

Magnolia Bank USDA Guidelines

Maximum LTV/FICO Requirements

Purchase		Rate Term Refinance	
LTV/CLTV	Min FICO	LTV/CLTV	Min FICO
100%	620	100%	620

*exclusive of financed guarantee fee

Ability To Repay and Qualified Mortgage Rule	<ul style="list-style-type: none"> For loans subject to the ATR/QM rule, Magnolia Bank will only purchase loans that comply with the ATR/QM requirements. Correspondents are responsible for providing evidence of compliance with the ATR/QM rules. Clear itemization of fees and application of all credits that indicate paid by/to will be required on all loans.
Appraisals	<ul style="list-style-type: none"> A full appraisal (e.g. form 1004 or equivalent, accompanied by form 1004MC) is required for all submissions The appraisal must be no more than 120 days old at loan closing. Lenders may extend the validity period of an appraisal greater with an appraisal update report that will be no than 240 days from the effective date of the initial appraisal report at loan closing (120 days for the original appraisal plus 120 days for the Appraisal Update Report). Appraisals with no update will be no greater than 150 days from the effective date of the appraisal report at loan closing (120 days validity period plus a 30 day extension period). The 30 day extension period cannot be used when the original appraisal report is updated. An original appraisal report can be updated one time with an Appraisal Update Report. <p><u>Unpermitted Property Additions</u></p> <p>Penny Mac will purchase loans secured by properties with “unpermitted” structural additions under the following conditions:</p> <ul style="list-style-type: none"> The quality of the work is described in the appraisal and deemed acceptable (“workmanlike quality”) by the appraiser; The addition does not result in a change in the number of units comprising the subject property (e.g. a 1 unit converted into a 2 unit). If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal: <ul style="list-style-type: none"> Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property. The appraiser has no reason to believe the addition would not pass inspection for a permit.
Age of Documents	<ul style="list-style-type: none"> Credit documents must be no more than 120 days old on the date the Note is signed, including credit reports and employment, income and asset documents. Preliminary Title Policies must be no more than 180 days old on the date the Note is signed.

Assignment of Mortgages	All loans must be registered with MERS at time of delivery to Magnolia Bank and a MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Seller, to Magnolia Bank Corp, LLC (#1009313), within 24-hours of purchase.
Borrower Eligibility	<ul style="list-style-type: none"> • U.S. citizens • Borrowers must have a valid Social Security Number • Permanent resident aliens, with proof of lawful permanent residence • Non-permanent residents are allowed as long as they are a qualified alien with proof of lawful residence. • Non-occupant borrowers are ineligible • See Property: Maximum Number of Properties Owned for information regarding borrowers who currently own a property. • Housing Choice Voucher Homeownership Program income (commonly known as Section 8 for homeowners) paid via Housing Assistance Payments (HAPs) are an acceptable source of income. However due to operational constraints, transactions involving HAPs paid directly to the Servicer are ineligible for purchase by Magnolia Bank. Transactions with HAPs paid directly to the borrower continue to remain eligible for purchase.
Condominiums	The lender must perform an underwriting review of the condominium project to ensure the unit meets HUD/FHA, VA, Fannie Mae, or Freddie Mac guidelines. The 1008 must be marked with the appropriate warranty and include all documentation utilized to make the condo warranty determination.
Credit: History	<ul style="list-style-type: none"> • Minimum FICO score of 620. Each borrower must have at least one credit score to be eligible. • Purchases: Manually underwritten loans with FICOs less than 680 require a rent history of 0x30x12 • Refinances: The existing loan must have been current for the 180-day period prior to the conditional commitment request to refinance • At least one borrower whose income or assets are used for qualification must have at least three historical trade line payment references that have existed for at least 12 months to establish a credit reputation and validate the credit score. A trade line in a documented dispute with 12 months of history is considered an eligible trade line. Required for manual and GUS approved loans: The inability to validate credit scores used by GUS will require lenders to downgrade an "Accept" underwriting recommendation to a "Refer." Non-traditional credit history is acceptable to supplement the number of tradelines, in accordance with Rural Housing's requirements. Borrowers must still have a minimum FICO of 620 to be eligible. • Authorized User Tradelines: A GUS underwriting recommendation of "Accept" with open authorized user tradelines must include evidence in the lender's permanent casefile of one of the following: 1.) another borrower on the mortgage loan application owns the tradeline in question, 2.) the owner of the tradeline is the spouse of an borrower or 3.) evidence the borrower has been making payments on the account for the last 12 months. If one of these conditions cannot be met an underwriting recommendation of "Accept" must be manually downgraded to a "Refer" and the file must be manually underwritten. Closed authorized user accounts require no consideration for manual or GUS loan submissions. • Disputed Credit Tradelines: When a borrower's credit report indicates a tradeline or public record is in dispute, a GUS underwriting recommendation of "Accept" may need to be downgraded by the lender to a "Refer." A downgrade is not required if any of the following conditions are met in regards to the disputed item listed on the credit report: 1.) the tradeline has a zero dollar balance, 2.) the tradeline is marked "paid in full" or "resolved," or 3.) the tradeline has a balance owed of less than \$500 and is more than 24 months old. In the event a GUS underwriting recommendation is downgraded to a "Refer"

