



# Pacific Bay Lending, Inc.

## USDA CHANGES

Target effective date -May 6th 2024.

## USDA GUIDELINE CHANGES

1. They've added monthly subscription services (such as Netflix) and gym memberships to the eligible non-traditional credit options. But, as with other non-traditional, proof of 12 month pay history is required.
2. Donor's bank statement is no longer required when giving a gift. What's needed is proof of the funds in borrower's account and copy of donor's funds by check or transfer to borrower plus a copy of Closing Disclosure from title showing receipt of donor's funds.
3. USDA is now allowing an insurance deductible for hazard insurance up to 5% and flood insurance deductible up to \$10,000.00. This is a big deal to make housing payments more affordable.
4. USDA clarified: tax transcripts are not required prior to closing.
5. Guidelines use to state the loan must close under the "same terms as underwritten" and approved on conditional commitment. Now it says "the same, or more favorable, terms as underwritten". For those of you who know USDA know it has to go back for almost any changes. Now, maybe not.
6. USDA clarified that you CAN use a written verification or an email to verify the employment within 10 days of closing. Email must have name and title of person completing the verification.

## SUSAN KING

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