

CHFA Loans Make It Possible To Buy a Home With Only \$1,000 in Cash

I have written before about the Colorado Housing Finance Authority (CHFA), but it's such an important resource, especially for first-time homebuyers with less than perfect credit, that I have decided to devote this week's column to describing CHFA's loan program. Norm Lewis of Guild Mortgage, a real expert on CHFA loans, helped with my research on this topic. Learn more at www.CHFAinfo.com.

CHFA is a great tool that is largely unknown and/or misunderstood by the public. Here are a few key points to know about CHFA loans:

CHFA no longer gets its money from selling bonds. Instead, it sells its loans in the secondary market, just like other mortgage lenders.

The CHFA first mortgage is an FHA-insured loan similar to the FHA loan that you'd get from any other lender.

There are two basic reasons for using CHFA financing — nearly 100% financing, and CHFA's tolerance of somewhat lower credit

scores than what other lenders will accept. CHFA accepts a credit score as low as 580. Most lenders require 620 to 660.

The primary mortgage, like all FHA loans, can be 96.5% of purchase price. CHFA issues a second mortgage up to 3% of the FHA loan amount, which brings

the total loan-to-value to about 99.5% of the purchase price.

By negotiating a purchase contract in which the seller pays your closing costs, you could spend as little as \$1,000 (CHFA's minimum requirement) as your total cash outlay to buy a home using CHFA. More buyers should be aware of it.

By the way, that CHFA mortgage which provides most of the 3.5%

purchase price not covered by the first mortgage has the same rate as the FHA loan — unusual for most seconds (if you can get one).

And don't forget that if you qualify for the first-time homebuyer tax credit, you could receive \$8,000 next year for an investment which required only \$1,000 cash outlay.

The interest rate on a CHFA loan is usually about 1% higher than the "open market" rate. This is not, as some will maintain, because CHFA is "the only game in town" (which it is) or is "gouging" the borrower (which it is not). Rather, since CHFA is selling its loans in the secondary market, the higher combined loan-to-value makes the loans riskier, and they therefore have to draw a higher return in order to be marketable.

A lender has to be approved with CHFA to use their programs. Call Norm Lewis at 303-910-1629 to see if a CHFA loan is right for you. Then call me to find your home!

REAL ESTATE TODAY



By JIM SMITH, Realtor®

This Week's Featured New Listing:

Great Home on South Table Mountain

Jim Swanson, a broker associate at Golden Real Estate, has just listed this one-of-a-kind home at 311 Lookout View Court on the slope of South Table Mountain under that "G" for Golden High School. It's unique in its floor plan, with not one but two walk-out basements. In fact, the MLS doesn't have a category for such a home. The closest Jim could come was to list it as a ranch with both a lower level and a basement. Take the video tour at www.LookoutViewHome.info to understand and appreciate this home with its 5 bedrooms and 3 bathrooms on three levels — all with great views of Golden and the foothills — and just one block from South Table Mountain's open space. If you have been wanting to live in Golden proper, this might be the house for you.



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