

IFA Rural Development 502 Guaranteed Mortgage Flexibilities & Tips

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Agenda

- Quick overview of IFA Program Guidelines
- Tips relevant to RD 502 Guaranteed w. IFA
- RD 502 Guaranteed &
- Government Sponsored Underwriting (GUS) presentations by
Linda Rhodes, Housing Specialist, USDA

IFA Mortgage Process

1. Loan application by Lender
2. Loan reservation via IFA website, Lender Online
3. Delegated pre-closing program compliance by Lender
4. Delegated credit & property underwriting by Lender (or USBHM-MRBP correspondent)

Participating Lender



5. Loan closed by Lender.
Loan delivered w/in 10 days following closing to IFA (Edocuments) & original paper file to USBHM
6. Post-closing program review by IFA
7. Post-closing mortgage purchase review by USBHM





IFA Mortgages - Core Requirements

FirstHome:

- Purchase - eligible property
 - Primary residence w/in 60 d.
 - 5 acres or less
 - Targeted acquisition limit \$289,000
 - Non-Targeted limit \$243,000
 - Purchase exception: 24 mo. Interim financing refinance
- First-time homebuyer (FTHB)
 - 3 Year Requirement except purchase in Targeted Area or
 - Exempt Veteran
- Household Income by family size/co.
 - Targeted & Non-Targeted Areas
- Co-signers NOT allowed
- Subject to 9 Yr. Recapture
- Plus grant option if FTHB
- MRB Forms

Homes for Iowans:

- Purchase - eligible property
 - Primary residence w/in 60 d.
 - 5 acres or less
 - Acquisition limit \$289,000
 - Purchase exception: 24 mo. Interim financing refinance
- No first-time homebuyer requirement
- Household Income by family size/co.
- Co-signers NOT allowed
- No Recapture
- No Plus grant
- MRB Forms

All loans eligible for MRB must be reserved as MRB. All loans documented for MRB guidelines



What is Homes for Iowans?

Not first-time homebuyer (repeat buyer) not purchasing in Targeted Area and is not a veteran.

(Most veterans are exempt from FTHB requirement.)

Acquisition cost exceeds \$243,000 in Non-Targeted Area.

All loans eligible for FirstHome must be reserved as FirstHome!



IFA Mortgages

Mortgage terms:

- Fixed rate, fully amortizing
- 25 to 30 year term
- Temporary interest BYD allowed, subject to product (agency) guidelines
- Seller concessions allowed, subject to product (agency) guidelines

Underwriting follow agency (FHA, VA, RD, Fannie or Freddie) guidelines

- Unique aspects see USBHM-MRB Underwriting & Delivery Presentation
- No co-signer mortgages accepted



Uniquely IFA RD

RD mortgage terms:

- 30 year term only
- Rate cap = IFA VA interest rate
- Not assumable

- Appraisal allowing - may finance closing costs & repairs
- May use Plus (\$2500) if FirstHome Plus qualifying
- May use MHOA (\$5000) if MHOA eligible

Household Income:

- Generally, limited to lower of RD or IFA Program limit
- Re-check income without RD allowed deductions, to insure under IFA Household income:
 - All income from all 18 yrs or older occupant and spouse/fiance'
 - Income from all 18 yrs or older
 - Income from assets
 - Includes all court ordered even if not received
 - Do Not "gross-up" Federally exempt



Lender Delegated UW

Options for RD credit/property underwriting:

- 1) Lender has underwriting capability:
 - Government Underwriting System (GUS)
 - Manual underwriting
- 2) Lender does not have underwriting capability:
contracts with another party
 - USBHM – MRBP participating/correspondent
\$300 fee may not be paid by buyer or seller

Underwriting fees may not be passed through to buyer or seller.



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