BUYING REAL ESTATE FOR YOUR STUDENTS

WHERE TO START?

Build Your Team First:
- Realtor
- Lender
- Inspector

Open Communication Between You and Your Team is a Must!

1. **Realtor**
   - Know the area, have broad knowledge of the local market, and will save you valuable time, effort, and money.

2. **Lender**
   - Find a lender that is located in the Northern Colorado area. Ask about financing options and what the best option for your situation may be. A "Kiddie Condo" loan, where all debts and credits are combined allowing your student to be on title, yet you get owner occupied financing rates and down payment options, may be great for your situation?

3. **Inspector**
   - It is strongly suggested to inspect the property you are buying. Inspectors are hired by YOU! They are working to find deficiencies in the house FOR YOU.

WHEN TO START?

Give yourself time. Start by talking to a lender 4-6 months before you think you may want to purchase and close on a property. This will allow you to get your lending in order and will also allow you time to research the market. Lending should be top priority.

FINANCING?

- 20-25% down for investment properties
- 3.5% down for FHA financing
- 5%-10%-15%-20% down for Conventional financing
- 20% down or more to avoid mortgage insurance
- "Kiddie Condo"

City of Ft Collins Home Loans-income restricted
CHFA Home Loans-income restricted
Gift money to your student

There are many types of loans to help you with your purchase. Finding the right lender will help you find the right loan for you.

LENDING HAS CHANGED DRASTICALLY IN 2009! YOUR LENDER HAS TO KNOW WHAT THE NEW CHANGES ARE! VERY IMPORTANT!

Benefits of Owning:

- Tax Benefits
- Income From Roommates
- Equity Gain
- Easier To Have Pet
- Home Improvement Option
- Pick Location Once
- Live-in Landlord (Student)
- Build Credit History for Student
- Control Over Where and Who Your Student Lives With
- Student Experiences Owning

Pitfalls of Owning:

- Maintenance Issues
- Noise Ordinance/Occupancy Limits
- Possible Equity Loss/Declining Values
- Roommates
- Landlord Issues/Decisions w/Friends
- High Selling Costs

First Time Home Buyers Class available through Off-Campus Life ocl.colostate.edu or call 491-2248 for dates and availability.

**Great opportunity for your student to learn before they look!**
Possible Financing Scenarios

**Ex: 1**
2 Bedroom 2 Bath Condo
Price: $150,000
FHA 3.5% Down

$144,750 appr. loan amt with 3.5% down at 5.0% interest

P&I = $777.00 per month
T = $70.00 per month
I = $20.00 per month

HOA = $130.00 per month
MI = $69.00 per month

Total = $1,066. per month

**Ex: 2**
3 Bedroom 1 Bath House
Price: $181,900
Conventional Loan
10% Down 10% 2nd

$145,520.00 1st Loan 5.0% Interest rate

P&I = $781.00 per month
T = $110.00 per month
I = $40.00 per month

No HOA
No Mortgage Insurance

Total=$931.00 per month

2nd Loan of $18,190 8.75%interest $143.00 per month

$931.00
$143.00

Total Payment=$1,073.00

This loan avoids mortgage insurance but has higher interest rate on 2nd loan(tax deductible interest on 2nd)

**Ex: 3**
4 Bedroom 2 Bath House
Price: $200,000
Investment Loan
25% Down

$150,000 1st Loan 5.75% Interest rate

P&I = $875.00 per month
T = $120.00 per month
I = $40.00 per month

No Mort. Insurance

Total=$1,035.00 per month

Disclaimer: The examples used are for use in making comparisons only. All numbers are approximate and may vary.

Interest rates as of October 2, 2009