Credit: History Cont.	<p>the lender must remit a fully underwritten file to Rural Housing. For manually underwritten loan files all disputed tradelines with outstanding balances/payments that have been excluded from the debt ratios, must have evidence in the permanent loan file to support a justifiable dispute.</p>
Credit: Liabilities	<ul style="list-style-type: none"> • Non-Purchasing Spouse (NPS): When an borrower resides or the subject property is located in a community property state, a credit report for the NPS must be obtained. The debts of the NPS must be included in the borrower's debt ratio, except for those specifically excluded by state law. The NPS's credit history is not a reason to deny the loan application. Community property states include: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin. Alaska is an opt in community property state; property is separate unless both parties agree to make it community property through a community property agreement or a community property trust. • Verification of Rent/Mortgage History: Not required with a GUS accept. Manual underwriting must follow Rural Housing r epayment history requirements. • Installment and Revolving Credit Accounts: Installment debts with more than ten months repayment remaining must be included in the debt ratio. Revolving debts with reported loan balances on the credit report must have a monthly payment included in the debt ratios. If a payment is not listed the lender may estimate a monthly payment of 5% of the loan balance. <p>Student Loans:</p> <ul style="list-style-type: none"> • Lenders must include the greater of one percent of the outstanding loan balance reflected on the credit report or the verified fixed payment as reflected on the credit report. *Exception: Monthly payment amounts listed on the credit report, which are less than one percent of the outstanding balance may be used when evidence from the loan servicer is obtained indicating: 1) the borrower is on a fixed repayment plan not subject to change under the terms of the current agreement and 2) and the monthly payment amount due. *Fixed payments have a monthly amount that is not subject to change through the fixed repayment time frame. *Income Based Repayment (IBR) plans, graduated plans, adjustable rates, interest only and deferred plans are examples of repayment plans that are subject to change and do not qualify for the exception *No additional documentation is required if a credit report is obtained and the lender can confirm the payment represented is a fixed payment as noted above. • Co-signed Debt/Previous Mortgage without release of liability: Must provide 12 month's payments from the other party in order to exclude the payment from total debt. Joint debt must be included in the DTI. • Payments that will come due in the next 24 months, including deferred loans and balloon payments
Derogatory Credit	<ul style="list-style-type: none"> • 2 years elapsed since completion or discharge of Ch 7 (must evidence extenuating circumstance), Ch 13 Bankruptcy or Short Sale (for Short Sales, exceptions can be made when the borrower was not delinquent at the time of Short Sale). • When a Chapter 7 bankruptcy absolved the mortgage debt for the borrower any foreclosure or remaining foreclosure pending is an action against the property, not the borrower. The foreclosure action is not considered as adverse credit in the borrower's evaluation. A loan underwritten with the assistance of GUS will not be required to be manually down-graded when the bankruptcy discharge included the mortgage debt. • 3 years elapsed since completion of Foreclosure or Deed in Lieu • Federal debts: An borrower is ineligible for a guaranteed loan if they are presently delinquent on a non-tax Federal debt. • All judgment must be paid in full, or *Payment arrangements with The creditor have been made *The borrower has made regular and timely payments for The three months prior to loan application.

