

The background of the entire page is a warm, orange-tinted photograph of a rural landscape. In the foreground, there is a field of tall grass. In the middle ground, a large tree stands on the left, and a simple, single-story house is visible on the right. In the background, rolling hills or mountains are visible under a hazy sky. The Orion Lending logo is positioned in the upper left corner, and the main title 'USDA PROGRAM GUIDELINES AND MATRICES' is centered in the lower half of the page.

ORION
LENDING

USDA

PROGRAM GUIDELINES AND MATRICES

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Section 1 – Overview & Underwriting Criteria

This Product Eligibility Policy outlines the parameter requirements for residential mortgage loans submitted to Orion Lending. This document is an integral part of the loan underwriting review process and should be reviewed in conjunction with all potential findings.

All loans will be examined and evaluated to determine whether the proposed loans conform to these guideline parameters. The qualifying specifications and procedures are meant to serve as a principal foundation to qualify, and each borrower will be reviewed in its entirety on an individual basis.

Section 2 - Underwriting Criteria

Matrix is intended to reference and supplement USDA's Seller Guide (HB1 3555). Refer to [HB1 3555](#) for specific information concerning qualification requirements that are not specifically referenced in the product matrix.

Section 3 – Product Eligibility

3.1 Available Products	Standard Balance				High Balance			
	Product	Amort Term	Qualifying Rate	Program Codes	Product	Amort Term	Qualifying Rate	Program Codes
	30 Yr. Fixed	360	Note Rate	UF30	30 Yr. Fixed	360	Note Rate	UF30 HB
3.2 Available Buydown Products	Standard Balance							
	Product	Amort Term	Qualifying Rate	Program Codes				
	30 Yr. Fixed	360	Note Rate	UF30 BD 1/0				
	30 Yr. Fixed	360	Note Rate	UF30 BD 2/1				
3.3 Buydowns	<ul style="list-style-type: none"> • Eligible Buydown Option <ul style="list-style-type: none"> ○ 1/0 buydown ○ 2/1 buydown • Purchase only • 30 yr. Fixed Rate Only • Single Unit Property <ul style="list-style-type: none"> ○ Not Allowed – Manufactured/Modular or DPA programs • Seller or Builder paid buydowns allowed <ul style="list-style-type: none"> ○ Borrower paid buydowns are not eligible • Borrower must meet MRI (minimum required investment), if applicable • Borrower must qualify at the Note Rate <ul style="list-style-type: none"> ○ If reserves are required, the reserves must be calculated using the permanent Note Rate payment • The percentage of funds must be included in the interested party contribution limit <ul style="list-style-type: none"> ○ To calculate the percentage of the buydown fund contribution, divide the buydown fund total by the purchase price • Buydown calculator 							

<p>3.4 Age of Credit Documents</p>	<ul style="list-style-type: none"> • 120 days for existing and new construction from the date the note is signed • 180 days for the appraisal from the date the note is signed. A recertification of value is permitted after the original expiration date of the appraisal, not to exceed 12 months from the date of the note. Only one recertification of value is permitted to extend the validity of the original report. • 90 days for the conditional commitment to loan closing, one 90-day extension may be requested
<p>3.5 Borrower Eligibility</p>	<ul style="list-style-type: none"> • U.S. Citizens • Permanent resident aliens
<p>3.6 Ineligible Borrowers</p>	<ul style="list-style-type: none"> • Nonpermanent resident aliens • Non-Occupant Co-Borrowers • Title cannot be taken in the name of a trust
<p>3.7 Ineligible Characteristics</p>	<ul style="list-style-type: none"> • Borrower has liquid, verifiable assets of at least 20% of the purchase price for down payment; • In addition to 20% down payment funds, the borrower has sufficient funds to pay all closings costs associated with the loan; • The borrower(s) meet qualifying ratios of no more than 28% PITIA and 36% total debt when applying the 20% down payment, and • The borrower demonstrates qualifying credit for a 30-year conventional loan without PMI <p>If the borrower meets the cumulative criteria as defined above, the loan is ineligible for USDA financing</p>
<p>3.8 Minimum Loan Amount</p>	<ul style="list-style-type: none"> • \$55,000
<p>3.9 State Restrictions</p>	<ul style="list-style-type: none"> • Texas 50 (a) (6) Refinance Mortgages are prohibited • West Virginia – Maximum DTI is 50%. Streamline refinances must be full qualifying
<p>3.10 Guarantee Fee</p>	<ul style="list-style-type: none"> • Upfront Guarantee Fee: 1% of the loan • Can be financed above the appraised value • Annual Fee: 0.35%

Section 4 – Product Matrix

4.1 USDA LTV/CLTV Matrix	PURCHASE					
	UNITS	OCCUPANCY	PURPOSE	LOAN AMOUNT	MIN FICO	LTV/CLTV
	1	Primary	Purchase	Per county limits	620 ²	100/100 ¹
	RATE TERM					
	UNITS	OCCUPANCY	PURPOSE	LOAN AMOUNT	MIN FICO	LTV/CLTV
	1	Primary	Rate/Term	Per county limits	620 ²	100/100 ¹
	STREAMLINE ASSIST ^{3,4}					
	UNITS	OCCUPANCY	PURPOSE	LOAN AMOUNT	MIN FICO	LTV/CLTV
	1	Primary	Streamline Assist	Per county limits	620 ²	NA
	¹ Exclusive of Guarantee Fee ² Minimum FICO for Manufactured is 640 ⁴ Credit qualification required in West Virginia					

