



Report Compliments of **Homes and Lifestyles of Colorado** - *Finding Your Place Called Home*

Denver Office: <http://www.DenverHomeLiving.com> - (303) 816-9199 Office

Rural Single Family Home Loans



Section 502 loans are primarily used to help low-income individuals or households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

Eligibility:

Applicants for loans may have an income of up to 115% of the median income for the area. Area income limits for this program are here. Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. In addition, applicants must have reasonable credit histories.

Approved lenders under the Single Family Housing Guaranteed Loan program include:

- Any State housing agency;
- Lenders approved by:
 - HUD for submission of applications for Federal Housing Mortgage Insurance or as an issuer of Ginnie Mae mortgage backed securities;
 - the U.S. Veterans Administration as a qualified mortgagee;

- Fannie Mae for participation in family mortgage loans;
- Freddie Mac for participation in family mortgage loans;
- Any FCS (Farm Credit System) institution with direct lending authority;
- Any lender participating in other USDA Rural Development and/or Farm Service Agency guaranteed loan programs.

Terms:

Loans are for 30 years. The promissory note interest rate is set by the lender.

There is no required down payment. The lender must also determine repayment feasibility, using ratios of repayment (gross) income to PITI and to total family debt.

Standards:

Under the Section 502 program, housing must be modest in size, design, and cost. Houses constructed, purchased, or rehabilitated must meet the voluntary national model building code adopted by the state and HCFP thermal and site standards. New Manufactured housing must be permanently installed and meet the HUD Manufactured Housing Construction and Safety Standards and HCFP thermal and site standards. Existing manufactured housing will not be guaranteed unless it is already financed with an HCFP direct or guaranteed loan or it is Real Estate Owned (REO) formerly secured by an HCFP direct or guaranteed loan.

Approval:

Rural Development officials have the authority to approve most Section 502 loan guarantee requests.

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