



Government Help for Mortgage Financing

If you are looking into buying a home and are having a hard time qualifying for traditional mortgage financing, you may want to look at the available government loan programs available. The United States government has designed many financing options to encourage lower-income consumers to become homeowners. These programs include FHA loans, VA loans, and RHS loans, among others.

FHA Loans

FHA stands for the Federal Housing Administration. This agency is a branch of the Department of Housing and Urban Development. The FHA loan was established during the Great Depression to help more Americans realize their homeownership dreams. Today the loan especially appeals to first-time buyers, as well as those with poor credit, and those with little money for down payments. FHA loans are guaranteed by the government and are thus safer for lenders to handle.

The major benefits of the FHA loans include very low down payments and easier qualification standards. Down payments can be as little as 3% of the loan total. While traditional loans may penalize you for it, with FHA loans gifts in the form of funds from relatives or assistance programs are allowed as part or all of your down payment.

The basic requirements of this program include proof of steady, sufficient income, a good credit history, at least a 3% down payment, and a low debt-to-income ratio. You will also have to make an up-front mortgage insurance payment to the FHA for your loan. If this program sounds like a good fit for your needs, start by locating an approved FHA mortgage lender in your area.

VA Loans

Those who have served, or are currently serving in the U.S. military can get mortgage financing through a program secured by the U.S. Department of Veteran Affairs. This program is referred to as the VA loan. Like the FHA loans, VA loans are easier to qualify for than conventional loans. With the VA program however, there is no down payment required at all. Also, you will not have to pay mortgage insurance, as the government secures the loan for you. The loan requirements do specify that you must use the loan for your own primary residence, and not to help a relative buy a home.

To start the process, you should contact the local branch of the Department of Veteran Affairs. They will certify your eligibility for the VA mortgage financing, and give you the necessary paperwork to bring to your mortgage lender.

RHS Loans

The Rural Housing Service, a division of the U.S. Department of Agriculture, handles RHS loans. This type of loan financing is aimed at helping residents of rural areas tackle the cost of home owning. Ginnie Mae, a mortgage financing company sponsored by the Department of Housing and Urban Development, backs the loans by bundling them and selling them as securities on the secondary market. What the loan means to you as a rural resident, is a loan with minimal fees and no down payment. Like the other loans, borrowers must have good credit.



To find out more, get in touch with a representative from your local Rural Development Office.

State and county governments also often have their own helpful mortgage financing programs. Check online or with local government officers to find out what is available for you. Homeowning may soon be more than a dream when you take advantage of one of these great government programs.