Derogatory Credit Cont.	<p>*Prepaying scheduled payments as A means of meeting minimum requirements is unacceptable.</p> <p>*lenders will obtain A copy of The Payment agreement and validate payments have been made in accordance with The Payment agreement.</p> <p>*The Payment agreement will be included in The debt-to-income ratio.</p> <ul style="list-style-type: none"> • Collection Accounts: <p>The lender is responsible for determining which collection accounts, if any, should be paid in full by the borrower prior to or at loan closing. The repayment in full of unpaid collections is not a condition of mortgage approval. The lender will consider the following during the capacity analysis of the loan request, regardless of the method utilized to underwrite:</p> <p>*Determine if the total outstanding balance of all collections accounts of all borrowers is equal to or greater than \$2,000. Unless excluded by state law, collection accounts of a non-purchasing spouse in a community property state are included in the cumulative balance of all collections.</p> <p>*Remove all medical collections and charge off accounts from the total balance. Medical collections and charge off accounts must be clearly identifiable on the credit report.</p> <p>*If the remaining outstanding balance of collection accounts are equal to or greater than \$2,000, any of the following actions will apply:</p> <ul style="list-style-type: none"> • Payment in full of all collection accounts at or prior to closing. • Payment arrangements are made with each creditor for each collection account remaining outstanding. A letter from the creditor or evidence on the credit report is required to validate the payment arrangements. The agreed upon monthly payment for each outstanding collection account will be included in the borrower’s debt-to-income ratio. • In the absence of a payment arrangement, the lender will utilize in the debt-to-income ratio a calculated monthly payment. For each collection utilize 5% of the outstanding balance to represent the monthly payment.
Disaster Policy	<p>Magnolia Bank will require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster. See Magnolia Bank disaster policy located in the Seller's Guide for full details.</p>
Escrows/Impounds	<p>An impound account for collection of taxes and insurance (or additional escrow items) is required.</p>
Escrow Holdbacks	<p>When exterior development work is planned and cannot be completed because of inclement weather, material shortages, or other acceptable reasons, an escrow account may be established. Rural Housing may issue a Loan Note Guarantee prior to the completion of repairs provided the following conditions are met:</p> <ul style="list-style-type: none"> • The cost of any remaining work, exterior or interior, is not greater than 10% of the final loan amount; • The livability of the dwelling is not affected; • A signed contract between the borrower and the contractor is in effect for the proposed work and the funds to be escrowed are not less than the contract; • The HUD-1 reflects the holdback; • The development will be complete within 180 days of closing; and • The escrow account is established in a federally supervised financial institution. <p>• Certification of completion is required to verify the work was completed and must:</p> <p>*Be completed by the appraiser;</p> <p>*State that the improvements were completed in accordance with the requirements and conditions in the original appraisal report;</p> <p>*Be accompanied by photographs of the completed improvements; and</p>

Escrow Holdbacks Cont.	<p>*The individual performing the final inspection of the property must sign the completion report.</p> <ul style="list-style-type: none"> •The lender is responsible for monitoring the completion of the work and the release of funds for payment. Documentation supporting the development work and confirmation of the completion will be retained in the lenders permanent mortgage file. Funds remaining in the escrow account upon completion of the work will be used to reduce the unpaid principal balance of the mortgage. <p>When the dwelling is complete with the exception of minor interior development work, Rural Housing may issue the loan note guarantee on the loan if the following conditions are met:</p> <ul style="list-style-type: none"> • The cost of any remaining interior, work is not greater than 10% of the final loan amount; • All other exterior holdback conditions are met.
Exclusionary List	CAIVRS and GSA list must be checked and cleared.
Financing Concessions	Financing or sales concessions cannot exceed 6% of the sales price.
Flood Insurance	<p>Existing dwellings:</p> <ul style="list-style-type: none"> • Existing dwellings in a SFHA are not eligible under the SFHGLP unless flood insurance through the FEMA National Flood Insurance Program (NFIP) is available. The lender will require the borrower to obtain, and maintain for the term of the mortgage, flood insurance for any property located in a SFHA, listing the lender as a loss payee. New or Proposed Dwellings: • Rural Housing will not guarantee loans for new or proposed homes in an SFHA unless the lender obtains a Letter of Map Amendment (LOMA) that removes the property from the SFHA or Letter of Map Revision (LOMR) that removes the property from the SFHA or obtains a FEMA elevation certificate that shows that the lowest habitable floor (including basement) of the dwelling and all related building improvements is built at or above the 100 year flood plain elevation in compliance with the NFIP.
Funds to Close	<p>Verification of funds is not required unless the borrower's contribution is greater than 2% of the purchase price. In those cases the following are the most common sources:</p> <ul style="list-style-type: none"> • Checking/Saving, provide the most recent two months statements. Any large deposits must be sourced. • Gifts are allowed in accordance with Rural Housing guidelines. Gifts must be specifically identified as a gift in GUS in order to omit from reserves. • Cash on Hand is not permitted. 2 month average balance of liquid assets must be used in GUS to calculate the assets. The most recent balance may not be used, as that may not be an accurate reflection of the true value of the account.
Guarantee Fee	<ul style="list-style-type: none"> • Upfront Purchase Fee: 2.75% of the loan *Financed Guarantee Fee calculated: (loan amount / .9725) - loan amount *Not financed Guarantee Fee calculated: loan amount * 2.75% • Upfront Refinance Fee: 2.75% of the loan *Financed Guarantee Fee calculated: (loan amount / .9725) - loan amount *Not financed Guarantee Fee calculated: loan amount * 2.75% • Guarantee Fee for loans obligated on or before 9/30/15 is 2%. • Can be financed above the appraised value • Annual Fee: - .50%