Section 5 - Credit

5.1 Credit	<ul style="list-style-type: none"> • Fico Score of 620+ <ul style="list-style-type: none"> ○ 640 for manufactured housing • Streamline Assist <ul style="list-style-type: none"> ○ 0 X 30 X 12 housing history is required
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<p>5.2 DTI</p>	<ul style="list-style-type: none"> • Determined by GUS <ul style="list-style-type: none"> ○ A debt ratio waiver request is not required for GUS “Accept” recommendations • “Refer, Refer/Eligible” and manually underwritten transactions <ul style="list-style-type: none"> ○ Maximum 29/41 ratios, may exceed to ratios of 32/44 when all borrowers have a minimum 680 credit score <u>and</u> at least one of the following compensating factors: <ul style="list-style-type: none"> ▪ 3 months PITI in reserve after closing (cash on hand is not eligible for consideration) ▪ All applicants have been continuously employed by their <u>current</u> primary employer for a minimum of 2 years. This compensating factor is not allowed for self-employed borrowers <ul style="list-style-type: none"> • Social Security benefits may be utilized with documentation that supports the borrower has been receiving it for 2 years ▪ Proposed PITI does not exceed the borrower’s current <u>verified</u> housing expense by more than \$100 or 5%, whichever is less, for the 12-month period preceding the application date ▪ VOR, VOM or credit report must include the actual payment due and report no more than 1x30 for the past 12 months <ul style="list-style-type: none"> • Rent or mortgage payment histories from a family member or interested party will require 12 months’ cancelled checks, money order receipts or electronic payment confirmation ▪ The subject property is an energy efficient home based on the International Energy Conservation Code (IECC) standards, defined as: <ul style="list-style-type: none"> • New Construction – dwelling meets or exceeds the IECC in effect at the time of construction • Existing – dwelling meets or exceeds the current IECC • Streamline Assist – Ratios not calculated
<p>5.3 Credit Eligibility Requirements</p>	<p>The following adverse credit items will render the borrower ineligible:</p> <ul style="list-style-type: none"> • Presently delinquent non-tax Federal debt; • Presently delinquent court ordered child support payments subject to the collection by an administrative offset (the interception of certain federal payments in order to collect past-due child support) unless the borrower has brought payments current, the debt is paid in full or otherwise satisfied by a documented release of liability • Presently delinquent court-ordered child support (not subject to an administrative offset) unless the borrower has an approved agreement in place with three timely payments made prior to loan closing; the arrearage is paid in full prior to loan closing, or a release of liability is documented; and • CAIVRS may return the following results: <ul style="list-style-type: none"> ○ A: Approved CAIVRS (no issues exist) ○ B: Multiple cases from one or more Federal agencies ○ C: Claim Filed ○ D: Default on a federal loan ○ F: Foreclosure of a loan ○ J: Judgement filed • An “A” response is the only acceptable result for an applicant to be eligible

<p>5.4 Valid Credit Score Manual Underwriting</p>	<p>At least one borrower whose income/assets are used in the qualification of the loan must have a validated credit score</p> <ul style="list-style-type: none"> • Two tradelines reported on credit that have been or were open for 12 months • Tradelines may be open, closed and/or paid in full when a payment history is reflected • Authorized user accounts may be used to validate the credit score when the following is met <ul style="list-style-type: none"> ○ The tradeline is owned by another borrower on the application; ○ The owner of the tradeline is the spouse of the borrower, or ○ The borrower can evidence that he/she has made all payments satisfactorily for the previous 12 months
<p>5.5 Manual Underwriting Credit Requirements</p>	<p>Satisfactory credit criteria</p> <ul style="list-style-type: none"> • Housing payments and Installment payments: <ul style="list-style-type: none"> ○ 0x30 in the previous 12 months, ○ 1 or more rent or mortgage payment paid 30 or more days past due in the previous 12 months is considered significant derogatory credit and will require a credit exception • Credit Exceptions <ul style="list-style-type: none"> ○ GUS refer and manually underwritten loans require a credit exception from Orion Lending. Underwriting must justify the credit exception by explaining the rationale for issuing the credit exception and why the borrower(s) is considered an acceptable risk ○ Significant derogatory credit, multiple late payments in the most recent 12 months, must be temporary in nature, beyond the borrower’s control with documented extenuating circumstances. Examples include but are not limited to temporary loss of job/unemployment, delay or reduction in benefits, illness, divorce, and dispute over payment of defective goods
<p>5.6 Credit Inquiries</p>	<ul style="list-style-type: none"> • All credit inquiries within 90 days of the credit report date must be addressed by the borrower
<p>5.7 Non-Traditional Credit</p>	<p>Non-traditional credit may be documented as:</p> <ul style="list-style-type: none"> • A non-traditional Mortgage Credit Report • Self-Reported tradelines on a traditional credit report, or • Evidence from third party verifications, cancelled checks, money order receipts, electronic payments, payment histories from the creditor, bank statements that clearly identify debit payments for the service/product <p>Borrower(s) with a 12-month verification of rent (VOR):</p> <ul style="list-style-type: none"> • One additional tradeline is required with a 12-month history (See eligible non-traditional tradeline) <p>Borrower(s) with no rent history:</p> <ul style="list-style-type: none"> • Three tradelines are required. Tradelines may be a combination of traditional tradelines from the credit report with a 12-month history reporting for each or eligible non-traditional tradelines • Eligible non-traditional tradelines must have a 12-month history and cannot have been closed more than 6 months prior to the loan application

5.8 Non-Traditional Credit Sources	<p>Borrower’s that utilize non-traditional credit to qualify are not eligible for debt ratio waiver</p> <ul style="list-style-type: none"> Examples of acceptable non-traditional credit sources include but are not limited to: 	
	<ul style="list-style-type: none"> Rent or Housing Payments 	<ul style="list-style-type: none"> Utility Services
	<ul style="list-style-type: none"> Insurance payments, paid quarterly or annually with 12 months coverage 	<ul style="list-style-type: none"> School Tuition
	<ul style="list-style-type: none"> Childcare from a licensed childcare provider. Bank statements to support Cash withdrawals or handwritten receipts are not acceptable 	<ul style="list-style-type: none"> Payments to local stores (car dealerships, department Furniture/appliance and specialty stores)
	<ul style="list-style-type: none"> Payments for uninsured portions of medical bills 	<ul style="list-style-type: none"> Internet or cell phone services
	<ul style="list-style-type: none"> Automobile leases 12 months of documented history of savings that demonstrate regular deposits. Three months of proposed mortgage (PITIA) payments in reserves after closing 	<ul style="list-style-type: none"> Personal loans with repayment terms in writing Supported by cancelled checks, money orders or Electronic payment receipts
	<p>Child support, alimony, garnishments, court ordered debt, monthly subscription services, gym memberships, etc. are not eligible non-traditional credit tradelines</p>	

