

Your Guide to

HOME OWNERSHIP.



Presented by:

BOULDER COUNTY LEARNING AND EMPOWERMENT PROGRAM



**BOULDER COUNTY
HOUSING
AUTHORITY**



This book has seven sections:

- 1 Are You Ready to be a Homeowner?
- 2 What Can You Afford?
- 3 Financial Management for Homeownership
- 4 Credit and Your New Home
- 5 Local Programs
- 6 Understanding Mortgages
- 7 Shopping for a Home
- 8 Home Inspections
- 9 Glossary of Terms



IN PARTNERSHIP WITH:



BOULDER COUNTY
**HOUSING
AUTHORITY**



THISTLE

WORKFORCE
BOULDER COUNTY



Connecting Business and People



Boulder County, in accordance with the Fair Housing Act, prohibits discrimination in its programs and activities on the basis of race, color, age, religion, sex, sexual orientation, disability, familial status or national origin.

Reasonable accommodations and modifications may be requested to ensure equal access by people with disabilities to its programs and activities. To request an accommodation or modification, please call 720-864-6659 or email CEInfo@BoulderCounty.org.

WHY ARE *you* HERE?

This Homeownership Training will help you to become a more informed and empowered consumer. Purchasing a home is often considered to be one of the most stressful situations a person can experience. Guess what helps people to feel less stress when moving through this process? You guessed it – education! Knowledge is power and the knowledge you'll gain today will help you see what's possible and make better decisions that serve your goals and lifestyle.

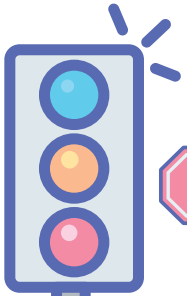
Building your team of professionals is key to your homeownership success. Your team will help you navigate this often complex process to find and purchase a home. You'll hear directly from experts in the homebuying industries to grow your understanding of mortgages, real estate, and home inspections. Through this Homeownership Training, you will discover ways to make sure you stay the star and center of attention as the homebuyer. Remember, your team works for you!

Today you will hear a little about our local affordable purchase and downpayment programs. To learn more, consider attending our workshop called Affordable Purchase/Downpayment Programs of Boulder County where you can learn more from representatives from each program and ask questions! Find upcoming workshops at www.boco.org/Learns.

Obtaining a Certificate of Completion from this Homeownership Training (which is approved by Colorado Housing & Finance Authority) gives you access to local, affordable homeownership programs and a variety of additional loan programs. The Boulder County Homeownership Training Certificate of Completion, in most instances, is valid for a period of 12 months from the date of this class.



YOU WANT TO BUY A HOUSE...WHAT NOW?



1 Determine if Homeownership is Right for You

2 Educate Yourself on the Homebuying Process
Taking this class is a great way to start! Meet one-on-one with a Boulder County Personal Finance Coach to customize your individual plan to achieve homeownership!

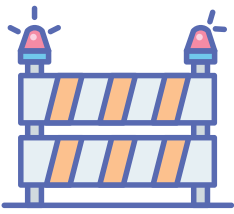
4 Prepare Financially
Create a budget as a renter and as a potential home owner, run your credit report, understand what goes into your credit score and work to improve your score (if needed), and gain an understanding of the laws that can protect you.

3 Determine how much you can afford.
Remember, this is up to YOU.

5 Contact a Loan Officer
Discuss loan programs and get pre-approved for a loan.

6 Choose a Real Estate Agent
Ask friends and family for recommendations.
Discuss your needs and wants of your future home.
Begin your home search!

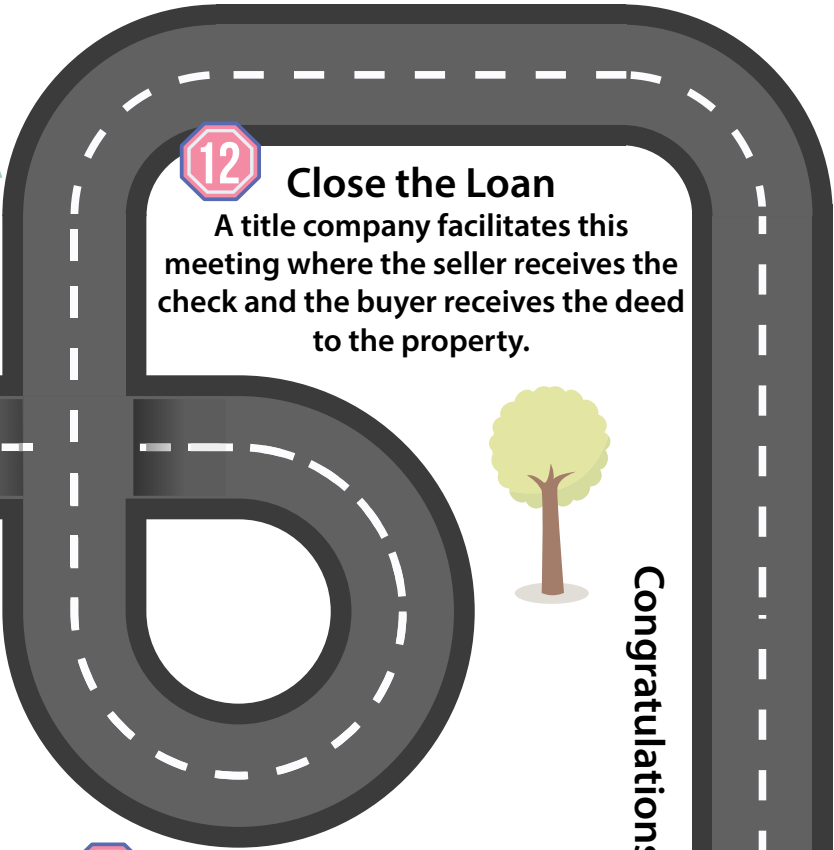
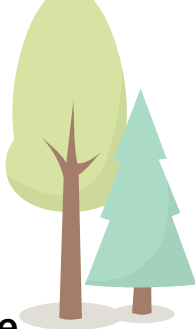
7 Find the Home that Works for You!
Does the home meet all of your needs?
Does it offer some/most of your wants? If the answer is yes, make an offer!



11

Insurance

Shop around for - and purchase - homeowners insurance and get additional inspections (if necessary)



12

Close the Loan

A title company facilitates this meeting where the seller receives the check and the buyer receives the deed to the property.



Congratulations, You're a Homeowner!

9

Get a Home Inspection

As soon as your offer has been accepted, schedule a professional home inspection to identify potential problems with the home.

8

Finalize Your Loan

After your offer has been accepted, contact your lender so they can complete your mortgage. Your lender will notify you of any contingencies that need to be completed before closing.

10

Home Appraisal

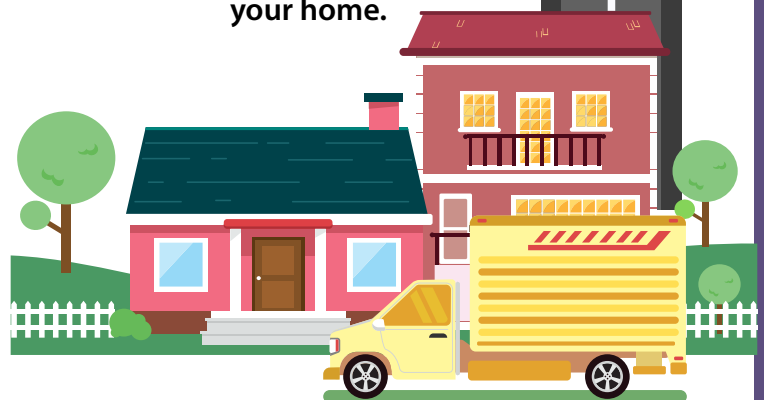
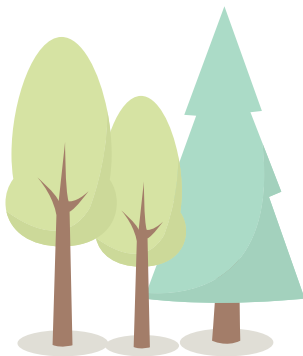
Your lender will hire an appraiser to estimate the value of the house you want to buy.



13

Move Into Your New Home.

Educate yourself on post-purchase practices so you'll be prepared to maintain your home.



Boulder County Personal Finance Program:

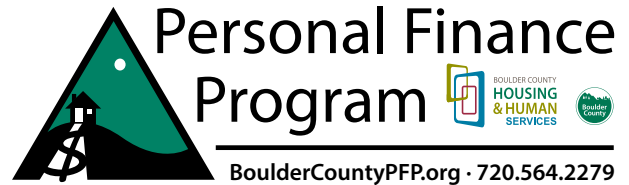
After taking this class, you may still have questions or need help determining if you are financially ready for homeownership. The Boulder County Personal Finance Program offers free individual sessions where they can help you:

- » Determine a mortgage amount you can afford
- » Create a spending plan that supports homeownership
- » Become knowledgeable and confident in navigating the home buying process
- » Review and improve your credit to qualify for the best loan
- » Establish connections with local affordable housing resources

All services are free and confidential. ¡Se Habla Español!

In addition to homeownership, working with a Personal Finance Coach can also help you relieve financial stress, review and improve your credit, reduce debt and understand your options, create a realistic and easy-to-use spending and savings plan and plan your next financial steps.

Have student loans? A Personal Finance Coach can help you identify affordable repayment plans, see if you qualify for student loan forgiveness, get out of default and improve your credit, consolidate loans, apply for income-driven repayment and forgiveness, and avoid scams, all for free.



KEY PLAYERS BUILDING *your* TEAM



Real Estate Agent



Home Inspector



Lender



Title Company



Community Partners



Appraiser



Personal Finance Coach

Build a team of professionals around you to help you through the home buying process. You are in the foundation of this team and are responsible for bringing the "right" players to the team. Don't just go with a Lender because your Real Estate Agent says they prefer them, do some research and form your own opinion.

ARE *you* READY TO BE A HOMEOWNER?

Advantages



Make your home your own. Paint, pets, and projects, oh my!



Your home is your biggest asset. Build equity and provide a nest egg for the future.



Your costs are predictable and more stable than renting because they're ideally based on a fixed-rate mortgage.



The interest and property tax portion of your mortgage payment is a tax deduction.



There's pride in homeownership, which also closely ties you to your community.



Homeownership is a long-term financial commitment. Buying a home requires a down payment, closing costs and moving expenses. Although mortgage payments are usually fixed, they're generally higher than rent payments.



The value of your house may not increase – especially during the first few years.



You're responsible for all maintenance on your home. This can include inexpensive repairs like fixing a broken toilet to complex and costly repairs like replacing a furnace.



Owning a home ties you to your community, making it more difficult to suddenly pick up and leave a location.

ARE YOU A FIRST-TIME HOMEBUYER?

The IRS defines a first-time homebuyer as someone who has not had interest in a property in **three** years.*

If you are a first-time homebuyer, be sure to make sure all of the professionals you work with know this so they can help you take advantage of and understand potential opportunities.

*Some lenders make exceptions to this rule for displaced homeowners.



WHAT CAN YOU AFFORD?

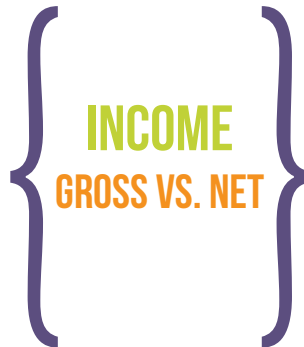
We are going to walk through the formula that lenders use to determine how much you can afford to borrow. Understanding this will allow you to make better decisions in choosing a mortgage loan.

HOUSING RATIO

FHA LOAN = 31%

CONVENTIONAL LOAN = 26%

The maximum amount of gross income that can be used towards your housing cost. The loan type determines the Housing Ratio.



DEBT TO INCOME

FHA LOAN = 43%

CONVENTIONAL LOAN = 36%

Maximum amount of gross monthly income that can be used towards monthly housing cost plus monthly debt payments.

YOUR MORTGAGE PAYMENT MAY CONSIST OF:

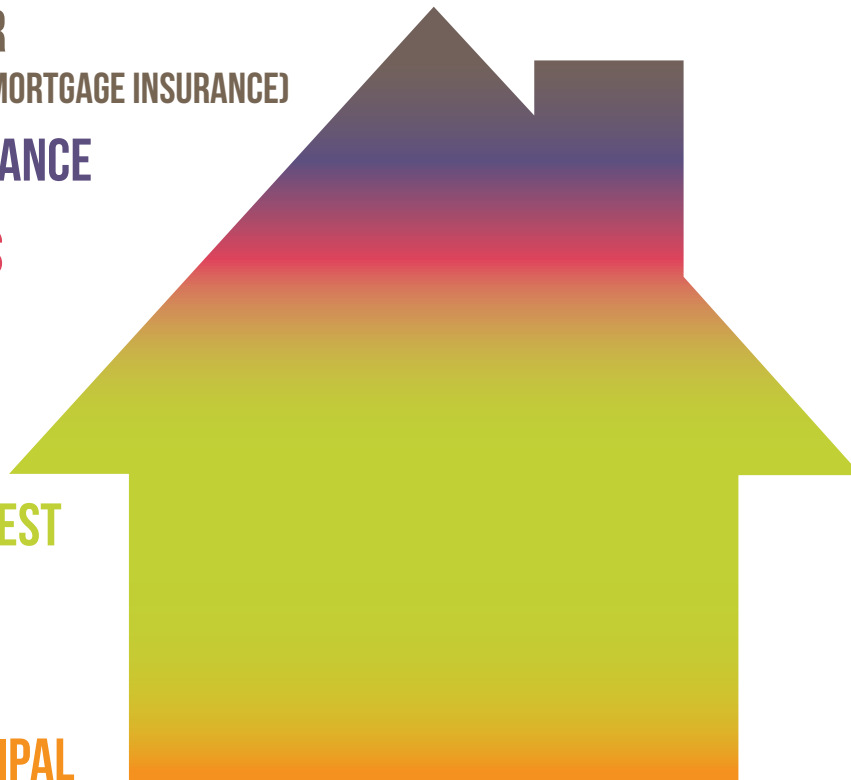
OTHER
(HOA & MORTGAGE INSURANCE)

INSURANCE

TAXES

INTEREST

PRINCIPAL



*I will pay mortgage insurance if my down payment is less than 20%.

Your maximum
monthly mortgage payment.

Maximum amount
you can borrow.

INCOME

Your income before taxes, insurance, 401K, etc. are taken out is called your _____ income.

The income that you "take home" is called your _____ income.

To calculate your loan, lenders will use your _____ income.

How are you paid?

Hourly: \$ _____ per hour x _____ hours per week x 52 weeks / 12 months = _____ per month

Weekly: \$ _____ per paycheck x 52 weeks / 12 months = _____ per month

Every other week: \$ _____ per paycheck x 26 weeks / 12 months = _____ per month

Twice-per-month: \$ _____ per paycheck x 2 times per month = _____ per month

Monthly: \$ _____

Do you have other sources of income? _____

Is anyone else buying the home with you?

Co-borrower's gross monthly income = \$ _____

Adding it up...

Add up your monthly gross income, other sources of income (if applicable) and your co-borrower's income (if applicable).


Total average gross monthly income = \$ _____ (line 1, next page)

DEBT


Calculating your total monthly debt:

Use the amounts you pay each month, **not** the total debt balance.

Minimum monthly payment required.

 Credit card(s): _____

 Car loan(s): _____

 Student loan(s): _____

 Child Support/Alimony: _____

Other: _____

Total (line 4, next page): _____



Things to Remember:

- » Lender will generally use the minimum required payment as stated on your credit report.
- » Lenders will usually not include a debt which will be paid off in 10 months or less.
- » Student loan debt will most likely be included even if your loan is in deferment. A lender may calculate 1% of the overall debt into a monthly payment to ensure affordability of all debts and a mortgage.
- » If you use your credit card like a tool (to pay monthly expenses and it's paid in full each month) then you will not include a payment amount in this section.

MORTGAGE PRE-QUALIFICATION WORKSHEET

Total Gross Monthly Income \$ _____ (1)

Housing Ratio: Total Gross Monthly Income (Line (1)) x 31% (.31) \$ _____ (2)

Debt-To-Income Ratio: Total Gross Monthly Income x 43% (.43) \$ _____ (3)

Total Monthly Debt Payment \$ _____ (4)
(Include debts with 10+ months of payments remaining)

Subtract Line (4) from line (3) \$ _____ (5)

Maximum Monthly Mortgage Loan Payment Allowed
Enter whichever is less, Line (2) or Line (5) \$ _____ (6)

Multiply Line (6) by 80% (.80) \$ _____ (7)
(Your Principal and Interest is approximately 80% of your overall monthly mortgage payment)

Divide Line (7) by the factor from Interest Factor Table \$ _____ (8)
(This will be based on the term and interest rate of the mortgage loan you get)

Maximum Mortgage Loan Amount
Multiply Line (8) by \$1,000 \$ _____ (9)

{ A lender will allow your mortgage payment to be the lesser of the housing ratio OR the calculated debt to income ratio. }

This represents the maximum mortgage loan amount a lender may allow you to borrow. Make sure you are comfortable with the monthly payment and loan amount. That part is up to you!

Interest Factor Table The factor represents the cost for each \$1,000 of a mortgage loan.

Interest Rate*	15 Year Term	30 Year Term
4.50%	7.64	5.06
4.75%	7.77	5.21
5.00%	7.90	5.36
5.25%	8.03	5.52
5.50%	8.18	5.68
5.75%	8.31	5.84
6.00%	8.44	6.00
6.25%	8.58	6.16
6.50%	8.72	6.33
6.75%	8.85	6.49
7.00%	8.99	6.66
7.25%	9.13	6.83
7.50%	9.28	7.00

{ *The interest rate you are charged depends on your credit history, loan type, lender requirements, etc. You can potentially borrow more money with a lower interest rate. }

{ Note the difference between how much you can borrow based upon different factors from the factor table. The lower your interest rate, the more you are able to borrow at the same monthly P&I cost. }

MEET JOE

Here is our EXAMPLE that we will use throughout this exercise:

HOUSING RATIO:

Joe earns **\$6,000** gross monthly income and he is looking at an FHA loan with a **31% Housing Ratio**.

Joe's formula for calculating his **Housing Ratio** will be:

$$\frac{\$6,000}{\text{gross monthly income}} \text{ times } \frac{31\%}{\text{housing ratio for FHA loan}} \text{ equals } \frac{\$1,860}{\text{monthly mortgage payment}}$$

Note: when multiplying by a percentage, turn the percentage into decimal points (.31).

DEBT-TO-INCOME-RATIO:

In our example, Joe earns **\$6,000** gross monthly income and he is looking at an FHA loan with a **43% Debt to Income Ratio**. Joe's formula will be:

STEP 1:

$$\frac{\$6,000}{\text{gross monthly income}} \text{ times } \frac{43\%}{\text{housing ratio for FHA loan}} \text{ equals } \frac{\$2,580}{\text{monthly mortgage payment}}$$

Note: when multiplying by a percentage, turn the percentage into decimal points (.43).

