



Last Reviewed: 05/05/2025

UHM REFINANCE REFERENCE TOOL

USDA

Disclaimer: This job aid is not all inclusive. Please reference Agency selling guides for further detail and requirements as necessary.

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USDA Requirements for all Refinances

Eligibility Requirements

- The existing loan to be refinanced must be an existing Rural Housing 502 Direct or Guaranteed Loan.
- The interest rate of the new guaranteed loan must be fixed and may not exceed the interest rate of the existing loan.
- Loan term must be fixed for 30 years.
- The loan security must include the same property as the original loan. The secured property must be owned and occupied by the applicants, as their principal residence.
- Borrowers must meet all eligibility requirements as outlined in HB-1-3555, except where noted.
- Borrowers must meet credit requirements as outlined in Chapter 10 of HB-1-3555.

LTV/CLTV Limitations

100% (102% with guarantee fee).

Borrower Eligibility

- At least one of the original Borrowers must be on the application for the new refinance loan.
- Additional Borrowers may be added to the new guaranteed loan.

Mortgage Seasoning Requirement

The existing loan must have closed 180 days prior to request for a refinance.



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USDA Non-Streamline (Rate/Term Refinance)

Max Loan Amount

The new loan amount may not exceed the new appraised value, with the exception of the upfront guarantee fee. The following items are eligible to be financed up to the new appraised value:

- Principal and interest balance of existing loan
- Reasonable and customary closing costs
- Funds necessary to establish a new tax and insurance escrow account
- Upfront guarantee fee
- Subsidy recapture due

Credit Score Requirements

- Minimum FICO: 600
- Manufactured Homes: 620

Appraisal Requirements

A new appraisal is required.

Maximum Fees

Discount points limited to 2%.

Ratio Limitations

- Monthly housing expense may not exceed 34%
- Total debt ratio may not exceed 41%

Payment History Requirement

Loan must be current for the 180-day period prior to the Agency's receipt of a Conditional Commitment Request.

Underwriting Requirements

All standard underwriting requirements apply, including but not limited to income, asset, DTI, and credit qualification.

AUS

GUS is utilized for USDA rate-term refinances.

Max Cash Back

Borrower cannot receive cash back on USDA rate term refinance.



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USDA Streamline Refinance

Max Loan Amount

The new loan amount may not exceed the original loan amount at time of purchase. It may include the principal and interest balance of the existing loan, and reasonable and customary closing costs, including any financed portion of the up-front guarantee fee.

Credit Score Requirements

A tri-merged credit report is not required on streamline refinances. A review of non-mortgage credit history is not required. Please note the following:

- A 12-month mortgage payment history is required.
- A credit score of 680 should be used for pricing purposes.

Appraisal Requirements

A new appraisal is not required for existing RD loan borrowers, except for direct borrowers who received subsidy during their loan term.

Ratio Limitations

- Monthly housing expense may not exceed 34%
- Total debt ratio may not exceed 41%

AUS

GUS is utilized for USDA streamline refinances.

Payment History Requirement

Loan must be current for the 180-day period prior to the Agency's receipt of a Conditional Commitment Request.

Max Cash Back

Cash back on USDA streamline refinances is limited to any fees paid up front by the Borrower.



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USDA Streamline-Assist Refinance

Max Loan Amount

The new loan amount may include the following eligible items:

- Principal and interest balance of existing loan
- Reasonable and customary closing costs
- Funds necessary to establish a new tax and insurance escrow account
- Upfront guarantee fee

Credit Score Requirements

A tri-merged credit report is not required on streamline refinances. A review of non-mortgage credit history is not required. Please note the following:

- A 12-month mortgage payment history is required.
- A credit score of 680 should be used for pricing purposes.

Appraisal Requirements

A new appraisal is not required for existing RD loan borrowers, except for direct borrowers who received subsidy during their loan term.

Net Tangible Benefit

\$50 or greater reduction in new PITI (including annual fee), as compared to current PITI payment.

LTV/CLTV Limitations

None – Purpose of this refinance type is to allow USDA loan borrowers to obtain lower monthly payments, regardless of negative equity.

Borrower Eligibility

- No removal of current borrowers, with the exception of deceased borrowers.
- Additional Borrowers may be added to the new guaranteed loan.

Payment History Requirement

Loan must be current for the 180-day period prior to the Agency's receipt of a Conditional Commitment Request.

Ratio Limitations

No ratio calculation required. The borrower is not required to meet all of the credit requirements as outlined in CH 10.

Max Cash Back

Cash back on USDA streamline-assist refinances is limited to any fees paid up front by the Borrower.

AUS

USDA streamline-assist refinance loans are input into, but not run through, GUS. These loans must be manually underwritten.