

# Supply of Homes for Sale Is Being Depleted; We Need More Homes on Market

The statistics speak for themselves. Right now there are 31% fewer homes for sale on the Denver MLS than there were at this time last year.

In the non-foothills portion of Jefferson County, the inventory of homes for sale is down 39% from a year ago.

Despite fewer homes to choose from, the number of homes under contract is up by 13% from last year. Thus, the percentage of inventory

that is under contract is 27.5% vs. 18.8% a year ago. In Jeffco, that percentage is even higher.

The bottom line message could not be clearer. If you are thinking of selling your home, there is no better time than now to put it on the market. ***We need inventory!***

Buyers are buying right now, and for a very good reason. The interest rates are at record lows. Look at these rates offered by a lender with whom I do business:

30-Yr Fixed—3.75% (*Jumbo\** 3.875%) 15-Yr Fixed—3.0% (*Jumbo—3.125%*) 5/1 ARM—2.125% (*Jumbo—same rate*) FHA 30-Yr Fixed—3.75% (no points)

The above rates all include one point, except for FHA. If you want to pay no points on the non-FHA loans, the rate is 0.25% to 0.375% higher.

(\*A “jumbo” loan is a loan over the conventional loan limit of \$417,000.)

As a guide, each 1% change in rate on a \$250,000 loan saves or costs the borrower about \$50,000 in interest over a 30-year term.

Not only should sellers consider putting their home on the market at this time, but buyers should get off the fence and buy before rates go up. Remember, you can buy a home with as little as \$1,000 down in Colorado, thanks to the Colorado Housing and Finance Authority

(CHFA). If you don't have a good lender, I'd be happy to refer you to one. Call me at 303-525-1851.

## Hiring Interior Designer Can Pay for Itself

Recently I dropped in on a client who had purchased a home last year. She was eager to show me the changes she had made, and they were stunning.

She told me that she had hired a great interior designer, and I said, “That must have been expensive,” but she replied, “No, actually it saved me money.”

Why? Because the interior designer she hired gave her access to her vendor discounts without any mark-up. My client literally saved more in discounts on the purchases which the designer recommended than she paid the designer for her professional advice.

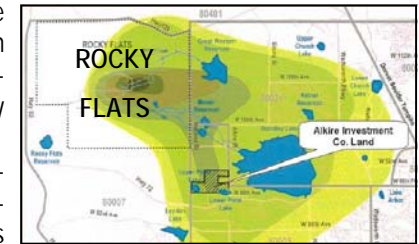
I was convinced. I'm going to hire that interior designer the next time I make a move!

## Arvada Public Mobilizes vs. Beltway

It continues to amaze me that Arvadans accept their political leaders' pro-development, pro-beltway stance, since they're the ones who will pay for it in so many ways — increased congestion, more pollution, and even the specter of air-borne plutonium from disturbing the contaminated soil in and around Rocky Flats.

Most current Arvadans weren't here and wouldn't remember the 1969 fire at Rocky Flats — at the height of its production of plutonium triggers. Because of that fire, people learned that plutonium had been spewed downwind toward Arvada.

Below is a map showing where soil was contaminated by plutonium releases. Disturbing the dirt on the eastern edge of Rocky Flats with its plutonium-rich soil poses health risks for all Arvadans.



A public meeting on this subject is being held **tonight**, Jan. 19th, at 7 pm at the Jaycee Building, 5640 Yukon St. in Old Towne Arvada. I'm one of the featured speakers.

### REAL ESTATE TODAY



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# *Yes, Virginia, You Can Buy a Home With Less Than 20% Down Payment*

One of the most prevalent misconceptions among home buyers is that you need a 20% down payment to get a mortgage. In fact, the majority of loans being written today are FHA-insured loans requiring only 3.5% down payment. The VA still offers 100% financing to qualified veterans, and one can buy a home with only \$1,000 down through the Colorado Housing and Finance Authority.

Another misconception is that mortgages are less available. That, however, is only true if the borrower has a credit score under 620. That's the big change from the "bad old days" of toxic loans — banks now make you prove that you can pay back the loan. Underwriters require so much documentation to prove you're qualified that I'm glad I'm a Realtor, not a mortgage broker!

The FHA loan limit in our area is currently \$406,250. You can buy a home for more than that amount, but that's all the FHA will allow you to borrow. Although FHA loans are most typically used by the middle or lower middle income buyer, there is no income limitation to qualify for an FHA loan. FHA loans also carry no pre-payment penalties, and, best of all, they are assumable by qualified buyers.

The assumability of FHA loans is especially valuable now that a buyer can obtain an FHA loan for about 3.75%, which is below the rate on a *non-assumable* conventional loan. When you sell your home 5, 10, or 20 years from now when rates are much higher, wouldn't it be great to advertise that you have an "assumable 3.75% loan"?

FHA also offers 3-, 5-, 7- and 10-year Adjustable Rate Mortgages. ARMs are currently being offered at rates *under* 3%, which is incredible! As someone who tends to move every five years or so, I'd jump at a 5-year ARM. Even with a maximum adjustment in years 6 and 7, it would take at least that long for a buyer to pay more than he would over the same period on a 30-year fixed-rate loan.

If everyone knew that they could buy a home with as little as \$1,000 down payment — or, at worst, 3.5% — we would see a lot more buyers than we do in the market taking advantage of these incredibly low interest rates. And, indeed, there are already enough buyers in the market now to deem it "hot." My end-of-year index — just published on [www.JimSmithBlog.com](http://www.JimSmithBlog.com), shows that 26.8% of Front Range MLS listings are under contract. In Jeffco (minus foothills areas), 32.3% of the inventory is under contract. In Denver it is 34.2% and in Aurora it's 48.9%. Now, *that* is what I call a *hot* market!

Rita and I are moving — or at least we are putting an offer on another home, and we need to rent or sell our current home. Although we'd be happy to sell our home at 5476 Joyce Court in Cottonwood Lane (near 55th Drive & Indiana Street), we are willing to rent it instead for the below market rate of \$3,000 per month, including all utilities. (We can offer that because it's a solar powered home!) There is no HOA.

Ours is a ranch-style home with hickory hardwood floors, 3 suites and a 4-car garage. The two guest suites, like the master suite, have their own walk-in closets and full bathrooms. The master suite is much grander, with a large circular walk-in shower and a 10'x17' walk-in closet. A fabulous water feature dominates our front yard (above).

You can take a virtual tour of it at the web page which I created for it, [www.GoldenExecutiveRental.com](http://www.GoldenExecutiveRental.com). Then call me for a showing!

By JIM SMITH,  
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REAL ESTATE  
TODAY

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