Now we need to subtract Joe's monthly debt obligations from the **\$2,580**. Here is how we do it:

STEP 2:

Example 1: Joe has **\$750** in monthly debt payments:

$$\frac{\$2,580}{\text{debt-to-income ratio}} \text{ minus } \frac{\$750}{\text{total monthly debt}} \text{ equals } \frac{\$1,830}{\text{monthly mortgage payment}}$$

In this case, Joe could afford to pay **\$1,830** per month towards a mortgage payment

Example 2: Joe has **\$200** in monthly debt payments:

$$\frac{\$2,580}{\text{debt-to-income ratio}} \text{ minus } \frac{\$200}{\text{total monthly debt}} \text{ equals } \frac{\$2,380}{\text{monthly mortgage payment}}$$

In this case, it would appear that Joe can afford to pay **\$2,380** per month towards a mortgage payment, though because this Debt-to-Income Ratio exceeds his Housing Ratio, he likely would default back to the original Housing Ratio of **\$1,860**.

Now that we know Joe's maximum monthly mortgage payment, let's determine Joe's maximum total loan amount. We will use **\$1,860** as Joe's maximum monthly mortgage payment through the rest of this exercise.



To continue, we need to work with the P&I (Principle and Interest) part of Joe's payment, which is approximately **80%** of the maximum monthly mortgage payment. We will calculate **80%** of Joe's maximum monthly mortgage payment, which is **\$1,860**:

$$\frac{\$1,860}{\text{max monthly mortgage payment}} \text{ times } \frac{0.80}{80\% \text{ of max monthly mortgage payment}} \text{ equals } \frac{\$1,488}{\text{P\&I portion of monthly mortgage payment}}$$

Now we will use the Sample Factor Table to calculate the total overall mortgage from the P&I.

$$\frac{\$1,488}{\text{max monthly principal and interest}} \text{ divided by } \frac{6.16}{\text{factor for a 30 year loan at 6.25\% interest}} \text{ equals } \frac{241.558}{}$$

Now we multiply by 1000 to move the decimal place three spaces:

$$\frac{241.558}{} \text{ times } \frac{1,000}{} \text{ equals } \frac{\$241,558}{}$$

\$241,558 is the maximum mortgage amount based on a P&I payment of \$1,488 per month for a term of 30 years at 6.25% interest.



WHAT'S *money* MANAGEMENT GOT TO DO WITH IT?

GOALS ORIENTED BUDGETING

 <p>Net vs. Gross</p> <p>INCOME</p> <p>MINUS</p> <p>Your Income + Other Resources</p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 10px;"> <hr/><hr/><hr/> </div>	 <p>Needs vs. Wants</p> <p>EXPENSES</p> <p>EQUALS</p> <p>Fixed Flexible Periodic</p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 10px;"> <hr/><hr/><hr/> </div>	 <p>Pay Yourself First</p> <p>SURPLUS \$0 SHORTFALL</p> <p>Goals</p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 10px;"> <hr/><hr/><hr/> </div>
<p>Other Resources</p> <p>Be creative! You will need to do some research and speak with friends, family, and professionals to learn what may be available to you.</p>	 <p>Tracking</p> <p>Where's Your Money Going? Track your spending with a notebook, spreadsheet, or electronic tracking app/computer program such as Mint.com. You can also use your bank/credit card statements. Find a method that works for you – there will be some trial and error, but stick with it!</p>	<p>Goals + Values</p> <p>"It's not hard to make decisions once you know what your values are." -Roy E. Disney</p> <p>Pairing your goals with what's important to you leads to greater success and happiness.</p>

Let your values help clarify your goals.



KEY CONCEPTS FOR BUDGETING:

- 1 Determine Your Goals
- 2 Calculate Your Living Expenses
- 3 Calculate Your Income
- 4 $\text{Income} - \text{Expenses} = ?$
- 5 Plan to Adjust



Helpful Tip:

Can you make a mortgage payment that's larger than your current rent?
 If your lender tells you can afford a mortgage payment that's higher than your current rent, practice paying the higher amount by putting the difference between the potential mortgage payment and your current rent into a savings account and don't touch it! Not only will you become comfortable paying the new amount, but you'll have a nice little nest egg as well.

Proposed Mortgage Payment:

\$1,450

Current Rent:

\$1,250

Difference (put into savings):

\$200

Practice paying \$1,450 every month and don't touch your savings!

MAGGIE'S BUDGET ACTIVITY

	Renter	Homeowner	Homeowner (changes)
Income (Salary)	\$3,500	\$3,500	\$3,500
Income (Child Support)	\$600	\$600	\$600
Total Income	\$4,100	\$4,100	\$4,100



	Renter	Homeowner	Homeowner (changes)
Mortgage (PITIMI)	XXX	\$1,400	
Rent	\$1,300	XXX	XXX
Homeowners Assoc. Dues	XXX	\$200	
Maintenance Savings	XXX	\$145	
*Utilities (gas, electric, water, sewer)	\$175 (average)	\$250 (average)	
Internet	\$65	\$65	
Car	Paid off	Paid off	
*Gas	\$225	\$125	
*Car Insurance	\$90	\$75	
Local Coffee Shop (daily stop)	\$100	\$100	
Streaming Services	\$40	\$40	
Maggie's Cell Phone	\$65	\$65	
Brynn's Cell Phone	\$40	\$40	
Bessie's Cell Phone	\$40	\$40	
Hair Cuts at Upscale Salon (all)	\$150	\$150	
Maggie's Gym Membership	\$45	\$45	
Groceries and Toiletries	\$550	\$550	
Entertainment	\$60	\$60	
Brynn's Soccer	\$100	\$100	
Bessie's Dance Classes	\$50	\$50	
Brynn's Painting Class	\$50	\$50	
Bessie's Yoga Classes	\$120	\$120	
Clothing (girls)	\$100	\$100	
Clothing (Maggie)	\$50	\$50	
After School Care	\$250	\$250	
Dining Out	\$150	\$150	
Credit Card (minimum payment)	\$60	\$60	
Total Expenses	\$3,875	\$4,280	
Surplus/Shortfall	+\$225	-\$180	

MAGGIE'S NEW MONTHLY EXPENSES AS A HOMEOWNER

Mortgage: **\$1,400**

Homeowner Association Dues: **\$200**

Maintenance Savings: **\$145** (Maggie's loan is approximately \$175,000, this is 1% of that amount)

Utilities: **\$250** - Maggie moved into larger space, however it's more energy efficient

Gas: **\$125** - Maggie moved closer to work so she drives less, and sometimes she takes the bus

Car Insurance: **\$75** - Maggie now drives less and her car insurance is bundled with her homeowner's insurance for an added savings

YOUR SPENDING PLAN

Income	Now		Future Scenario	
Type	Gross	Net	Gross	Net
Total Income	\$	\$	\$	\$

Expenses	Now	Future
Housing/Utilities	\$	\$
Rent or Mortgage 1		
Rent or Mortgage 2		
HOA Dues		
Property Insurance		
Property Taxes		
Maintenance/Repairs		
Electric		
Gas		
Water		
Trash		
Sewer		
Other		
Transportation	\$	\$
Auto Loan(s)		
Insurance		
Gas		
Maintenance/Repairs		
Registration		
Bus/Taxi		
Food	\$	\$
Groceries		
Dining Out		
Medical	\$	\$
Insurance (not taken out of paycheck)		
Co-Pays		
Medications		
Dental/Orthodontics		
Vision (glasses)		
Personal Care	\$	\$
Clothes		
Laundry/Dry Cleaning		
Hair Cuts/Nails		
Personal Care Items		
Debts	\$	\$
Credit Card		
Credit Card		
Personal Loan		
Student Loans		
Payday Loan		
Medical Debt		
Extra Payments		

Expenses, Continued	Now	Future
Entertainment/Misc.	\$	\$
Cable TV, Netflix, Hulu		
Internet		
Cell Phone/Home Phone		
Storage Unit(s)		
Gifts, Holidays, Special Occasions		
Alcohol/Tobacco		
Hobbies		
Gym		
Subscriptions		
Movies, Sporting Events, Concerts, Etc.		
Travel		
Bank Fees		
Other		
Children	\$	\$
Child Care/Education		
Diapers, Formula		
Activities		
School Lunches/Fess		
Other		
Pets	\$	\$
Food, Toys, Treats		
Veterinarian, Grooming		
Education	\$	\$
Tuition, Books, Lessons		
Insurance	\$	\$
Disability Insurance		
Legal	\$	\$
Attorney		
Maintenance/Support		
Donations	\$	\$
Religious, Charity		
Savings	\$	\$
Savings Contributions		
Retirement Contributions		
Total Expenses	\$	\$

Results	Now	Future
Total Income	\$	\$
minus		
Total Expenses	\$	\$
Surplus or Shortfall		

COSTS OF BUYING A HOME

Up-Front Costs of Buying a Home:

- ❑ Earnest money (~1-2% of purchase price)
- ❑ Down payment (~3-3.5% of purchase price)
- ❑ Closing costs (~3-4% of purchase price)
- ❑ Escrows
- ❑ Reserves
- ❑ And...Moving

Even fixed rate mortgage payments can change.

Adjustments to the value of your home will affect the amount of your property taxes. Homeowners insurance can change (review periodically to ensure coverage is adequate based on increase in property value, purchases, upgrades, etc.). If you have Mortgage Insurance, it will decrease annually and eventually go away!

Check your local city and county resources for home repairs, home rehabilitation, and energy efficiency programs which could help you make necessary repairs or upgrades.

Creating a special account set aside for home repairs is essential as a new homeowner. We recommend you save 1-2% of your home's purchase price annually. Create your list of who can help you do this work before you're in a crisis and need to make a repair.



Helpful Tip:

Buying a home comes with a lot of decisions and opportunities. Along with picking out new paint and considering upgrading the bathroom, did you know that increasing the energy efficiency of your new home will begin saving you money, keep your family more comfortable in cold and hot weather, and will improve the indoor air quality beginning on day one?

EnergySmart is a service provided by Boulder County that provides unbiased energy efficiency and renewable advising and information, access to county-funded rebates and low-interest financing, lists of recommended Insulation, HVAC, and Solar contractors, and energy assessments that will analyze your home in detail to let you know which energy efficiency improvements will benefit you the most.

Uncertain whether you can afford to make these energy improvements even though you may be facing higher utilities bills or be less than comfortable inside your home? Contacting an EnergySmart advisor who is also a Boulder County employee, is free to any Boulder County resident. This advisor can help you to weigh your options which might include income-qualified programs that can reduce or eliminate the cost to insulate or install energy efficiency measures.

To learn more, go to www.EnergySmartYES.com

Ongoing Costs of Owning a Home:

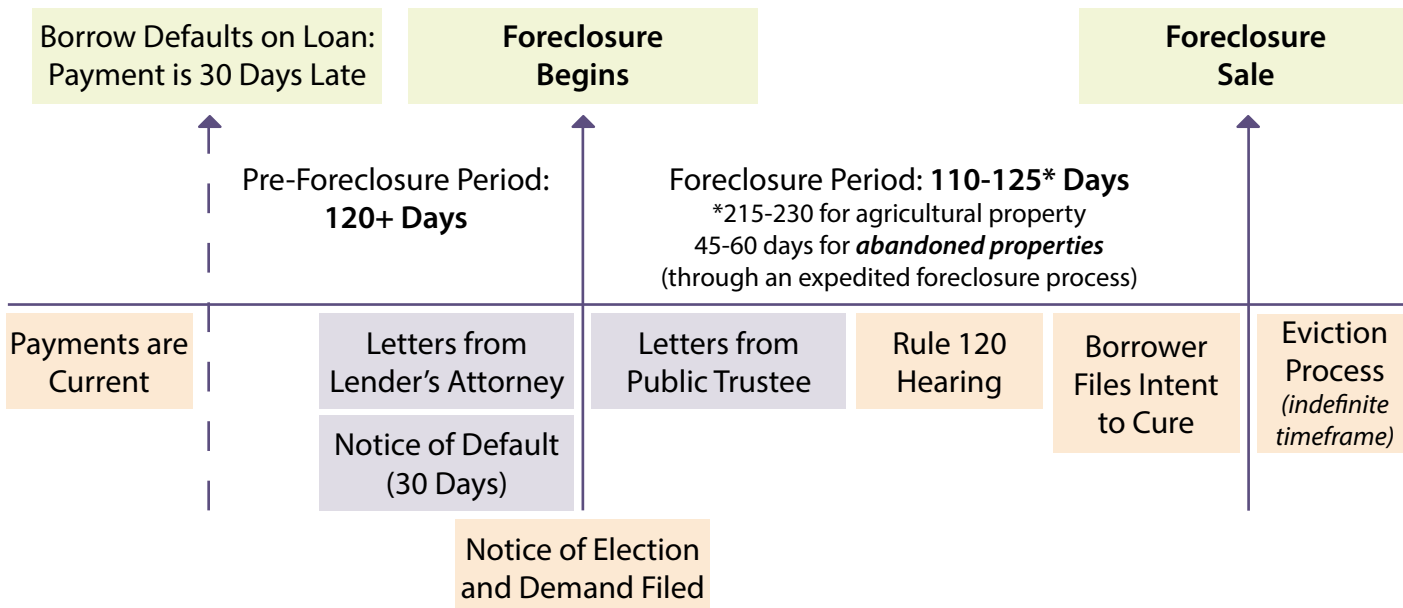
- ❑ Mortgage payment (payments & lender can change)
- ❑ Homeowners Association (HOA) dues
- ❑ Utilities
- ❑ Maintenance and repairs (how much? who?)

FACING POTENTIAL DEFAULT AND FORECLOSURE HEAD ON

Foreclosure processes differ by state. Typically, if you fall a few months behind on your mortgage payments, the foreclosure process may begin (although the process can begin earlier or later). Don't wait for the foreclosure process to begin. Reach out for help as soon as you think you might have trouble paying your mortgage.

Below is Colorado specific information on what happens if you are unable to make mortgage payments.

Colorado Foreclosure Timeline



Who is Involved in this Process?

- » **Lender/Servicer:** Departments include collections, pre-foreclosure, loss mitigation, short sale, bankruptcy, and others
- » **Lender's Attorney**
- » **County Public Trustee**
- » **Others:** any attorney you involve, court, sheriff, Real Estate Agent, HUD approved Personal Finance Coaches or other credit counseling agency, public assistance organizations

fore·clo·sure

(noun) /fôr'klôZHər/

The action of taking possession of a mortgaged property when the homeowner fails to keep up their mortgage payments.

Retention Options Which Do Not Require Servicer Approval

Situation	Loss Mitigation Options	Description
Current on payments. Credit, income, and equity are sufficient to qualify for a new mortgage.	Refinance	A new loan that achieves a lower payment.
Can afford a large lump sum payment. Can afford monthly payments going forward.	Cure	Pay off the full past-due amount. *Procedures: if not in foreclosure, contact the servicer for the amount owed. In foreclosure, contact the Public Trustee for the amount owed by filing an 'Intent to Cure' form at least 15 days before the foreclosure sale date to get the 'cure figures'. The cure payment must be made no later than noon on the day before the foreclosure sale.
	Bankruptcy	Seek legal advice.

Retention Options Which Require Application and Servicer Approval

Situation	Loss Mitigation Options	Description
The financial crisis has been resolved. Can afford higher payments to bring the loan current.	Repayment Plan	A written agreement between the borrower and the servicer where the borrower agrees to cure the delinquency by adding an additional amount to their monthly mortgage payment until the loan becomes current.
Default is caused by a specific, temporary event such as unemployment or hospitalization. Can resume payments when the crisis ends.	Forbearance	An agreement to suspend or reduce normal monthly payments for a fixed period of time. At the end of the forbearance period, the borrower must cure the delinquency through a lump sum payment, repayment plan or modification.
Financial crisis is resolved but unable to pay the delinquent amount in full and/or payments are not affordable but could afford a lower payment.	Modification	A written agreement that permanently changes one or more of the original terms of the loan, such as interest rate, payment amount, maturity date, or the amount of the principal balance in an effort to cure the delinquency and make the payments affordable.
Financial crisis is resolved. Has an insured conventional, RD or FHA loan and unable to afford a repayment plan or modification but can afford the monthly payments if the delinquency is cured.	Partial Claim (FHA Loan) Advance Claim (Insured Conventional Loan) Recovery Advance (RD)	Mortgage insurance company, RD or FHA advances claim funds to the lender to cure the delinquency. Homeowner signs a secured junior mortgage for the amount of the advance. For a conventional loan, there is typically no or a low interest rate and monthly payments. For an RD of FHA loan, it is a non-interest bearing loan with no payments.

Liquidation Options

Situation	Loss Mitigation Options	Description
Cannot afford the payments but have equity in the property.	Full Sale	A sale of the property where there is enough equity to pay off all liens in full.
Cannot afford the payments and not enough equity in property to sell it and pay off all the liens.	Short Sale	A sale of the property where there isn't enough equity to pay off all the liens on the property and the lender(s) has agreed to accept the net proceeds of the sale to satisfy the lien. The homeowner may face a deficiency judgment or be required to repay the deficiency to the lender.
Unable to sell and the lender wants to avoid the foreclosure process.	Deed in Lieu	The homeowner transfers title of the home to the lender in lieu of a foreclosure sale. Typically requires the homeowner to attempt a sale of the property first.
Cannot afford the payments and no other option was available or successful.	Foreclosure Sale	The lender sells the property to recover its loan balance when the homeowner is no longer able to make the payments.

**Beware of Scams!**

Avoid solicitations that:

- » Ask for **fees in advance**
- » That **guarantee** foreclosure will be stopped or modifications will be obtained
- » Anyone telling you to **stop paying** your mortgage or **stop talking** to your lender

Foreclosure is a public record. You may receive communications from various entities suggesting they are trying to help. Use caution!

Difficulties Paying Your Mortgage?

If you are having difficulties paying your mortgage, reach out to the Boulder County Personal Finance Program **before** you enter into foreclosure. A HUD-approved Personal Finance Coach can help you develop a realistic spending plan to help you decide next steps, become knowledgeable and confident in making choices to avoid foreclosure, understand options available with your mortgage company, and help you get tools to work effectively with your lender. All services are FREE and confidential, however, an appointment is required.

BoulderCountyPFP.org

720-564-2279 (Se Habla Español)



**Personal Finance
Program**



BoulderCountyPFP.org · 720.564.2279

SETTING AND ACHIEVING YOUR FINANCIAL GOALS

Make it Happen!

IDENTIFY IT!

Identify what you want to change in your life in order to better your financial self. This means looking at how you currently operate financially. Ask yourself, "What financial habits are no longer working well for me?"

