

# Section 2.24 – Rural Development Loan Program

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## Overview

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### Product Summary

#### General Information

This product description describes United States Department of Agriculture (USDA) Rural Development (RD) Single Family Housing Guaranteed Loan Program (SFHGLP). Guidance not addressed in this product description will follow SFHGLP Technical Handbook HB-1-3555 and any other applicable Procedures Notice, and publications. Correspondent lenders approved to participate in the SFHGLP should direct questions for scenarios, guidelines or other requirements to RD. Questions regarding credit overlays may be directed to the Product Support Team at 800.382.2111.

Truist sells RD loans on the secondary market by pooling them in Ginnie Mae pass-through mortgage-backed securities. The requirements of both RD and Ginnie Mae must be fulfilled without exception to produce a saleable loan.

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### Correspondent Lenders with Single Family Housing Guaranteed Loan Program (SFHGLP) Approval

Correspondent lenders approved to participate in the USDA RD SFHGLP with underwriters trained to implement the SFHGLP properly may sell RD loans to Truist that are underwritten and closed in full compliance with USDA RD SFHGLP regulations. Truist is not responsible for training correspondent lenders or providing RD handbooks or Procedures Notices.

Correspondent lenders are responsible for remitting the up-front Guarantee fee and for obtaining the Loan Note Guarantee on each loan. Additionally, the correspondent lender is responsible for reviewing the Loan Note Guaranty for accuracy. Truist will enforce repurchase of RD loans that do not have Loan Note Guaranty.

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## Related Bulletins

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### General

Related bulletins are provided below in PDF format. To view the list of published bulletins, select the applicable year below.

- [2022](#)
  - [2021](#)
  - [2020](#)
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## Certifications

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### Certifications

The following certifications are required:

- Qualified Mortgage (QM), Higher-Priced (HPML) and High Cost (HCL) Mortgage Loan Certification or comparable form that validates QM status, HPML and HCL.
  - High cost loans are ineligible.
  - The following are required:
    - Points and Fees Worksheet or comparable form
    - Ability to Repay Worksheet or comparable form or,
      - Income calculation for each borrower on either the Transmittal Summary or on a separate form; AND
      - Income and debt amounts must match on the Transmittal Summary, final application and final AUS submission; AND
      - Total debt-to-income ratio on the Transmittal Summary and final AUS submission must match.
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## Loan Terms

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**Assumptions** Not eligible to be assumed.

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## Loan Terms

Product Feature	Loan Terms
<ul style="list-style-type: none"><li>• Conforming Purchase</li><li>• Conforming Non-streamlined Refinance</li><li>• Conforming Streamlined Assist</li></ul>	<ul style="list-style-type: none"><li>• Fixed Rate</li><li>• 30 year amortization</li></ul>

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## Ineligible Transactions

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### Ineligible Transactions

- Construction Modification loans
  - Assumption
  - Streamlined Refinance
  - Energy Efficient Mortgages (EEMs)
  - Lending on Native American Tribal Lands
  - Properties subject to Property Assessed Clean Energy (PACE) Obligations
  - Temporary Buydown
  - Ease-in
  - ARM Alternative
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## Refinances

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### Streamlined-assist

- The loan being refinanced must be an existing USDA Guaranteed loan that is serviced by Truist.
- 0 x 30 12-month mortgage history required.

Note: While an appraisal is not required for Streamlined-assist, RD determines the appraised value by deducting the 1% upfront guarantee fee from the total loan amount.

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## Secondary Financing

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### Secondary Financing

#### General

- The following are eligible downpayment assistance programs:
    - Federal Home Loan Bank
    - Truist approved affordable Down Payment Assistance Programs
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## Geographic Restrictions

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### General

The following table shows applicable Geographic Restrictions:

State	Restriction
Georgia	Properties containing Georgia Power Company leasehold agreements are ineligible.

Reference: See [Section 1.02: Eligible Mortgage Loans](#) guidelines in the *Correspondent Seller Guide* for general geographic restrictions.

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## Occupancy/Property Types

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- Ineligible Property Types**
- Manufactured Housing.
  - Geodesic domes.
  - Earth Homes.
  - Quonset Huts.
  - Cooperatives, and
  - Properties located in mudslide zone
  - 2-4 Unit Properties
- 

- Attached PUD**
- Property Insurance requirements:
    - HO3/comparable full coverage homeowners insurance policy; OR
    - HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for attached PUDs where the homeowners association has a blanket policy covering the exterior structure only; OR
    - Homeowners Association blanket policy covering the exterior AND interior of the unit.
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Note: HO3/comparable full coverage policies will be escrowed.

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- Condominium**
- Condominiums must be approved or accepted by Freddie Mac, Fannie Mae, HUD or VA.
  - Proof of agency approval must be included within the loan file.
  - Property Insurance requirements:
    - HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for Condominiums where the condominium master policy covers the exterior structure only; OR
    - Condominium master policy covering the exterior AND interior of the unit.
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- Escrows for Completion or Construction or Repairs**
- If the improvements or repairs cannot be completed for valid reason, i.e. inclement weather or shortages of materials, funds may be escrowed.
  - Submit a fully executed Escrow Holdback Agreement indicating the amount of holdback and an itemized list of repairs to be completed with the loan file.
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*Continued on next page*

## Occupancy/Property Types, continued

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### Property Flipping

- Seller must have held title to property for a minimum of 10 days prior to loan closing (90 days if property was acquired through a Bank Short-Sale).
- Concurrent or same-day seller acquisitions of title are not acceptable.
- Sales contract cannot reflect buyer as "to be determined" or reference an assignment of contract.
- If the difference between the seller's acquisition price and sales price is 25% or greater, document the file to justify increase (evidence of repairs, renovations, etc.).
- The appraisal must include an address, the seller's acquisition of the subject in the property/title transfer history or an addendum, and an analysis of the transfer in determining market value.

