



CHFA APPROVED HOMEOWNERSHIP TRAINING CLASS

Offered to you by Boulder County



2 SOME DETAILS BEFORE WE GET STARTED...

Our Sign In Sheet

CHFA approved program/CHFA sign-in sheet

Book – electronic version emailed

Evaluations/Certificate and ID's

Calculators

Handouts, pens and other goodies

3 SOME DETAILS BEFORE WE GET STARTED...

Questions encouraged!

Restrooms

Quiet cell phones/electronics

Professionals in the industry and today's presenters

KNOWLEDGE + ACTION = POWER

August 26, 2025

Become an educated consumer

- Understand more to stress less!

Create your TEAM!

- Stay in the Driver's Seat



KNOWLEDGE + ACTION = POWER

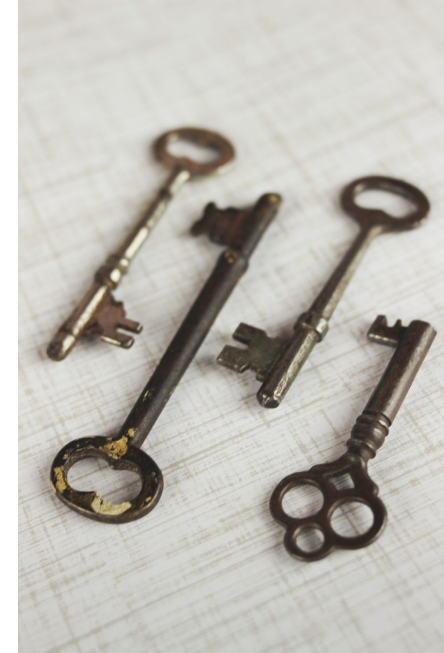
August 26, 2025

Access to Special Programs

- First time homebuyer loans
- Local affordable purchase/down payment programs

Local Support

- Boulder County Personal Finance Program – free individual financial and homebuyer coaching
- www.bouldercountypfp.org



First-time home buyer

noun

“

Individuals who have had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property.



STEPS IN THE HOME BUYING PROCESS

Ask	Is buying a home right for you?
Educate	Educate yourself.
Determine	Determine what you can afford.
Prepare	Prepare financially –Budget and review your credit
Research	Research lender and loan programs; get pre-approved for a loan.
Select	Select a real estate broker
Find	Find the home that works for you and make an offer.

STEPS IN THE HOME BUYING PROCESS

Contact	Contact loan officer with property info, discuss rate lock options
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Get	Get a home inspection
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Home	Home appraisal
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Shop	Shop for homeowner's insurance
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Close	Close on your loan and property
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Move	Move into your home
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Learn	Learn about post-purchase practices for successful homeownership
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**“The ache for home
lives in all of us,
the safe place
where we can go as we are
and not be questioned.”**



Maya Angelou

Renting vs Owning

Advantages

Make your home your own!

Build equity

Create stability

- Cost
- Moving

Tax deductions

- Mortgage interest
- Mortgage insurance
- Property taxes

Pride in homeownership

- Becoming part of your neighborhood and community.