5.9 Non-Borrowing Spouse Debt in Community Property States	<p>If the Borrower resides in a community property state, or the Property being insured is in a community property state, debts of the non-borrowing spouse must be included in the Borrower’s qualifying ratios, except for obligations specifically excluded by state law.</p> <ul style="list-style-type: none"> • A credit report must be obtained for the non-borrowing spouse to determine the debts that must be included • A signed authorization for the non-borrowing spouse is required • The non-borrowing spouse’s credit history is not considered 		
	State	Excludes Debts from DTI	Additional State Requirements
	AZ	Exclude only those debt acquired prior to marriage	<p>Satisfaction of non-purchasing spouse’s collections and judgements not required if all the following are met:</p> <ul style="list-style-type: none"> • He/she is not contributing towards the down payment or transaction costs (includes gift or money from joint accounts) • He/she signs the title disclaimer to prevent any judgements from attaching to the property; and • He/she does not sign the Deed of Trust
	CA	Can exclude only those debts that were acquired prior to the marriage and only with a specific pre-Marital agreement	All delinquent debts, including those of the non-purchasing spouse must be satisfied prior to or at closing
	ID	Can exclude only those debts that were acquired prior to the marriage and only with a specific pre-Marital agreement	No additional restrictions
	LA	Can exclude only those debts that were acquired prior to the marriage and only with a specific pre-Marital agreement	No additional restrictions
	NV	Exclude only those debt acquired prior to marriage	No additional restrictions
	NM	Can exclude only those debts that were acquired prior to the marriage and only with a specific pre-Marital agreement	No additional restrictions
	TX	Can exclude only those debts that were acquired prior to the marriage and only with a specific pre-Marital agreement	No additional restrictions
	WA	Exclude only those debt acquired prior to marriage.	No additional restrictions.
WI	Exclude only those debt acquired prior to marriage.	No additional restrictions.	

<p>5.10 Bankruptcy</p>	<p>Chapter 7</p> <ul style="list-style-type: none"> • Discharge/dismiss 36 months at the time of submission to GUS • GUS may render an Accept underwriting decision less than 36 months discharge/dismiss • Less than 36 months with a GUS refer requires Orion Lending underwriting credit exception <p>Chapter 11 or 13 Bankruptcy in progress must meet the following:</p> <ul style="list-style-type: none"> • All required payments have been made on time during the repayment term; and • At least 12 months of payments in the plan has elapsed; and • Written permission from the bankruptcy court/trustee to enter the mortgage transaction
<p>5.11 Charge-offs</p>	<ul style="list-style-type: none"> • Not required to be paid off
<p>5.12 Collections</p>	<p>If the cumulative total of all non-medical collections exceeds \$2,000, the following options apply:</p> <ul style="list-style-type: none"> • Require payment in full of these accounts prior to loan closing, or • Obtain a repayment agreement or require payment arrangements to be made and provide at least one payment made under the new arrangements, or • Include 5 percent of the outstanding balance as a payment in the DTI
<p>5.13 Consumer Credit Counseling</p>	<p>The following must be documented</p> <ul style="list-style-type: none"> • One year of the payment period of the debt management plan has elapsed. • All payments have been made on time; and • Written permission from the counseling agency
<p>5.14 Federal Taxes Due</p>	<ul style="list-style-type: none"> • Federal taxes are due each year on the date determined by the IRS. Taxpayers who owe taxes and do not pay in full by the filing date are determined delinquent by the IRS • An IRS approved extension to file a tax return does not grant the borrower additional time to pay their taxes due. Borrower(s) must provide evidence of payment to the IRS for estimated income tax due by the filing date • A borrower with delinquent federal tax debt is ineligible unless there is an IRS approved repayment plan, and the borrower has made 3 timely payments. The payments cannot be prepaid
<p>5.15 Credit Report Debt</p>	<ul style="list-style-type: none"> • Any monthly payment amount used in the qualifying debt ratio that is different than what is reported on the credit report, documentation to support the amount used is required

<p>5.16 Disputed Accounts</p>	<p>Non- derogatory disputed accounts - A GUS Accept recommendation must be downgraded if any one of the following are NOT met:</p> <ul style="list-style-type: none"> • The disputed tradeline has a zero balance • The tradeline states "paid in full" or "resolved" on the credit report • Disputed tradelines are 24 months or greater • The tradeline is current and paid as agreed • The payment on the credit report is included in the monthly debts; or • Five percent of the stated account balance on the credit report is included in the monthly debt <p>Disputed Derogatory accounts - GUS Accept must be downgraded to a refer and manually underwritten if the borrower as \$2000 or more collectively in derogatory disputed accounts in the last 24 months</p> <p>For all GUS recommendations, the following disputed accounts may be excluded:</p> <ul style="list-style-type: none"> • Disputed medical accounts/collections • Charged off accounts • Disputed derogatory accounts that are the result of identity theft, credit card theft or unauthorized use when 3rd party documentation has been provide such as a police report, attorney correspondence or creditor statement is provided to support the borrower's explanation; or • Accounts of a non-purchasing spouse in a community property state
<p>5.17 Authorized User Accounts</p>	<ul style="list-style-type: none"> • Not required to include monthly payments in the DTI unless the borrower is making the payment
<p>5.18 Excluded Debt</p>	<ul style="list-style-type: none"> • Installment debt with less than 10 months of payment remaining may be excluded provided the payment does not exceed five percent of the monthly repayment income • Installment debt may be paid down to ten months or less • Mortgage debt thru divorce must document the previous 12 months have been paid as agreed prior to the loan application <ul style="list-style-type: none"> ◦ If there are late payments in the previous 12 months prior to the loan application the full mortgage obligation must be included in the DTI
<p>5.19 Co-signed Debt</p>	<ul style="list-style-type: none"> • Co-signed debts may be excluded provided 12 months of timely payments prior to the loan application have been made by the other party to the loan • Late payments reported in the 12 months prior to the loan application require the liability to be included in the DTI • Debt identified on the credit as "individual" must be included in the DTI regardless of who is making the monthly payments (i.e., parents making payments on behalf of the borrower and the loan is solely in the borrower's name)

