaranteed Underwriting System). • <u>Non-traditional credit is not allowed.</u> • Form 1980-21, Request for Single Family Housing Loan Guarantee, must be completed by the loan originator at time of origination, and submitted with 1008, 1003, and other up-front documentation. <u>The request for Loan Guarantee is valid for 60-days.</u> <p>All credit reports must be ordered by WesLend. Borrower(s) names must exactly match borrower names throughout the file. A new credit report (and resubmission to GUS) is required if the borrower names used on the closing documents is different from the names under which the credit report was ordered.</p> <p>A minimum credit score of 640 is required. Borrowers with no credit score are allowed if at least one borrower meets the minimum credit score requirement. Rural Development requirements must be met for the borrower(s) who do not have a credit score.</p> <p>A 3 bureau merged in-file report must be obtained that contains at least 2, preferably 3 credit scores for each borrower.</p> <ul style="list-style-type: none"> • A "representative score" (lower of 2, middle of 3) will be chosen for each borrower on the loan. Then, the lowest of all the borrower's "representative scores" will be the score used for qualifying. • An occupant borrower with a credit score and an occupant borrower without a credit score: The reported credit score should be used to price the loan. • <u>Non-traditional credit is not acceptable</u>

CREDIT REQUIREMENTS:

Credit History – The applicant must have a credit history which indicates a reasonable ability and willingness to meet obligations as they become due. Any or all of the following are indicators of unacceptable credit history as determined by the underwriter.

- Incidents of more than one debt payments being more than 30 days late, if the incidents have occurred within the last 12 months. This includes more than one late payment on a single account.
- Loss of security due to a foreclosure if the foreclosure has occurred within the last 36 months.
- Outstanding tax liens or delinquent government debts with no satisfactory arrangements for payments, no matter what their age as long as they are currently delinquent and/or due and payable.
- A court-created or affirmed obligation (judgment) caused by nonpayment that is currently outstanding or has been outstanding within the last 12 months.
- Two or more rent payments paid 30 days or more past due within the last 3 years.
- Accounts which have been converted to collections within the last 12 months (utility bills, hospital bills, etc.).
- Collection accounts outstanding, with no satisfactory arrangements for payments, no matter what their age as long as they are currently delinquent and/or due and payable.
- Any debts written off within the last 36 months.
- Any outstanding judgment obtained by the United States in a Federal court.

Bankruptcy and Foreclosure – A bankruptcy in which applicant was discharged more than 36 months before the application is acceptable. Foreclosure must be seasoned for 36 months.

Satisfied Judgment or Foreclosure – A satisfied judgment or foreclosure with no loss of security which was completed more than 12 months before the date of application is acceptable.

RATIOS:

Standard Rural Development ratio requirements apply:

- Maximum housing ratio of 29%
- Maximum total obligations ratio of 41%

Rural Development allows expanded repayment ratios if the applicants have sufficient compensating factors. The underwriter must recommend the expanded ratio(s) and provide compensating factors to Rural Development. Rural Development must concur with the underwriter’s recommendation in order to expand the ratios.

QUALIFYING:

Note Rate

SUBORDINATE FINANCING:

Secondary financing may be used if it is approved by RHS and is offered by city or county agencies.

Any existing secondary financing must be subordinate to the first lien.

EMPLOYMENT AND INCOME HISTORY

For the Guaranteed Loan Program, the borrower’s adjusted income may not exceed 115% of the U.S. median income.

Note: If Bond financing is involved, the borrower’s income cannot exceed the lesser of 115% area *median income or income limits specified by the Bond Program.

*Moderate income is defined as the greater of 115% of the U.S. median family income or 115% of the average of the state-wide and state non-metro median family incomes or 115/80ths of the area low-income limit.

An income calculator is available on the Rural Development Web site at <http://eligibility.sc.egov.usda.gov>. From the home page, click “Single Family Housing” under “Income Eligibility.”

EMPLOYMENT AND INCOME HISTORY (cont'd):

The following are included in annual income to qualify for an RHS guaranteed loan:

- Gross amount of wages, salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services of all adult members of the household.
- Net income from the operation of a farm, business or profession, interest, dividends and other net income of any kind from real or personal property.
- Payments from social security, annuities, insurance policies, pensions, unemployment, workers compensation, alimony and/or child support and other types of periodic receipts.
- All regular pay special pay and allowances of a member of the armed forces who is the borrower or spouse whether or not that family member lives in the unit.

