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End of Down Payment Assistance?

By Dan Polimino
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PROPERTIES



On July 30 President Bush signed into law the sweeping Housing Rescue Plan which won

final approval in Congress on July 26. This measure aims to help up to 400,000 families avoid foreclosure by allowing them to refinance into more affordable mortgages.

While the primary bill is a good thing and we applaud the government for helping people stay in their homes, not everything about this rescue plan is positive. One item that snuck in under the wire marks the end of seller-funded down payment assistance programs. These programs, which include Nehemiah and AmeriDream, allow home sellers to help buyers with down-payment and closing costs. For example, if a young couple wants to buy their first home but can't manage the 3 percent down payment, in order to save the sale the sellers may be willing to fork over the cash. However, the only way they can legally do it is by enlisting the help of a non-profit organization such as AmeriDream. Here's how it

works: Let's say the young couple needs \$5,000 for a down payment. The seller agrees to give the \$5,000 to the buyers plus a \$250 fee payable to the non-profit. The entire amount of \$5,250 is paid to the non-profit, and they, in turn, pay the \$5,000 down payment to FHA, or whoever originates the loan.

Sounds like a good way for lower- and middle-income Americans to get help with financing. So why did Congress nix it? Perhaps they felt the program has been abused by inflating home prices, thus contributing to the housing market crash. You see some sellers increased the price of their home by \$5,000 in order to help pay the down payment for the buyers.

There are some in Congress proposing new legislation to bring these programs back with stricter guidelines, but if that fails seller-funded down payment assistance will end effective October 1, 2008. So if you're thinking about buying a home and counting on seller down payment assistance, you better be under contract before October 1 as it looks like this opportunity is slipping away.

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Natural bargain: Offers for home on 35 acres start from \$4 million



In a week when loads of visitors are walking around the man-made attractions in downtown Denver, the best real estate buys are the ones you'll find outside the city, where Mother Nature did the construction. And few of those opportunities will match one you can tour tomorrow,



Jackie Garcia

20 minutes west of downtown near Golden. Sunday, you can examine a 10,000-foot ranch-style custom home by celebrated architect Karen Keating, on 35 acres that rise into the foothill expanse of White Ranch Park. Owners Steve and Cheri Scott say they're selling to sail around the world...but they're giving up a magnificent spectacle to be had right off their back deck.

The gated enclave of Bear Tooth Ranch was created from a 1,750-acre Coors parcel tucked behind the hogback, looking into buttes and arroyos carved by Ralston

Creek. Among the 18 surrounding estates, says Realtor Jackie Garcia, are luxury homes spanning up to \$10 million.

The sellers are accepting or countering offers from \$4 million.

"It's really hard to get a luxury home on this kind of acreage that's so close to the city," says Garcia, noting that Steve Scott has made it into his downtown office in as few as 20 minutes. "Generally, you have to go as far as Larkspur to find anything like it."

And that's not figuring in the quality of Keating's design and appointments, she adds. The five-bedroom home brings in views from every angle, matched to eye-catching finishes that include moss rock, exposed beams from a Montana mine, cherry cabinets, hand-turned Italian railings, green-and-rust stone counters, and beside the lavish master, wormy maple within a sunroom.

Keating designed the plan to work for family gatherings. There's a nanny suite, billiards room, home theater, shop, workout area, indoor sports practice field, and a dog/bike wash stall in the 5-car garage, all accessed by a fully paved drive.

Meanwhile, the Scotts have an authentic coin-operated telescope on their deck for



The 35-acre site at 5810 Deer Meadow Trail in the gated enclave of Bear Tooth Ranch near Golden rises in White Ranch Park.

viewing the buttes and the herds of elk that wander by. If you want to get closer to nature, you can hike straight into the park without ever

leaving the property. From Golden, take 93 north to W. 56th and then west to the gate.

IF YOU GO...

Where: Custom 10,000-sq. ft. home on 35 acres, Bear Tooth Ranch; open house/light refreshments tomorrow. 5810 Deer Meadow Trail, Golden. From Golden, take Hwy 93 north toward Boulder, 2.5 mi. to W. 56th Ave., west, 1 mi., to gate into Bear Tooth Ranch on right.

Price: Owners will accept/counter offer starting at \$4 million

When: Tomorrow (Sunday) 1 p.m.-4 p.m.; or today by appt.

Contact: 303-257-7788 milehighdreamteam.com

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How to know if you're ready to buy your first home

IT'S A GREAT DAY TO BUY A HOME

PostNewsRealEstate

Thinking of buying a home, but not sure if you're ready to make the leap? Your first step to success is by asking yourself some simple questions:

- Do I have a steady source of income (usually a job)? Have I been employed on a regular basis for the last 2-3 years? Is my current income reliable?
- Do I have a good record of paying my bills?
- Do I have few outstanding long-term debts, like car payments?
- Do I have money saved for a down payment?
- Do I have the ability to pay a mortgage every month, plus additional costs?

If you can answer "yes" to these questions, you are probably ready to buy your own home.

How do I begin the process of buying a new home?

Start by thinking about your situation. Are you ready to buy a home? How much can you afford in a monthly mortgage payment (see Question 4 for help)? How much space do you need? What areas of town do you like? After you answer these questions, make a "To Do" list and start doing casual research. Talk to friends and family, drive through neighborhoods, and look in the "Homes" section of the newspaper.

How does purchasing a home compare with renting?

The two don't really compare at all. The one advantage of renting is being generally free of most maintenance responsibilities. But by renting, you lose the chance to build equity, take advantage of tax benefits, and protect yourself against rent increases. Also, you may not be free to decorate without permission and may be at the mercy of the landlord for housing.

Owning a home has many benefits. When you make a mortgage payment, you are building equity. And that's an investment. Owning a home also qualifies you for tax breaks that



It's a great day to buy a home and if you are ready to buy, the many benefits of homeownership await.

assist you in dealing with your new financial responsibilities – like insurance, real estate taxes, and upkeep – which can be substantial. But given the freedom, stability, and security of owning your own home, they are worth it.

How does the lender decide the maximum loan amount that can afford?

The lender considers your debt-to-income ratio, which is a comparison of your gross (pre-tax) income to housing and non-housing expenses. Non-housing expenses include such long-term debts as car or student loan payments, alimony, or child support. According to the FHA, monthly mortgage payments should be no more than 29 percent of gross income, while the mortgage payment, combined with non-housing expenses, should total no more

than 41 percent of income. The lender also considers cash available for down payment and closing costs, credit history, etc. when determining your maximum loan amount.

How do I select the right real estate agent?

Start by asking family and friends if they can recommend an agent. Compile a list of several agents and talk to each before choosing one. Look for an agent who listens well and understands your needs, and whose judgment you trust. The ideal agent knows the local area well and has resources and contacts to help you in your search. Overall, you want to choose an agent that makes you feel comfortable and can provide all the knowledge and services you need.

How can I determine my housing needs before I begin the search?

Your home should fit way you live, with spaces and features that appeal to the whole family. Before you begin looking at homes, make a list of your priorities – things like location and size. Should the house be close to certain schools? your job? to public transportation? How large should the house be? What type of lot do you prefer? What kinds of amenities are you looking for? Establish a set of minimum requirements and a "wish list." Minimum requirements are things that a house must have for you to consider it, while a "wish list" covers things that you'd like to have but aren't essential.

Courtesy of doityourself.com.