<p>5.20 Balloon Payment/ Deferred debt</p>	<ul style="list-style-type: none"> Balloon debt and deferred debt that require payment in full upon their due date, a payment must be included in the DTI If the balloon/deferred debt payment is due within 12 months, borrower must demonstrate the ability to repay If the payment is unknown, provide documentation from the credit to establish the monthly payment, or Calculate the payment based on 5% of the balance
<p>5.21 Court Ordered Debt</p>	<p>Court ordered debts must include any payments in the DTI unless:</p> <ul style="list-style-type: none"> The borrower has a release of liability from the court/creditor and 3rd party documentation is provided to support the release of liability
<p>5.22 Student Loans</p>	<p>For outstanding student loans, regardless of the payment status, the following must be used to determine the payment to be included in the DTI:</p> <ul style="list-style-type: none"> The payment reported on the credit report or the actual documented payment when the payment is above zero; or One half (.50) percent of the outstanding loan balance reported on the credit report when the payment amount is zero
<p>5.23 Judgements</p>	<ul style="list-style-type: none"> Must either be paid in full or have evidence of three timely payments made per the agreement The borrower may not prepay the payments to meet the three months payments
<p>5.24 Foreclosure, Deed in Lieu, and Short Sale</p>	<ul style="list-style-type: none"> 36 months seasoning from the date in which title was transferred from the borrower, the date of the deed in lieu or the day on which the short sale closed GUS Refer with less than 36 months will require an underwriting credit exception
<p>5.25 Rent/Mortgage Payment History</p>	<ul style="list-style-type: none"> GUS Accept – No verification of mortgage or rent is required GUS Refer – A VOR/VOM may be required for manually underwritten loans with a credit score less than 680. If a full 12-month history is not available, verification of the amount of rental history that has been paid must be verified
<p>5.26 Maximum Number of Properties</p>	<ul style="list-style-type: none"> A borrower is limited to owning one single family housing unit other than the house associated with the loan request The current home must no longer meet the needs of the borrower, examples include but not limited to: <ul style="list-style-type: none"> Relocation due to a new job opportunity Requires a larger home to provide for a growing family Obtaining a divorce and the ex-spouse will retain the dwelling Is a non-occupying co-owner or co-borrower on another mortgage loan and wants to purchase their own dwelling

<p>5.27 DTI Threshold for GUS RE-RUN</p>	<ul style="list-style-type: none"> • If new or increased debt and payment amounts are \$51.00 or more, those debts must be entered into the GUS system and re-run • USDA must issue a new Conditional Commitment prior to loan closing
<p>Section 6 - Income</p>	
<p>6.1 Ineligible Income</p>	<p>If the income or asset source is not acceptable under all laws, such as income generated through marijuana sales, then the loan is ineligible for Orion Lending; this includes both self-employed borrowers and wage earners working for a company. Likewise, all use of the subject property must be compliant with all laws. Properties that have mixed-use that do not meet all local, state, or federal laws are ineligible for Orion Lending</p>
<p>6.2 Eligibility Income</p>	<ul style="list-style-type: none"> • The annual income must include all income from eligible sources from all adult household members, not just parties to the loan note • The annual income for the household is used to calculate the adjusted household income when determining eligibility for a guaranteed loan • Annual income is the total of all income sources for a 12-month timeframe • Click the link to income eligibility AMI by state USDA Income Eligibility by State
<p>6.3 Calculation of Annual Income (not qualifying income)</p>	<p>Calculating annual income, the following must be considered:</p> <ul style="list-style-type: none"> • All base wages and salaries, overtime, commission, fees, tips, bonuses, housing allowances • Documented cost of living wage increase that will be effective on or before loan closing • Include the first \$480 of earned income for adult full-time students who are not borrowers on the loan • Include income from the spouse unless the spouse has been living apart from the borrower for at least three months (documentation such as a lease, utility bills or bank statements will be required to support a different residence) • Any adult member who is currently unemployed seeking new employment must have their previous earnings included in the annual income calculation. If documentation is provided to support the borrower is not seeking to be re-employed, the income is not considered. • Income from a temporarily absent household member must be included • Income from non-retirement assets of \$50,000 or greater must be included in the annual income. Assets with actual earnings, the stated rate of interest at the time of application will be used to arrive at calculated income • Net family assets that do not earn interest will use the current passbook savings rate • Click the link to review annual vs repayment income types USDA Chapter 9 Income Analysis
<p>6.4 Automobile Allowance</p>	<ul style="list-style-type: none"> • One year history of receipt required • The amount of allowance the exceeds the expenditure may be included. If there is a monthly debt, such as a car payment or equipment payment, the debt must be included in the DTI