The following sources are not included in annual income but will be considered in determining the ability to repay the loan:

- Income from minors.
- Food stamp allotment.
- Payments from foster care.
- Irregular cash gifts.
- Lump sum additions, such as capital gains, etc.
- Medical reimbursements.
- Educational benefits.
- Hazardous duty pay for military person exposed to hostile fire.
- Income exempted by Federal Statute (details noted in 1980-D Exhibit F).

Adjustments to reduce annual income include **\$480.00** for each minor child, full time student or a disabled member of the family. **\$400.00** may be deducted from annual income for each family member over 62 years of age. An additional deduction may be calculated for certain expenses when added together exceed 3% of gross annual income.

SALARIED AND HOURLY WAGES:

Loans originated under the **Guaranteed** program may use Full documentation. In addition, they may also be eligible for alternative forms of documentation, as follows:

If no Verification of Employment (VOE) is available, applicant income may be verified by W-2 tax forms for the previous two tax years, telephone verification of the applicant's permanent employment, and one of the following:

- Paycheck stubs or payroll earnings statements covering the most recent 30-day period
- Electronic or computer-generated verification of earnings for the most recent 30-day period.

Overtime, commission, and bonus Income:

- Income may be used to qualify if such income has been received for the past two years and it is expected to continue.
- An average of income for the past two years must be developed

AND

- The employment verification must state that such income is likely to continue.

SELF EMPLOYMENT

Borrowers who have ownership of 25% or more in a business are considered self-employed. For these borrowers, income is dependent on the continuity of the business; therefore, specific documentation relating to the business is required for borrowers who are self-employed. Developing an average monthly income and evaluating continuity of the borrower's business for self-employed borrowers is based on a review of the borrowers' signed individual tax returns, IRS transcripts, and business tax returns, when applicable. This review focuses on assessing the strength and future viability of the business.

**SELF EMPLOYMENT
(cont'd):****Business Type: Sole Proprietorship:**

- Signed and dated IRS Form 1040 (individual) with all schedules
- An IRS Form 4506-T signed and dated at application and closing
- IRS Transcripts dated prior to the closing date
- Two years most recent signed and dated tax returns

Business Type: Corporation:

- IRS Form 1040 (individual) signed and dated with all schedules and
- IRS Form 1120 (Corporation), signed and dated with all schedules
- An IRS Form 4506-T completed and signed at application and closing
- IRS Transcripts dated prior to the closing date
- Two years most recent signed and dated tax returns (IRS Forms 1040 and 1120)

Business Type: S Corporation

- IRS Form 1040 (individual) signed and dated with all schedules and
- IRS Form 1120S (S Corporation), signed and dated with all schedules and
- W-2
- An IRS Form 4506-T completed and signed at application and closing
- IRS Transcripts dated prior to the closing date
- Two years most recent signed and dated tax returns (1040 and 1120S) and
- Two years most recent W-2s from the S Corporation.

FIXED INCOME**Retirement Benefits:**

Income from retirement accounts, retirement benefits and pensions may be used as qualifying income if the income will continue for at least three years. Documentation must be provided by the entity providing the income.

Acceptable forms of documentation are:

- Copy of the retirement award letters (and/or)
- Most recent year's W-2 forms or 1099 forms (and/or)
- Twelve months' most recent bank statements showing receipt of the income.

Income from a retirement annuity may be used for qualification with proper documentation. A statement from the financial institution managing the annuity is required to verify the balance in the annuity, the monthly payments and the term of the payments to be distributed. Payments to the borrower must continue for a minimum of three years.

Regular distributions from IRA and Keogh accounts may be used as qualification income provided the distributions will continue for a minimum of three years. A letter from the administrator of the account is required to verify the terms of the distributions and document the receipt of the funds and the current balance on the account.

Social Security Benefits:

- Acceptable documentation may be any of the following:
- A copy of the Social Security Administration's award letter
- Copies of the borrower's previous 12 months bank statements to confirm regular deposit of the payment
- Signed tax returns for the most recent two years, and a
- Signed IRS form 4506-T or 1099 forms are also acceptable.

Alimony, Child Support, or Maintenance

Income from these sources may be considered as effective if such payments are likely to be consistently received for the first three years of the mortgage.