1 DECLARE IT!

Turn your 'Change' into a 'Goal'. This means turning your change into a declaration and it is as simple as changing a few words. The goal sets our intention. Honor yourself and use words that mean business. Words that illustrate that you ARE going to make this happen, words that show you believe in yourself. Use action words like "I will" or "I am" or "I declare" instead of "I want to" or "I don't want to" or "I will try to". This helps you make a strong statement that this goal will happen. Ask yourself, "What is my declaration?"

2 VALUE IT!

Adhering to goals can be challenging for all of us. This is why it is so important to put value behind your goal. In other words, what's the reason for pursuing this goal in the first place? If our goals are based in values, we always have a touch point to keep us motivated and focused. Which of your values does this goal support?

3 BREAK IT!

Your goal is the end point, the target. In order to hit the target, we need to take action. Action requires establishing concrete steps, so you can move towards your target. This means breaking the big goal into smaller action steps. Ask yourself, "What steps do I take to see progress?" Assigning clear, tangible actions to your goal will allow you to see progress happening. Seeing progress keeps us motivated. If your goal is big you may need to Smash it into smaller steps.

4 TIME IT!

Identifying an end point, or finish line, for your goal helps to increase your motivation to start taking action, and to stick with it. Pick a (realistic) date that you see yourself achieving your goal. It is also important to identify when you will evaluate your goal to see if it is working.

5 SUPPORT IT!

Having accountability and support can help us reach goals. You should identify who in your life will help hold you on track when it gets hard, who will encourage you, who will help to find solutions.

6 MOVE IT!

What is your first step. It is important to become action oriented, creating movement for change and not just thinking about it. Ask yourself, "What will you do before today is over?"

MAKE IT HAPPEN: GOAL SETTING



1 DECLARE IT: I will... _____

2 VALUE IT: What values are motivating this change? _____

3 BREAK IT: What steps will have to happen to make this a reality?

4 TIME IT:
How long will it take to accomplish this goal?

How long will it take to know whether or not the goal is working?

5 SUPPORT IT:
Cheerleader

Problem Solver

Tough Love

6 MOVE IT:
What am I going to do tonight so tomorrow, when I wake up, I've already started changing my life?



WHAT IS CREDIT?



Helpful Tip:

Check your Credit Report for FREE!

If you want to keep it free of charge, you can check every twelve months for each CRA.

If you are already familiar with your own credit report, you can, in the future, check each CRA once per year, and stagger them.

AnnualCreditReport.com

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

Home All about credit reports Request yours now! What to look for Protect your identity Frequently asked questions Contact us

Don't be fooled by look-alikes.

Lots of sites promise credit reports for free. AnnualCreditReport.com is the only official site explicitly directed by Federal law to provide them.

[About AnnualCreditReport.com](#)



PLAY SPOT IDENTITY THEFT GOOD CREDIT DON'T BE FOOLED MORE THAN A SCORE NOT LIKE THE OTHERS

Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

FREE Credit Reports. Federal law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

BROUGHT TO YOU BY

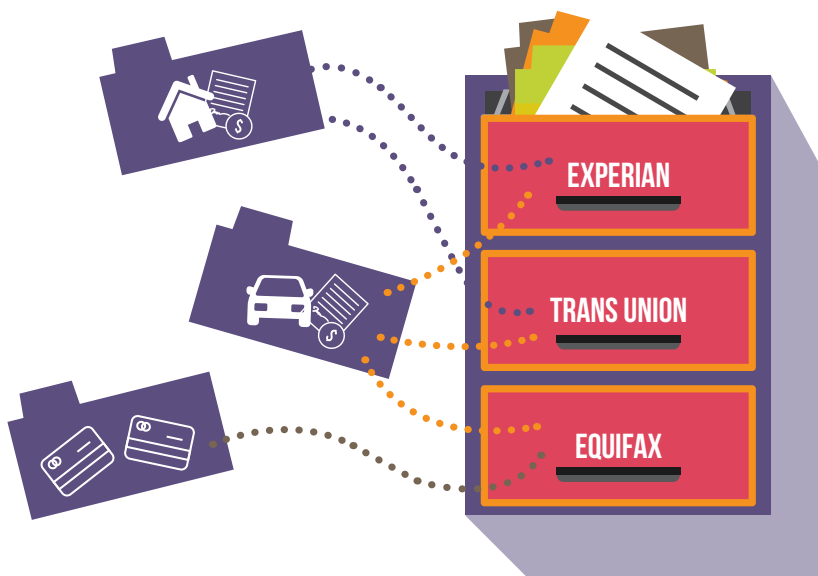
EQUIFAX

experian

TransUnion

[Request your free credit reports](#)

THE THREE MAIN CREDIT REPORTING AGENCIES (CRA'S) ARE:



WHO'S CHECKING YOUR CREDIT?

CREDIT PROVIDERS

Your credit score will determine your interest rate and whether the credit provider will lend to you at all.

LANDLORDS

Landlords are looking specifically for rental related items such as collections for rent, utilities, etc.

INSURANCE COMPANIES

Did you pay your auto, renters, or homeowners insurance responsibly? This will help determine your premiums and/or cost of insurance.

EMPLOYERS

Employers may check your credit report to make a decision whether or not to hire you. This is limited to only certain hiring situations in Colorado. For more information, visit: www.colorado.gov/cdle/eoa

BANKS AND CREDIT UNIONS

Banks and Credit Unions can pull your credit to determine if you are eligible to open an account.

YOU!

Check your credit report for accuracy and potential identity theft. www.IdentityTheft.gov

HARD vs. SOFT Inquiry:

Experian

www.Experian.com

P.O. Box 2002

Allen, TX 75013

1-800-397-3742

Equifax

www.Equifax.com

P.O. Box 740241

Atlanta, GA 30374

1-800-685-1111

TransUnion

www.Transunion.com

Consumer Disclosure Ctr.

P.O. Box 1000

Chester, PA 19022

1-800-916-8800



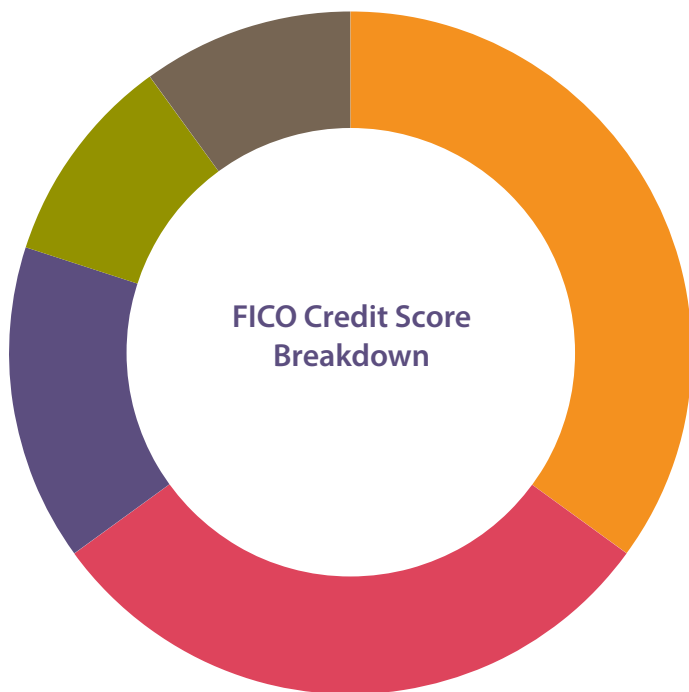
Helpful Tip:

Don't be afraid to shop around for the best mortgage and auto loan products to fit your needs!

Both the FICO and the Vantage scoring models allow for multiple hard inquiries within a limited time-frame. Multiple hard inquiries made within a **two week time-frame** will only affect your score as if one inquiry has been made.

Follow this rule when shopping for mortgages and auto loans.

WHAT'S MY BEHAVIOR GOT TO DO WITH IT?



- **Payment History (35%)**
Make payments on time or early in at least the minimum amount required
- **Amounts Owed (30%)**
Try to keep balances on credit cards below 30% of the credit limit
- **Length of Credit History (15%)**
The longer you have a open, good standing account, the better. Closing accounts can end up having a negative impact especially if you have had the accounts for a long time.
- **New Credit (10%)**
Opening new accounts and have a negative impact on your score. Carefully consider your needs when opening new accounts.
- **Types of Credit (10%)**
Variety in the types of credit you use well can have positive impact on your score over time.



Did You Know?

Both FICO and VantageScore models use a scoring range of 300-850.

VantageScore Scale

Extremely Influential:

Payment History

Make sure you pay all bills on time

Highly Influential:

Age & Type of Credit

It's helpful to maintain a mix of accounts (credit cards, auto, mortgage) over time to improve your score

Percentage of Credit Used

Focus on keeping revolving balances low, under 30% of credit limits

Moderately Influential:

Total Balances/Debt

Best to reduce the amount of debt you owe

Less Influential:

Recent Credit Behavior and Inquiries

Don't open too many new accounts too quickly

Available Credit

Only open the amount of credit you need

	Action	How Lender Views This	Impact on your Score
Major Improvement	Pay bills on time	Wisely handling debt	Improvement
	Not use all available credit	Sufficient access to credit, unlikely to need additional funds	Improvement
	Hold accounts for long periods	Experienced credit user	Improvement
	Use different types of loan products	Experience with different types of repayment requirements	Improvement
	Inquire about new loans	Are you just expanding access or taking on too much?	Slight drop
	Open a new loan	Are you just expanding access or taking on too much?	Slight drop
	Open other new accounts	Will you be able to effectively manage more credit?	Slight drop
	Max out credit cards	Potential signal of increasing risk	Drop
	Pay late for the first time	Potential signal of increasing risk	Drop
	Pay multiple loans late	All credit at risk	Larger drop
Major Drop	Miss three or more payments on a loan	All credit at risk	Larger drop
	Stop paying loan	Default	Major drop
	Foreclosure	Default	Major drop
	Bankruptcy	Default	Maximum drop over extended time period

HOW MUCH MONEY CAN A GOOD CREDIT SCORE SAVE YOU?

Loan Amount	Rate	Monthly Principal and Interest Payment	Total Interest Paid
\$250,000	5.65%	\$1,443.09	\$269,512
\$250,000	6.65%	\$1,604.91	\$327,768

<p>JOHN DOE 1234 CREDIT ST. (303) 555-1234 123-45-6789</p>	<p>PERSONAL INFORMATION</p> <ul style="list-style-type: none"> » name » address » contact information » Social Security number 	<p>GOOD STANDING ACCOUNTS</p> <ul style="list-style-type: none"> » credit card » mortgage » auto loan » loan 	
<p>Know your consumer rights Fair Credit Reporting Act</p>			
	<p>INQUIRIES</p> <ul style="list-style-type: none"> » are recorded on your credit report and remain for two years 	<p>NEGATIVE ACCOUNTS AND PUBLIC RECORDS</p> <ul style="list-style-type: none"> » bankruptcy » judgment » foreclosure » etc. 	

CLEANING UP YOUR CREDIT

- Determine what is causing the **PROBLEM**.
- Prepare a realistic **BUDGET**.
- Pay your bills **ON TIME**.
- Communicate with **CREDITORS** if you're having problems.
- Seek **PROFESSIONAL ADVICE** if needed.

DISPUTING INACCURATE INFORMATION

- » Contact the credit reporting agency directly.
- » Complaint can be filed online, by mail, or over the phone. See instructions on Filing a Complaint provided by the credit reporting agency.
- » Dispute must be investigated and resolved within 30-45 days
- » If dispute is not corrected, contact the Consumer Financial Protection Bureau and the Federal Trade Commission

cfpb Consumer Financial Protection Bureau
CONSUMER FEDERAL PROTECTION BUREAU
www.ConsumerFinance.gov

FEDERAL TRADE COMMISSION
 PROTECTING AMERICA'S CONSUMERS
FEDERAL TRADE COMMISSION
www.FTC.gov

HOW LONG DOES INFORMATION REMAIN ON YOUR CREDIT REPORT?



This includes missed/late payments, collection accounts and judgments



Helpful Tip:

If your credit history, or lack of one, is getting in your way of homeownership, then non-traditional or alternative credit scoring may be an option. Non-traditional credit references include things like rental history, utility payments (gas, electric, water, cell phone, internet, satellite television, insurance (non-payroll deducted medical, life, auto, renters) and child care payments made to a business. Usually, you must have at least three instances of non-traditional credit and a history of at least twelve months of on time payments.

Lenders can access FICO Expansion Scores (if traditional credit scores aren't available) and will help predict the likelihood that a consumer will be a good candidate for lending. For more information, visit www.myFICO.com.

Experian Boost can improve your FICO score by allowing you to add rent and other bills to your credit report to "boost" your score.

You can create a free account with Payment Reporting Builds Credit (PRBC) and start establishing a non-traditional credit score. Visit www.PRBC.com for more information.

MYTHS AND FACTS ABOUT CREDIT

MYTH:

There is only one credit score model used by lenders.

FACT:

Actually, there are many scoring models being used by lenders. FICO and Vantage are the two most common score generators. Additionally, many lenders internally develop "custom" scoring models to suit their specific lending strategies. This leads to different interpretations of your score from lender to lender. One lender might consider your score to be "good" while another might see it as "excellent".

MYTH:

Credit scores are used by employers.

FACT:

Credit scores are not used by employers, however in some states employers may use information in a prospective employee's credit report. Employers use a special form of credit reports that hide social security numbers, account numbers, and other personal information that is not pertinent or allowable in the employment screening process. Many states, including Colorado, have additional limitations regarding use of credit for hiring.

MYTH:

Anyone can submit information to credit reporting companies about me.

FACT:

There is a rigorous process that data furnishers go through in order to be able to report data to the credit bureaus. Data furnishers are audited in order to be sure information is as accurate as possible.

IDENTITY THEFT

Identity theft happens when someone uses your Social Security number or other personal information to open new accounts, make purchases, or get a tax refund. Most people who experience identity theft must take several steps to recover. [IdentityTheft.gov](https://www.identitytheft.gov) is the federal government's one-stop resource to help you report and recover from identity theft. The site provides step-by-step advice and helpful resources like easy-to-print checklists and sample letters.

If you believe that someone is using your personal information, visit [IdentityTheft.gov](https://www.identitytheft.gov).

IN 2021, DATA BREACHES involving the compromise of Social Security numbers increased to **83%**

In 2020, identity theft **INCREASED BY 73%**

34%
OF PEOPLE
have reported losing money due to fraud in 2020

There's a new **victim** of identity theft every **22 SECONDS**

229 MILLION individuals encountered a fraud attempt in 2021

MOST COMMON TYPES OF IDENTITY THEFT IN 2022

7%
employment or tax-related fraud

23%
credit card fraud

5%
phone or utilities fraud

7%
bank fraud

12%
loan or lease fraud

23%
government documents fraud

Source: <https://www.experian.com/blogs/ask-experian/identity-theft-statistics/>



Helpful Tip:

Opting out can help to reduce the risk of identity theft. Opt out at www.OptOutPrescreen.com

IF YOU'RE A VICTIM OF IDENTITY THEFT, YOU SHOULD:

- » Contact the **FEDERAL TRADE COMMISSION**.
- » Contact the **CREDIT REPORTING AGENCIES** and place a Fraud Alert.
- » File a **POLICE REPORT**.
- » Contact any **INVOLVED CREDITORS**.
- » Keep **RECORDS** of all my communications in the process.



FEDERAL TRADE COMMISSION

[IdentityTheft.gov](https://www.IdentityTheft.gov)

KNOW YOUR RIGHTS!

Important consumer laws in the HOME-BUYING process:

EQUAL CREDIT OPPORTUNITY ACT (ECOA):

ECOA prohibits credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age, or because you get public assistance. Creditors may ask you for most of this information in certain situations, but they may not use it when deciding whether to give you credit or when setting the terms of your credit. Not everyone who applies for credit gets it or gets the same terms: Factors like income, expenses, debts, and credit history are among the considerations lenders use to determine your creditworthiness.

<https://www.consumer.ftc.gov/articles/0347-your-equal-credit-opportunity-rights>

FAIR AND ACCURATE CREDIT TRANSACTIONS ACT (FACTA):

FACTA adds provisions designed to improve the accuracy of consumers' credit-related records, including giving consumers the right to one free credit report a year from the credit reporting agencies.

<https://www.ftc.gov/enforcement/statutes/fair-accurate-credit-transactions-act-2003>

FAIR CREDIT REPORTING ACT (FCRA):

FCRA promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies.

<https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf>

FAIR HOUSING ACT (FHA):

A law that prohibits discrimination in the buying, selling, renting or financing of housing. This includes discrimination based on race, skin color, sex, nationality, religion, disability and children or any other characteristics from a protected class.

https://www.hud.gov/program_offices/fair_housing_equal_opp/fair_housing_act_overview

TRUTH-IN-LENDING ACT (TILA):

TILA is intended to ensure that credit terms are disclosed in a meaningful way so consumers can compare credit terms more readily and knowledgeably.

<https://www.consumerfinance.gov/policy-compliance/guidance/supervision-examinations/truth-in-lending-act-tila-examination-procedures/>

REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA):

RESPA requires that consumers receive disclosures at various times in the transaction and outlaws kickbacks that increase the cost of settlement services. RESPA is a HUD consumer protections statute designed to help homebuyers be better shoppers when in the process of buying a home.

<https://www.consumerfinance.gov/policy-compliance/guidance/supervision-examinations/real-estate-settlement-procedures-act-respa-examination-procedures/>



Did You Know?

If you feel you have been discriminated against, contact the Community Protection division of the Boulder County District Attorney's Office at www.bouldercounty.org/district-attorney/community-protection/ and/or file a complaint directly with HUD at www.hud.gov/program_offices/fair_housing_equal_opp/online-complaint#_How_to_File

To file a complaint about a real estate broker, appraiser, or mortgage lender, contact the State of Colorado Division of Regulatory Agency (DORA) at www.dora.state.co.us.

Contact the National Foundation for Credit Counseling to find a local non-profit credit counseling agency: www.NFCC.org or call 1-800-388-2227 to speak to a counselor near you.

HOUSING COUNSELING AGENCIES

Housing Counseling agencies provide group homebuyer education classes, personal finance workshops, and one-on-one appointments. In a one-on-one appointment, you and the certified financial counselor will create a plan for your unique path to homeownership. This may include determining an affordable mortgage amount, reviewing a spending plan, evaluating credit so you can qualify for the best loan terms, reducing debts, and establishing connections with affordable housing resources. All appointments are free and confidential.

Agency Name	Website	Phone Number	Description
Boulder County Personal Finance Program	www.BoulderCountyPFP.org	720-564-2279	Free classes, workshops, and one-on-one appointments

AFFORDABLE HOME PURCHASE PROGRAMS

Affordable Home Purchase Programs offer homes priced appropriate for people with low to moderate incomes. Eligibility requirements and terms vary by program.

