

COLORADO HOME BUYER'S GUIDE

Your Step-by-Step Roadmap to Buying a Home

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2026 Edition

WELCOME

I created this guide because I kept hearing the same thing from buyers: "I wish someone had explained this to me from the start."

My years working in Parker, Castle Pines, Castle Rock, Centennial, Greenwood Village, Cherry Creek, Highlands Ranch, Lone Tree, and Aurora have taught me that knowledge is your best tool in real estate. Whether you speak English, Japanese, or Hindi, the goal is the same: to make your home buying journey smooth, confident, and rewarding.

This guide walks you through every step, from deciding if you're ready to buy, all the way through your first months as a homeowner. Whether this is your first home or your fifth, I hope you'll find clarity and confidence in these pages.

Ready to take the next step? Let's talk—no pressure, just honest guidance.

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Is Now a Good Time to Buy?

Colorado's Population Growth

Colorado is one of the fastest-growing states in America. Since 2020, over 200,000 new residents have moved here—drawn by the climate, job opportunities, outdoor access, and quality of life. This sustained population growth supports strong real estate demand and long-term appreciation potential.

Why Timing the Market Doesn't Work

Many buyers try to wait for the "perfect" market conditions. The problem? Perfect timing is nearly impossible to predict. Interest rates fluctuate. Prices rise and fall. But historical data consistently shows that buying and holding beats waiting on the sidelines. Even in down markets, buyers who purchased 5-10 years ago typically have significant equity and appreciation.

Interest Rates Are Cyclical

Today's interest rates feel high compared to 2021-2022 lows. But remember: rates are cyclical, and most buyers can refinance in the future if rates drop significantly. What you cannot do is go back in time to buy a home. The earlier you start building equity, the more you benefit from long-term appreciation.

Real Estate as an Inflation Hedge

Homeownership is one of the best hedges against inflation. Your mortgage payment stays fixed for 30 years, but your home's value (and rental comps) rise with inflation. This protects your wealth and purchasing power over time.

Financial vs. Emotional Readiness

Market conditions are just one piece of the puzzle. What matters most is YOUR readiness. Are you financially prepared? Is this the right time in your life?

Are You Ready? Ask Yourself:

- Do I have stable income?
- Can I afford a down payment and closing costs?
- Am I staying in Colorado for at least 3-5 years?
- Do I have an emergency fund beyond my down payment?

The best time to buy is when YOU are ready—not when the market says you should be.

Getting Pre-Approved

Pre-approval is step one before you start looking at homes. It's not a guarantee, but it shows sellers you're serious and demonstrates to yourself what you can truly afford. The process typically takes 30 minutes and costs nothing.

What Lenders Evaluate

- Credit Score:** Typically 620+ for FHA, 640+ for conventional loans. Higher scores get better rates.
- Debt-to-Income Ratio:** Typically 43% or less. This includes all monthly debts divided by gross monthly income.
- Employment History:** Stable employment for at least 2 years. Lenders want consistency.
- Savings & Reserves:** Proof of funds for down payment plus additional reserves (typically 2-3 months of mortgage payments).

Colorado Loan Options

- Conventional:** 5-20% down, best rates for strong borrowers, most common option
- FHA:** 3.5% down, more flexible credit, good for first-time buyers with lower credit
- VA:** 0% down for eligible veterans, no PMI required
- USDA:** 0% down in rural Colorado areas, for eligible borrowers

CHFA (Colorado Housing Finance Agency) Down Payment Assistance: First-time buyers may qualify for up to \$25,000 in down payment assistance. Ask your lender if you qualify—this can eliminate the need for PMI and make homeownership more accessible.

Understanding Your Budget

The 28/36 Rule

Lenders typically limit your housing payment to 28% of gross monthly income, and total debt (including your mortgage) to 36%. This provides a reasonable affordability threshold. For example, on \$100K annual income (\$8,333/month), you could afford roughly \$2,333/month in housing costs.