FIXED INCOME (cont'd):

<p>VERBAL VOE</p>	<p>The borrower must provide:</p> <ul style="list-style-type: none"> • A copy of the final divorce decree, legal separation agreement, or voluntary payment agreement, and • Evidence that payments have been received during the last 12 months. <p>Acceptable evidence of payment regularity includes canceled checks, deposit slips, tax returns, and court records. Periods less than twelve months may be acceptable, provided the payer's ability and willingness to make timely payments is adequately documented.</p>
<p>IRS FORM 4506-T</p>	<p>Verbal Verification of Employment (VOE) Verbal VOE requirements for hourly, salary and commission income are:</p> <ul style="list-style-type: none"> • The employer must be contacted, verbally or in writing, and confirm the borrower's current employment status within 10 days prior to the closing date. • The Lender must independently obtain a phone number and, if possible, an address for the borrower's employer. This can be accomplished by using a telephone book, the Internet, or directory assistance, or by contacting the applicable licensing bureau. • If the contact is made verbally, the conversation must be documented. It should include the name and title of the person who confirmed the employment, the date of the call, and the source of the phone number. The written documentation should also include the name and title of the person who performed the verification. <p>Verbal VOE requirements for self-employed income are:</p> <ul style="list-style-type: none"> • The lender must verify the existence of the borrower's business within 30 days prior to the closing date: <ul style="list-style-type: none"> ○ from a third party, such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and ○ by verifying a phone listing and address for the borrower's business using a telephone book, the Internet, or directory assistance. • If the contact is made verbally, the lender must document the source of the information obtained and the name and title of the lender's employee who obtained the information
<p>ASSETS</p>	<p>IRS Form 4506-T – a signed and processed IRS Form 4506-T is required on all loans to obtain the borrower(s)'s tax return transcripts for the two years prior to the loan application, regardless of income or documentation type. All borrowers must sign the IRS Form 4506-T at application and closing; only the form signed at application must be processed. All forms and transcripts must be included in the loan file. This form is required on all loans, all wage earner, self-employed, commission and all other non-employment income types.</p>
<p>CASH RESERVES:</p>	<p>Down payment/Source of funds not required for Guaranteed Loan Program. No Reserve Requirements</p>
<p>GIFTS/ DOWN PAYMENT:</p>	<p>Gift Funds Acceptable from someone who is not a member of the household. A fully completed gift letter stating that no repayment of the gift is required. Evidence of funds must be included in the loan file.</p> <p>Gift Letter Requirements The gift letter must:</p> <ul style="list-style-type: none"> • Specify the dollar amount given. • Be signed by the donor and the borrower. • State that no repayment is required. • Show the donor's name, address, telephone number, and relationship to the borrower.
<p>GIFTS/DOWN</p>	

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PROPERTIES (cont'd):

- 1-unit properties with accessory units
- Income producing properties that do not meet Rural Development requirements-I would remove this since income producing property is not allowed.
- Cooperatives
- Properties located in flood or mudslide zone
- Timeshare units
- Cooperatives
- Houseboats
- Properties with deed restrictions that limit transferability of title.
- Refinances where current financing is not a USDA Guaranteed Loan to the applicants.
- Unique Properties: Dome, geothermal, foundation on stilts, one of a kind luxury residences
- Properties located in an area not designated as rural by RHS.
- Mixed used properties as property cannot have any income sources.

PRINCIPAL CURTAILMENTS:

At closing, principal curtailments to make additional down payments or to reduce the loan amount are not allowed.

STATE RESTRICTIONS:

The property must be located in a designated rural area as designated by the RHS office.

To determine whether the property is located in a designated rural area, go to the Rural Development Web site at <http://eligibility.sc.egov.usda.gov>. From the home page, click "Single Family Housing" under "Property Eligibility." Enter the property address to get an instant determination or to view a map.

APPRAISAL:

A full Uniform Residential Appraisal Report with Market conditions Addendum is required. Alternative appraisal products such as an appraisal Form 2055 or an Automated Valuation Model (AVM) are not eligible.

Transferred appraisals are ineligible – no exceptions.

Based on the property type, the following appraisal report form must be used:

Property Type	Form Name/No.
Single-Family Residence (SFR), Planned Unit Development (PUD)	Uniform Residential Appraisal Form (#1004/#70) And 1004MC
Condominiums	FNMA Form 1073 and 1004MC
Site Condominiums	FNMA Form 1004 and 1004MC

If the appraisal report will be more than 120 days old, a new appraisal will be required.

For refinance transactions, a full appraisal may only be required in cases when any accrued interest, closing costs and/or fees (other than the guarantee fee) will be financed into the new loan amount.

Appraisals must be completed by an FHA Roster appraiser for Rural Housing loans. When prepared in accordance with HUD Handbooks 4905.1 and 4150.2, the appraisal constitutes acceptable documentation to comply with existing dwelling inspections made in accordance with RD Instruction 1980-D, section 1980.341(b)(1)(i). The lender should be careful to select an appraiser familiar with and who can certify that the requirements of HUD Handbooks 4905.1 and 4150.2 have been met.