Agency Name	Website	Phone Number	Description
City of Boulder Homeownership Program	www.BoulderColorado.gov/homeownership	303-441-3157 ext. 2	Homes available within City of Boulder limits
City of Longmont Homeownership Program	https://tinyurl.com/y3sscujh	303-774-4648	Homes available within City of Longmont limits
Elevation Community Land Trust	www.ElevationCLT.org	303-454-3786	Homes available throughout Colorado
Flatirons Habitat for Humanity	www.FlatironsHabitat.org	303-447-3787 ext. 222	Homes available in Boulder Valley School District
Habitat for Humanity of the St. Vrain Valley	www.StVrainHabitat.org	303-682-2485	Homes available in St. Vrain Valley School District
Thistle Communities	www.Thistle.us	303-443-0007	Homes available in Boulder and Longmont

Boulder County Personal Investment Enterprise (PIE) Program

PIE helps provide tools that empower people with low-income to save and build assets to strengthen their economic stability through home ownership, post-secondary education, or small business capitalization.

How does it work?

- » Participate in financial education workshops
- » Save and build assets
- » Achieve your dreams and strengthen your economic security
- » Qualify for the savings assistance program and save \$1,000 to earn \$4,000.

For more information about the PIE program, contact 303-441-3998 or PIEProgram@BoulderCounty.org

When you save up to \$1,000, PIE will match your savings with \$4,000 to apply toward your asset purchase.

You choose to save \$33-\$167/month

\$1,000 + **\$4,000**
YOUR SAVINGS PIE MATCH
= \$5,000

DOWN PAYMENT ON A HOME, SMALL BUSINESS, OR POST-SECONDARY EDUCATION.

DOWN PAYMENT ASSISTANCE PROGRAM

Down payment assistance programs provide cash assistance to help pay for down payment and/or closing costs in the form of grants or loans. Eligibility and terms vary by program, please contact the program directly.

Agency Name	Website	Phone Number
Boulder County Personal Investment Enterprise (PIE)	www.BoulderCountyPIE.org	303-441-3998
Available for homes purchased in Boulder and Broomfield Counties. Matched savings account, 6-30 months savings period. Buyer saves up to \$1000 to receive up to \$4000 match		
Boulder County Down Payment Assistance Program	https://tinyurl.com/y6jnv45	303-774-4648
Available for homes purchased in Boulder County outside of City of Boulder limits. Loan up to 8.5% of purchase price (max purchase price \$350,000), 3%, 10-year term for moderate-income. Payments deferred for low-income, accrues 4% interest for 10 years.		
City of Boulder Homeownership Programs	www.BoulderColorado.gov/homeownership	303-441-3157 ext. 2
Available within City of Boulder limits. Solution Grant: used for City of Boulder permanently affordable or Thistle Communities homes, covers the gap between buyer's money and minimum needed to close. Max grant is 5% of price. H2O: shared appreciation loan used for market-rate home, up to 15% of purchase price, up to 15% appreciation share and original loan due at 15 years of ownership, or at time of sale.		
Colorado Housing Enterprises, Inc.	www.CRHDC.org	303-428-1448
Available statewide. Loans and forgivable loans of \$3,000-\$10,000, 10 year term.		
Colorado Housing Assistance Corporation	www.CHACOnline.org	303-572-9445
Available statewide. Loan of 6% of price, up to \$10,000, 5%. *Lender sends packet after contract. Available statewide: Disability Program: Loan of \$10,000, 1.5%-5%, payments deferred 30 years		

HOME PURCHASE LOANS COMBINED WITH DOWN PAYMENT GRANTS

Agency Name	Website	Phone Number
Colorado Housing Finance Authority	www.CHFAInfo.com	303-297-2432
Grant of 4% or 2nd mortgage loan for 5% of mortgage amount, no interest. Available statewide in conjunction with CHFA mortgage. Must work with a participating lender.		
metroDPA	https://tinyurl.com/y6cl6hqh	720-913-5500
Available for homes purchased in Boulder County outside of City of Boulder limits. Loan up to 8.5% of purchase price (max purchase price \$350,000), 3%, 10-year term for moderate-income. Payments deferred for low-income, accrues 4% interest for 10 years.		
National Homebuyers Fund	www.NHFLoan.org	866-643-4968
Forgivable loan of up to 5% of mortgage amount available statewide in conjunction with primary mortgage. Must work with a participating lender.		

TEST FOR RADON BEFORE YOU PURCHASE YOUR HOME

Radon is a cancer-causing radioactive gas. You cannot see, smell or taste radon, but it may be a problem in your home (with a simple solution) In fact, radon exposure is the 2nd leading cause of cancer (after smoking). In Colorado, 50% of homes have unhealthy radon levels. You can protect your family by using certified and licensed radon testers to test for the gas during the real estate transaction. And, if the levels are high, use a certified radon mitigator to fix the problem. Learn more about radon, and find a list of certified and licensed contractors at www.BoulderCountyRadon.org

After you have moved into your new home, retest for radon with a do-it-yourself home test kit every few years. Kits cost around \$15 and are available on-line and at most hardware stores. Radon mitigation financial assistance is available for qualifying homeowners. Visit www.ColoradoRadon.info to see if you qualify.

Everyone deserves a safe and healthy home! Simple steps can keep your home safe and comfortable. According to the U.S. Department of Housing and Urban Development (HUD), a healthy home consists of the following [eight principles](#):

- 1 Keep it **DRY**.
- 2 Keep it **CLEAN**.
- 3 Keep it **SAFE**.
- 4 Keep it **WELL-VENTILATED**.
- 5 Keep it **PEST-FREE**.
- 6 Keep it **CONTAMINANT-FREE** (including asbestos, carbon monoxide, lead, mold, radon, and secondhand and marijuana smoke).
- 7 Keep it **MAINTAINED**.
- 8 Keep it **THERMALLY CONTROLLED**.

Common recommended controls include:

- Testing for lead and asbestos before any renovations.
- Fixing the causes of water damage and removing affected building materials.
- Removing and minimizing contaminants within the home.
- Testing for radon every 2-5 years and remediating, as needed.
- Regularly test your Carbon monoxide and fire detectors, replace batteries as needed



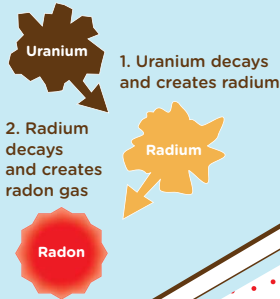
Did You Know?

Did you know the average person spends 90% of their time indoors? Often indoor air quality is often worse than the quality of air outdoors. Some of the pollutants or contaminants that can impact indoor air quality include radon, lead, asbestos, mold, tobacco smoke, and household chemicals (e.g., cleaning agents, pesticides, paints). Other factors that can affect indoor air quality include combustion appliances, ventilation systems, and cooking practices. Learn more at www.boco.org/healthyhome.

IS YOUR HOME SAFE FROM RADON?

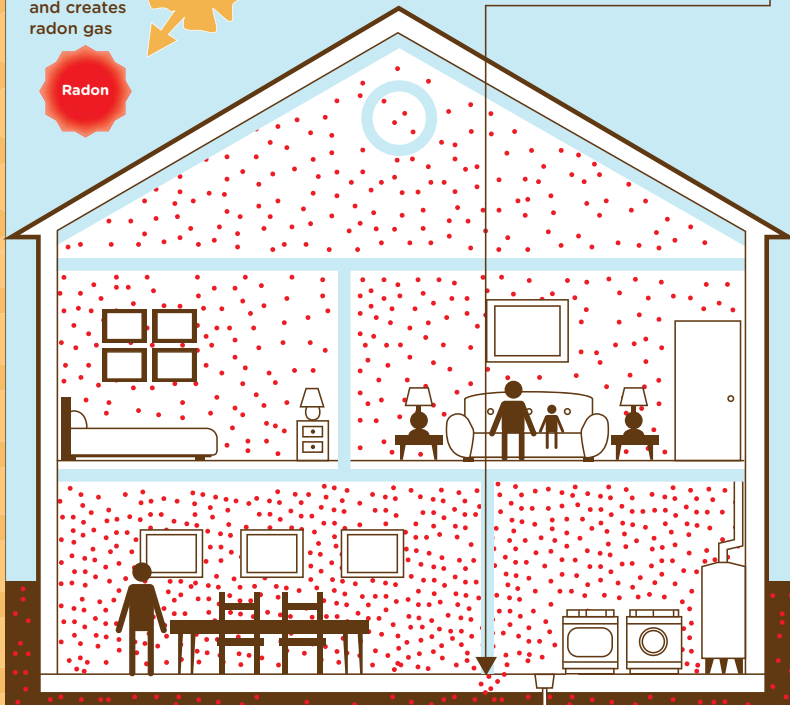
What is radon?

Radon is a naturally occurring invisible, odorless gas that comes from the natural radioactive breakdown of uranium in soil, rock, and water.



Radon can enter any home

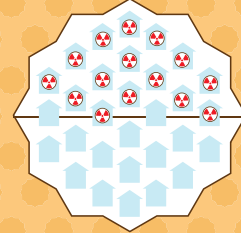
Radon is drawn in through cracks and gaps in the foundation.



Radon occurs naturally in soil

Due to the geology of Colorado, homes in our state have higher levels of radon than the national average.

About **50%** of homes in Colorado have high radon levels

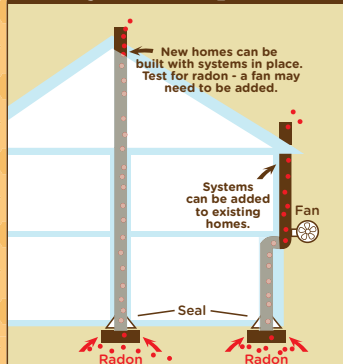


Testing for radon is easy



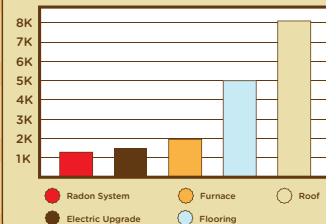
Do-it-yourself short-term and long-term radon test kits are easy to set up and available for less than \$35.

Fixing the problem is easy and inexpensive



There are many options to fix this problem. Find certified contractors at ColoradoRadon.info. Contact your health department for information.

Improvement cost comparisons

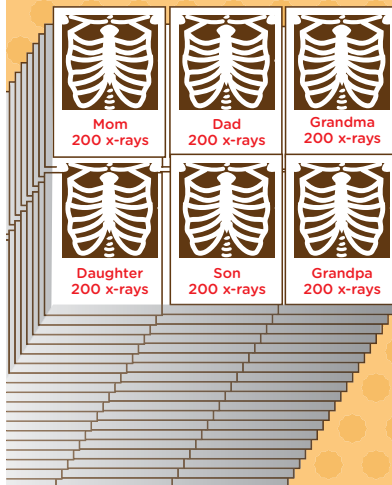


Contact Your Health Department

Colorado Department of Public Health & Environment
1.800.846.3986 | ColoradoRadon.info

200 chest x-rays

In Colorado, living in a home with average levels of radon (6.4pCi/L) for one year is like having 200 chest x-rays every year. That's more than three chest x-rays for every person in the house every week.

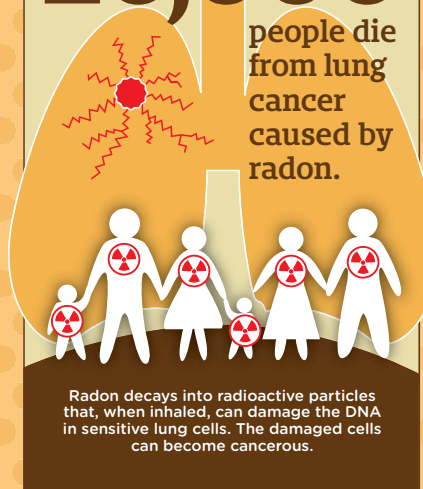


Radon causes cancer

Every year in the U.S., over

20,000

people die from lung cancer caused by radon.



Radon decays into radioactive particles that, when inhaled, can damage the DNA in sensitive lung cells. The damaged cells can become cancerous.

This program is sponsored by the Colorado Department of Public Health and Environment through the Cancer, Cardiovascular and Pulmonary Disease (CCPD) Grants Program.

MORTGAGE 101

Before we get started on mortgages, remember it's important to create and stick-to a realistic spending plan and know your numbers!

Know Your Numbers

- _____ Total Monthly Payment Desired (page 11, line 9)
- _____ Percentage of your income to be spent on mortgage
- _____ Total needed to close (down payment and closing costs)
- _____ Credit Score(s)

mort•gage

(noun) /môrgij/

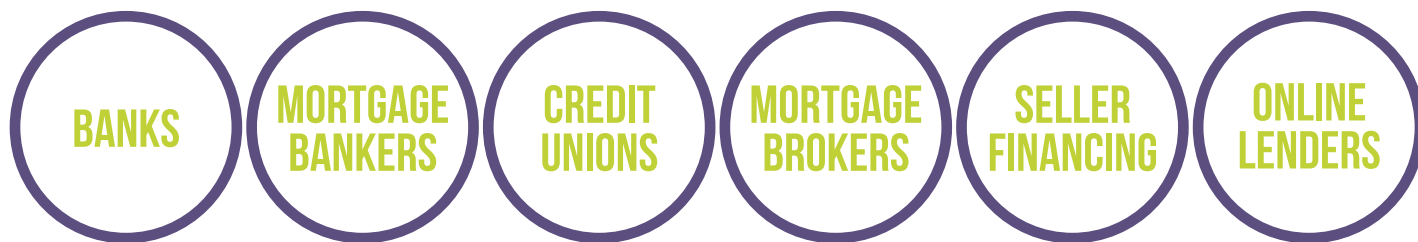
A legal document you sign when you buy or refinance a home that gives the lender the right to take the property if you don't repay the loan.



Did You Know?

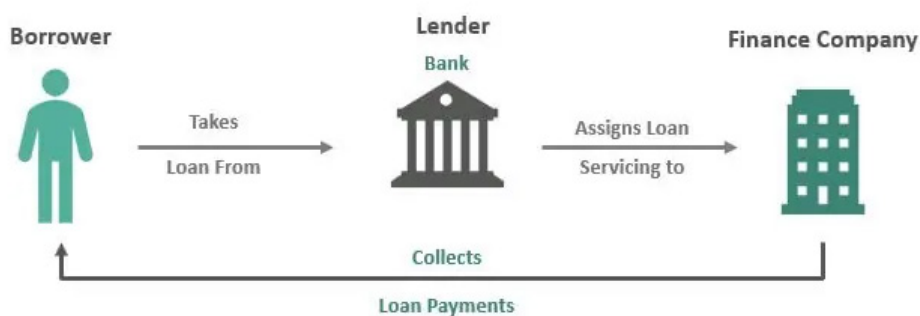
“Mortgage” comes from the Latin word mort, meaning death — as in “this debt is yours until you die.” Mortgages are more flexible than their root word implies, but these legal agreements that cement your responsibility to repay your home loan are still a big commitment.

WHO CAN MAKE MORTGAGE LOANS?



What's the difference between a Mortgage Banker and Mortgage Broker?

Both can help you get a home loan, however, a Mortgage Banker works for a bank or similar lending institution which actually provides you the money for the loan, while a Mortgage Broker doesn't represent an institution, but rather works with many to shop for a loan specific to you. The banker is a direct lender while a broker is a middleman between you and the lender.



Servicers are banks and lenders whose job it is to collect your monthly payment, pay your property taxes and homeowners insurance, and remit the principal and interest to the investor that owns your loan.

Investors

Investors are private or government entities that invest in mortgage loans and may purchase your loan from your original lender. The largest investors in mortgage loans are Fannie Mae (FNMA), Freddie Mac (FHLMC), and Ginnie Mae (GNMA). In Colorado, Colorado Housing and Finance Authority (CHFA) is an investor.



www.CHFAInfo.com

OVERVIEW OF THE MORTGAGE LOAN PROCESS

It's important to be aware of all of the different people and stages involved in your mortgage loan. From application to closing, there will be many sets of eyes reviewing your mortgage application and moving it forward. The graphic below helps describe the different people and departments involved in moving your mortgage from application to closing.



HELPFUL QUESTIONS TO ASK A POTENTIAL LENDER

1. What loan programs do you offer? Can you do FHA, VA, USDA, and Conventional?
2. Are you familiar with local down-payment assistance and affordable purchase programs?
3. What are the fees and/or costs and when are they due? Are the fees guaranteed?
4. Will you be at my closing?
5. What type of loan is best for my situation?
6. What is the current interest rate and annual percentage rate?
7. Do you offer loan rate locks? If yes, what are the fees for this? What is the time-frame for a rate lock?
8. How long has your company been operating locally?
9. How long have you worked in the industry?
10. Will you supply a Closing Cost Worksheet and a Truth In Lending statement?

NOTES:

FINDING YOUR LENDER

You're in charge of who you want to choose as your lender. Feel free to ask your Real Estate Agent, family, friends, or other trusted individuals for advice, but remember, the choice is yours. Referrals are the best source for finding your lender.

Not every lender is going to be the right lender for you. Ask as many questions as you need in order to find the lender you feel most comfortable with. Once you've chosen a lender, make sure they fully understand your financial situation so they can best support you through the mortgage loan process.



PRE-QUALIFICATION

A Lender will ask you the information about your income, credit history, and debts. They'll use this information to calculate housing affordability ratios and tell you the following:

- » Potential loan amount, using interest rates and loan programs currently available
- » What price point you should look at, based on that loan amount
- » Down payment amount you will need
- » Your monthly payment amount

There is no fee to receive a pre-qualification, however, it is not a guarantee that you'll be approved for a loan.

PRE-APPROVAL

A Lender will verify your income, assets, and credit to determine if you qualify, and for how much. You may qualify for more mortgage than you can afford, so it's important to know your numbers (page 36)! Know exactly how much you can comfortably afford and don't exceed that amount.

The Lender will base their decision on your gross income, including ALL of your income from employment, alimony, child support, Social Security, disability, interest income, and more. Ask your Lender if you have specific questions.

Being pre-approved for a mortgage loan can make you more attractive as a buyer in a competitive market because it shows your financing is already in place.



WILL YOU QUALIFY?

This is one of the most frequently asked questions when it comes to homeownership. To answer this question, look at yourself through the lens of the Lender. The Lender has two main concerns. First, they want to make sure you can afford the home you want to purchase, or in other words, you are likely to repay the loan, and second, is the house you want to purchase worth the price you are paying for it. Lenders look at four different factors called the Four C's of Credit.

CAPITAL

The money you have available to cover:

- » down payment
- » closing costs
- » reserves

CAPACITY

» your ability to make monthly mortgage payments

4C'S OF CREDIT

CREDIT HISTORY

- » how much money do you owe?
- » history of repayment of borrowed money
- » credit score/report

COLLATERAL

» the house you purchase will be collateral or security for the loan

CHOOSING A MORTGAGE – WHAT ARE THE VARIOUS TYPES OF MORTGAGES?