<p>6.5 Base Wages (Hourly or Salary)</p>	<ul style="list-style-type: none"> • Most recent 30 days paystubs, W2's for the prior two years • Hourly waged income will be averaged over the period it has been earned • Future income (raises, bonus, etc.) to be earned in the ensuing 12 months must be considered in the annual income calculation for eligibility
<p>6.6 Boarder Income</p>	<ul style="list-style-type: none"> • Ineligible
<p>6.7 Bonus, Commission, Overtime and Tips</p>	<ul style="list-style-type: none"> • Minimum of 12 months receipt and likelihood of continuance • For job changes, to consider previous income earned in the average, must be in the same line of work
<p>6.8 Child Support, Alimony/Separate Maintenance</p>	<ul style="list-style-type: none"> • Court Ordered payments <ul style="list-style-type: none"> ◦ Evidence of receipt of 6 months consistent monthly payments • Voluntary payment arrangements <ul style="list-style-type: none"> ◦ Evidence of receipt of 12 months consistent monthly payments ◦ If the amounts are not consistent, the average of the amount received over the time of receipt can be used
<p>6.9 Employment Contract/Offer Letter</p>	<ul style="list-style-type: none"> • A borrower moving to a new employer (in the same profession) with a contract to begin with 60 days of closing is eligible with the following: <ul style="list-style-type: none"> ◦ Fully executed employment contract (signed and dated by all parties) with all contingencies cleared ◦ Sufficient reserves to cover all monthly liabilities and the new mortgage obligation until employment begins
<p>6.10 Foster Child or Adult Income</p>	<ul style="list-style-type: none"> • Not an eligible source of income and is not included in annual or repayment income
<p>6.11 Gaps of Employment</p>	<ul style="list-style-type: none"> • Letter of explanation required • A business loss from a closed business may be removed from consideration, documentation is required to support the dates of operation
<p>6.12 Rental Income</p>	<ul style="list-style-type: none"> • 24-month history of rents received is required, rents less than 24 months cannot be considered in repayment income but will be considered in eligible income when determining total household income
<p>6.13 Secondary Employment</p>	<ul style="list-style-type: none"> • One year of uninterrupted history of working both a primary and second job is required to consider the income for repayment

6.14 Seasonal Employment	<ul style="list-style-type: none"> • 2-year consistent history in the same line of work
6.15 Self-Employed	<ul style="list-style-type: none"> • Most recent 2 years of tax returns and all schedules • Recent quarterly P & L statement, signed and dated • Confirmation the business is operational within 30 days of the note/loan closing
6.16 IRS Transcripts	<ul style="list-style-type: none"> • Required for all household members regardless of self-employment • Validation from the IRS is not required to request the Conditional Commitment however is required at loan delivery
6.17 MCC	<ul style="list-style-type: none"> • Allowed
6.18 Modified Tax Returns and Past Due Returns	<p>All borrower(s) using tax returns to support income for qualification must have filed any past due returns a minimum of 90 days before the application date. Income modifications within 90 days of the application for the benefit of qualification are not permitted</p>
Section 7 - Assets	
7.1 Checking, Money Market Accounts and Savings	<ul style="list-style-type: none"> • Two months of most recent bank statements, or • Verification of Deposit (VOD) and a recent bank statement, or • Print outs signed, stamped, and dated by the banking institution to support account activity and monthly balances
7.2 Cash on Hand	<p>Cash on Hand refers to cash held by the Borrower outside of a financial institution. To be eligible for use:</p> <ul style="list-style-type: none"> • Verify that the Borrower’s Cash on Hand is deposited in a financial institution or held by the escrow/title company; • Document the Borrower’s Cash on Hand by obtaining an explanation from the Borrower describing how the funds were accumulated and the amount of time it took to accumulate the funds; and • Determine the reasonableness of the accumulation based on the period during which the funds were saved and the Borrower’s: <ul style="list-style-type: none"> ○ Income stream ○ Spending habits ○ Documented expenses and, ○ History of using financial institutions

<p>7.3 Earnest Money</p>	<ul style="list-style-type: none"> • A copy of the borrower’s canceled check; • Certification from the deposit-holder acknowledging receipt of funds; and • A verification of deposit or bank statement showing the average balance was sufficient to cover the amount of the earnest money deposit at the time of the deposit
<p>7.4 Eligible Gift Donors</p>	<p>Gift Funds may not be provided from any source that has an interest in the sale of the property (seller, builder, real estate agent, mortgage broker, etc.)</p>
<p>7.5 Gift Fund Documentation</p>	<p>Obtain a gift letter signed and dated by the donor and Borrower that includes all the following:</p> <ul style="list-style-type: none"> • The donor’s name, address, telephone number; • The donor’s relationship to the Borrower; • The dollar amount of the gift; and • a statement that no repayment is required <p>Verify and document the transfer of gifts from the donor to the Borrower in accordance with the following requirements:</p> <ul style="list-style-type: none"> • If the gift funds have been verified in the Borrower’s account, obtain the donor’s bank statement showing the withdrawal and evidence of the deposit into the Borrower’s account • If the gift funds are not verified in the Borrower’s account, obtain the certified check or money order or cashier’s check or wire transfer or other official check evidencing payment to the Borrower or settlement agent, and the donor’s bank statement evidencing sufficient funds for the gift amount <ul style="list-style-type: none"> ◦ Standard gift funds through an exchange of funds are considered the borrower’s funds and are eligible to be returned to the borrower at closing • Gift of equity not allowed <p>If the gift funds are being borrowed by the donor and documentation from the bank or other savings account is not available, have the donor provide written evidence that the funds were borrowed from an acceptable source, not from a party to the transaction, including the Lender Cash on Hand is not an acceptable source of donor gift funds</p>
<p>7.6 Source of Large Deposits</p>	<ul style="list-style-type: none"> • Any recurring or non-recurring deposits greater than \$1000 must be documented to confirm the deposits are not from an undisclosed income source regardless if needed for funds to close
<p>7.7 Retirement, 401k, IRA, etc.</p>	<ul style="list-style-type: none"> • Recent account statement (monthly, quarterly, etc) to evidence account balance, vested balance available for withdrawal • 60 percent of the vested amount may be used for reserves • Funds borrowed from a 401K account may be used for funds to close, but are not considered in reserves