Beyond the Purchase Price

- Closing Costs:** 2-4% of purchase price (appraisal, title insurance, inspections, lender fees)
- Home Inspection:** \$300-500 (highly recommended, often non-negotiable)
- Property Taxes:** ~0.51% annually in Colorado (among the lowest in the nation)
- HOA Fees:** \$50-400+ per month in planned communities (varies widely)
- Homeowners Insurance:** \$1,000-1,800 per year on average (higher in wildfire zones)
- Maintenance Reserve:** Plan 1-2% of home value annually for upkeep and repairs

2026 South Denver Market Snapshot

- \$475K-\$500K:** Centennial, Parker outskirts, good starter homes, established neighborhoods
- \$625K-\$650K:** Castle Rock, Highlands Ranch, family homes, newer construction
- \$750K-\$900K:** Castle Pines, Lone Tree, luxury/privacy, premium schools
- \$1.0M-\$1.2M:** Cherry Creek, Greenwood Village, executive homes, walkable luxury

Choosing the Right Neighborhood

Key South Denver Areas

Parker	\$650K median Douglas County schools Small-town feel, growing rapidly, community events, 20-25 min downtown
Castle Rock	\$575K median Douglas County Newer homes, excellent schools, abundant space, rapidly growing
Castle Pines	\$900K+ median Douglas County Luxury/privacy, gated options, prestigious schools, upscale finishes
Centennial	\$600K median Cherry Creek Schools Established, diverse price points, close to DTC, convenient
Greenwood Village	\$1.5M+ median Cherry Creek Executive/DTC professionals, premium properties, exceptional parks
Cherry Creek	\$1.2M+ median Cherry Creek Walkable luxury, restaurants, nightlife, urban-suburban hybrid
Highlands Ranch	\$625K median Multiple school districts Huge community, diverse neighborhoods, strong HOAs, parks/trails
Lone Tree	\$750K median Cherry Creek & Douglas Tech-friendly, new development, RidgeGate, light rail access
Aurora	\$475K median Multiple districts Diverse, affordable options, tech corridor, improving infrastructure

Questions to Ask Yourself

- How important is school quality? (Douglas County, Cherry Creek, Littleton are top-rated)
- How long is an acceptable commute? (Downtown Denver? Tech corridor? Hybrid?)
- Do I prefer urban walkability or suburban space?
- Is HOA required or optional for my lifestyle?
- How long do I plan to stay? (3 years? 10 years? This affects neighborhood choice)

The Home Search Process

Working with a REALTOR®

A buyer's agent typically doesn't cost you anything—the seller's agent splits the commission. Having an advocate on your side is invaluable for negotiation, legal guidance, and market knowledge. A good agent saves you money and stress.

MLS vs. Zillow/Redfin

While Zillow and Redfin are useful for research, the MLS (Multiple Listing Service) is where detailed real estate data lives. Your agent has access to showing history, off-market opportunities, and detailed property information not available publicly.

Viewing Homes Strategically

Open houses are good for casual browsing. Private showings allow personalized discussion with your agent. Virtual tours help pre-screen properties. Attend multiple showings before deciding—seeing 15-25 homes helps you understand the market and your preferences.

Wish List vs. Must-Have List

Create two separate lists. Your wish list is flexible (granite counters, pool, finished basement). Your must-have list is non-negotiable (3+ bedrooms, near good schools, your budget). This prevents overpaying for nice-to-haves and keeps you focused.

Red Flags to Watch

Photos that differ from the real property. Homes sitting on the market unusually long without explanation. Pressure to waive inspection contingencies. Unpermitted additions or work. Previous flooding or foundation issues. These warrant deeper investigation before proceeding.

Making an Offer & Negotiation

Colorado Uses CBS Forms

Colorado real estate transactions use standardized forms from the Colorado Broker's Association. These forms protect both buyer and seller and ensure compliance with Colorado law. Your agent will guide you through each section and explain contingencies.