Note: The following transactions are exempt from Flipping restrictions:

- Properties being resold by a lender from inventory/Other Real Estate Owned;
  - Transactions occurring as the result of a divorce settlement, inheritance, or other inter-family transfer; and
  - Properties being resold by a company through an employee relocation program.
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## Eligible Borrowers

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### Eligible Borrowers

- Eligible borrowers include:
  - U.S. citizens,
  - U.S. non-citizen national, or
  - qualified alien
  - Eligible qualified aliens include:
  - Permanent resident aliens
  - Non-Permanent Resident Aliens with a valid E, G, H, L, NATO, O, or TN visa
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## Assets

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### General

The following requirements apply to Bitcoin and related services:

- Bitcoin and related products are not an acceptable source of funds for the down payment, closing costs, or financial reserves.
  - A large deposit from bitcoin converted to cash must be excluded from the funds used for qualifying purposes.
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## Automated Underwriting

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### Guaranteed Underwriting System (GUS)

- Guaranteed Underwriting System (GUS) submissions are allowed.
  - Use of GUS is not mandatory; however, if GUS is used, Accept/Eligible responses are required.
  - If USDA requires the GUS findings be manually downgraded from Accept/Eligible, the following must be provided:
  - Comment on the transmittal summary (1008) indicating the reason why the findings have been manually downgraded.
  - Copy of GUS findings that reflect an Accept/Eligible status.
  - Loans submitted to GUS receiving an automated “Refer” or “Refer with Caution” are ineligible.
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## Credit Requirements

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- Credit Report**
- A Non-Traditional Mortgage Credit Report (NTMCR) score is not eligible for consideration.
  - Use of credit repair designed to help a borrower manipulate the credit data in order to obtain financing for which they would not otherwise qualify is ineligible.
  - The following documents will be required at the time of delivery to validate the borrower qualified for the initial loan.
    - Initial credit report and GUS findings, at the time of application, with an acceptable response of Accept/ Approve Eligible.
    - The final credit report (if another was pulled for loan file decision) and GUS findings with an acceptable response of Accept/ Approve Eligible.
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- Credit Score**
- 640 minimum credit score required for all transactions except Streamlined-assist.
  - Borrowers with no credit score are ineligible.
  - No minimum credit score for Streamlined Assist refinance transactions
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- Credit Inquiries** Written explanation is required from Borrower for all credit inquiries made within the last 90 days regardless of GUS recommendation.
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## Qualifying Ratios

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**Maximum  
Qualifying  
Ratios**

Maximum qualifying ratio as permitted by RD

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**Signature Requirements**



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**Letters of Explanation**

Letters of explanation addressing issues deemed material to the credit decision must be signed with a “wet signature” or an “electronic signature.”

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**Verification of Deposit**

- All verifications of deposit (VOD) must be signed by the Borrower and Correspondent with either a “wet” or an “electronic” signature.
  - The depository institution is required to complete all verifications of deposit requests received from the Correspondent with a “wet” signature, unless:
    - The verification is generated by the depository institution on company letterhead and contains all requested information, date, name, title and signature of the associate fulfilling the verification request. Or,
    - It is a satisfactory company generated form, directly from the depository institution, that contains all the required information for a VOD.
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**Verification of Employment**

All verifications of employment (VOE) must be signed with either a “wet” or an “electronic” signature.

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**Verification of Mortgage**

- All verifications of rent or mortgage (VOR/VOM) must be signed by the Borrower and Correspondent with either a “wet” or an “electronic” signature.
  - The rental management or mortgage company is required to complete all verifications of rent/mortgage requests received from the Correspondent with a “wet” signature, unless:
    - The verification is generated by the rental management or Mortgage Company on company letterhead and contains all requested information, date, name, title and signature of the associate fulfilling the verification request. Or,
    - It is a satisfactory company generated form, directly from the rental management or Mortgage Company that contains all the required information for a VOR/VOM.
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**Rates, Points, and Lock-Ins**

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**CRA Incentive****Target Area**

- Loan eligibility for CRA Incentive is limited to Truist Bank's Community Reinvestment Act (CRA) assessment areas. It is also based on the subject property being located in a low-or-moderate income census tract or the borrower's income being equal to or lower than Truist's maximum allowable income level for the property county.
- Truist's assessment areas are NOT located in all areas of the states.
- To determine if your loan qualifies for the incentive(s), take the following steps:

Step	Action
1	Go to <a href="http://truistgeocoder.com">truistgeocoder.com</a>
2	Enter Password: CORRES
3	Input your borrower's annual income and property address
4	You will receive either a "Qualified" or "not-Qualified" value
5	If "Qualified," lock your loan at LendingSpace
6	Complete the CRA Census Tract Verification Form ( <a href="#">COR 0560A</a> ), if required. Email completed form to <a href="mailto:Truist.Corr.CRA@truist.com">Truist.Corr.CRA@truist.com</a> within 48 hours of loan being locked.

If the form is received within 48 hours of lock, Truist will validate the information and make the appropriate price adjustment.

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**Interest Rate and Price**

The initial interest rate and discount points are established by Truist. Refer to Truist's Rate Sheet.

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**Registration and Lock-In**

The initial interest rate and discount points are established by Truist. Refer to Truist's Rate Sheet.

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**Program and Investor Code**

Product Code: RUDEV3  
Target Investor Code: 000

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