Disadvantages

Long term financial commitment

- High up-front costs
- Increasing costs over time

Value increase is not guaranteed

No more landlord

- Maintenance is your responsibility now

Not as easy to move

empower

Determining Affordability

THE MORTGAGE PAYMENT

See page 9 in book

Principal

Interest

Taxes

Insurance

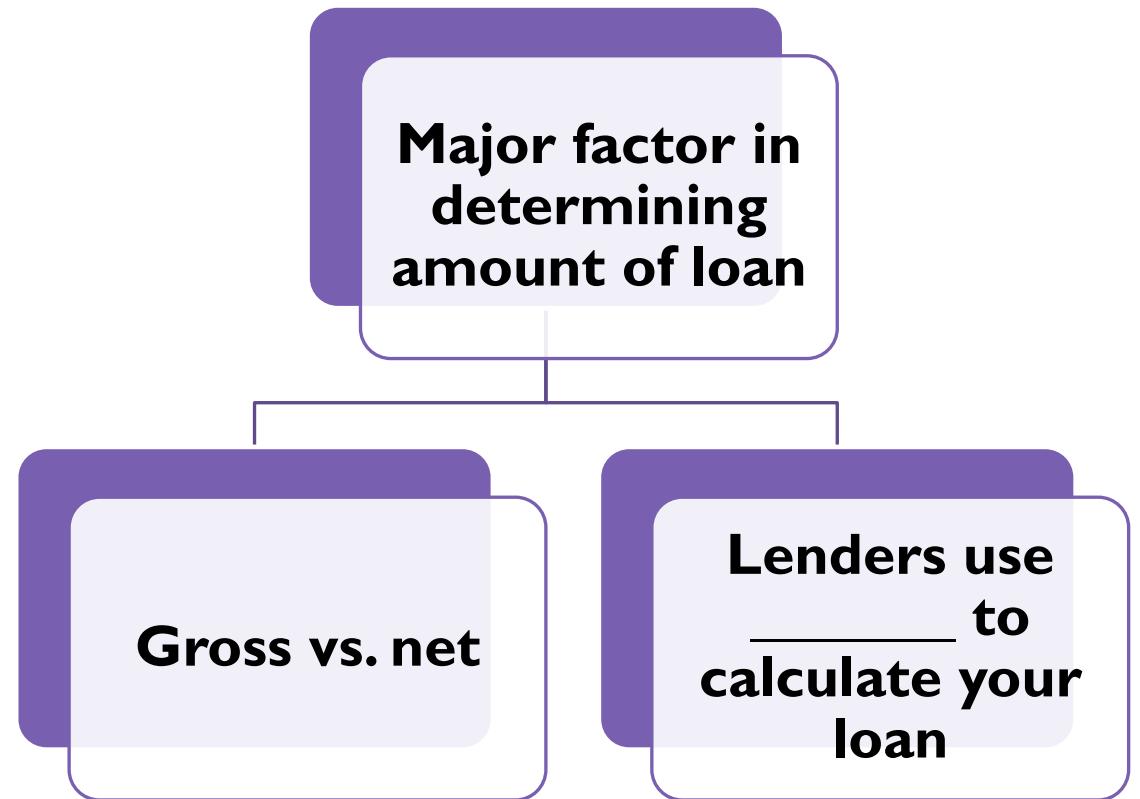
Mortgage Insurance

**HOA



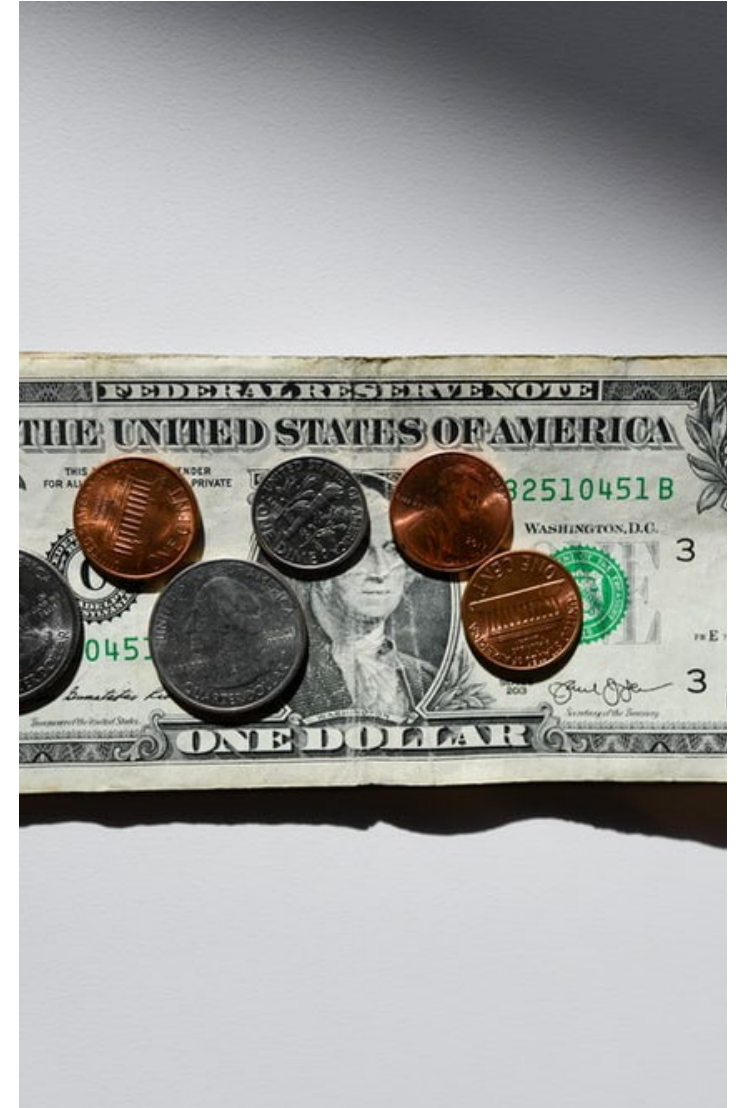


Your income...



