

Today's Rates for First Time Homebuyers in South Dakota

Mortgage rates are at 4.11% for the 30 year fixed loan program and at 3.31% for the 15 year fixed. As for variable rates, the 5/1 ARM rate currently stands at 3.42%. Check out FHA and VA rates as well if you are doing low or no down payments.

South Dakota First Time Home Buyer Checklist

1. Decide on your loan program options. If you're moving to an eligible area, you may qualify for a zero down payment loan through USDA. Veterans may be eligible for VA loans, which do not require cash down. The content in the paragraphs below should give you an idea of where you may fall.
2. Get familiar with your credit score. Your credit should fall somewhere above 600, but few lenders accept scores in the high 500s. If your credit score needs a boost, work on improving it before you try to take out a mortgage. Once annually, you're able to request a free credit report from the three major credit bureaus, Equifax, Experian or TransUnion.
3. Shop interest rates from different lenders in your part of South Dakota. Choose one who not only provides a great offer, but carries a high rating from the Better Business Bureau.
4. Get pre-approved. Once you've picked a lender, provide income documentation with your last two pay stubs and tax returns from the past two years.
5. Determine a budget. You could be pre-approved for a loan amount that is bigger than you had anticipated, but do not base affordability on the sum provided. Remember - pre-approvals are not guaranteed, and only you know what you can truly afford.
6. Begin home shopping. Be sure to avoid making extravagant purchases, taking out new installment loans, or anything else that could weaken your financial standing. Lenders will check your accounts again before closing your loan.

Low Down Payment Loans Through FHA

If you're a first time home buyer without a lot to put down, a South Dakota FHA loan may accommodate you. FHA loans are backed by the government and designed to help home buyers with limited upfront funds receive financing.

- Down payment: 3.5%
- Minimum acceptable credit score: 580 (varies)
- Mortgage insurance: Upfront (1.75% loan amount) and monthly
- Property guidelines apply and are verified via home inspection

You can find additional information about FHA loans on the South Dakota page of the FHA website.

No Down Payment Loans Through USDA

The United States Department of Agriculture backs home loans for zero down to South Dakota home buyers looking to move to or live in rural areas. Find out if your buying city is eligible by searching the USDA's property map. Note that popular areas like Rapid City and Sioux Falls are not eligible.

- Down payment: None required; financing up to 102% available depending on home appraisal
- Minimum acceptable credit score: 620
- Mortgage insurance: Upfront (2% loan amount) and monthly
- Income maximums apply

South Dakota Grant and Assistance Programs

The South Dakota Housing Development Authority has a special loan option for first time home buyers that facilitates the financing of a low fixed interest rate mortgage as well as cash assistance. The program does not have location limits, so popular cities like Rapid City and Sioux Falls are eligible. Property price and income limits apply.

Another loan option is the Fixed Rate Plus program, designed to provide a 3% gift for down payment or closing costs. The grant does not need to be paid back, but with this down payment or closing cost assistance, borrowers must expect a higher interest rate.

South Dakota home buyers can save money every month using the Mortgage Credit Certificate tax credit program. Less money will come out of participant paychecks because of a reduced federal withholding, freeing up more funds for a mortgage payment.