

Here Are Some Obstacles (Real or Imagined) Faced by First-Time Home Buyers

Many home buyers, especially first-time home buyers, would like to buy a home but harbor misconceptions about the obstacles they might face along the way. Here are some perceived obstacles.

Down Payment

Many buyers are misinformed about minimum down payment requirements. They may think that a 20% down payment is required to purchase a home, or that they'll be charged mortgage insurance if they put less than 20% down. In fact, some conventional loans require only 5% down, and while they do require mortgage insurance initially, that expense can go away once you can demonstrate 20% equity.

Indeed, even 5% is not the minimum down payment. FHA loans require only a 3.5% down payment, and VA loans require no down payment at all to qualified veterans. The Colorado Housing Finance Authority (CHFA) can get a first-time home buyer into a house with only \$1,000 out-of-pocket. CHFA also has a program which includes a down payment that is an outright gift to the buyer, and their Mortgage Credit Certificate program allows first-time **and** veteran homebuyers to get a tax credit for 20% of their interest expense for the life of the loan.

Credit Issues

The credit reporting agencies have done a good job of informing us about what is a good credit score, but we still encounter people who believe that derogatory credit entries are insurmountable barriers to home ownership. I had a client who had a bankruptcy **and** two foreclosures in her credit history, along with a sprinkling of minor late payments. Using one of our

Is Deporting Immigrants, Including Dreamers, Bad for the Economy?

Every January, economist Elliot Eisenberg comes to Denver from Washington, D.C. to update Realtors and lenders about the economy and the real estate market. I attended two of his presentations in January and was struck by his remarks about the recent tax reform legislation, which he called "a mistake."

Reducing taxes when the economy is this healthy makes no sense, he said. Yes, it will have a positive effect on some business, but for only 12 to 18 months, and no more.

Part of what makes our economy healthy is our low unemployment rate, which can't go much lower. In short, Eisenberg says **we need more workers**. In light of that statement, I asked him about the possible deportation of DACA children (many of whom are now working adults) and non-DACA illegal immigrants who are also working and paying taxes. He responded "**absolutely**" when asked if he believes that deporting these workers would only make matters worse for our economy.

I'm reminded of something former President George W. Bush said after Hurricane Harvey: "**Good luck rebuilding Houston without immigrants!**"

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By JIM SMITH, Realtor®

preferred lenders (Jaxzann Riggs), she still obtained a 3.5% down loan. While medical collections still factor into credit scoring, those under \$2,000 are typically ignored by Fannie Mae and Freddie Mac underwriting software. Most credit obstacles can be overcome within a 6- to 12-month period if the client has some discretionary income.

Student Loan Debt

Fifteen years ago student loan debt averaged \$15,000, but today it is \$35,000 and growing. Most underwriters will now accept income-based repayment plans of student loans (if reported to the credit bureau) as opposed to fully amortizing payments. Fannie Mae now allows student loan debt to be included in refinances without categorizing the loan as "cash out" (which would impact the interest rate). Families with children living at home could use this option to reduce the burden associated with student loans.

Unwarranted Risk Aversion

Another emerging segment of our marketplace is millennials who experienced the loss of their family home. One day Dad was employed, and the next he was not, and 6 months later they were out of their home. They do not trust that the employment market will always be so robust and therefore opt for the perceived security afforded by renting. A good Realtor and loan officer can help a buyer understand and recognize the advantages of home ownership vs. renting, making the decision to buy feel safer.

Limited Inventory

While it is true that there are fewer active listings on the market and that there is more competitive bidding, especially in the lower price ranges, it is definitely possible to succeed at buying a home when you have the right real estate agent and the right loan officer.

It is possible to be notified within 15 minutes of any new listing that meets your search criteria, so there's no reason to be late to the process — so long as you check your email regularly. Here at Golden Real Estate, we are particularly successful in winning bidding wars for our buyers. Just last week, for example, our buyer was the successful bidder for a Belmar townhome, which was accomplished by matching, not beating, the next best offer. How? By offering totally free moving to the seller using our moving truck, laborers, moving boxes and packing material. All of these costs will be covered by Golden Real Estate, not by our buyer. Of course, covering moving expenses is only one of the many advantages Golden Real Estate's agents bring to the table, so give us a call!

Lenders and Loan Officers

A good loan officer, such as Jaxzann Riggs of The Mortgage Network, who assisted with this week's column, can make a huge difference in helping buyers get into their first (or next) home. A good local mortgage broker like Jaxzann makes a better impression with home sellers and their agents than any online lender and even some banks. You can reach Jaxzann at 303-990-2992.

Golden Split-Level Home Just Listed by Jim Swanson

This awesome move in ready home at **1090 Yank Street** is just minutes from the Colorado Mills Mall, with easy access to both 6th Ave and I-70. Welchester Elementary School is only one block away, and Daniels Park is also nearby. The roof, gutters and siding were replaced last summer, and the entire home was painted inside and out. The interior has 3 bedrooms upstairs with a large master bedroom/bath and good sized 2nd and 3rd bedrooms served by a 3/4 hallway bath. The updated kitchen features a new refrigerator. Walls were removed to create an open floor plan, with hardwood flooring throughout, including on the stairs. The lower family room has a wood-burning fireplace and a full bath. The large private backyard has a covered patio, garden area, shed and 8.5' x 14' motorcycle garage. A newer (2011) boiler provides the hot



water baseboard heat. Cooling is provided by a roof-mounted swamp cooler. Take a narrated video tour at www.WideAcresHome.info, then call your agent or Jim at 303-929-2727 for a showing..



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