



Direct Home Loan Program January 24, 2017

USDA Mortgage Interest Rate Now 3.25 Percent

The interest rate for USDA Rural Development's direct home loan program is now 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 for USDA Home Loan Increases

USDA Rural Development's direct home loan program has a new maximum mortgage limit in Iowa.

Effective earlier this month, the new maximum mortgage limit 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.

\$6.9 Million Available in Direct Home Loan Program

USDA Rural Development in Iowa currently has \$6.9 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 or visit www.rd.usda.gov/ia for more information.

Iowa's Direct Loan Housing Staff

Stacy Cirks is the newest member on USDA Rural Development's direct home loan program team. She can be reached at phone (515) 332-4411 Ext. 404 or email Stacy.Cirks@ia.usda.gov. Stacy has worked in the mortgage lending industry for 10 years.

Here is the full USDA Rural Development direct home loan program team assisting rural Iowans with their homeownership needs.

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Contact USDA Rural Development

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