Government-insured loans:

- » **FHA (Federal Housing Administration):** Insured by the federal government and will include mortgage insurance as part of the monthly payment. Can be 30 or 15 year, fixed or adjustable. Minimum Down Payment of 3.5% of the sales price required – this can be a gift, your own funds or from a down payment assistance program. Lender/investor sets interest rate. Maximum amounts vary by county.
- » **FHA 203K (Acquisition-rehabilitation mortgages):** Finances the home purchase and the cost of rehabilitation in a single mortgage. Can also be used as refinance where cost of renovations are wrapped into the new loan on the property.
- » **VA Loan (Veterans Affairs):** Guaranteed by US Department of Veterans Affairs. Available to those who have served in and are discharged from the military or on active duty. No down payment is required. Fixed or Adjustable rate, 15 or 30 year terms. No mortgage insurance though does have a 'funding fee' at the time of origination which can be financed. Waived for veterans with a service-related disability. Interest rates set by lender/investor.
- » **USDA Rural Development (RD):** Guaranteed by federal government through USDA. Eligible properties are located in specific communities limited by population, or in rural areas. No down payment required. Upfront guarantee fee which can be financed and annual fee which is paid monthly as 1/12th of annual amount (similar to mortgage insurance). Interest rates set by lender/investor.
- » **RD 502 Direct:** USDA acts as the actual lender rather than guaranteeing the loan. They set interest rate in this case.

Conventional loans:

- » Any kind of mortgage loan that is not insured or guaranteed by the federal government. Most comply with guidelines established by Fannie Mae or Freddie Mac. Down payment required ranging from 3-20% or more. Stricter credit and qualifying standards than government-insured/guaranteed loans. Mortgage insurance is typical when less than 20% down payment. Fixed or adjustable interest rates. Terms can be 10, 15, 20, 25, or 30 years.

Mortgage Insurance: FHA vs Conventional

- » **FHA – required on all loans regardless of down payment. Upfront Mortgage insurance premium (MIP) paid at time of origination, usually financed. Annual MIP is paid monthly with mortgage payment (1/12th of annual amount). Remains for life of the loan unless 10% down payment at purchase then it will drop off after 11 years.**
- » **Conventional – Private Mortgage Insurance (PMI) generally required when less than 20% down payment is provided at purchase. Premium is based on amount of down payment and borrower's credit score. Automatically canceled when you reach 78% loan to value (LTV) meaning you have paid down 22% of the original purchase price. You can request removal when you reach 80% LTV or paid down 20%.**

Other loan options (less common):

- » **Portfolio Loans:** Mortgages designed to serve special situations, populations or borrowers – first time homebuyer programs, self-employed borrowers or properties that don't meet guidelines for more typical mortgages.
- » **Lease-purchase/Rent-to-Own:** "Lease with option to purchase contract" combines elements of a traditional rental agreement with an exclusive option for right of first refusal to later purchase the home. Commonly used when a buyer wants to purchase though wouldn't qualify for a mortgage due to credit issues or other circumstances. Consult an attorney before signing a contract.
- » **Assumptions:** When a property has an assumable mortgage loan, buyer has to credit qualify to potentially take over the existing mortgage. May result in savings to buyer. Popular during high interest rate markets as buyers may assume a lower interest rate. May require a larger down payment. All FHA and VA loans are assumable.
- » **Owner Carry/Seller Financing:** Seller finances all or a portion of purchase price. Seller determines down payment amount, interest rate and loan term. Important to use an attorney and obtain title insurance.

Subprime and Predatory lending:

- » **Subprime:** Generally loans that are offered to borrowers who do not meet typical underwriting standards. Higher risk means higher interest rates. Prevalent in the run up to the 2008 housing crisis. Can be predatory when used for borrowers who could have qualified for a prime mortgage loan. Can be costly.
- » **Predatory Lending:** Typically means imposing unfair, deceptive or abusive loan terms on borrowers. Such lenders often use aggressive sales tactics and exploit borrowers' lack of understanding of financial transactions. Through deceptive or fraudulent actions and lack of transparency, they entice, induce and assist a borrower in taking out a loan they will not reasonably be able to pay back. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 put protections in place that did not previously exist. The creation of the Consumer Financial Protection Bureau (CFPB) was a key component of this legislation which in part mandates and oversees guidelines that affect the mortgage industry.

Some of the typical features, which are no longer allowed or are further regulated:

- » **Prepayment Penalties:** Fees charged if a borrower pays off all or a portion of the loan within the first few years. Used to deter borrowers from selling or refinancing during that specified period due to the fee that would be imposed.
- » **Balloon Payments:** Occurs when a loan with a fixed monthly payment based on a 30 year term requires the outstanding balance be paid at the end of a shorter, set period less than the 30 years. The loan can become due in 5, 7, 10 or even 15 years with the balance of the loan being paid in full in the form of a 'balloon' payment. Predatory if this feature of a loan isn't properly disclosed to the borrower.
- » **Higher Interest Rates, Costs, and Fees:** Rates and fees that are not competitive and not justified based on the risk posed by the borrower. This may look like a lender convincing you to accept a higher interest rate loan than is otherwise available with a promise to refinance you into a lower interest rate in the future.

ITEMIZED FEE WORKSHEET

(For Use with Service Providers and Investors)

Date: **02/28/2022**

The information provided below reflects estimates of the charges that are likely to be incurred at the settlement of this loan. The fees listed are estimates; some actual charges may be more or less. This transaction may not involve a fee for every item listed.

Provided By: Best Mortgage Company 999 Prince Street Denver, CO 80220 Lender Name	Subject Property: 1235 Main Street Denver, CO 80220	Borrower(s): John Homebuyer Jean Homebuyer	
Loan Number: #####	Interest Rate: 4.375 %	Type of Loan: Conventional	Base Loan Amt: \$388,000.00
Loan Program: Conv Fixed 30 Year	Term: 360	Sales Price: \$400,000.00	Total Loan Amt: \$388,000.00
Estimated Reserve/Prepaid Costs			
900. Items Required by Lender to be Paid in Advance		1000. Reserves Deposited with Lender	
901. A Daily Interest 16 Days @ \$ 46.5068	\$ <u>744.11</u>	1001. Initial Deposit into Escrow Account	\$ <u>965.00</u>
902. Mortgage Ins Premium to	\$ _____	1002. Homeowner's Ins 3 mths @ \$ 175.00	\$ <u>525.00</u>
903. Homeowner's Insurance to	\$ <u>2,100.00</u>	1003. Mortgage Ins mths @ \$ 113.17	\$ _____
904.	\$ _____	1004. Property Taxes 2 mths @ \$ 220.00	\$ <u>440.00</u>
905. VA Funding Fee	\$ _____	1005. City Property Tax mths @ \$	\$ _____
906. Flood Insurance	\$ _____	1006. Flood Reserve mths @ \$	\$ _____
907.	\$ _____	1007. mths @ \$	\$ _____
908.	\$ _____	1008. mths @ \$	\$ _____
909.	\$ _____	1009. mths @ \$	\$ _____
910.	\$ _____	1010. USDA Annual Fee mths @ \$	\$ _____
911.	\$ _____	1011. Aggregate Adjustment	- \$ _____
912.	\$ _____	Total Estimated Reserve/Prepaid Costs	\$ <u>3,809.11</u>
Transaction Summary			
Total Estimated Monthly Payment		Total Estimated Funds Needed to Close	
Principal and Interest	\$ <u>1,937.23</u>	Purchase Price/Payoff	(+) \$ <u>400,000.00</u>
Other Financing (P & I)	\$ _____	Total Estimated Closing Costs	(+) \$ <u>7,482.00</u>
Hazard Insurance	\$ <u>175.00</u>	Total Estimated Reserve/Prepaid Costs	(+) \$ <u>3,809.11</u>
Real Estate Taxes	\$ <u>220.00</u>	Discounts (if borrower will pay)	(+) \$ _____
Mortgage Insurance	\$ <u>113.17</u>	FHA UFMIP/VA Funding Fee	(+) \$ _____
HOA Dues	\$ _____	Total Costs	(c) \$ <u>411,291.11</u>
Other	\$ _____	Loan Amount	(-) \$ <u>388,000.00</u>
Total Monthly Payment	\$ <u>2,445.40</u>	Non-Borrower Paid Closing Costs	(-) \$ _____
Closing Costs Summary		FHA UFMIP/VA Fee Financed	(-) \$ _____
Borrower Paid Closing Costs	(a) \$ <u>11,291.11</u>	Total Lender Credit	(-) \$ _____
Cash Deposit on sales contract	\$ <u>3,000.00</u>	Cash Deposit on sales contract	(-) \$ <u>3,000.00</u>
Total Non-Borrower Paid CC	(b) \$ _____		(-) \$ _____
Total Lender Credit	\$ _____		(-) \$ _____
Total Closing Costs	(a + b) \$ <u>11,291.11</u>		(-) \$ _____
		First Mortgage	(-) \$ _____
		Second Mortgage (Sub Financing)	(-) \$ <u>15,520.00</u>
		Closing Costs from 2nd Lien	(-) \$ _____
		Total Credits	(d) \$ <u>406,520.00</u>
		Cash from borrower	(c - d) \$ <u>4,771.11</u>
S – Paid by Seller B – Paid by Broker A – APR Affected by Cost S/ – Split by Seller & Others L – Paid by Lender O – Paid by Other P – Paid Outside Closing (POC)			

ITEMIZED FEE WORKSHEET

APPLYING FOR A MORTGAGE

Once you have chosen a lender to work with you will complete an application and provide documents to become pre-approved.

» Documents

- » Pay stubs – most recent 1-2 months unless your income is variable, then you may need to provide more
 - » If Self Employed, net income after expenses averaged from most recent two filed tax returns
- » Monthly Bank Statements – ALL pages, usually 2 months
- » Retirement and Investment statements, ALL pages, usually quarterly
- » W-2's/Federal tax returns for most recent two years
- » If using a co-borrower or co-signer, their information will be provided as well

» Application

- » Two years of employment history
- » Two years of address history
- » Assets – gifts, bank statements, retirement accounts
 - » All funds for home purchase must be documented
- » **Debts (this will be compared to your credit reports)**



Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower," as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower	Co-Borrower	I. TYPE OF MORTGAGE AND TERMS OF LOAN			
Mortgage Applied for: <input type="checkbox"/> VA <input type="checkbox"/> Conventional <input type="checkbox"/> Other (explain): <input type="checkbox"/> FHA <input type="checkbox"/> USDA/Rural <input type="checkbox"/> Other (explain): Housing Service		Agency Case Number		Lender Case Number	
Amount \$	Interest Rate %	No. of Months	Amortization Type: <input type="checkbox"/> Fixed Rate <input type="checkbox"/> Other (explain): <input type="checkbox"/> GPM <input type="checkbox"/> ARM (type):		

II. PROPERTY INFORMATION AND PURPOSE OF LOAN					
Subject Property Address (street, city, state & ZIP)					No. of Units
Legal Description of Subject Property (attach description if necessary)					Year Built
Purpose of Loan <input type="checkbox"/> Purchase <input type="checkbox"/> Construction <input type="checkbox"/> Other (explain): <input type="checkbox"/> Refinance <input type="checkbox"/> Construction-Permanent			Property will be: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment		
<i>Complete this line if construction or construction-permanent loan.</i>					
Year Lot Acquired	Original Cost \$	Amount Existing Liens \$	(a) Present Value of Lot \$	(b) Cost of Improvements \$	Total (a + b) \$
<i>Complete this line if this is a refinance loan.</i>					
Year Acquired	Original Cost \$	Amount Existing Liens \$	Purpose of Refinance	Describe Improvements	<input type="checkbox"/> made <input type="checkbox"/> to be made
Title will be held in what Name(s)				Manner in which Title will be held	Estate will be held in: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)					

Borrower				III. BORROWER INFORMATION				Co-Borrower			
Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)							
Social Security Number		Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School	Social Security Number		Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School		
<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed)		Dependents (not listed by Co-Borrower) no. ages		<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed)		<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed)		Dependents (not listed by Borrower) no. ages			
Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.				Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.							
Mailing Address, if different from Present Address				Mailing Address, if different from Present Address							

<i>If residing at present address for less than two years, complete the following:</i>							
Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.			Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent ___ No. Yrs.				
Borrower		IV. EMPLOYMENT INFORMATION				Co-Borrower	
Name & Address of Employer		<input type="checkbox"/> Self Employed	Yrs. on this job	Name & Address of Employer		<input type="checkbox"/> Self Employed	Yrs. on this job
			Yrs. employed in this line of work/profession				Yrs. employed in this line of work/profession
Position/Title/Type of Business		Business Phone (incl. area code)		Position/Title/Type of Business		Business Phone (incl. area code)	

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Borrower		IV. EMPLOYMENT INFORMATION (cont'd)		Co-Borrower	
Name & Address of Employer <input type="checkbox"/> Self Employed	Dates (from – to)	Name & Address of Employer <input type="checkbox"/> Self Employed	Dates (from – to)	Monthly Income	Monthly Income
Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)		
Name & Address of Employer <input type="checkbox"/> Self Employed	Dates (from – to)	Name & Address of Employer <input type="checkbox"/> Self Employed	Dates (from – to)	Monthly Income	Monthly Income
Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)		

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$	\$	\$	Rent	\$	
Overtime				First Mortgage (P&I)		\$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	\$	\$	\$	Total	\$	\$

* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income

Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed Jointly Not Jointly

ASSETS		Cash or Market Value	LIABILITIES		
Description			Liabilities and Pledged Assets. List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Cash deposit toward purchase held by:		\$			
<i>List checking and savings accounts below</i>					
Name and address of Bank, S&L, or Credit Union			Name and address of Company	Monthly Payment & Months Left to Pay	Unpaid Balance
Acct. no.		\$		\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Name and address of Company	\$ Payment/Months	\$
Acct. no.		\$			
Name and address of Bank, S&L, or Credit Union			Name and address of Company	\$ Payment/Months	\$
Acct. no.		\$			

VI. ASSETS AND LIABILITIES (cont'd)

Name and address of Bank, S&L, or Credit Union		Name and address of Company		\$ Payment/Months	\$
Acct. no.	\$	Acct. no.			
Stocks & Bonds (Company name/ number & description)		Name and address of Company		\$ Payment/Months	\$
		Acct. no.			
Life insurance net cash value		Name and address of Company		\$ Payment/Months	\$
Face amount: \$					
Subtotal Liquid Assets					
Real estate owned (enter market value from schedule of real estate owned)					
Vested interest in retirement fund					
Net worth of business(es) owned (attach financial statement)		Acct. no.			
Automobiles owned (make and year)		Alimony/Child Support/Separate Maintenance Payments Owed to:		\$	
Other Assets (itemize)		Job-Related Expense (child care, union dues, etc.)		\$	
		Total Monthly Payments		\$	
Total Assets a.	\$	Net Worth (a minus b) ▶	\$	Total Liabilities b.	\$

Schedule of Real Estate Owned (If additional properties are owned, use continuation sheet.)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
		\$	\$	\$	\$	\$	\$
	Totals	\$	\$	\$	\$	\$	\$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number

VII. DETAILS OF TRANSACTION		VIII. DECLARATIONS					
a. Purchase price	\$	If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.		Borrower		Co-Borrower	
b. Alterations, improvements, repairs				Yes	No	Yes	No
c. Land (if acquired separately)		a. Are there any outstanding judgments against you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
d. Refinance (incl. debts to be paid off)		b. Have you been declared bankrupt within the past 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
e. Estimated prepaid items		c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
f. Estimated closing costs		d. Are you a party to a lawsuit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
g. PMI, MIP, Funding Fee		e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
h. Discount (if Borrower will pay)		(This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name, and address of Lender, FHA or VA case number, if any, and reasons for the action.)					
i. Total costs (add items a through h)							

VII. DETAILS OF TRANSACTION		VIII. DECLARATIONS			
		Borrower		Co-Borrower	
		Yes	No	Yes	No
j.	Subordinate financing	If you answer "Yes" to any question a through i, please use continuation sheet for explanation.			
k.	Borrower's closing costs paid by Seller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l.	Other Credits (explain)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m.	Loan amount (exclude PMI, MIP, Funding Fee financed)	-----			
n.	PMI, MIP, Funding Fee financed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o.	Loan amount (add m & n)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p.	Cash from/to Borrower (subtract j, k, l & o from i)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		_____	_____	_____	_____
		_____	_____	_____	_____

IX. ACKNOWLEDGEMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors, and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Acknowledgement. Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Borrower's Signature X	Date	Co-Borrower's Signature X	Date
----------------------------------	------	-------------------------------------	------

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER <input type="checkbox"/> I do not wish to furnish this information	CO-BORROWER <input type="checkbox"/> I do not wish to furnish this information
Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> White	Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> White
Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male	Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male

To be Completed by Loan Originator: This information was provided: <input type="checkbox"/> In a face-to-face interview <input type="checkbox"/> In a telephone interview <input type="checkbox"/> By the applicant and submitted by fax or mail <input type="checkbox"/> By the applicant and submitted via e-mail or the Internet		
Loan Originator's Signature X		Date
Loan Originator's Name (print or type)	Loan Originator Identifier	Loan Originator's Phone Number (including area code)
Loan Origination Company's Name	Loan Origination Company Identifier	Loan Origination Company's Address

CONTINUATION SHEET/RESIDENTIAL LOAN APPLICATION

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark **B** for Borrower or **C** for Co-Borrower.

Borrower:

Agency Case Number:

Co-Borrower:

Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature X	Date	Co-Borrower's Signature X	Date
----------------------------------	------	-------------------------------------	------

Once you've gone under contract on a property, loan approval will continue.

You will receive a Loan Estimate (see example on the next page). This must be provided within three business days of receipt of your contract. Designed to help you understand the terms of the mortgage loan you have applied for in clear language. Doesn't mean loan is approved or denied. Shows you the loan terms the lender expects to offer.

To learn more about loan estimates, visit www.consumerfinance.gov/owning-a-home/loan-estimate

NOTES:



Lending Corporation

Address Here

Save this Loan Estimate to compare with your Closing Disclosure.

Loan Estimate

DATE ISSUED 2/28/2022
APPLICANTS John Homebuyer and Jean Homebuyer
 1235 Main Street
 Denver, CO 80220
PROPERTY 1235 Main Street
 Denver, CO 80220
SALE PRICE \$400,000

LOAN TERM 30 years
PURPOSE Purchase
PRODUCT Fixed Rate
LOAN TYPE Conventional FHA VA _____
LOAN ID # #####
RATE LOCK NO YES, until
Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on (date/time).

