



 glossary

**Note rate**


The interest rate stated on a mortgage note.

*Source: Federal Trade Commission*

 did you know?

**\$257,050**

The median loan amount of a CHFA borrower in 2018 was \$257,050.

 interactive intersection

**How much might I afford?**

Use CHFA's mortgage calculators.

## will i qualify for a loan?

Before you begin shopping for a home, you will want to know if you can qualify for a mortgage based on your current financial situation, as well as the price of home you might afford. To get an idea about what you might qualify for, here are some initial steps to take and things to expect:

**Step 1: Take a [homebuyer education class](#).** This comprehensive class will help you decide if you're ready to pursue homeownership and provide you with information you need to prepare for the process. CHFA sponsors homebuyer education either in-person at no cost, or online for a fee.

**Step 2: Create a spending plan.** Having a spending plan will help shed light on what mortgage payment you are comfortable with. Compare your income to your expenses to help you estimate what you may be able to afford.

**Step 3: Talk to a pro.** Meet with both a housing counselor and a lender. A housing counselor can help you create a spending plan and evaluate your financial situation to help you determine if you're ready for homeownership. A lender can help you learn what mortgage loan financing you may qualify for. During this process, be prepared to discuss items such as:

- **Income:** Your gross income (not net income/take home pay) is generally used to determine prequalification. Base pay, overtime, bonuses, commission, and any other type of income may also be considered.
- **Savings:** It's ideal to show that you have two to three months of mortgage payments saved in the event that you are unable to make your payment. In addition, you'll need money saved to pay for other costs associated with buying a home such as the earnest money deposit, (which is separate from the down payment), appraisal, and other potential expenses.
- **Ratios:** Lenders use two types of debt-to-income ratios to determine the loan amount you may afford based on your gross monthly income. The first is the percentage of your monthly income that can be used for your mortgage payment. The second is the percentage of your gross monthly income that can be used to pay

debts including your mortgage, HOA payments, credit cards, auto loans, student loans, etc.

For more information, please read the Consumer Financial Protection Bureau's tips on [Preparing to Shop](#).

## meet chfa homeowners, david and joana

After living and renting in Colorado for many years, David and Joana wanted to have a home of their own. With the help of CHFA, the couple was able to buy a home in Greeley where they live with their young daughter.




"Home prices were high and we had to rent but we really wanted to provide an actual house for our daughter," said David. He and Joana worked with a lender to get a CHFA program loan and CHFA down payment assistance. David said their lender was an "awesome guy" and helped them connect with CHFA's programs and homebuyer education.


"It was nice to have that knowledge and learn how it works buying a home," said David regarding the homebuyer education class that he and Joana took with Colorado Housing Assistance Corporation. "It helped us understand more about the monthly payment, what escrow is, and budgeting."

As a homeowner, David appreciates that his family has their own space, and that he can do his own fixing and upgrading.

"I have been enjoying being a homeowner. It's a great investment and there's nothing better than having your own home when you have a family," said David.




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Colorado Housing and Finance Authority  
[www.chfainfo.com](http://www.chfainfo.com)



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