Hazard and Wind Insurance	<ul style="list-style-type: none"> • Hazard insurance policies should conform to the GSE coverage requirements of “the standard extended coverage endorsement,” which states that a policy cannot be accepted that in whole or part excludes wind, hurricane or catastrophe insurance unless the coverage is provided in another policy with the same coverage limits as the hazard policy. • Borrower occupied properties should have replacement cost coverage in an amount equal to the insured value of the improvements or the unpaid principal balance • Hazard or wind deductible(s) of up to but not exceeding five percent of the policy limits. • See Flood Insurance for flood insurance requirements.
High Cost/Higher Priced Mortgages	<ul style="list-style-type: none"> • Magnolia Bank will not purchase High Cost Loans • Higher Priced Mortgage Loans (HPML) transactions are eligible for purchase. HPML guidelines require: <ul style="list-style-type: none"> *Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. *Must meet all applicable state and/or federal compliance requirements.
Home Ownership Counseling	<p>Lenders are reminded that certain Rural Housing State Offices require Home Ownership Counseling for first time homebuyers. It is the lender's responsibility to ensure the home buyer education is completed in those states and include documentation to satisfy Rural Housing's requirements in the file.</p>
Income, Annual	<ul style="list-style-type: none"> • The borrower's adjusted income may not exceed the Rural Housing's limit for the area. Magnolia Bank strongly recommends that lenders include the documentation to support the annual income calculation in the file. Refer to the USDA Income and Property Eligibility website:http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?NavKey=home@1 • To validate income documentation and disclosure provided by the borrower’s and other adult household members that will reside in the home, Lenders will require each adult member of the household to complete and execute IRS Form 4506-T (or comparable IRS form) for the previous two years at the time of loan application. Validation from IRS must be received by the Lender prior to request for Conditional Commitment for Loan Note Guarantee.
Income, Repayment	<ul style="list-style-type: none"> • Salaried: Paystubs covering the most recent 30 day period with YTD earnings and W2s for the prior two years. Or, WVOE allowed. VOE within 10 business days prior to closing required. • Self-Employed: Most recent two years personal and business tax returns. YTD profit & loss statement accompanied by a current balance sheet and YTD income and expense statement. As an alternative, the lender may obtain IRS issued transcripts of the borrower's tax returns, as long as the transcripts include the information from all applicable schedules. In all cases, the lender must obtain sufficient documentation to support their determination regarding the viability of the business and of the self-employed borrower or adult household member's income. Provide confirmation with a third party source the existence of an borrower’s business no more than 30 calendar days prior to close. • Other Types of Income: See Rural Housing Guidelines, 7 CFR 3555 and accompanying handbook. • Mortgage Credit Certificate (MCC): The amount of the tax credit may be considered for repayment income when the credit is taken on a monthly basis from withholding. The lender’s permanent loan file must include: 1.) a copy of the active MCC that states the rate of tax credit allowed and 2.) a copy of the borrower’s W-4 “Employee’s Withholding Allowance Certificate” to reflect the borrower is taking the tax credit on a monthly basis. The lender must certify the borrower has completed and processed all documents required to obtain the tax credit. The MCC must be used to reduce the PITIA. Do not include any portion of the MCC in annual income. • 1040 Tax Transcripts must be provided for all borrowers for the prior two years. Tax transcripts are required to support the income used to qualify the borrower. Generally, when the documentation used to verify income is from the same calendar period