<p>7.8 Reserve Requirements</p>	<ul style="list-style-type: none"> • Not Required but may improve the eligibility • Gifts are not permitted for reserves • Cash on hand is not permitted as reserves • Borrowed funds from a retirement account (401k, IRA) are not eligible for reserves • To calculate reserves, the lessor of the current month's balance or previous month's ending balance must be used
<p>7.9 Real Estate Tax Credits</p>	<p>Where real estate taxes are paid in arrears, the seller's real estate tax credit may be used to cover any down payment, closing costs or prepaid items</p> <ul style="list-style-type: none"> • The borrower documents funds for any down payment and closing costs at the time of underwriting without consideration of the real estate tax credits <p>If during the underwriting process, the borrower is short funds to close, exclusive of any down payment, the prorated taxes can be used to offset the funds required for the establishment of their escrow account, not to exceed actual costs</p>
<p>Section 8 – Streamline Assist Refinance</p>	
<p>8.1 Eligibility</p>	<ul style="list-style-type: none"> • Must be an existing USDA insured loan • The existing loan must have closed 12 months prior to the new application
<p>8.2 Loan Terms</p>	<ul style="list-style-type: none"> • 30-year fixed only • Interest rate of the new loan must not exceed the interest rate of the existing loan • Secondary Financing, DPA loans or home equity lines of credit cannot be included in the refinance • Cash out is not permitted. Borrowers may receive reimbursement for loan funds at closing for eligible closing costs paid from the borrower's funds. The borrower may also receive a refund from the overage in the borrower's escrow account
<p>8.3 Mortgage History</p>	<ul style="list-style-type: none"> • 0x30x12 mortgage payment history is required • Direct verification from the servicer or a mortgage only credit report is permitted
<p>8.4 Maximum Mortgage</p>	<ul style="list-style-type: none"> • Loan amount may include: <ul style="list-style-type: none"> ○ Unpaid principal balance and interest ○ Reasonable and customary closing costs, including any financed portion of the upfront guarantee fee ○ Unpaid fees, past-due interest and late fees/penalties may not be included in the new loan ○ Any subsidy subject to recapture on a previous USDA Direct loan may not be included in the new loan amount, it must either be paid in full or subordinated to the new loan

8.5 Net Tangible Benefit	<ul style="list-style-type: none"> The borrower must receive a tangible benefit Tangible benefit is defined as a \$50 or greater reduction in their monthly principal, interest and annual guarantee fee as compared to the existing principal, interest, and annual guarantee fee
8.6 Continuity of Obligation	<ul style="list-style-type: none"> Borrowers on the existing loan must be the same borrowers on the new loan except in the case of a deceased borrower Borrowers may be added to the loan but not removed
8.7 DTI	<ul style="list-style-type: none"> Not computed on a streamline assist GUS is not required; manual underwriting is required
8.8 Funds to Close	<ul style="list-style-type: none"> Not required to be verified
8.9 Appraisal Requirements	<ul style="list-style-type: none"> An appraisal is not required for the Streamline Assist Refinance If current loan is a direct loan and the borrower received a subsidy, an appraisal is required
Section 9 - Property	
9.1 Appraisal	<ul style="list-style-type: none"> Must be completed by an FHA Approved Appraiser The property will be subject to FHA MPR (minimum property requirements)
9.2 Eligible Properties	<ul style="list-style-type: none"> Single Family Residence Attached/Detached PUDS and Condominiums Manufactured Housing - See section 9.10 for additional requirements <ul style="list-style-type: none"> Singlewide and Doublewide allowed Leasehold with a minimum lease length of 15 years beyond the maturity date Property must be in an eligible rural area or an area that was eligible at the time of the original closing for a streamline assist refinance

<p>9.3 Ineligible Properties</p>	<ul style="list-style-type: none"> • Mobile Homes • Manufactured Homes < 400 square feet and < 12 feet wide • Existing Manufactured Home with any of following characteristics: <ul style="list-style-type: none"> • Previously installed on a different homesite • Less than 400 square feet • Manufacture date is greater than 20 years from the Note Date for the new loan or does not meet or exceed FMHCSS as evidenced on both the affixed HUD certification label and HUD Data Plate • Has had any alterations or modifications since construction in the factory, except for porches, decks, or other structures which were built to engineered designs or were approved and inspected by local code officials • Does not meet or exceed the FMHCSS Uo Value Zone for the geographic area • Does not have a permanent foundation that meets manufacturer’s requirements and HUD installation standards • Cooperatives • Condotels • Timeshares • Geodesic Homes • Unimproved land and property currently in litigation • 2-4 units • Income producing properties that do not meet Rural Housing requirements. Examples includes, but are not limited to grain bins, silos, dairy, hog barns and multiple equestrian stables • Properties served by cisterns
<p>9.4 Condominium Eligibility</p>	<ul style="list-style-type: none"> • Must be either FHA/VA, Fannie Mae or Freddie Mac approved • Streamline Assist: Condo approval not required
<p>9.5 Rural Characteristics</p>	<ul style="list-style-type: none"> • Not located in an Urban Area • Scattered population • Low density of residences • Lack of basic shopping facilities • Lack of community and public services and facilities and; • Lack of comparable sales data

<p>9.6 Site Requirements</p>	<ul style="list-style-type: none"> • No limitation on size/acreage • Must not be an income producing property (barns, silos, livestock facilities or greenhouses would be positive indicators of possible income producing activity) • Income producing land such as a vineyard or, apple orchard
<p>9.7 Accessory Dwelling Unit</p>	<p>An Accessory Dwelling Unit (ADU) refers to a habitable living unit detached from a primary one-unit Single Family dwelling, which together constitute a single interest in real estate. It is a separate additional living unit including:</p> <ul style="list-style-type: none"> • A kitchen; • Sleeping area; • Bathroom facilities; • An independent means of ingress and egress; • Is independent from the primary dwelling unit and, • Must have its own utilities <p>A Single-Family Residential Property with an ADU remains a one-unit Property. For any Property with two or more units is not acceptable</p>
<p>9.8 Multiple Parcels</p>	<ul style="list-style-type: none"> • Each parcel must be conveyed in its entirety and must be contiguous (joined at the property lines to the subject) • Zoning must be the same • The entire property is permitted to contain one living dwelling • Parcels divided by a road would be acceptable and considered contiguous (Ex: A garage located across the street from the subject)
<p>9.9 New Construction Requirements</p>	<ul style="list-style-type: none"> • Certificate of Occupancy showing that the local jurisdiction completed at least 3 construction phase inspections and • A 1-year Builders Warranty HUD Form 92544 or; • Three construction inspections, • A Final Inspection and • 1-year Builders Warranty, or • Final Inspection and • 10-year Builders Warranty

