



## **Direct Home Loan Program March 14, 2017**

### **USDA Rural Development's Mortgage Interest Rate 3.25 Percent**

The interest rate for USDA Rural Development's direct home loan program continues to hold at 3.25 percent. Homeownership opportunities are available under this program with no down payment, and provide long-term, fixed-interest-rate financing.

Also, payment assistance with interest rates as low as 1 percent may be available to applicants with qualifying incomes.

This lower interest rate makes the monthly payments affordable, and often may be less than rent. For example, a \$100,000 loan at 3.25 percent would have monthly principal and interest payments of \$413. If an applicant qualified for a 1-percent loan the monthly payment would be further reduced down to \$297. The cost of taxes and insurance would need to be added to the monthly payment.

### **Maximum Mortgage Limit for a USDA Home Loan Increases**

The maximum mortgage limit for a USDA Rural Development direct home loan is now \$220,532, an increase of nearly \$3,700 from the previous mortgage limit. Properties must be located in an eligible community and area.

### **\$5.3 Million Available in Direct Home Loan Program**

USDA Rural Development currently has \$5.3 million through its direct home loan program to assist rural Iowans with the purchase of new or existing homes, renovate or relocate a home, or purchase and prepare sites, including providing water and sewage facilities. This funding will remain on a first come, first served basis through September 30, 2017.

Loan benefits include:

- No down payment
- 33 year loan
- Fixed interest rate
- Payment assistance for eligible applicants

To be eligible for this funding applicants must meet [adjusted household income](#) limits. In most counties in Iowa, a family of four with an adjusted household income of less than \$57,700 may qualify for this program. These income limits increase near metropolitan areas.

In addition, USDA Rural Development has funds available to help eligible applicants make essential improvements to their homes such as a new roof or siding, new furnace or accessibility upgrades. Loans have a fixed interest rate of 1 percent and are typically repaid over a term of 20 years. Limited grants are available to help applicants who are 62 years old or older and cannot repay a loan.

Contact USDA Rural Development at (515) 284-4444 or [directIA@ia.usda.gov](mailto:directIA@ia.usda.gov) or visit [www.rd.usda.gov/ia](http://www.rd.usda.gov/ia) for more information.

## Complete Home Repairs Prior to Closing

USDA Rural Development prefers the seller to agree to complete repairs identified by the buyer, or by the buyer's inspector, prior to closing. Documentation on all agreed upon repairs must be provided, and the buyer must provide acceptance (pictures, paid invoices) that the work has been completed prior to closing.

Repairs can also be included in the loan, if necessary, as long as the appraisal supports them. Two bids are required for each repair the applicant wants to roll into the loan, with the work completed after closing. Common repairs that are typically included in a loan are things such as a roof, furnace, air conditioner, water heater, or electrical and plumbing issues.

## USDA Rural Development Direct Home Loan Staff

USDA Rural Development's direct home loan program team assisting rural lowans with their homeownership needs includes:

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## Contact USDA Rural Development

Contact USDA Rural Development direct home loan program housing staff today at (515) 284-4444, [directIA@ia.usda.gov](mailto:directIA@ia.usda.gov) or visit [www.rd.usda.gov/ia](http://www.rd.usda.gov/ia) for more information.

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