



**Direct Home Loan Program  
May 23, 2016**

## **Funding Update**

### **\$3 Million Available in Direct Home Loan Program**

USDA Rural Development in Iowa currently has \$3 million through its Direct Home Loan Program. This funding will remain on a first come, first served basis through September 30, 2016.

Loan benefits include:

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

USDA loan funds may be used to purchase existing homes, to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

Contact USDA Rural Development at (515) 284-4444 or [directIA@ia.usda.gov](mailto:directIA@ia.usda.gov).

## **New Handbook Changes Effective April 27, 2016**

### **Establishing a Reliable Credit Score**

Each applicant now only needs to have 2 tradelines with 12 months of history in the last 24 months showing on the credit report to make a credit score of 640 or higher reliable. If the credit score is reliable and the applicant does not have any federal judgements or significant delinquencies, no further credit analysis is needed.

In instances where the applicant may not have a reliable credit score, alternative credit sources with 12 months of history can continue to be used. These sources include: rent, utilities, cell phone, car insurance, childcare, etc.

## Standard Square Footage Limit Increased

The standard square footage limit has increased to 2,000 square feet. The standard square footage limitation is based on the gross living area that is above grade. An attached garage and basement (including a basement that is partially above grade or is a walk-out) should not be included in the calculation.

A modest home exception request can be made for any homes with more than 2,000 square feet of living area.

## Other Important Handbook Changes

Here is a quick look at a few other important handbook changes:

- The first year's homeowner's insurance premium can now be rolled into the loan as long as the appraisal supports it
- The home-buyer education course can now be loaned above the appraised value, along with the appraisal fee, tax service fee, and initial escrow deposit
- Appraisal fee has increased to \$475, however, USDA Rural Development will honor the previous \$425 appraisal fee if a loan estimate for a specific property was issued prior to April 27th

## Iowa's Direct Loan Housing Staff

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## **Home Loan Eligibility Website**

Income limits and property eligibility guidelines for USDA Rural Development's home loan programs can be found here <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

## **Contact USDA Rural Development**

Contact USDA Rural Development direct home loan 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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