PRIVATE SEPTIC SYSTEM:

The septic system must be free of observable evidence of failure. An FHA roster appraiser, government health authority, licensed septic professional, or qualified home inspector may perform the septic system evaluation. An FHA roster appraiser or qualified home inspector may require an additional inspection due to their observations.

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PRIVATE WELL/WATER SUPPLY:	The local health authority or state certified laboratory must perform a water quality analysis. The water quality must meet state and local standards. The Safe Water Drinking Act does not apply to private wells. Contact the EPA at (800) 426-4791 for referrals to certified labs and other inquiries.
PROPERTY FLIPPING:	A flip transaction is generally defined as a purchase transaction for a property that has recently been acquired by the Seller and is being sold for a quick profit. A flip transaction is evident if the title reveals several changes in ownership in the course of a few months.
TERMITE INSPECTION:	<p><u>Flip transactions are not eligible.</u></p> <p>A termite inspection is required on existing property as follows:</p> <ul style="list-style-type: none"> • When called for in the sales or purchase agreement, or • When the appraiser recommends the inspection in the appraisal report.
CONDO PROJECTS:	<p>Attached condominiums must meet FHA minimum project standards and be located in a project on FHA's Approved Condominium Project List. An FHA Certification for Individual Unit Financing, signed and dated by the lender, evidencing compliance with FHA minimum project standards, is required.</p> <p>Site condominiums must meet FHA minimum project standards.</p>
SECTION 7:	
MORTGAGE INSURANCE:	INSURANCE None
GUARANTEE FEE:	<p>The new fee structure for FY12 is as follows:</p> <ul style="list-style-type: none"> • 2 percent upfront guarantee fee for purchase transactions; • 1.5 percent upfront guarantee fee for refinance transactions; and • 0.3 percent annual fee for both purchase and refinance transactions. <p>Calculating the Annual Fee: The annual fee will be calculated based on the total loan amount (including any up-front guarantee fee financed in the loan), the initial fee for the first year of the loan will be determined and calculated based on the scheduled average Unpaid Principal Balance (UPB) for the first year. Remaining years of the loan will also be calculated and charged on the scheduled average UPB , not the actual UPB. An Upfront and Annual Fee Calculator is available to assist in calculating the upfront and annual fee. The Guaranteed Underwriting System and the internal Guaranteed Loan System will also calculate and display an annual fee loan amortization schedule.</p> <p>Use the USDA Guarantee Fee Calculator to confirm the Initial and monthly amounts at: https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do</p>
HAZARD INSURANCE:	<ul style="list-style-type: none"> • Hazard insurance is required for each property. • The amount of hazard insurance coverage must be the lesser of 100% of the insurable value of the improvements as established by the property insurer OR the unpaid principal balance as long as it equals at least 80% of the insurable value of the improvements. • For properties located in California, lenders may not require hazard insurance in an amount exceeding the replacement value of the improvements on the property. • The maximum deductible may be up to 5% of the amount of the policy.
HO6 COVERAGE	HO6 "Walls In" insurance is required for all condominiums if the master insurance policy does not



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“WALLS IN”	provide coverage of the interior of the unit, the borrower will be required to obtain a “walls in” coverage policy (commonly known as HO-6 policy). Minimum coverage of 20% of the unit’s appraised value is required.
FLOOD INSURANCE:	<ul style="list-style-type: none"> • A flood hazard determination is required for all loans. • Flood insurance is required if the property is located in a special flood hazard area or flood zone. • Flood insurance is required on properties located within the following special flood hazard area zones: A, AE, AH, AO, A1-30, A-99, V, VE, V1-30 • The maximum amount of flood insurance required is the lowest of: 100% of the replacement cost of the dwelling, calculated as appraised value minus land value OR the unpaid principal balance of the mortgage OR the maximum insurance available under the National Flood insurance program. (Currently \$250,000 per dwelling.) • The deductible for 1-4 unit properties may not exceed a maximum of \$5,000 unless a higher maximum is required by state law.
IMPOUNDS:	Impound accounts are required for property taxes and hazard insurance.
SECTION 8:	TITLE/CLOSING AGENTS
TITLE DOCUMENTATION:	<p><u>Title History Review Policy:</u> The preliminary title report must reflect a minimum 24-month title history.</p> <p><u>Title Insurance:</u> A full ALTA title policy is required.</p>
SECTION 9:	FEES/MISCELLANEOUS
FEE LIMITATIONS:	Borrowers are prohibited from paying tax service fees. Fees cannot exceed the reasonable costs and lender fees.
SELLER/INTERESTED PARTY CONTRIBUTIONS:	For the Guaranteed Loan Program, an amount of 6% of the sales price can be contributed towards all closing costs.