



New Refinancing Option for Qualified USDA Mortgage Lenders and Borrowers

July 14, 2016

USDA Rural Development has a new [streamlined-assist option](#) available for qualified mortgage lenders and borrowers that meet income-eligibility requirements. Applicants must not have had any defaults during the 12 months prior to the refinance loan application.

With the streamlined-assisted option there are no debt-to-income calculation requirements, no property inspection, and no loan-to-value requirements, as well as no appraisal prerequisite except for the direct loan borrowers who have received subsidy.

The interest rate of the new loan must be fixed and not exceed the interest rate of the original loan being refinanced. The loan security must also include the same property as the original loan and be owned and occupied by the borrowers as their principal residence.

As a reminder, the [non-streamlined option](#) for both USDA guaranteed and direct loans remains available. It requires a new appraisal and current market value appraisal. The amount of the new loan must be supported by sufficient equity in the property as determined by an appraisal. The appraised value may be exceeded by the amount of the up-front guarantee fee financed.

The [streamlined refinance option](#) is already available for existing USDA guaranteed and direct loans. When refinancing a direct loan, an appraisal may be required.

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

Last year 2,300 rural Iowa families and individuals purchased homes through USDA Rural Development's guaranteed home loan program and approximately \$116 million is currently available to qualifying households in rural Iowa.

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 www.rd.usda.gov/publications/regulations-guidelines/handbooks#hb13555.

Additional program information and training is available on the Lender Interactive Network Connection (LINC) Training and Resource Library at <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>.

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