Income, Repayment Cont.	<p>as the tax transcript, the information must match exactly. However, if the income documentation is from the current calendar year and the transcript is from a prior year, there can be acceptable variances. If this variance exceeds 20%, document the rationale for using current income. If tax transcripts are not available (due to a recent filing) a copy of the IRS notice showing "No record of return filed" is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and the previous one years tax transcripts.</p> <ul style="list-style-type: none"> • A 4506-T, signed at application and closing, is required for all transactions
Interest Rate Maximum	<ul style="list-style-type: none"> • The loan must be written at an interest rate that: <ul style="list-style-type: none"> *Is fixed over the term of the loan; *Shall be negotiated between the lender and borrower to allow the borrower to obtain the best available rate available; *Does not exceed the greater of the Fannie Mae or Freddie Mac rate for 30 year fixed rate conventional loans, and *If the interest rate increases between the time of the issuance of the conditional commitment and the loan closing, the lender will note the change in the loan closing package and submit appropriate updated documentation and underwriting analysis to confirm that the borrower is still eligible. • The interest rate cap is 100 basis points over the current Fannie Mae yield for 90-day delivery for 30-year fixed rate conventional loans, rounded up to the nearest one-quarter of one percent • Refinance Transactions: The refinance loan must reduce the current interest rate by 100 basis points (1 percent) or more.
Loan Limits	<p>Maximum loan amount is constrained by the limitations applied when considering the maximum annual income at the program's maximum DTI.</p>
Loan Purpose	<ul style="list-style-type: none"> • Purchase <ul style="list-style-type: none"> *Closing costs may be financed when there is equity above the contract price. • Rate & Term Refinance <ul style="list-style-type: none"> *The maximum loan amount cannot exceed the balance of the existing Rural Housing loan being refinanced plus: <ul style="list-style-type: none"> o Accrued interest o Financed guarantee fee o Reasonable and customary closing costs o Fund to establish a new tax and insurance escrow am *Unpaid fees, such as late fees due the servicer are not eligible to be included in the new loan amount *Borrowers may be reimbursed at closing for any fees paid in advance (for example, appraisal and credit report fee). A nominal amount of "cash-out" to the borrowers may occasionally result due to final escrow and interest calculations. This amount, if any, must be applied to a principal reduction of the new loan. *The refinance loan must reduce the current interest rate by 100 basis points (1 percent) or more *The existing loan to be refinanced was closed at least 12 months prior to Rural Housing's receipt of a conditional commitment request for refinance *The borrower has been current on their existing USDA loan for the 180-day period prior to the conditional commitment request for refinance *At least one original borrower must remain on the new loan • Cash Out is not allowed • Combination construction and permanent financing not allowed. Two-closing construction to permanent financing is allowed, and may be structured as a purchase transaction.

LTV Determination	Purchase transactions and Refinance Transactions are based on the appraised value.
Mortgage Products, Eligible	<ul style="list-style-type: none"> • Fixed Rate 30 year term only • Temporary buydowns are not allowed • Interest only not allowed • Rural Energy Loans are not allowed • Discount points may only be financed for Rural Housing-defined low-income borrowers.
Occupancy	Owner Occupied Residences only
Property, Eligible Types	<ul style="list-style-type: none"> • Single Family Attached/Detached • PUDs and condos • Leaseholds with a minimum length of lease of 15 years beyond the maturity date of the loan • Purchase Transactions must be located in an area designated as acceptable for Rural Housing. Refinances are permitted for properties in areas that have been determined to be non-rural since the existing loan was made. • Purchase of dwellings which include an in-ground swimming pool are acceptable. • New Construction must meet Rural Housing inspection and Builder Warranty requirements; evidence must be included in the file.
Property, Ineligible Types	<ul style="list-style-type: none"> • Manufactured homes • Mobile Homes • Cooperatives • Condotels • Hotel Condominiums • Timeshares • Geodesic Domes • Working Farms and Ranches • Unimproved Land and property currently in litigation • 2-4 units • Income Producing properties that do not meet Rural Housing's requirements. Examples include, but not limited to grain bins, silos, dairy farms, hog barns and multiple equestrian stables. • Properties served by cisterns
Property: Maximum Number of Properties Owned	<p>Current homeowners may be eligible for guaranteed home loans under this part if all the following conditions are met:</p> <ul style="list-style-type: none"> • The homeowner's current dwelling is not financed by a Rural Development guaranteed or direct Section 502 or 504 loan or active grant; • The homeowner is financially qualified to own more than one house (the borrower is limited to owning one single family housing unit other than the one associated with the loan request); • The homeowner will occupy the home financed with the guaranteed loan as their primary residence throughout the term of the loan; • The current home no longer adequately meets the borrowers' needs (See Chapter 8.2 of the Technical Handbook for details regarding what is defined as not meeting needs); • In all cases, the lender must provide an additional explanation of the burden upon the borrower imposed by the status change both in the near the near and longer term, and also the reasons beyond homeowner convenience why the purchase of the