Key Offer Components

- Purchase Price:** Your offer amount. Subject to negotiation.
- Earnest Money:** Typically 1-2% of purchase price. Held in escrow, applied at closing. Shows commitment.
- Inspection Contingency:** Right to inspect property within 7-10 days. Standard in Colorado. Allows renegotiation if issues found.
- Appraisal Contingency:** Protects you if home appraises below your offer price. You're not obligated to cover the difference.
- Financing Contingency:** Protects you if your loan is denied. Standard contingency.
- Closing Timeline:** Usually 30-45 days in Colorado. Can be shorter for strong offers.

Winning in Multiple Offer Situations

- Strong earnest money deposit (2-3%) shows serious commitment
- Pre-approval letter demonstrates financing certainty
- Reasonable contingencies (inspection OK, appraisal OK, financing OK—these are standard and expected)
- Ability to close quickly (very attractive to sellers)
- No contingencies on inspection or appraisal is risky—consider cap-based renegotiation instead

Inspection, Appraisal & Closing

The Home Inspection

A professional inspector examines major systems (roof, HVAC, foundation, plumbing, electrical, attic, crawlspace). Inspection takes 2-3 hours. You should attend. Expect a detailed report within 24 hours. Common findings in Colorado: radon, hail damage, foundation settling, water intrusion. After inspection, you can renegotiate repairs or ask for a closing cost credit.

The Appraisal

The lender orders an appraisal to ensure home value supports the loan amount. Appraisals are binding on the lender but not always on you. If appraisal is low, you can renegotiate the price, bring more cash, or walk away (if appraisal contingency is in place).

Final Walkthrough

1-2 days before closing, walk through the property. Verify all agreed-upon repairs were completed to your satisfaction. Confirm nothing was removed (fixtures, landscaping, etc.). Take photos if any issues arise.

Closing Day

You'll sign final loan documents with a title company representative. Review the Closing Disclosure (your final costs statement) carefully. Bring cashier's check or arrange wire transfer for down payment/closing costs. Bring ID. After funding and recording, you receive keys.

Timeline

Offer to closing typically takes 30-45 days in Colorado. Some deals close in 14-21 days if fully pre-approved with no contingencies.

Your First Month as a Homeowner

Immediate Actions (First Week)

- ▣ Change locks or rekey the house (peace of mind and security)
- ▣ Set up utilities in your name (Xcel Energy, Denver Water, or local provider)
- ▣ Update your address with USPS, banks, insurance, and employers
- ▣ Meet neighbors and learn community guidelines (HOA rules if applicable)
- ▣ Locate utility shut-offs and water main for emergencies

Colorado Homestead Exemption (Important!)

If this is your primary residence, file for the homestead exemption with your county assessor's office. This reduces your assessed property value by approximately 7.15%, which translates to about \$0.50 tax savings per \$100 of assessed value annually. Many homeowners miss this—don't be one of them.

Maintenance Planning (Protect Your Investment)

- HVAC:** Replace filters every 3 months. Service annually before cold season (\$150-300). Plan replacement in 15-20 years.
- Roof:** Inspect after severe weather. Plan replacement in 15-20 years. Cost: \$10K-20K+.
- Gutters:** Clean twice yearly (spring and fall) to prevent water damage and foundation issues.
- Foundation:** Watch for cracks—Colorado's dry climate can cause settling. Minor cracks are normal; major ones warrant inspection.
- Plumbing:** Don't ignore small leaks. They compound quickly and can lead to water damage and mold.

Every mortgage payment builds equity. You're not just paying rent to the bank—you're investing in your future. After one year of on-time payments, you've built down payment equity, principal reduction, and likely home appreciation. Welcome to the Colorado homeowner community!

Ready to Start Your Home Search?

Let's talk. No pressure, no obligation.

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