

# A little help: Down payment loan programs are helping locals get into the market

In the wake of the 2008 financial crisis, mortgage standards tightened, but have eased somewhat

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Mortgage loans became harder to get after the financial crisis the began in 2008. Loans are somewhat easier to get today, if you're serious and can find a home to buy. Photo by Tierra Mallorca on Unsplash.

*Unsplash photo*

## By the numbers

- 50: Eagle County Down Payment Assistance Program loans issued in 2018.
- 46: Number of down payment loans issued through Dec. 2.
- \$2,053: [Estimated mortgage payment](#) on a \$350,000 home with \$14,000 down.

*Editor's note: This story is the fourth part in a five-day series focused on housing issues in the Vail Valley. To view the entire series as it unfolds, visit [vaildaily.com/news/home-economics](http://vaildaily.com/news/home-economics).*

EAGLE COUNTY — Nicholle Jackson has been busy the last couple of years. That means people are buying homes.

Jackson is a broker at [the Valley Home Store](#), the county's workforce housing clearinghouse. Jackson and others at the Home Store work with potential buyers trying to purchase a home.

While qualifying for a mortgage is harder than it was in 2007, loans are more available than they were in, say, 2010. But the Home Store has a powerful tool to get people into homes: the Eagle County Down Payment Assistance Program.

That program makes loans of up to \$15,000 for qualifying buyers. If a buyer has \$7,500 to put into a home purchase, that buyer can borrow up to another \$15,000 from the program. The ratio is one part buyer funds, two parts assistance loan. That means someone with \$5,000 could qualify for a \$10,000 down payment assistance loan.

Those loans mature either in 15 years or at the sale of a property. If a property appreciates by 10% over that time, the borrower repays the loan amount plus 10%. If a home loses value between purchase and sale, only the principal is due.

The program has been popular the past couple of years, with 50 loans written in 2018 and another 46 this year as of Dec. 2.

Funding for the program is provided by a combination of grants and repayments from previous borrowers. Jackson said Eagle County for 2019 provided a matching grant of \$250,000. Donors including local banks, towns and employers matched that amount.



## Is \$15,000 enough?

The down payment loan program works if borrowers find a mortgage that doesn't require the old standard of a 20% down payment.

That standard reappeared in the wake of the national economic downturn that began in 2008. That downturn was fueled in large part by mortgage defaults after years of easy money. For a time, borrowers could get mortgages with no money down. A lot of those borrowers weren't able to keep up with payments, leading to a wave of foreclosures and "short sales" – which are sales negotiated with lenders to sell a home for less than the amount owed.

Short sales and foreclosures at one point in the early years of this decade accounted for a large percentage of all sales. In 2010, more than 600 homeowners in the county lost their homes to foreclosure.

Reeling from the financial crisis, lending standards tightened at the same time, bringing to mind the old half-joke from the high-inflation days of the 1970s: The only people who could qualify for loans were those who didn't need them.

In today's environment, lending standards are still tighter than they were a dozen years ago. But, Jackson said, there are mortgages available for 3%, 5% or even no money down. But the no-money-down loans can exclude a borrower from other programs.

On a \$300,000 home, a 3% down payment is \$9,000 – not including closing costs and other fees. A 20% down payment comes to a daunting \$60,000.

Liz Andrews, owner of Eagle-based All Western Mortgage, said she works with many first-time buyers. Most are able to qualify for mortgages with low down payments.

Andrews said she's been able to get people with relatively low credit scores into mortgages – albeit with higher rates than those available to buyers with better credit.

"If you're paying \$2,200 a month for rent, there's no reason (not to buy)," she said.

Of course, finding a home in that price range can be difficult, largely due to supply.

Bill Holm is a broker with Fortius Realty. That firm is now finishing off the Two Rivers project at Dotsero.

Holm said he doesn't lose many buyers because they can't qualify for a mortgage.

## Are you serious?

“People that are serious about it can get in,” he said.

But people serious enough about a home in Two Rivers need to be serious enough to wait. At this point, there’s about a six-month wait to move into a new unit there, Holm said.

But six months can be helpful, he added. The wait gives people time to save a bit more for closing costs or take care of credit-repair issues.

On the other hand, Two Rivers is just about built out. Holm said that project is in its final phase. Only about 20 homes are unfinished of the 260-unit total. The final units could be in place by the end of 2020.

Inventory has always been the problem for first-time and middle-range homes. More is being built, but there’s still a large gap between supply and demand. A 2018 Eagle County housing survey showed an immediate demand for more than 2,700 units of all kinds.

Still, for those who can find a home, there are ways to buy. Jimmy Brenner of Blue Sky Mortgage said mortgages can be hard to secure for people who are self-employed, or are serial entrepreneurs.

Still, there are lenders out there.

“Lending is more accessible for people these days,” Holm said. Between down payment assistance programs and fixed-rate mortgages available below 4% interest, there are opportunities.

Those programs open up the mortgage market “to people who couldn’t afford it two years ago,” Holm said.

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