Property: Maximum Number of Properties Owned Cont.	property must be completed prior to the sale of the existing property Departing Residence: borrowers who wish to purchase a new principal residence and retain or rent a residence must qualify with all mortgage liability payments.
Ratios	<ul style="list-style-type: none"> • Housing ratio of 29% - Magnolia Bank will allow a higher housing ratio with a GUS Accept or Rural Housing Approval. Rural Housing Approval requires evidence in the file. • DTI of 41% - Magnolia Bank will allow a higher DTI with a GUS Accept or Rural Housing Approval. Rural Housing Approval requires evidence in the file. • 2 point tolerance allowed for taxes and insurance increases
Recently Listed Properties	No Cash-Out Transaction - the listing must have expired or been withdrawn prior to the application date. Note: if the property was listed in the prior 30 days to the application date, the Early EPO provision will be extended to one year.
Rental Income	<ul style="list-style-type: none"> • Net rental income, received for 24 months or more, may be considered stable and dependable income for repayment purposes. • Repayment income: Net rental income is considered the two-year average of total rental real estate income reported on IRS Form 1040 Scheduled E. A two-year average of depreciation and depletion may be added back to the net income or loss shown on Schedule E less monetary obligations associated with the property (i.e. principal and interest payment, insurance premiums, property taxes, homeowner's association dues, etc.). Positive net rental income is considered as gross income for repayment purposes. Negative net rental income must be treated as a recurring liability and not as a deduction from repayment income. • Annual Income: Rental income must be considered in the annual income analysis regardless of its duration. Rental income is considered the total rental real estate income amount reported on the most recent IRS Form 1040 Schedule E for the previous 12 months. In the absence of a Schedule E canceled checks, money order receipts, or bank statements or other documentation may be used to support the amount of rents received for annual income purposes. Negative income is treated as 0 for calculating annual income.
Reserves	Not required. When reserves are entered into the GUS, the Lender must develop a two month average. Assets such as 401ks, IRAs, etc, may be included up to only 60% of the vested value.
Rural Housing Documentation	RD 3555-18 Conditional Commitment for Single Family Housing Loan Guarantee <ul style="list-style-type: none"> • Must include completed, signed, and dated Lender Certification pages. The lender's signature on the Lender Certification certifies to Rural Housing the loan was closed in accordance with all applicable conditions listed and no adverse changes have occurred since the commitment was issued. • Loans may not have an outstanding contingent Conditional Commitment. All documentation used to satisfy the Conditional Commitment must be included in the file.
Seasoning	Please refer to the Magnolia Bank Seasoned Loan Policy located in the Magnolia Bank Seller Guide for requirements and loan-level price adjustments.
Secondary Financing	Allowed in accordance to Rural Housing requirements
Utilities	For Purchase Transactions, Rural Housing requires the following inspections: <ul style="list-style-type: none"> • Private Well/Water Supply: The local health authority or a state certified laboratory must perform a water quality analysis, which must be no greater than 120 days old at loan closing. The water quality must meet state/local standards. • 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.

Utilities Cont.	Existing dwellings appraised by a HUD roster appraiser, who has indicated the dwelling meets the required HUD handbooks does not require further septic certification.
UW Method	<ul style="list-style-type: none">• All loans must be submitted to Guaranteed Underwriting System (GUS)• The loan must receive either an Accept/Eligible or Refer (manual exceptions only). <p>*To ensure the property location and annual income complies with Rural Housing requirements, Lenders must include the Accept/Eligible or Refer/Eligible in the file.</p> <ul style="list-style-type: none">• Non-traditional credit acceptable in accordance with Rural Housing's guidelines. See Credit: History section for more information.