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$388,000	NO
Interest Rate	4.375 %	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$1,937.23	NO
Does the loan have these features?		
Prepayment Penalty	NO	
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-10	Years 11-30
Principal & Interest	\$1,937.23	\$1,937.23
Mortgage Insurance	+ 113	+ -
Estimated Escrow <i>Amount can increase over time</i>	+ 395	+ 395
Estimated Total Monthly Payment	\$2,445	\$2,332
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i>	\$395 Monthly	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i>
		In escrow? YES YES

Costs at Closing	
Estimated Closing Costs	\$11,291 Includes \$7,251 in Loan Costs + \$4,040 in Other Costs - \$0 in Lender Credits. <i>See page 2 for details.</i>
Estimated Cash to Close	\$4,771 Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i>

Visit www.consumerfinance.gov/mortgage-estimate for general information and tools.

Closing Cost Details

Loan Costs	
A. Origination Charges	\$5,200
% of Loan Amount (Points)	
Administration Fee	\$525
Funding Fee	\$295
Origination Fee	\$3,880
Processing Fees	\$500
B. Services You Cannot Shop For \$716	
Appraisal Fee	\$650
Credit Report	\$57
Flood Certification	\$9
C. Services You Can Shop For \$1,335	
Title - Lender's Title Insurance	\$525
Title - Settlement Fee	\$810
D. TOTAL LOAN COSTS (A + B + C) \$7,251	

Other Costs	
E. Taxes and Other Government Fees	\$231
Recording Fees and Other Taxes	\$191
Transfer Taxes	\$40
F. Prepaids	\$2,844
Homeowner's Insurance Premium (12 months)	\$2,100
Mortgage Insurance Premium (months)	
Prepaid Interest (\$46.5068 per day for 16 days @4.375 %)	\$744
Property Taxes (months)	
G. Initial Escrow Payment at Closing \$965	
Homeowner's Insurance \$175.00 per month for 3 mo.	\$525
Mortgage Insurance per month for mo.	
Property Taxes \$220.00 per month for 2 mo.	\$440
H. Other \$0	

I. TOTAL OTHER COSTS (E + F + G + H)	\$4,040
J. TOTAL CLOSING COSTS	\$11,291
D + I	\$11,291
Lender Credits	

Calculating Cash to Close	
Total Closing Costs (J)	\$11,291
Closing Costs Financed (Paid from your Loan Amount)	\$0
Down Payment/Funds from Borrower	\$12,000
Deposit	-\$3,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	-\$15,520
Estimated Cash to Close	\$4,771

Additional Information About This Loan

LENDER Lender Name
NMLS/ ___ LICENSE ID #####
LOAN OFFICER Susie Originator
NMLS/ ___ LICENSE ID ##### / #####
EMAIL susie@bestco.com
PHONE 303-###-####

MORTGAGE BROKER
NMLS/ ___ LICENSE ID
LOAN OFFICER
NMLS/ ___ LICENSE ID
EMAIL
PHONE

Comparisons

Use these measures to compare this loan with other loans.

In 5 Years	\$131,019 Total you will have paid in principal, interest, mortgage insurance, and loan costs. \$34,982 Principal you will have paid off.
Annual Percentage Rate (APR)	4.766 % Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	79.934 % The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

- Appraisal** We may order an appraisal to determine the property's value and charge you for this appraisal. We will give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
- Assumption** If you sell or transfer this property to another person, we
 will allow, under certain conditions, this person to assume this loan on the original terms.
 will not allow assumption of this loan on the original terms.
- Homeowner's Insurance** This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
- Late Payment** If your payment is more than 15 days late, we will charge a late fee of 5% of the principal and interest overdue.
- Refinance** Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
- Servicing** We intend
 to service your loan. If so, you will make your payments to us.
 to transfer servicing of your loan.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

John Homebuyer

Date

Jean Homebuyer

Date

NOTES:





Locking Your Interest Rate

Now that you are under contract, you should consider locking the interest rate for your loan. The decision to lock your rate, and when to do so, is always your choice and your loan officer can explain your options. Are you able to “buy down” your interest rate by paying discount points to lower the interest rate? Do you need help with paying closing costs? If so, you can choose a higher interest rate to get a lender credit. Depending on the loan program and down payment assistance programs used, these options may not be available. Once you lock in your rate, you are protected against any subsequent interest rate increases. Locking your interest rate is a commitment between you and your lender.

Lender Fees

The lender is not able to collect loan fees, including lock-in fees, discount points, origination, or application prior to closing.

It is standard for the lender to ask you to pay for the appraisal at the time it is ordered from the appraiser. While this cost is included in your closing costs, if paid at the time of the appraisal order, it will reduce the total you need to bring to closing.

Loan Processing

- » Home inspection – this is an out-of-pocket cost to you as the buyer
- » Appraisal – this may be an up-front cost to you as the buyer
- » Updated documents – bank statements and paystubs are the most common type of document
- » Lender orders verifications – employment and possibly other things
- » Shop for homeowners insurance – shop and compare!
- » Put your spending ‘on hold’ until closing – maintain credit score and debts – no increases!

Once you have final loan approval you will be provided the Closing Disclosure (you will receive this at least 3 days prior to the actual closing) see example on following pages.

The first page of the Closing Disclosure is formatted exactly like the Loan Estimate, so you can review and compare. Pages 2-3 breakdown all costs, fees, adjustments, and credits resulting in total cash to close figure. Pages 4-5 go over all the terms and features of the loan. Make a plan to review it with your lender. You must acknowledge receipt of this in writing.

Excellent resource for reviewing and understanding your Closing Disclosure:
www.consumerfinance.gov/owning-a-home/closing-disclosure/

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information

Date Issued 3/2/2022
Closing Date 5/16/2022
Disbursement Date 5/16/2022
Settlement Agent
File #
Property TBD
 Denver, CO 80220
Sale Price \$400,000

Transaction Information

Borrower John Homebuyer and Jean Homebuyer
 1235 Main Street
 Denver, CO 80220
Seller
Lender Lender Name

Loan Information

Loan Term 30 years
Purpose Purchase
Product Fixed Rate
Loan Type Conventional FHA
 VA
Loan ID # #####
MIC #

Loan Terms		Can this amount increase after closing?
Loan Amount	\$388,000	NO
Interest Rate	4.375 %	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$1,937.23	NO
Does the loan have these features?		
Prepayment Penalty		NO
Balloon Payment		NO

Projected Payments		
Payment Calculation	Years 1-10	Years 11-30
Principal & Interest	\$1,937.23	\$1,937.23
Mortgage Insurance	+ 113.17	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 395.00	+ 395.00
Estimated Total Monthly Payment	\$2,445.40	\$2,332.23
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time</i> <i>See page 4 for details</i>	\$395.00 Monthly	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>
		In escrow? YES YES

Costs at Closing	
Closing Costs	\$11,449.11 Includes \$7,251.00 in Loan Costs + \$4,198.11 in Other Costs - \$0 in Lender Credits. <i>See page 2 for details.</i>
Cash to Close	\$3,295.45 Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>



Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$5,200.00				
01 % of Loan Amount (Points)					
02 Administration Fee	\$525.00				
03 Funding Fee	\$295.00				
04 Origination Fee	\$3,880.00				
05 Processing Fees	\$500.00				
06					
07					
08					
B. Services Borrower Did Not Shop For	\$2,051.00				
01 Appraisal Fee		\$650.00			
02 Credit Report to (Service Provider Name)	\$57.00				
03 Flood Certification to (Service Provider Name)	\$9.00				
04 Title - Lender's Title Insurance to (Service Provider Name)	\$525.00				
05 Title - Settlement Fee to (Service Provider Name)	\$810.00				
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01					
02					
03					
04					
05					
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$7,251.00				
Loan Costs Subtotals (A + B + C)	\$6,601.00	\$650.00			
Other Costs					
E. Taxes and Other Government Fees	\$169.00				
01 Recording Fees Deed: \$28.00 Mortgage: \$101.00	\$129.00				
02 State Tax/Stamps to Colorado Transfer Tax	\$40.00				
F. Prepays	\$2,844.11				
01 Homeowner's Insurance Premium (12 mo.)	\$2,100.00				
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (\$46.5068 per day from 5/16/22 to 6/1/22)	\$744.11				
04 Property Taxes (mo.)					
05					
G. Initial Escrow Payment at Closing	\$1,185.00				
01 Homeowner's Insurance \$175.00 per month for 3 mo.	\$525.00				
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$220.00 per month for 3 mo.	\$660.00				
04					
05					
06					
07					
08 Aggregate Adjustment	\$0.00				
H. Other					
01 Title - Owner's Title Insurance (optional) to (Title Company Name)			\$1,746.00		
02					
03					
04					
05					
06					
07					
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$4,198.11				
Other Costs Subtotals (E + F + G + H)	\$4,198.11				
J. TOTAL CLOSING COSTS (Borrower-Paid)	\$11,449.11				
Closing Costs Subtotals (D + I)	\$10,799.11	\$650.00	\$1,746.00		
Lender Credits					



Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$11,491.00	\$11,449.11	YES · See Total Loan Costs (D) and Total Other Costs (I).
Closing Costs Paid Before Closing	\$0	-\$650.00	YES · You paid these Closing Costs before closing .
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	-\$3,520.00	-\$3,520.00	NO
Deposit	-\$3,000.00	-\$3,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	\$0	NO
Adjustments and Other Credits	\$0	-\$983.66	YES · See details in Section L.
Cash to Close	\$4,971.00	\$3,295.45	

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing	\$410,799.11
01 Sale Price of Property	\$400,000.00
02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$10,799.11
04	
Adjustments	
05 Principal Reduction	
06	
07	
Adjustments for Items Paid by Seller in Advance	
08 City/Town Taxes to	
09 County Taxes to	
10 Assessments to	
11	
12	
13	
14	
15	
L. Paid Already by or on Behalf of Borrower at Closing	\$407,503.66
01 Deposit	\$3,000.00
02 Loan Amount	\$388,000.00
03 Existing Loan(s) Assumed or Taken Subject to	
04	
05 Seller Credit	
Other Credits	
06 MIP Refund	
07	
Adjustments	
08 Title Adjustment	
09 CHFA 2nd Lien	\$15,520.00
10 Refund of POC Items	
11	
Adjustments for Items Unpaid by Seller	
12 City/Town Taxes to	
13 County Taxes 01/01/22 to 05/16/22	\$983.66
14 Assessments to	
15	
16	
17	
CALCULATION	
Total Due from Borrower at Closing (K)	\$410,799.11
Total Paid Already by or on Behalf of Borrower at Closing (L)	-\$407,503.66
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$3,295.45

SELLER'S TRANSACTION

M. Due to Seller at Closing	\$400,000.00
01 Sale Price of Property	\$400,000.00
02 Sale Price of Any Personal Property Included in Sale	
03 See Seller's CD	
04	
05	
06	
07	
08	
Adjustments for Items Paid by Seller in Advance	
09 City/Town Taxes to	
10 County Taxes to	
11 Assessments to	
12	
13	
14	
15	
16	
N. Due from Seller at Closing	\$1,746.00
01 Excess Deposit	
02 Closing Costs Paid at Closing (J)	\$1,746.00
03 Existing Loan(s) Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan	
05 Payoff of Second Mortgage Loan	
06 See Seller's CD	
07	
08 Seller Credit	
09	
10	
11	
12	
13	
Adjustments for Items Unpaid by Seller	
14 City/Town Taxes to	
15 County Taxes to	
16 Assessments to	
17	
18	
19	
CALCULATION	
Total Due to Seller at Closing (M)	\$400,000.00
Total Due from Seller at Closing (N)	-\$1,746.00
Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	\$398,254.00



Additional Information About This Loan

Loan Disclosures

Assumption

- If you sell or transfer this property to another person, your lender
- will allow, under certain conditions, this person to assume this loan on the original terms.
 - will not allow assumption of this loan on the original terms.

Demand Feature

- Your loan
- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
 - does not have a demand feature.

Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5% of the principal and interest overdue.

Negative Amortization (Increase in Loan Amount)

- Under your loan terms, you
- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
 - may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
 - do not have a negative amortization feature.

Partial Payments

- Your lender
- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
 - may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
 - does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in
TBD, Denver, CO 80220

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$5,589.87	Estimated total amount over year 1 for your escrowed property costs: See attached page for additional information
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs: You may have other property costs.
Initial Escrow Payment	\$1,185.00	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$508.17	The amount included in your total monthly payment.

- will not have an escrow account because you declined it your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.



Loan Calculations

Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$718,636.56
Finance Charge. The dollar amount the loan will cost you.	\$329,404.56
Amount Financed. The loan amount available after paying your upfront finance charge.	\$381,236.89
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.766 %
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	79.934 %



Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Best Mortgage Company				
Address	999 Prince Street Denver, CO 80220				
NMLS ID	10000				
CO License ID					
Contact	Susie Originator				
Contact NMLS ID	200000				
Contact CO License ID	10002222				
Email	susie@bestco.com				
Phone	303-777-1111				

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

John Homebuyer

Date

Jean Homebuyer

Date



Addendum to Closing Disclosure

This form is a continued statement of final loan terms and closing costs.

Additional Information About This Loan

Loan Disclosures

Escrow Account

Escrow		
Escrowed Property Costs over Year 1	\$5,589.87	Estimated total amount over year 1 for your escrowed property costs: <i>Property Taxes, Homeowner's Insurance, Mortgage Insurance</i>



You will receive/sign MANY documents at closing and some of the most important ones are listed below:

Receive:

- » **Warranty Deed – Ownership Deed** – conveys the property to you, signed only by the seller. Recorded in public records.
- » **Buyer’s and Seller’s Statements** – outlines the debit (amounts owed) and the credits (amounts to be received). One for Buyer, one for Seller. Same figures from Closing Disclosure in a different format.
- » **Final Property Tax Agreement** – taxes are paid in arrears in Colorado. For example, the last year taxes are paid in this current year. Taxes must be divided between Buyer and Seller because of this for the year in which the property is being sold, based on the closing date. The Seller will owe taxes up through closing. The Buyer will receive a credit for that amount and then the Buyers lender will begin the escrow account for the property taxes for the future.
- » **Final Water Agreement** – The final water reading on the day of closing will be used to calculate how much the seller will owe approximately to pay their final water bill. Buyer is responsible for notifying other utilities after closing.
- » **HOA Information** – HOA will send an accounting of the dues that are currently owing. Seller pays what is owed up through closing and buyer will usually prepay the rest of the month plus following month so that the first payment to HOA will coincide with first mortgage payment.



Documents you will sign:

» **Deed of Trust (Mortgage)**

- » Recorded in the public records of the County where it is located. (this is where much of the spam and solicitation mail will come from once you complete purchase!)
- » Will reference (1) the borrower – you, (2) The lender and (3) the trustee - an independent third party that does not represent the buyer or seller (in Colorado this is the Public Trustee). It covers the rights of the borrower and the lender. I also spells out information about the loan, including though not limited to:
 1. Original loan amount
 2. Legal description of the property being used as security for the mortgage
 3. Parties involved
 4. Maturity date of the loan
 5. Mortgage provisions, definitions and requirements
 6. Obligation to occupy the property within 60 days of the closing and occupy as your primary residence for a minimum of 12 months
 7. Legal procedures (example: Legal right to foreclosure if borrower defaults on the loan based on state specific processes and procedures)
 8. Acceleration and alienation clauses; the right to accelerate the terms of your loan, typically done in a loan default situation.
 9. Riders, where required, which contain requirements for HOAs, non-owner occupancy, and terms for adjustable rate mortgages when applicable.

» **Promissory Note**

- » Promise to pay. Contains loan terms, including the interest rate, loan amount, first and last payment dates, principal and interest payments, lenders address, right to prepay the loan and late charges when not made on time. This is NOT a publicly recorded document.

» **Closing Disclosure**

- » Final accounting of all costs and credits associated with successful completion of mortgage process. Includes amount of money borrower must bring to closing. Same as the document provided 3 days before closing by the lender.

» **Final affidavits and authorizations**

- » These will vary and will confirm certain information in writing. Examples include: stating that you intend to live in the property and that is will be your primary residence, that you have sufficient homeowners insurance based on lender requirements, authorizations to access documentation that was used to approve you for the loan in the case of audits. You will also sign a final loan application showing the financial and credit information your loan was approved with.

» **First Payment Letter**

- » Includes loan number, date, borrower's name, and property address. Shows detail of mortgage payment – principal and interest, property taxes, hazard insurance and mortgage insurance (if applicable) and total payment. Also, due date for first payment and address where the payment is to be made. You may also be provided a payment coupon to send in with that first payment. This is often an entity other than who you worked with to originate the mortgage.

NOTES:



Helpful Tip:

Did you know?

A Realtor® with a Registered Trademark symbol (®) is a federally registered collective membership mark which identifies a real estate professional who is a member of the National Association of Realtor®s and subscribes to its strict Code of Ethics.

Real Estate Agent

(noun)

A person who acts as an agent for the sale and purchase of buildings and land.

WORKING WITH A REAL ESTATE AGENT

Before you shop, get pre-approved! It's smart to talk to a Lender **before** searching for your new home. This helps you look in the right price range so you don't fall in love with something that may not be affordable to you. Being pre-approved will help ensure the process runs as smoothly as possible and can be an important factor for seller decision making, especially in a competitive market like ours.

How much am I comfortable borrowing? See line 9 on page 11.

Communicate this price with your Real Estate Agent and stick to it!

RESEARCHING ONLINE

There's a ton of helpful information online - you can find current homes that are for sale, the selling price of homes which have previously sold in the area, and more. Working with a Real Estate Agent is usually your best bet, however, online research will help you get started. Here are a few websites to check out:

ColoProperty.com

ReColorado.com

Redfin.com

Zillow.com

HudHomeStore.com

HomePath.com

ADVANTAGES OF WORKING WITH A REAL ESTATE AGENT



Provides accurate information and access to all housing databases.



Shows homes when its convenient for you – don't wait for the open house!

FREE!

Usually no cost to the you, the buyer



Negotiates the price for you



Writes up the contract



Offers knowledge of the market and real estate laws



Serves as referral source



Provides emotional support

TYPES OF REAL ESTATE AGENTS

Buyer Agent:

- » works exclusively for the buyer
- » legally represents the buyer and is required to get the best terms and conditions for the buyer
- » is paid by the seller's agent or the listing broker

Seller Agent:

- » works exclusively for the seller
- » legally represents the seller and represents the seller when offers are made
- » is paid by seller from the proceeds of the sale, which is usually a percentage of the purchase price
- » splits their commission with the buyer agent

Transaction Broker:

- » provides limited representation to a buyer, a seller, or both, in a real estate transaction, but does not represent either in a fiduciary capacity or as a single agent

HELPFUL QUESTIONS TO ASK A POTENTIAL REAL ESTATE AGENT

1. Do you work nights/weekends?
2. How much time will you spend with me?
3. How will you communicate with me?
4. What price range and geographical areas do you normally work in?
5. Are you a member of both MLS systems?
6. How familiar are you with affordable housing and local homeownership assistance programs?

It's perfectly acceptable to interview more than one real estate professional so you can be certain you're making the best choice for you!

