REAL ESTATE EDUCATION SERIES

RE/MAX Properties

Mortgage Options for Colorado Homebuyers

Start with the loan program

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A mortgage has three basic choices: the loan program, the rate structure, and the repayment term. For example, an FHA loan can have a fixed rate and a 30-year term. Start by finding programs you and the property may qualify for, then compare the actual offers.

1 Conventional

A conventional loan is not insured or guaranteed by a federal agency. Some options allow a small down payment. Private mortgage insurance is usually required when you put down less than 20%. Ask for a quote that includes the premium and explains when it may be removed.

2 FHA

An FHA-insured loan can be worth comparing if you have limited savings or your credit profile makes conventional financing harder to obtain. FHA financing is not limited to first-time buyers. Compare the upfront and ongoing mortgage insurance charges with the cost of a conventional loan.

3 VA

Eligible veterans, service members, and certain surviving spouses may qualify. Many buyers can purchase with no down payment and no monthly mortgage insurance. A funding fee may apply unless you qualify for an exemption. Ask about your Certificate of Eligibility, property requirements, and cash to close.

4 USDA

The USDA guaranteed loan program can offer no-down-payment financing for eligible primary residences in qualifying areas. Income and address eligibility both matter. Check the exact address, even if the property looks rural, and ask the lender to explain the upfront and annual fees.

5 Jumbo

A jumbo loan exceeds the applicable conforming loan limit. Confirm the limit for the county and property type. Down payment, credit, and cash reserve requirements vary by lender, so compare more than one quote if your loan amount is close to the limit.

Colorado down payment assistance

If upfront cash is the main hurdle, ask a participating lender about Colorado Housing and Finance Authority (CHFA) programs. Verify eligibility, any education requirement, and whether assistance must be repaid. A low down payment can still leave closing costs and prepaids to cover.

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Compare rate structures, payments, and upfront costs

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Once you have a short list of loan programs, ask lenders to price the same purchase scenario. A lower initial payment can come with more upfront costs or the possibility of a higher payment later.

6 Fixed rate and repayment term

On a standard fixed-rate loan, scheduled principal and interest stay the same. Taxes and insurance can change. A shorter term generally raises the monthly payment but reduces total interest when the loan amount and rate are held constant. Compare the payment you can comfortably carry.

7 Adjustable-rate mortgage (ARM)

An ARM usually starts with a fixed-rate period, then can adjust. Ask when the first adjustment occurs, how often the rate can change, and what the caps allow. Compare the highest payment the lender shows and budget for it without assuming you can refinance or sell first.

8 Interest-only and reverse mortgages

With an interest-only loan, scheduled payments do not reduce the principal during the interest-only period. Payments can jump when principal repayment begins. A reverse mortgage is a separate product: the FHA-insured HECM generally requires borrowers to be at least 62, and borrowers remain responsible for taxes, insurance, and upkeep.

9 Compare written Loan Estimates

For standard purchase mortgages, request Loan Estimates from multiple lenders using the same price, down payment, loan amount, term, and rate structure. Compare the interest rate, APR, points and fees, mortgage insurance, cash to close, and lock status. Ask about estimated costs over the time you expect to keep the loan.

A quick check before you choose

Can you afford the full payment, including taxes, insurance, and any HOA dues? How much cash will remain after closing? What could change the payment? Ask your lender to explain the difference between the lowest upfront cost and the lowest cost over your expected time in the loan.

Official resources: CFPB loan types | CFPB Loan Estimates | FHA | VA | USDA | CHFA | Reverse mortgages
Educational information. Eligibility, fees, and terms depend on the borrower, property, lender, and program.

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