THE COLORADO HOMEBUYER'S GUIDE

What to know before financing your next home

Presented by Jerry Volk

Your Mortgage Educator | Diversified Lending of Colorado

A straightforward guide to buying with confidence

Buying a home is a major decision, but the financing should not feel like a mystery. My job is to help you understand your choices, compare the tradeoffs, and move forward with a plan that fits your life.

This guide gives you a practical overview of the mortgage process in Colorado. It is not a promise that one program is right for everyone. Your income, credit, assets, property, goals, and timing all matter.

> **My approach:** Education first. I want you to understand the “why” behind your mortgage—not simply sign paperwork.

What this guide will help you do

- Decide whether you are financially ready to buy.
- Understand common loan options and their tradeoffs.
- Prepare for preapproval and underwriting.
- Recognize the costs beyond the down payment.
- Avoid changes that could delay or jeopardize closing.
- Know what questions to ask before choosing a mortgage.

About Jerry Volk

Jerry Volk is a Colorado mortgage broker and mortgage educator with Diversified Lending of Colorado. As a broker, Jerry can evaluate loan options from multiple wholesale lenders and help borrowers understand how program, rate, fees, and strategy fit together.

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1. Start with your monthly comfort zone

A lender determines what you may qualify for. You decide what payment fits comfortably into your life. Those are not always the same number.

Build a complete housing budget

- Principal and interest.
- Property taxes.
- Homeowners insurance.
- Mortgage insurance, when applicable.
- Homeowners association dues, if applicable.
- Utilities, repairs, and ongoing maintenance.

> **Jerry's teaching point:** Do not begin with the maximum price. Begin with a monthly payment and cash requirement that leave room for savings, emergencies, and your normal lifestyle.

Cash you may need

Earnest money	A good-faith deposit submitted with the contract and generally credited at closing.
Inspection	A buyer-selected evaluation of the home's condition; usually paid during the contract period.
Appraisal	An independent opinion of value required by the lender in many transactions.
Down payment	The portion of the price not financed. Requirements vary by program.
Closing costs	Lender, title, settlement, government, and other transaction charges.
Prepaids/reserves	Upfront funding for taxes, insurance, interest, escrow, or required reserves.

Seller concessions, lender credits, eligible gifts, and assistance programs may reduce the cash you personally bring, but each option has rules and tradeoffs. Review the entire structure—not only the advertised down payment.

2. Understand your loan options

There is no universally “best” mortgage. A good recommendation considers qualification, total cash, monthly payment, mortgage insurance, how long you expect to own the home, and the property itself.

Loan type	What to know
Conventional	Often a strong fit for borrowers with established credit. Options may include low down payments, and private mortgage insurance may apply when equity is limited.
FHA	Government-insured financing with flexible qualification features. HUD states that down payments can be as low as 3.5% for eligible borrowers; FHA mortgage insurance applies.
VA	For eligible service members, Veterans, and certain surviving spouses. VA generally does not require a down payment, limits certain closing costs, and does not require monthly PMI; lender and program requirements still apply.
USDA	For eligible rural properties and qualifying households. The guaranteed program can offer 100% financing, subject to location, income, property, and lender requirements.
Jumbo	Used when the loan amount or structure falls outside standard conforming parameters. Credit, assets, reserves, and underwriting can be more demanding.

Questions worth comparing

- How much cash will I need at closing?
- What is the full monthly payment?
- Is mortgage insurance required, and how does it work?
- Is the interest rate fixed or adjustable?
- Are points or lender credits included?
- How long do I expect to keep this mortgage?

Important: Program guidelines, lender overlays, pricing, and eligibility can change. Your personalized Loan Estimate is the best tool for comparing a specific offer.

3. The mortgage process, step by step

1. Conversation and goals. Discuss your budget, timing, income, assets, credit, and the type of home you are considering.
2. Preapproval. Provide documentation and authorize credit review so the lender can evaluate the proposed loan.
3. Home search and offer. Work with your real estate agent to choose a property and negotiate the contract.
4. Application and disclosures. Confirm the property and loan structure; review the Loan Estimate and other disclosures.
5. Processing. Documentation is organized, third-party items are ordered, and questions or missing items are addressed.
6. Underwriting. An underwriter reviews income, assets, credit, property, and program compliance.
7. Conditional approval. Provide final explanations or documents required to clear outstanding conditions.
8. Closing Disclosure. Review the final terms and costs before closing.
9. Final verification and closing. Employment, credit, assets, and required conditions may be rechecked before documents are signed and funds are released.

Timing matters: The CFPB explains that borrowers generally receive a Closing Disclosure at least three business days before closing. Compare it with the most recent Loan Estimate and ask about anything unexpected.

Preapproval is strong—but not a guarantee

A preapproval is based on the information available at the time. Final approval still depends on updated borrower information, acceptable property review, title and insurance requirements, and satisfaction of underwriting conditions.