What is my Gross Monthly Income?

- Determine monthly pay
- Add up all sources of income:
 - Base salary
 - Part time job
 - Child support
 - Social security/retirement
- Partner's pay (if applicable)



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).

Enter Monthly Gross Income Line 1

CALCULATE TWO RATIOS

Housing Ratio

- The maximum amount of gross monthly income that a lender can allow you to use towards your housing cost
 - FHA = 31%
 - Conventional = 26%

Debt to Income Ratio

- The maximum amount of your gross monthly income that a lender can allow you to use towards monthly housing costs PLUS monthly debt payments
 - FHA = 43%
 - Conventional = 36%

HOUSING
RATIO

**Maximum % of
your gross
monthly income
that can be used
for a monthly
mortgage
payment**

What is my Housing Ratio?

Use total gross monthly income

Percentage (%) based on type of loan

FHA loans (government) 31%

Calculating Housing Ratio example

Gross Income: \$6000

FHA ratio = 31%

$\$6000 \times .31 = \1860

Calculate your Housing Ratio and enter this on line 2, page 11

DEBT TO INCOME RATIO

Maximum % of your gross monthly income that can be used for the monthly mortgage payment PLUS all other debts. If you have no debt, this does not apply

Installment loans

Credit card loans

Student loans *

Auto loans

WHAT IS
CONSIDERED
DEBT?

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CALCULATE MONTHLY DEBT

Use minimum required monthly payment

If your debt will be paid off in less than 10 months, generally not considered

Student loan debt payments may be looked at differently based on loan type

If you pay off your credit card each month in full, you will not count that

What is my Debt-to-Income Ratio?

Use total gross monthly income

Percentage (%) based on type of loan

FHA loans (government) 43%

Calculate Debt-to-Income Ratio example

Gross Income \$6000

FHA 43% and monthly Debt \$400 vs \$800

Step 1: $\$6000 \times .43 = \2580

Step 2: $\$2580 - \$400 = \$2180$

Step 2: $\$2580 - \$800 = \$1780$



Use whichever payment is **LESS**
between your Housing Ratio and



Maximum mortgage payment **can
never exceed Housing Ratio**
(even if debt-to-income ratio is
higher minus monthly debt)



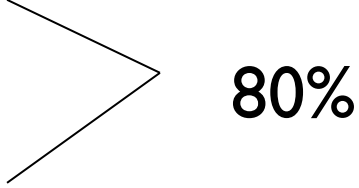
Housing Ratio \$1860

Debt to Income Ratio \$2180

**What is my
MAXIMUM
monthly
mortgage
payment?**

SO HOW MUCH CAN I
BORROW?

P
I
T
I
MI



**Calculate the
P&I part of
your payment**

Maximum monthly
payment x 80%

$$\$1860 \times .80 = \$1488$$

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

Calculating Full Loan Amount

80% P&I divided by the mortgage factor

$$\$1488 / 6.49 = 229.276$$

$$229.276 \times 1000 = \$229,276$$

We are looking at a 30 year term at 6.75%

What to do with this information?

- If I can borrow approximately \$229,000 then I can figure out the price range of homes that I can be looking at
- If I have down payment funds, this can increase the amount of home I can purchase OR reduce the amount of loan I need
- **\$229,000 (loan) + \$10,000 (down payment) = up to \$239,000 purchase price**
- \$229,000 (loan) + \$10,000 (your down payment funds) + Down Payment assistance
- If you want to borrow less, keep your purchase price around that maximum mortgage amount and use your down payment funds and any DPA program funds to help reduce the mortgage/borrowed amount

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WRAP-UP AND BREAK TIME

- Review your own Advantages vs Disadvantages
- Learn how much you may be able to borrow
- Next up – Budget and Credit!

