

## **Land Loans**

Here in Colorado, we are lucky to have some of the most beautiful landscapes in the entire world. If your dream is to own some of that land and eventually build your dream home on it, we can help.

There are a couple of options when it comes to taking out a loan for land with the intention of building a home on it. Let's take a look at some of the requirements for Colorado land loans.

### **Colorado Land Loan Approval Requirements:**

The process of getting a Colorado land loan is similar to the process of getting a home loan. Your lender will check your income, debt, and credit score and verify your employment and assets.

There are some of the requirements you will need to be approved:

*Credit Score:* In order to qualify for a Colorado land loan, the borrower must have a 680 minimum FICO score.

*Down Payment:* The downpayment requirements are based on how large the lot you purchase is as well as what type of land you purchase. Typically, for lots that are 40 acres or less, you will need a 20% down payment. If the lot is over 40 acres, you will be required to put 35% down.

*Debt-To-Income Ratio:* Before you are approved for a Colorado Land Loan, you will need to have a debt-to-income ratio (DTI) of 45% or less.

### **What Types Of Land Loans Are Available In Colorado?**

*Raw Land:* If the land you are purchasing has not been cultivated and has no improvements, you will need a raw land loan. Raw land is considered a more risky type of loan for lenders, so you will need to provide a development plan and have an excellent credit score, and we may want to see a larger down payment, possibly as much as 50%.

*Lot and Land:* If the land you are purchasing has some infrastructure and, in some cases, has been zoned for residential construction, you will want to get a lot and land loan. This loan is easier to qualify for than raw land and has more flexible repayment terms.

### **Need More Information?**

If you'd like more information on Colorado land loans and for up-to-date interest rates, contact Home Loans. We will help you through the process from application to approval.