

Here Are Some Strategies for Assembling Your Down Payment Funds

Last week I wrote about how a slightly higher interest rate. first-time home buyers can buy a home with as little as \$1,000 pocket, but the rest of us may be challenged to come up with down payment money when we buy a home.

Many buyers assume that lenders require a 20% down payment, but that's not necessarily true. There are loans available from many lenders with as little as 3% down payment. FHA requires 3.5% down, and qualified veterans can get a 0% down VA loan. On conventional loans the interest rate charged will probably be higher, but with rates for conventional loans so low, what's an additional quarter percentage point or so anyway?

And don't assume that every loan with less than 20% down payment requires mortgage insurance, which can be expensive. Often mortgage insurance is waived in exchange for

REAL ESTATE TODAY



By JIM SMITH, Realtor®

So, first determine how much money you will need for your down payment, and shop around with different lenders, since this requirement can vary greatly. Generally, I recommend mortgage brokers instead of banks, because banks only sell their own loan products, but mortgage brokers can sell multiple products from multiple lenders, including special products for first responders, teachers, medical personnel, and others.

Once you know the amount you need to raise, how can you raise it when you don't have that much cash in the bank?

Start your quest by asking advice from your loan officer. A good loan officer, like **Jaxzann Riggs of The Mortgage Network**, will be able to make suggestions once she (or he) has a full picture of your financial situation and assets.

Strategies I've seen employed include the following.

1) If you own a home currently and have substantial equity in it, you can borrow against that equity with a Home Equity Line of Credit or HELOC. Credit unions are good at issuing these loans to its members, but if you're planning on selling, you need to apply for a HELOC before you put your home on the market. Since these loans have little or no closing costs and you don't pay interest until you actually draw on that line of credit, there's no

reason not to have a HELOC in place **right now** and certainly ahead of needing the money. It's like having money in the bank — literally.

2) If you have a high-balance **IRA or other retirement fund**, you may be able to withdraw money from it without penalty if you return that money within a couple months, so this is a good strategy if you need the money from selling your current home but don't want to make an offer on your replacement home that is contingent on selling your current home. A loan against your **401K** carries no penalty, I'm told.

3) If you own **stocks and bonds** but don't want to sell them, consider using them as collateral for a loan.

4) Relatives or friends can **gift you with money**, but speak to your

loan officer about documentation requirements. As you may know, anyone can give up to \$15,000 per year to anyone else without paying gift tax.

5) Another option is a **bridge loan**. This option carries a higher interest rate, but it could be your answer. Ask your loan officer.

6) Get creative! If you're engaged, how about a **bridal registry** for down payment funds? A **GoFundMe** campaign might work for you, too. If you have no **loan on your car** and it's worth a lot, credit unions will lend you money against it. (I did that once.) You may own jewelry or other valuables to which you are not so terribly attached that you might be willing to sell them. (Rita and I have done that, too.)

Don't Fall for This Scam

This Monday, people on my contact list received an email that looked as if it was from me, asking for "help." If they responded to the email, it went to a scammer pretending to be me who said I was in a meeting but could they help me purchase some Google gift cards for me and I'd reimburse them.

This kind of scam doesn't hurt the person who's being impersonated, but it hurts his/her friends and contacts who fall for it. Tell your family and friends about this scam and don't let them fall for it.

1,200+ Metro Area Homes Are Just Sitting on MLS

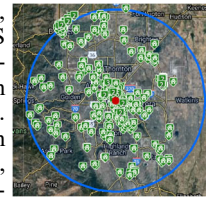
No buyer wants to be in a bidding war, but there are many listings on the MLS that aren't selling, and submitting an offer won't put you into a bidding war. You might even buy them for less than their listing prices.

As I write this on Sunday, there are 1,241 active (that is, **unsold**) listings on the MLS within 25 miles of downtown Denver that have been active 10 or more days. There are 764 that have been active a month or longer, and 483 that have been ac-

tive 60 days or longer. And it's not as if those 483 listings are in the boon-docks. The map shown here (from REcolorado) shows where they are.

As I've written before, any agent can set you up to receive only listings which have been on the MLS a certain number of days. It is a good way to avoid bidding wars.

Let me or one of my broker associates below know if you'd like us to set up an email alert like that for you.



Just Listed: Updated Brick Ranch in Applewood

This brick ranch at **2975 Xenon Street** is in a quiet off-shoot of Applewood, a couple blocks from 32nd & Youngfield, I-70, and the Applewood Shopping Center -- easy access to Denver and the mountains. Red Rocks is just 15 minutes away! A city-maintained park with playground and shelter is just a block away. Everything is in great condition — newer double-pane windows and patio door, stainless steel appliances, slab granite counters, and hardwood floors. The backyard includes a large covered patio, shed, and terraced yard. High efficiency furnace, central A/C, whole-house humidifier, and water heater in 2019. New roof and gutters in 2018. At this price we expect lots of interest. You can take a narrated video tour at www.ApplewoodHome.info, then call your agent or Jim Smith at **303-525-1851** for a private showing. Or come to our open house this **Sat., 11 a.m. to 2 p.m.** It won't go under contract until Monday, May 3rd at the earliest.



Just Listed: Home in Village at Mountain Ridge



This home at **111 Eagle Court** in Golden's Village at Mountain Ridge has 4 bedrooms, 3½ bathrooms and a finished walkout basement with a pool table. It's on a mini cul-de-sac with a 3-car garage and offers fantastic mountain views, great walking/biking trails and a nearby park. The large master bedroom has a slider door that opens onto a private deck where you can relax and take in the beautiful mountain views. Off the kitchen is another deck where you can BBQ and enjoy the view of North Table Mountain. The newly refinished hardwood floors on the main floor look fabulous. The open floor plan in the kitchen/family room with a gas fireplace keeps it cozy on those cold winter nights. The high-efficiency furnace and on demand hot water are added bonuses. Take a narrated video tour at www.MountainRidgeHome.com, then call your agent or listing agent **David Dlugasch** at **303-908-4835** to set a showing.

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