<p>9.10 Manufactured Housing</p>	<ul style="list-style-type: none"> • Singlewide and Doublewide allowed • Must meet all requirements according to FHA • Structural Engineers Certification is required • HUD label and data tag must be present or IBTS certification is required • Purchase of an eligible new manufactured home is allowed when the following are met: <ul style="list-style-type: none"> ○ Must have a manufacture date that is within 12 months of the date of the loan closing. Must be affixed with a data plate located inside the home in which the date the unit was manufactured can be found ○ Must be a new unit in stock that has never been installed or occupied at any other site or location ○ Must have a floor area of not less than 400 square feet ○ Must be placed on a foundation built to FHA guidelines in effect at the time of certification ○ Must meet or exceed the Federal Manufactured Home Construction and Safety Standard (FMHCSS) Uo Value Zone for the geographic area the unit will be placed. Builder must certify thermal requirements at time of purchase have been met. ○ The borrower must contract with a licensed manufactured dealer. Must meet USDA site, new dwelling, and documentation requirements listed in chapters 12 and 13 of the 3555.1. • Purchase of an eligible existing manufactured home is allowed when it meets the following criteria: <ul style="list-style-type: none"> ○ Must be an existing unit that has never been previously installed on a different homesite ○ Must have a floor area of not less than 400 square feet ○ Must have not had any alterations or modifications since construction in the factory, except for porches, decks, or other structures which were built to engineered designs or were approved and inspected by local code officials ○ Must be installed on a permanent foundation in accordance with the manufacturer’s requirements and HUD installation standards. Certification of a proper foundation is required ○ Must meet or exceed the Federal Manufactured Home Construction and Safety Standard (FMHCSS) Uo Value Zone for the geographic area ○ Must have a manufacture date that is within 20 years from the date of loan closing and meets or exceeds the FMHCSS as evidenced by both an affixed HUD Certification label and HUD Data Plate
<p>9.11 Solar Panels Leased or Purchased</p>	<ul style="list-style-type: none"> • Copy of the lease or power purchase agreement is required and must not contain restrictions upon transfer or block any foreclosure or servicing actions • The property must maintain access to an alternative source of electric/gas that meets community standards • Leased solar panels are considered personal property and may not be included in the appraised value • The lease agreement or PPA (Power Purchase Agreement) during the installation or removal, damage is the responsibility of the borrower or owner of the equipment • The lease agreement, PPA or other agreement must not list the owner as a loss payee on the homeowner’s insurance policy • PACE (Property Assessed Clean Energy) loans or assessments are not eligible

9.12 Well and Septic	<ul style="list-style-type: none"> Well and Septic inspections are required
9.13 Private Road	<ul style="list-style-type: none"> Must be protected by a permanent recorded easement or Is maintained by a HOA
9.14 Escrow Holdback	<ul style="list-style-type: none"> Must be completed within 180 days of the loan closing Follow Orion Lending Escrow Holdback Requirements
9.15 Flood Requirements	<p>New or proposed construction is ineligible unless the below is met:</p> <ul style="list-style-type: none"> A final Letter of Map Amendment (LOMA) or A final Letter of Map Revision (LOMAR) removing the property from the flood zone A FEMA form 086-0-33 Flood Elevation Certification documenting that the lowest floor (including the basement) of the home and all related improvements/equipment are built at or above the 100-year flood elevation <p>Flood insurance must cover the lessor of the outstanding principal balance of the loan or the maximum amount of coverage allowed under FEMA's NFIP</p> <ul style="list-style-type: none"> Existing and newly constructed dwellings not served by public sewer must have a drinking water supply which is protected from cross contamination from the on-site septic/sewage during flooding and is eligible provided one of the following can be met: <ul style="list-style-type: none"> The property is serviced by a public water supply The property is serviced by a private drinking water well/supply with a fitted sanitary well cap which prevents backflow flood water from entering the drinking supply well The property is serviced by a private drinking water well/supply whose opening is located above the base flood elevation as evidenced by an elevation certification
Section 10 - Misc. Guidelines	
10.1 Seller Contributions	<ul style="list-style-type: none"> Maximum of 6%
10.2 Cash Back to The Borrower	<ul style="list-style-type: none"> Borrowers may be reimbursed out of loan funds for eligible loan costs incurred prior to closing paid from the borrowers own verified funds Principal reduction is permitted to avoid cash back to the borrower

<p>10.3 Power of Attorney</p>	<ul style="list-style-type: none"> • A specific or general POA is allowable • For Military personnel, a POA may only be used for one of the applications (initial or final) but not both. Allowed in the following circumstances: <ul style="list-style-type: none"> ○ The service member is on overseas duty or on an unaccompanied tour, ○ Unable to obtain the absent borrower’s signature on the application by mail or via fax; and, ○ For an incapacitated borrower who is unable to sign the application, the attorney-in-fact has specific authority to encumber the property and obligate the borrower. Acceptable evidence includes a durable POA specifically designed to survive incapacity and avoid the need for court proceedings
<p>10.4 Impounds</p>	<ul style="list-style-type: none"> • Impounds for taxes, insurance and flood insurance are required
<p>10.5 USDA Submission</p>	<ul style="list-style-type: none"> • All USDA loans GUS approved or manually underwritten must be submitted to the local RD (Rural Development) office for underwriting and are subject to their posted turn times • RD will provide upon review and approval the conditional commitment RD form 3555-18/18E, this must be received prior to closing • Any increase to the loan amount or rate will require resubmission to GUS and the local RD office for underwriting. If the loan amount or interest rate is lowered, resubmission is not required
<p>10.6 VVOE – USDA Streamlined Assist</p>	<p>VVOE (or third-party verification) for income source of salaried and self-employed borrowers required. Non-W2 and non-self-employed borrowers do not require a VVOE</p>
<p>10.7 USDA Resources</p>	<ul style="list-style-type: none"> • USDA Income Eligibility • USDA Property Eligibility