4. Prepare your credit, income, and documents

Commonly requested information

- Government-issued identification and Social Security number.
- Recent pay statements and W-2s, or business and tax documents for self-employed borrowers.
- Bank, retirement, and investment statements.
- Documentation for gifts, large deposits, or funds transferred between accounts.
- Current housing history and debt information.
- Divorce, bankruptcy, child-support, or other documents when relevant.

Protect the approval while you shop

- Do not open, close, or significantly increase credit accounts without discussing it first.
- Do not finance a vehicle, furniture, appliances, or other major purchase before closing.
- Do not change jobs, compensation structure, or work hours without talking with your loan professional.
- Do not move large amounts of money between accounts without keeping a clear paper trail.
- Do not deposit unexplained cash that cannot be documented.
- Continue paying every bill on time.

Before you make a financial change: Call Jerry first. A five-minute conversation can prevent a delay or an unwanted surprise.

Credit is more than a score

Underwriting also considers payment history, debt obligations, recent credit activity, the type and age of accounts, and whether the credit profile supports the proposed loan. Do not assume you must have perfect credit—or that a score alone guarantees approval.

5. Understand the price of the mortgage

The interest rate is important, but it is only one part of the cost. Compare the entire loan structure.

Interest rate	The percentage used to calculate interest on the unpaid principal balance.
APR	A broader cost measure designed to help compare loans; it includes the interest rate and certain charges.
Discount points	Upfront charges paid to obtain a particular interest rate. One point equals 1% of the loan amount.
Lender credit	A credit that can offset eligible closing costs, generally in exchange for a higher interest rate.
Origination/underwriting	Charges associated with arranging, processing, or underwriting the mortgage.
Third-party costs	Appraisal, title, settlement, recording, credit, tax, insurance, and related services.
Prepaids	Items such as interest, insurance, taxes, and initial escrow funding; these are not all lender fees.

Use your Loan Estimate as a comparison tool

The CFPB's Loan Estimate shows the key terms, projected payments, closing costs, and cash needed to close. When comparing offers, use the same loan type, down payment, lock period, and credit assumptions so the comparison is meaningful.

> **Ask this question:** "What combination of rate, points, credits, cash to close, and monthly payment makes the most sense for how long I expect to own or keep this loan?"

6. Avoid the most common homebuyer mistakes

Mistake	Better approach
Shopping by rate alone	The lowest advertised rate may require points, assumptions, or terms that do not fit your situation.
Skipping the full budget	A payment that qualifies can still be uncomfortable after maintenance, utilities, and lifestyle expenses.
Waiting to organize documents	Missing or unclear documentation can create last-minute pressure.
Changing finances mid-process	New debt, job changes, transfers, or large purchases can affect qualification.
Confusing appraisal and inspection	The appraisal supports the lender's collateral review; an inspection evaluates condition for the buyer.
Assuming 20% down is required	Several programs permit lower down payments for eligible borrowers, though costs and insurance may differ.
Ignoring the property type	Condos, manufactured homes, multi-unit homes, acreage, and unique properties may have additional rules.
Not asking questions	You should understand the payment, cash requirement, loan features, and documents before signing.

Remember: A mortgage is not just a rate. It is a financial strategy involving cash, payment, risk, flexibility, and time.

Your Colorado homebuyer checklist

Before preapproval

- Choose a comfortable monthly housing budget.
- Estimate available funds while keeping an emergency reserve.
- Gather income, asset, and identification documents.
- List debts and monthly obligations.
- Discuss any credit, employment, business ownership, or income concerns early.

After preapproval

- Stay in regular contact with your lender and real estate agent.
- Keep finances stable and continue paying bills on time.
- Ask before opening credit, moving funds, or changing employment.
- Budget separately for inspection, moving, repairs, and furnishings.
- Review every updated disclosure and ask questions promptly.

Before closing

- Review the Closing Disclosure against the latest Loan Estimate.
- Confirm the exact method and amount needed for closing funds.
- Verify wire instructions through a trusted, independently confirmed phone number.
- Complete the final walk-through with your real estate professional.
- Bring required identification and follow the closing agent’s instructions.

Ready for a conversation? You do not need to know which loan you want before calling. That is what the education and comparison process is for.

Let’s talk about your homebuying plan

Whether you are buying your first home, using VA eligibility, moving within Colorado, or simply trying to understand what is possible, I would be happy to help you build a clear plan.

Jerry Volk

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Consumer resources

Consumer Financial Protection Bureau - Know Before You Owe: https://www.consumerfinance.gov/know-before-you-owe/

U.S. Department of Housing and Urban Development - FHA loans: https://www.hud.gov/helping-americans/loans

U.S. Department of Veterans Affairs - VA Home Loans: https://www.benefits.va.gov/homeloans/

USDA Rural Development - Single Family Housing Guaranteed Loan Program: https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-guaranteed-loan-program