ELEMENTS OF A PURCHASE CONTRACT

- » Price
- » Earnest Money
- » Legal Names of Buyers/Sellers
- » Address and legal description of the house
- » Payment of property (what kind of loan you're getting)
- » Closing date
- » Contingencies

CONTINGENCIES

- » Inspections/Due Diligence
- » Loan documentation/Processing
 - » Appraisal
 - » Homeowners/hazard insurance
- » Title/HOA Documents
- » Disclosures from Seller
- » Survey (depending on property)

NOTES:



Helpful Tip:

Inevitably, one of your appliances or major systems in your home will need repaired or replaced. Water will pour from the bottom of your dishwasher, your dryer will no longer dry, or your furnace will go out on the coldest night of winter. A home warranty is your best bet for protecting your budget from costly repairs and/or replacement. A home warranty typically covers most major components of large home systems, such as your HVAC, hot water heater, plumbing, and electrical system. It may also cover appliances such as washers, dryers, refrigerators, and stoves. You may also be able to purchase additional add-on coverage for things like a hot tub, second refrigerator, or garage door opener.

Your Real Estate Agent can help you learn more and purchase an appropriate home warranty.

home warr•an•ty

(noun)

/hohm wawr-uh n-tee/

A one-year service contract that covers repairs and replacements of most major home appliances and system components due to failure, standard usage, and other problems that happen due to age.

DATES, DEADLINES, AND APPLICABILITY

Item No.	Reference	Event	Date or Deadline
1	§ 3	Time of Day Deadline	
2	§ 4	Alternative Earnest Money Deadline	
		Title	
3	§ 8	Record Title Deadline (and Tax Certificate)	
4	§ 8	Record Title Objection Deadline	
5	§ 8	Off-Record Title Deadline	
6	§ 8	Off-Record Title Objection Deadline	
7	§ 8	Title Resolution Deadline	
8	§ 8	Third Party Right to Purchase/Approve Deadline	
		Owners' Association	
9	§ 7	Association Documents Deadline	
10	§ 7	Association Documents Termination Deadline	
		Seller's Disclosure	
11	§ 10	Seller's Property Disclosure Deadline	
12	§ 10	Lead-Based Paint Disclosure Deadline	
		Loan and Credit	
13	§ 5	New Loan Application Deadline	
14	§ 5	New Loan Terms Deadline	
15	§ 5	New Loan Availability Deadline	
16	§ 5	Buyer's Credit Information Deadline	
17	§ 5	Disapproval of Buyer's Credit Information Deadline	
18	§ 5	Existing Loan Deadline	
19	§ 5	Existing Loan Termination Deadline	
20	§ 5	Loan Transfer Approval Deadline	
21	§ 4	Seller or Private Financing Deadline	
		Appraisal	
22	§ 6	Appraisal Deadline	
23	§ 6	Appraisal Objection Deadline	
24	§ 6	Appraisal Resolution Deadline	
		Survey	
25	§ 9	New ILC or New Survey Deadline	
26	§ 9	New ILC or New Survey Objection Deadline	
27	§ 9	New ILC or New Survey Resolution Deadline	
		Inspection and Due Diligence	
28	§ 2	Water Rights Examination Deadline	
29	§ 8	Mineral Rights Examination Deadline	
30	§ 10	Inspection Termination Deadline	
31	§ 10	Inspection Objection Deadline	
32	§ 10	Inspection Resolution Deadline	
33	§ 10	Property Insurance Termination Deadline	
34	§ 10	Due Diligence Documents Delivery Deadline	
35	§ 10	Due Diligence Documents Objection Deadline	
36	§ 10	Due Diligence Documents Resolution Deadline	
37	§ 10	Conditional Sale Deadline	
38	§ 10	Lead-Based Paint Termination Deadline	
		Closing and Possession	
39	§ 12	Closing Date	
40	§ 17	Possession Date	
41	§ 17	Possession Time	
42	§ 28	Acceptance Deadline Date	
43	§ 28	Acceptance Deadline Time	

HOUSING QUICK REFERENCE

What am I looking for in a home?

NEEDS	WANTS

What are my other household members looking for in a home?

NEEDS	WANTS

Potential Home Screening Checklist

- Safe
- Fits within my budget
- Meets my needs
- Is in good condition
- Close to school, work, friends/family
- Accessible to public transportation
- Near social or recreational activities
- Other _____

I Want to Know More About...



VISIONING YOUR FUTURE HOME

What are your personal needs and wants when it comes to finding a place to live? Do you have a specific location, type of home, timeline, or other characteristics in mind? Here are a few topics to get you thinking about your future home.

Finding your neighborhood

What do you want to consider when picking the city in which you will live? How about the neighborhood or community?

- » Does the neighborhood fit YOU?
- » What will your commute to work, school, and play look like?
- » What is the Walk Score?
- » Do you want/need to be close to public transportation?
- » Is the neighborhood in close proximity to grocery stores, shopping, gas stations, and local services?
- » Is the neighborhood conveniently located to outdoor recreation such as parks, athletic courts, and/or hiking trails?
- » What's the crime rate? Talk to the local police/fire department.
- » Who are your neighbors? Talk to them!

TYPES OF HOMES

When you have an idea of your neighborhood, narrow your search even further by determining the specific type of home that will work for you, and for any other people who will be living with you. As you look at what you want in a house, will need to ask yourself some important questions and take into consideration some important factors.

Single-family: detached, stand alone dwelling, surrounded on all four sides with land, designated for one family. You own the house and the land it is on, and can make all decisions about how you will use this property.

Townhouse: may consist of three or more single-family units attached by adjoining sidewalls. Likely will have a "party wall" agreement with neighbors stating you will share equal costs if the wall between houses needs repaired.

Condo: home attached to other homes, shares common areas, may look like apartments or townhouse style with small yard.

New Construction:

Be aware of homeowners associations and new metro district taxes.

NOTES:

HOME INSPECTORS AND HOME INSPECTIONS

Having a home inspection is one of the most important things when it comes to purchasing a home. Even new homes may have defects (builder's warranty should correct these), and you need to know what you're getting into before you purchase the home. A home inspection will help remove any "blind spots" you might have, so you can make an educated decision and feel good knowing you made the best decision for you. A home inspection also provides a punch list of items to deal with in the future.

A Home Inspection IS:

A visual evaluation of the property, including:

- » Structural integrity
- » General construction; roof to foundation
- » Mechanical systems
- » Electrical systems
- » Plumbing system
- » The identification of items that should be repaired or replaced

The disclosure of major visible defects, including:

- » Significant health and safety issues
- » Systems' defects; low water flow, outlets that do not work, rooms without heat, etc.

A Home Inspection IS NOT:

- » An appraisal
- » Building code inspection
- » A "grade" - your Home Inspector will not pass or fail the home - it will help you determine if the home fits your needs

Hire an Independent Third Party

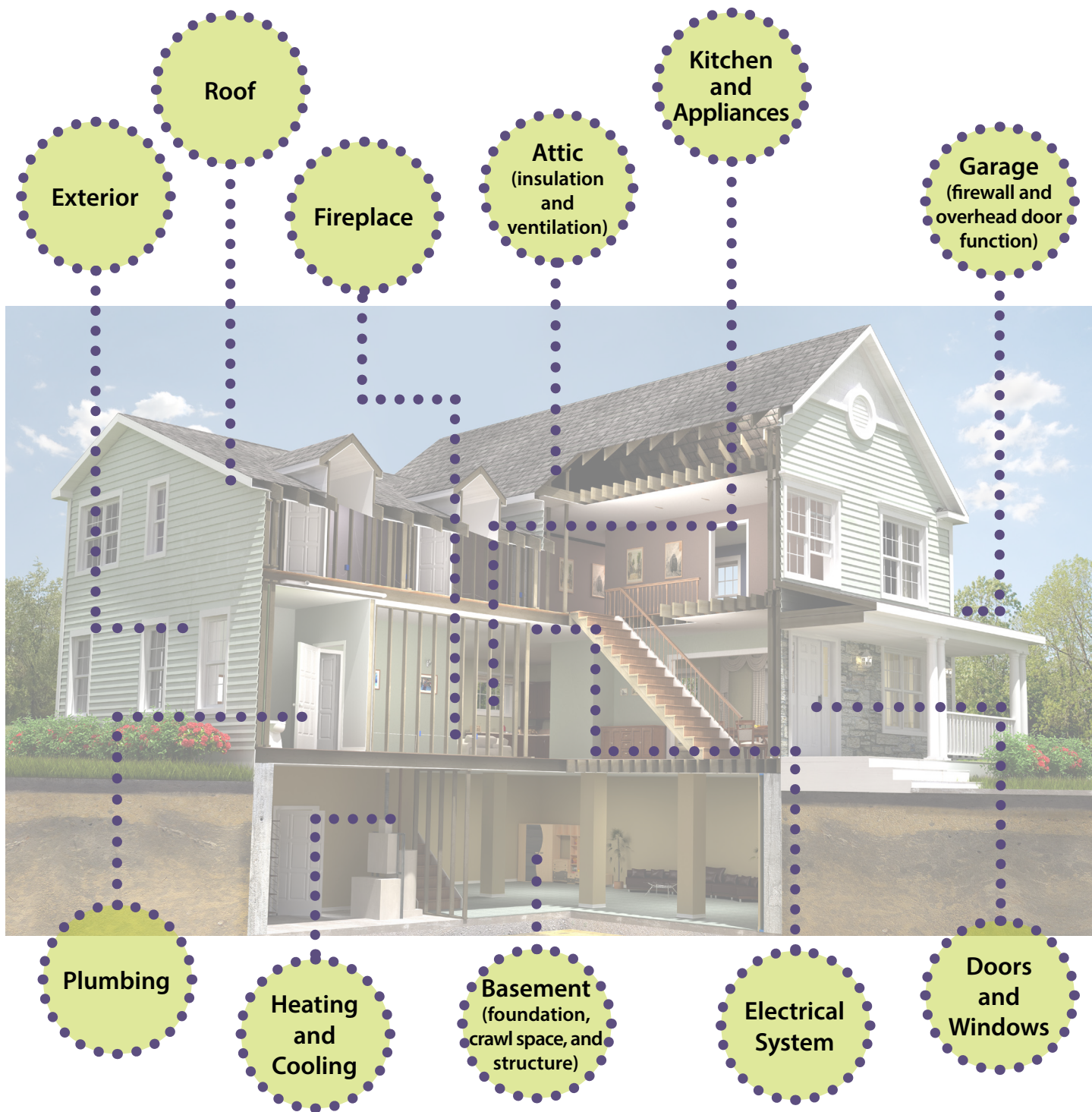
Your Home Inspector will provide an unemotional and objective opinion about the property as he/she has no emotional tie to the property. Keep in mind that the inspector works for you, not the seller. Rest assured knowing you're going to receive a knowledgeable and comprehensive investigation.

Finding a Home Inspector

Your friends, family, and real estate agent will be able to provide some recommendations, but it doesn't hurt to do an Internet search. Be sure to read reviews and take the time to choose an inspector by keeping the following in mind:

- » Feel free to contact your inspector and conduct a phone or in-person interview
- » How much experience, and what type of experience does the inspector have? Does he/she have hands-on construction or classroom only experience?
- » Education and training. Does he/she participate in annual/continuing education or just a one-time certification?
- » How long has he/she been in the business?
- » Ask for references!
- » Ask about insurance, including Errors and Omissions, and Liability. Is he/she bonded?
- » Is he/she a certified Inspector from one of the following organizations?
 - American Association of Home Inspectors (ASHI)
 - California Real Estate Inspectors Association (CREIA)
 - National Environmental Health Association (NEHA)
- » State licensing; Colorado does not currently require licensing, but it's good to know if you're considering purchasing a home in other states.

KEY AREAS A HOME INSPECTOR WILL EVALUATE



A HOME INSPECTOR WILL NOT EVALUATE*

- » Inaccessible places behind heavy items, walls, under flooring, and above ceilings
- » Seasonably inoperable items (air conditioners, evaporative coolers, etc.)
- » Wells and septic systems*
- » Swimming pools and spas
- » Anything which would put the inspector at risk (i.e. unsafe roof)
- » Asbestos, radon gas, lead pain, and toxic mold
- » Pest control systems

*You may be able to add-on the inspection of some of the items listed above for an additional fee.

TEN IMPORTANT QUESTIONS TO ASK YOUR HOME INSPECTOR

1. What does your inspection cover?

The inspector should ensure that their inspection and inspection report will meet all applicable requirements in your state if applicable and will comply with a well-recognized standard of practice and code of ethics. You should be able to request and see a copy of these items ahead of time and ask any questions you may have. If there are any areas you want to make sure are inspected, be sure to identify them upfront.

2. How long have you been practicing in the home inspection profession and how many inspections have you completed?

The inspector should be able to provide his or her history in the profession and perhaps even a few names as referrals. Newer inspectors can be very qualified, and many work with a partner or have access to more experienced inspectors to assist them in the inspection.

3. Are you specifically experienced in residential inspection?

Related experience in construction or engineering is helpful but is no substitute for training and experience in the unique discipline of home inspection. If the inspection is for a commercial property, then this should be asked about as well.

4. Do you offer to do repairs or improvements based on the inspection?

Some inspector associations and state regulations allow the inspector to perform repair work on problems uncovered in the inspection. Other associations and regulations strictly forbid this as a conflict of interest.

5. How long will the inspection take?

The average on-site inspection time for a single inspector is two to three hours for a typical single-family house; anything significantly less may not be enough time to perform a thorough inspection. Additional inspectors may be brought in for very large properties and buildings.

6. How much will it cost?

Costs vary dramatically, depending on the region, size and age of the house, scope of services and other factors. A typical range might be \$300-\$500 but consider the value of the home inspection in terms of the investment being made. Cost does not necessarily reflect quality. HUD Does not regulate home inspection fees.

7. What type of inspection report do you provide and how long will it take to receive the report?

Ask to see samples and determine whether or not you can understand the inspector's reporting style and if the time parameters fulfill your needs. Most inspectors provide their full report within 24 hours of the inspection.

8. Will I be able to attend the inspection?

This is a valuable educational opportunity, and an inspector's refusal to allow this should raise a red flag. Never pass up this opportunity to see your prospective home through the eyes of an expert.

9. Do you maintain membership in a professional home inspector association?

There are many state and national associations for home inspectors. Request to see their membership ID, and perform whatever due diligence you deem appropriate.

10. Do you participate in continuing education programs to keep your expertise up to date?

One can never know it all, and the inspector's commitment to continuing education is a good measure of his or her professionalism and service to the consumer. This is especially important in cases where the home is much older or includes unique elements requiring additional or updated training.

For Your Protection: Get a Home Inspection

Name of Buyer (s) _____

Property Address _____

Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- evaluate the physical condition: structure, construction, and mechanical systems
- identify items that need to be repaired or replaced
- estimate the remaining useful life of the major systems, equipment, structure, and finishes

Appraisals are Different from Home Inspections

An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. An appraisal is required for three reasons:

- to estimate the market value of a house
- to make sure that the house meets FHA minimum property standards/requirements
- to make sure that the house is marketable

FHA Does Not Guarantee the Value or Condition of your Potential New Home

If you find problems with your new home after closing, FHA can not give or lend you money for repairs, and FHA can not buy the home back from you.

Radon Gas Testing

The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the National Radon Information Line at 1-800-SOS-Radon or 1-800-767-7236. As with a home inspection, if you decide to test for radon, you may do so before signing your contract, or you may do so after signing the contract as long as your contract states the sale of the home depends on your satisfaction with the results of the radon test.

Be an Informed Buyer

It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after signing the contract as long as your contract states that the sale of the home depends on the inspection.

I/we understand the importance of getting an independent home inspection. I/we have considered this before signing a contract with the seller for a home. Furthermore, I/we have carefully read this notice and fully understand that FHA will not perform a home inspection nor guarantee the price or condition of the property.

_____ I/We choose to have a home inspection performed.

_____ I/We choose not to have a home inspection performed.

X

Signature & Date

X

Signature & Date

AFTER YOU BUY YOUR HOME

You've survived the whole process of buying a home and you've carried your first box of personal possessions through the front door, but now what? Here are some helpful tips and reminders to keep in mind now that you're officially a home owner.

Things to do:

- Change the locks!
- Re-code the garage door opener and key pad, and anything else that requires a code.
- Change your address at the post office. You'll need to bring your HUD settlement statement that proves you are the new owner.
- Transfer/set-up utilities
- Do a safety check of all smoke and carbon monoxide detectors, fire extinguishers (in kitchen and garage), and safety ladder(s) (if your home is more than one story)

Things to keep in mind:

The lender who processed your original loan may change. The lender can sell your loan to another lender at any time for any reason. Don't take it personally! The sale of loans between lenders has nothing to do with you. In the event your loan is sold, you will be contacted by both the original and new lender.

Making mortgage payments

Your mortgage payment will always be due on the 1st of the month and late charges will accrue on the 15th. If you fall 30 or more days behind in your mortgage, you will be reported to the credit bureau. If you make one additional mortgage payment per year, you can reduce a 30 year fixed loan by eight years! Be sure to verify with your lender that prepayment penalties do not apply to your loan.

Your Mortgage Payment Amount May Change

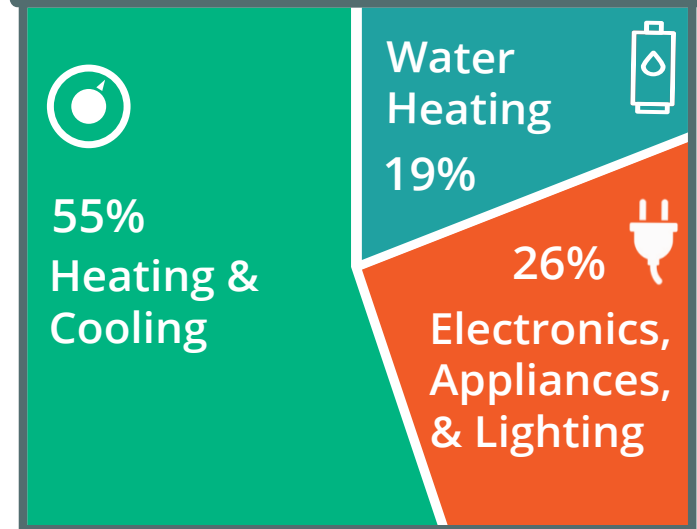
If you have an adjustable rate mortgage, your payments of principal and interest can change. Be sure to review the terms of your loan to be ready for potential increases. If you need help deciphering your loan, contact a HUD-approved Housing Counseling agency, such as the Boulder County Personal Finance Program 720-564-2275 or BoulderCountyPFP.org) to help you review. Taxes and insurance rates can change, even with a fixed rate mortgage. Your principal and interest will never change with a fixed rate mortgage. Homeowners Association (HOA) fees can also change annually.

