



Guaranteed Home Loan Program March 21, 2018

USDA Rural Development Guaranteed Home Loan Program Requires Itemization of Loan Discount Points and Origination Fees

USDA Rural Development's guaranteed home loan program requires that loan discount points and loan origination fees be itemized separately on the settlement statement so the amount of the loan used for loan discount points can be accurately identified.

Also, loan discount points, other than to reduce the effective interest rate, cannot be financed as part of the loan.

Discount points must be reasonable and customary for the area and cannot be more than those charged other applicants for comparable transactions. Permissible discount points financed may not exceed two percentage points of the loan amount for a non-streamlined refinance.

Loan discount points representing fees other than to reduce the effective interest rate, such as to compensate for a low credit score or low loan amount, are ineligible loan purposes.

Lenders must begin with an eligible interest rate prior to reducing the effective interest rate.

Last year 2,100 rural Iowa families and individuals purchased homes by accessing more than \$230 million in USDA Rural Development guaranteed loans.

Please call (515) 284-4667, email rd-grhia@ia.usda.gov or visit www.rd.usda.gov/ia for more information.

USDA Guaranteed Home Loan Program - Additional Information and Resources

Stay informed of guaranteed home loan program changes by signing up for alerts at https://public.govdelivery.com/accounts/USDARD/subscriber/new?qsp=USDARD_25

USDA Rural Development's current 3555 Lender Handbook can be found at <http://www.rd.usda.gov/publications/regulations-guidelines/handbooks>.

Additional program information and training is available on the Lender Interactive Network Connection (LINC) Training and Resource Library at <https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library>.

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