Section 11 – Guideline Updates – Effective 5/16/25

<p><u>3.5 Borrower Eligibility</u></p>	<ul style="list-style-type: none"> • U.S. Citizens • Permanent resident aliens • Nonpermanent resident aliens 	<ul style="list-style-type: none"> • U.S. Citizens • Permanent resident aliens
<p><u>3.6 Ineligible Borrowers</u></p>	<ul style="list-style-type: none"> • Non-Occupant Co-Borrowers • Title cannot be taken in the name of a trust 	<ul style="list-style-type: none"> • Non-Occupant Co-Borrowers • Nonpermanent resident aliens • Title cannot be taken in the name of a trust
<p><u>3.10 Eligible Properties</u></p>	<ul style="list-style-type: none"> • Manufactured Housing (Singlewide and Doublewide allowed) <ul style="list-style-type: none"> ○ Build on own land not eligible ○ Current guidelines only allow for new manufactured homes. Orion Lending is participating USDAs pilot program to allow the ○ financing of existing construction through the 502 Direct Loan Program / 502 Pilot ♣ Available states for pilot include: CO, IA, LA, MI, MT, NV, NH, NY, ND, OH, OR, PA, SD, TN, TX, UT, VT, VA, WA, WI, WY 	<ul style="list-style-type: none"> • Section was removed. Details added to 9.10 “Manufactured Housing”
<p><u>9.2 Eligible Properties</u></p>	<ul style="list-style-type: none"> • New Manufactured Housing (Singlewide and Doublewide allowed) <ul style="list-style-type: none"> ○ Build on own land not eligible ○ Current guidelines only allow for new manufactured homes. Orion Lending is participating USDAs pilot program to allow the ○ financing of existing construction through the 502 Direct Loan Program / 502 Pilot ♣ Available states for pilot include: CO, IA, LA, MI, MT, NV, NH, NY, ND, OH, OR, PA, SD, TN, TX, UT, VT, VA, WA, WI, WY 	<ul style="list-style-type: none"> • Manufactured Housing - See section 9.10 for additional requirements <ul style="list-style-type: none"> ○ Singlewide and Doublewide allowed
<p><u>9.3 Ineligible Properties</u></p>	<ul style="list-style-type: none"> • Existing Manufactured Home (must be manufactured <12 months from the date of the purchase contract) 	<ul style="list-style-type: none"> • Existing Manufactured Home which meets any of following: <ul style="list-style-type: none"> ○ Previously installed on a different homesite ○ Less than 400 square feet ○ Manufacturing date is greater than 20 years from the Note Date for the new loan or does not meet or exceed FMHCSS as evidenced on both the affixed HUD certification label and HUD Data Plate ○ Has had any alterations or modifications since construction in the factory ○ Does not meet or exceed the FMHCSS Uo Value Zone for the geographic area ○ Does not have a permanent foundation that meets manufacturer’s requirements and HUD installation standards

<p><u>9.10</u> <u>Manufactured Housing</u></p>	<ul style="list-style-type: none"> • Singlewide and Doublewide allowed • Must meet all requirements according to FHA • Structural Engineers Certification is required • HUD label and data tag must be present or IBTS certification is required • The manufactured date may not exceed 12 months from the purchase contract date 	<ul style="list-style-type: none"> • Singlewide and Doublewide allowed • Must meet all requirements according to FHA • Structural Engineers Certification is required • HUD label and data tag must be present or IBTS certification is required • Purchase of an eligible new manufactured home is allowed when the following are met: <ul style="list-style-type: none"> ○ Must have a manufacture date that is within 12 months of the date of the loan closing. Must be affixed with a data plate located inside the home in which the date the unit was manufactured can be found ○ Must be a new unit in stock that has never been installed or occupied at any other site or location ○ Must have a floor area of not less than 400 square feet ○ Must be placed on a foundation built to FHA guidelines in effect at the time of certification ○ Must meet or exceed the Federal Manufactured Home Construction and Safety Standard (FMHCSS) Uo Value Zone for the geographic area the unit will be placed. Builder must certify thermal requirements at time of purchase have been met. ○ Construction and Site Requirements: <ul style="list-style-type: none"> ○ The borrower must contract with a licensed manufactured dealer. Must meet USDA site and new dwelling requirements listed in chapter 12 of the 3555.1. The following documentation must be provided: <ul style="list-style-type: none"> ○ Itemized cost breakdown of the total package, including the base unit, eligible options, site development, installation, set-up, lot costs, and any credit for wheels and axles ○ Dealer certification that any cash payment or rebate as a result of a purchase will be deducted from the price of the unit and not paid directly to the applicants ○ Dealer certification that proposed cost is the full price of the unit. If furniture is being purchased by the applicants with personal funds, a lien will not be filed against the property ○ Documentation to show that the foundation plan was designed to meet the HUD Handbook 4930.3G guidelines ○ Copy of plot and site development plans ○ All USDA required inspections noted in chapter 12 of the 3555.1
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		<ul style="list-style-type: none"> ○ Contractor certification that multi-sectioned units were properly joined and sealed according to the manufacturer’s specifications and the home sustained no damage during transportation and set-up • Purchase of an eligible existing manufactured home is allowed when it meets the following criteria: <ul style="list-style-type: none"> ○ Must be an existing unit that has never been previously installed on a different homesite ○ Must have a floor area of not less than 400 square feet ○ Must have not had any alterations or modifications since construction in the factory, except for porches, decks, or other structures which were built to engineered designs or were approved and inspected by local code officials ○ Must be installed on a permanent foundation in accordance with the manufacturer’s requirements and HUD installation standards. Certification of a proper foundation is required ○ Must meet or exceed the Federal Manufactured Home Construction and Safety Standard (FMHCSS) Uo Value Zone for the geographic area ○ Must have a manufacture date that is within 20 years from the date of loan closing and meets or exceeds the FMHCSS as evidenced by both an affixed HUD Certification label and HUD Data Plate
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