NOTES:

Heating, Ventilation, and Air Conditioning (HVAC)	Years
Room air conditioners	10
Unitary air conditioners	15
Air quality systems	15
Electric boilers	13
Gas boilers	21
Burners	10
Dampers	20
Dehumidifiers	8
Ducting	10
DX - water or steam/electric	15-20
Furnace - electric or gas	15 - 18
Heat pump	16
Heat recovery ventilators	20
Humidifiers	8
Induction and fan-coil units	10-15
Thermostat	35
Ventilator	7
Water heater - gas or electric	10-11
Tankless water heater	20
Home Technology	
Heat/Smoke detectors	5-10
Security Systems	5-10
Paint	
Exterior paint	15
Interior paint	15
Appliances	
Dishwasher	9
Electric dryer	13
Gas dryer	13
Exhaust fan	10
Freezer	11
Garbage disposer	12
Microwave	9
Range/Oven hood	14
Electric range	13
Gas range	15
Compact refrigerator	9
Standard refrigerator	13
Washing machine	10
Garage	
Door opener	10-15
Light inserts	20
Roofing	
Asphalt shingles	20

Aluminum roof coating	3-7
Clay/Concrete	Lifetime
Coal and tar	30
Cabinetry and shelving	
Cabinets - kitchen, bathroom, laundry, garage	50-Lifetime
Closet shelving	Lifetime
Entertainment center	10
Home office desk unit	10
Medicine cabinet	20
Doors	
Closet doors	Lifetime
French doors	30-50
Fiberglass outside door	Lifetime
Screen door	20-60
Steel doors	Lifetime
Vinyl doors	20
Wood doors	Lifetime
Faucets and Fixtures	
Kitchen faucets	15
Bathroom faucets (sink, tub, shower)	20
Toilet	Lifetime
Toilet faucets	10
Shower doors	20
Shower enclosures	50
Shower heads	Lifetime
Flooring	
Bamboo	Lifetime
Brick pavers	Lifetime
Carpet	8-10
Concrete	50
Granite	Lifetime
Marble	Lifetime
Laminate	15-25
Linoleum	25
Tile	75-100
Vinyl	50
Wood	100
Wood engineered (Pergo)	50
Gutters and Down Spouts	
Aluminum gutters	20
Aluminum down spouts	30
Windows and Skylights	
Aluminum windows	15-20
Window glazing	10
Wood windows	30

WHAT USES ENERGY IN YOUR HOME?



TIPS FOR SAVING ENERGY

WINTER



- Turn down thermostat when away or asleep
- Open curtains during day
- Caulk leaks in windows

SUMMER

- Turn A/C down or off when away or asleep
- Close curtains during day
- Use fans to circulate air



- Set sleep mode on electronics (found in settings menu)
- Unplug appliances with displays when not in use
- Set fridge temp to 36 - 39°F and freezer to 0 - 5°F
If your knob has numbers labeled 1-5, set fridge to 3; if labeled 1-9, set to 4. The higher the number, the colder the fridge will be



- Turn down water heater temperature to 120°F
If your water heater has a knob, turn it to the ▲ icon
- Wash clothes in cold water
- Add aerators to sinks to reduce water usage

Reading Your Electric Bill



Meter Number	Billing Period		Elapsed Time	Current Meter Reading	Previous Meter Reading	Kilowatt Hours Used
	From	To				
12345	6/2/21	7/2/21	30 Days	37128 Actual	36370 Actual	758 kWh

Check that your bill measures actual usage, otherwise you may be charged based on an estimate.

Electricity is measured in kilowatt hours (kWh) and you are charged different fees based on how many you use in the billing period.

ELECTRICITY CHARGES

Description	Usage Units	Rate	Charge
Service & Facility			\$5.47
On-Peak Energy	300 kWh	\$0.138	\$41.40
Mid Pk Energy	233 kWh	\$0.094	\$21.90
Off-Peak Energy	225 kWh	\$0.051	\$11.48
Trans Cost Adj	758 kWh	\$0.001	\$0.76
Elec Commodity Adj	758 kWh	\$0.031	\$23.50
DSM Cost	758 kWh	\$0.002	\$1.52
Purch Cap Cost Adj	758 kWh	\$0.004	\$3.03
RDA	758 kWh	-\$0.004	-\$3.03 CR
Subtotal			\$106.03
Franchise Fee		3.00%	\$3.18
Sales Tax			\$5.30
Total			\$114.51

Understand your rate structure - this bill charges higher rates based on when energy is used. Some will charge more per kWh after a certain number of kWh have been used.

YOUR MONTHLY ELECTRICITY USAGE



DAILY AVERAGES	Last Year	This Year
Temperature	38°F	41°F
Electricity kWh	8.3	7.9
Electricity Cost	\$1.20	\$1.54

Month-to-month charts can help you see if your energy-saving actions are working to reduce your usage over time.

✓ Get Assistance

Need utility bill assistance?

Call 1-866-HEAT-HELP (1-866-432-8435) to apply for LEAP or connect to an Energy Outreach Colorado (EOC) agency partner once a year.

EOC year begins each October, LEAP begins each November

Need emergency furnace repair or replacement?

Call 1-855-469-4328 for emergency assistance (must qualify for LEAP).

Need free upgrades to make your home more efficient?

Call the CARE Program at 303-226-5061 to see if you qualify

Learn more at energyoutreach.org



203 (b): FHA mortgage insurance program which is used to finance the purchase of a home (1-4 units); characterized by low down payment and flexible qualifying guidelines

203 (k): FHA mortgage insurance program that enables homebuyers to finance both the purchase of a house and the cost of its rehabilitation through a single mortgage loan

A

Adjustable Rate Mortgage (ARM): a mortgage loan subject to changes in interest rates; when rates change, ARM monthly payments increase or decrease at intervals determined by the lender; the change in monthly payment amount, however, is usually subject to a cap

Amenity: a feature of the home or property that serves as a benefit to the buyer but that is not necessary to its use; may be natural (like location, woods, water) or man-made (like swimming pool or garden)

Amortization: repayment of a mortgage loan through monthly installments of principal and interest; the monthly payment amount is based on a schedule that will allow you to own your home at the end of a specific time period (for example, 15 or 30 years)

Annual Percentage Rate (APR): calculated by using a standard formula, the APR shows the cost of a loan; expressed as a yearly interest rate, it includes the interest, points, mortgage insurance, and other fees associated with the loan

Application: the first step in the official loan approval process; this form is used to record important information about the potential borrower necessary to the underwriting process

Appraisal: a document that gives an estimate of a property's fair market value; an appraisal is generally required by a lender before loan approval to ensure that the mortgage loan amount is not more than the value of the property

Appraiser: a qualified individual who uses his or her experience and knowledge to prepare the appraisal estimate

Assessor: a government official who is responsible for determining the value of a property for the purpose of taxation

Assumable Mortgage: a mortgage that can be transferred from the seller to a buyer; once the loan is assumed by the buyer, the seller is no longer responsible for repaying it; there may be a fee and/or a credit approval involved in the transfer of an assumable mortgage

B

Balloon Mortgage: a mortgage that typically offers low rates for an initial period of time (usually 5, 7, or 10) years; after that time period elapses, the balance is due and must be paid

Bankruptcy: a federal law whereby a person's assets are turned over to a trustee and used to pay off outstanding debts; this usually occurs when someone owes more than they have the ability to repay

Borrower: a person who has been approved to receive a loan and is then obligated to repay it and any additional fees according to the loan terms

Building Code: based on agreed upon safety standards within a specific area, a building code is a regulation that determines the design, construction, and materials used in building

Budget: a detailed record of income earned and spent during a specific period of time

C

Cap: a limit, such as that placed on an adjustable rate mortgage, on how much a monthly payment or interest rate can increase or decrease

Cash Reserves: a cash amount sometimes required to be held in reserves in addition to the down payment and closing costs; the amount is determined by the lender

Certificate of Title: a document provided by a qualified source (such as a title company) that shows the property legally belongs to the current owner; before the title is transferred at closing, it should be clear and free of all liens or other claims

D

Closing: also known as settlement, this is the time at which the property is formally sold and transferred from the seller to the buyer; it is at this time that the borrower takes on the loan obligation, pays all closing costs, and receives title from the seller

Closing Costs: customary costs above and beyond the sale price of the property that must be paid in order to cover the transfer of ownership at closing; these costs generally vary by geographic location and are typically detailed to the borrower after submission of a loan application

Closing Disclosure: a form that lists all final terms of the loan you selected, final closing costs, and the details of who receives money at closing; Lender must provide to borrower at least three business days before closing

Commission: an amount, usually a percentage of the property sales price, that is collected by a real estate professional as a fee for negotiating the transaction

Condominium: a form of ownership in which individuals purchase and own a unit of housing in a multi-unit complex; the owner also shares financial responsibility for common areas

Conventional Loan: a private sector loan, one that is not guaranteed or insured by the U.S. government

Cooperative (Co-op): residents purchase stock in a cooperative corporation that owns a structure; each stockholder is then entitled to live in a specific unit of the structure and is responsible for paying a portion of the loan

Credit History: history of an individual's debt payments; lenders use this information to gauge a potential borrower's ability to repay a loan

Credit Report: a record that lists past and present debts and the timeliness of their repayment; it documents an individual's credit history

Credit Score: a number representing the possibility a borrower may default; it is based upon credit history and is used to determine ability to qualify for a mortgage loan

Debt-to-Income Ratio: a comparison of gross monthly income (before taxes and deductions) to housing and non-housing expenses; with FHA, the monthly mortgage payment should be no more than 31% of monthly gross income (before taxes) and the mortgage payment combined with non-housing debts should not exceed 43% of gross income

Deed: the document that transfers ownership of a property

Deed-in-Lieu: to avoid foreclosure ("in lieu" of foreclosure), a deed is given to the lender to fulfill the obligation to repay the debt; this process doesn't allow the borrower to remain in the house but helps avoid the costs, time, and effort associated with foreclosure

Default: the inability to pay monthly mortgage payments in a timely manner or to otherwise meet the mortgage terms; more serious than delinquency

Department of Veterans Affairs (VA): a federal agency which guarantees loans made to veterans; similar to mortgage insurance, a loan guarantee protects lenders against loss that may result from a borrower default

Delinquency: occurs when a borrow misses the scheduled payment date, even by one day

Discount Point: normally paid at closing and generally calculated to be equivalent to 1% of the total loan amount; discount points are paid to reduce the interest rate on a loan

Down Payment: the portion of a home's purchase price that is paid in cash and is not part of the mortgage loan

E

Earnest Money: money paid by a potential buyer to show that he or she is serious about purchasing the home; it becomes part of the down payment if the offer is accepted, is returned if the offer is rejected, or is forfeited if the buyer backs out of the deal

Energy Efficient Mortgage: an FHA mortgage insurance program that helps homebuyers save money on utility bills by enabling them to finance the cost of adding energy efficient features to a new or existing home as part of the home purchase

Equity: an owner's financial interest in a property; calculated by subtracting the amount still owed on the mortgage loan(s) from the fair market value of the property

Escrow Account: a separate account into which the lender puts a portion of each monthly mortgage payment; an escrow account provides the funds needed for such expenses as property taxes, homeowner's insurance, mortgage insurance, etc.

F

Fair Housing Act: a law that prohibits discrimination in the home buying process on the basis of race, color, national origin, religion, sex, familial status, or disability

Fair Market Value: the hypothetical price that a willing buyer will pay to a willing seller for an asset, like a house

Fannie Mae: Federal National Mortgage Association (FNMA); a federally-chartered enterprise owned by private stockholders that purchase residential mortgages and converts them into securities for sale to investors; this provides lenders with funds for new homebuyers

Federal Housing Administration (FHA): established in 1934 to advance homeownership opportunities for all Americans; assists homebuyers by providing mortgage insurance to lenders to cover most losses that may occur when a borrower defaults; this encourages lenders to make loans to borrowers who might not qualify for conventional (not insured) mortgages

Fixed-Rate Mortgage: a mortgage with payments that remain the same throughout the life of the loan because the interest rate and other terms are fixed and do not change

Flood Insurance: insurance that protects homeowners against losses from a flood; if a home is located in a flood plain, the lender will require flood insurance before approving a loan

Foreclosure: a legal process in which mortgaged property is sold to pay the loan of the defaulting borrower

Freddie Mac: Federal Home Loan Mortgage Corporation (FHLM); a federally-chartered corporation that purchases residential mortgages, securitizes them, and sells them to investors; this provides lenders with funds for new homebuyers

G

Ginnie Mae: Government National Mortgage Association (GNMA); a government-owned corporation overseen by the U.S. Department of Housing and Urban Development, Ginnie Mae pools FHA-insured and VA-guaranteed loans to back securities for private investment; as with Fannie Mae and Freddie Mac, the investment income provides funding that may then be lent to eligible borrowers by lenders

H

Home Inspection: an examination of the structure and mechanical systems to determine a home's safety; makes the potential homebuyer aware of any repairs that may be needed

Home Warranty: offers protection for mechanical systems and attached appliances against unexpected repairs not covered by homeowner's insurance; coverage extends over a specific time period and does not cover the home's structure

Homeowner's Insurance: an insurance policy that combines protection against claims of negligence or inappropriate action that result in someone's injury or property damage

Housing Counseling Agency: provides counseling and assistance to individuals on a variety of housing and financial issues, including loan default, fair housing, and home buying

Heating, Ventilation and Air Conditioning (HVAC): a home's heating and cooling system

I

Index: a measurement used by lenders to determine changes to the interest rate charged on an adjustable rate mortgage

Inflation: the number of dollars in circulation exceeds the amount of goods and services available for purchase; inflation results in a decrease in the dollar's value

Interest: a fee charged for the use of money

Interest Rate: the amount of interest charged on a monthly loan payment; usually expressed as a percentage

Insurance: protection against a specific loss over a period of time that is secured by the payment of a regularly scheduled premium

J

Judgment: a legal decision; when requiring debt repayment, a judgment may include a property lien that secures the creditor's claim by providing a collateral source

L

Lease Purchase: a contract that allows homebuyers to purchase over time; a portion of the rent payment is applied to the purchase price

Lien: a legal claim against property that must be satisfied when the property is sold

Loan: money borrowed that is usually repaid with interest

Loan Estimate: an estimate of the loan you applied for; includes fees, pre-paid and escrow items and lender charges; must be given to the borrower within three days of loan application

Loan Fraud: purposely giving incorrect information on a loan application in order to better qualify for a loan; may result in civil liability or criminal penalties

Loan-to-value (LTV) ratio: a percentage calculated by dividing the amount borrowed by the price or appraised value of the home to be purchased; the higher the LTV, the less cash a borrower is required to pay as a down payment

Lock-in: since interest rates can change frequently, many lenders offer an interest rate lock-in that guarantees a specific interest rate if the loan is closed within a specific time

Loss Mitigation: a process to avoid foreclosure; the lender tries to help a borrower who has been unable to make loan payments and is in danger of defaulting on his or her loan

M

Margin: an amount the lender adds to an index to determine the interest rate on an adjustable rate mortgage

Mortgage: a lien on the property that secures the promise to repay a loan

Mortgage Banker: a company that originates loans and resells them to secondary mortgage lenders like Fannie Mae or Freddie Mac

Mortgage Broker: a firm that originates and processes loans for a number of lenders

Mortgage Insurance: a policy that protects lenders against some or most of the losses that can occur when a borrower defaults on a mortgage loan; mortgage insurance is required primarily for borrowers with a down payment of less than 20% of the home's purchase price

Mortgage Insurance Premium (MIP): a monthly payment—usually part of the mortgage payment—paid by a borrower for mortgage insurance

Mortgage Modification: a loss mitigation option that changes one or more terms of the mortgage loan with the goal of bringing the loan payments current and/or making them more affordable

O

Offer: indication by a potential buyer of a willingness to purchase a home at a specific price; generally put forth in writing

Origination: the process of preparing, submitting, and evaluating a loan application; generally includes a credit check, verification of employment, and a property appraisal

Origination Fee: the charge for originating a loan; usually calculated as a percentage of the loan payment

P

Partial Claim: a loss mitigation option offered on an FHA loan that allows a borrower to get an interest-free loan from HUD to bring their defaulted mortgage payments current; the lender facilitates this process

Principal, Interest, Taxes, and Insurance (PITI): the four elements of a monthly mortgage payment; payments of principal and interest go directly towards repaying the loan while the portion that covers taxes and insurance (homeowner's and mortgage, if applicable) goes into an escrow account to cover the fees when they are due

Private Mortgage Insurance (PMI) privately-owned companies that offer standard and special affordable mortgage insurance programs for qualified borrowers with down payments of less than 20% of a purchase price

Pre-Approval: lender commits to lend to a potential borrower; commitment remains as long as the borrower still meets the qualification requirements at the time of purchase

Pre-Foreclosure sale: allows a defaulting borrower to sell the mortgaged property to satisfy the loan for less than is owned on the mortgage and avoid foreclosure

Pre-Qualification: a lender informally determines the maximum amount an individual is eligible to borrow

Premium: an amount paid on a regular schedule by a policyholder that maintains insurance coverage

Prepayment: payment of the mortgage loan before the scheduled due date; may be subject to a prepayment penalty

Principal: the amount borrowed from a lender; doesn't include interest or additional fees

R

Radon: a radioactive gas found in some homes that, if occurring in strong enough concentrations, can cause health problems

Real Estate Agent: an individual who is licensed to negotiate and arrange real estate sales; works for a real estate broker

Real Estate Settlement Procedures Act (RESPA): a law protecting consumers from abuses during the residential real estate purchase and loan process by requiring lenders to disclose all settlement costs, practices, and relationships

Realtor®: a real estate agent or broker who is a member of the National Association of Realtors® and its local and state associations

Refinancing: paying off one loan by obtaining another; refinancing is generally done to secure better loan terms (like a lower interest rate)

Rehabilitation Mortgage: a mortgage that covers the costs of rehabilitating properties-like the FHA's 203(k) – to allow a borrower to roll the costs of rehabilitation and home purchase into one mortgage loan

S

Settlement: another name for closing

Special Forbearance: a loss mitigation option where the lender arranges a revised repayment plan for the borrower that may include a temporary reduction or suspension of monthly loan payments

Subordinate: to place a lien in a rank of lesser importance or to make one claim secondary to another

Survey: a property diagram that indicates legal boundaries, easements, encroachments, rights of way, improvement locations, etc.

Sweat Equity: using labor to build or improve a property as part of the down payment

T

Title I: an FHA-insured loan that allows a borrower to make non-luxury improvements (like renovations or repairs) to their home; Title I loans less than \$7500 don't require a property lien

Title Insurance: insurance that protects mortgage lenders and homebuyers against problems with a title when there is a transfer of property ownership

Title Search: a check of public records to be sure that the seller is the recognized owner of the real estate and that there are no unsettled liens or other claims against the property

Truth-in-Lending: a federal law obligating a lender to give full written disclosure of all fees, terms, and conditions associated with the loan

