

Waiting Until You Have a 20% Down Payment Isn't Wise — or Necessary

Every day, people walk into our office asking about rentals. We don't handle rentals, so we always refer these people to Laurel Property Services in Golden and/or Jericho Properties in Lakewood, both of which do property management and list rentals.

However, before such a person leaves, we've learned to ask why they are not considering purchase instead of rental. Often, the person would love to buy instead of rent but doesn't have great credit and doesn't have money for a down payment.

"Do you have \$1,000 for a down payment?" I ask. "Well, yes, but I thought you have to have 20%" is a common response.

Too many people who would rather buy than rent don't realize that FHA loans still require only a 3.5% down payment, and that the Colorado Housing Finance Agency (CHFA) has a program that will

lend most of that 3.5% and requires a minimum of only \$1,000 contribution by you if you don't exceed their income limits. (\$1,000 can not be a gift.)

There is pressure on FHA — but as of yet no plans — to raise that 3.5% to as high as 10%, which could jeopardize the \$1,000 scenario. If you are a person who would benefit from that scenario, it would behoove you to speak to one of our

lending colleagues, Bruce Gustafson of Crestline Mortgage, about this program before it goes away.

Like all loans nowadays, the FHA and CHFA loans have minimum credit score requirements, but Bruce is also an expert in advising borrowers about affordable steps they can take to raise their credit score. A higher credit score not only could make you qualify for a loan, but could also lower your

interest rate if you already qualify for a mortgage.

There's another class of buyers who think purchasing is not an option, and that is people who have money for a down payment but have a low credit score and/or recent bankruptcy or foreclosure.

True, these people may not qualify for a mortgage, but they might still be able to buy a home from a distressed homeowner in a process called a "wrap." Basically, you get the homeowner to give you title to their house in return for assumption of loan payments and other consideration — such as money to pay off a second mortgage. This saves the seller from either short sale or foreclosure, and gets you into actual ownership of a house. The seller is still responsible for the loan if you don't keep making payments, but with proper legal advice (which I don't give) you could make it work. Talk to a lawyer about it.

REAL ESTATE TODAY

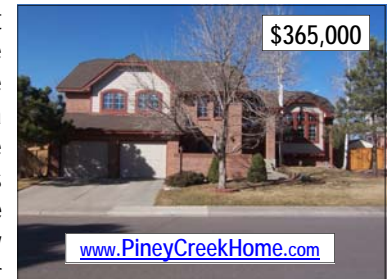


By **JIM SMITH,**
Realtor®

This Week's Featured New Listing:

Piney Creek Home Looks Like a Bargain!

Here in Golden, you'd pay about \$200 per square foot for a home like this one. But when you leave Jeffco, it's not unusual to see a home like this one priced in the low \$100's per square foot. This home, at 15781 E. Crestridge Circle in the Terrace at Piney Creek is priced at only \$116 per main square foot, and only \$96 per finished square foot. Yet everything is high-end here, from the extensive hardwood flooring to the slab granite countertops and so much more. Take the narrated tour at the website shown, and you'll agree that if this home were in Golden, it would be closer to \$500,000. Then call listing agent Karon Hesse for a private showing. **Open this Saturday, 1-5 pm.** Remember, when you buy this or any Golden Real Estate listing, you get free use of our moving truck.



Serving the West Metro Area

Jim Smith

Broker/Owner

Golden Real Estate, Inc.

DIRECT: 303-525-1851

EMAIL: Jim@GoldenRealEstate.com

See All Our Listed Properties Online at www.GreatGoldenHomes.com



Visit www.GreatGoldenHomes.com to browse all Golden Real Estate listings.
Find 100 or more other columns archived online at www.JimSmithColumns.com.