



Buying a Home in Colorado: The 2026 Readiness Guide

Colorado pairs high prices along the Front Range with two costs buyers routinely miss: metro district taxes on newer subdivisions and hail-driven insurance premiums. Here is what to understand about limits, CHFA assistance, taxes, and insurance before you talk to a lender.

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LICENSE

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LIVE GUIDEreadinessiq.ai/guides/colorado-homebuyer-guide

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2026 fast facts

CONFORMING LOAN LIMIT (FANNIE / FREDDIE)

\$806,500 baseline up to \$1,209,750 in the mountain resort counties

FHA LOAN LIMIT

\$524,225 (baseline counties) - up to \$1,209,750 (Pitkin, Eagle, San Miguel and other resort counties) in high-cost counties

MEDIAN HOME PRICE

~ \$585,000 statewide (higher in Denver, Boulder, and the resort corridor)

AVERAGE EFFECTIVE PROPERTY TAX RATE

~ 0.49% of market value - one of the lowest rates in the country

AVERAGE HOMEOWNERS INSURANCE

~ \$3,100/year for a \$400K home - among the highest in the U.S.

What homes actually cost

Roughly 24% of Colorado households can afford the state median home. The low property tax rate helps the

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payment math, but hail-driven insurance premiums and metro district mill levies can quietly add several hundred dollars a month in newer suburbs.

Property taxes

Colorado's residential assessment rate is unusually low, so the headline rate understates nothing - the surprise is metro districts. Newer subdivisions along the Front Range are often inside special taxing districts that add 30-70 mills on top of the base rate to pay for infrastructure bonds, which can double the tax bill versus an older neighborhood a mile away. Always pull the actual parcel tax record and ask whether the property sits in a metro district before you write an offer. The senior homestead exemption reduces taxable value for qualifying owners 65+ who have occupied the home for ten years.

Homeowners insurance

Colorado is one of the most hail-damaged states in the country, and carriers have responded with higher premiums, percentage wind/hail deductibles (often 1%-5% of the dwelling amount), and actual-cash-value roof schedules on older roofs. Wildfire risk in the foothills and mountain communities has produced non-renewals; the Colorado FAIR Plan exists as a last-resort market. Quote insurance before your inspection deadline, and confirm whether the roof is covered at replacement cost.

Down-payment assistance in Colorado

CHFA DPA Grant (Colorado Housing and Finance Authority)

Who: Buyers using a CHFA first mortgage under county income limits, 620+ credit

What: A grant of up to 3% of the first mortgage amount for down payment and closing costs. It is a true grant - no repayment, no second lien.

CHFA SecondMortgage Loan

Who: CHFA first-mortgage borrowers who need more than the grant provides

What: Up to 4% of the first mortgage amount as a second lien for down payment and closing costs, repaid when you sell, refinance, or pay off the first.

metroDPA (City and County of Denver)

Who: Buyers purchasing in participating metro-Denver jurisdictions under program income limits

What: Down-payment assistance of up to 5% of the loan amount, forgivable after a set occupancy period, with an enhanced tier for public employees and first-time buyers.

Colorado Mortgage Credit Certificate (CHFA MCC)

Who: First-time buyers (or buyers in targeted areas) under income and purchase-price limits

What: A federal income tax credit for a percentage of the mortgage interest you pay each year, claimed for as long as the loan stays in place on your primary residence.





Local and employer programs

Who: Buyers in Boulder, Fort Collins, Colorado Springs, and other participating jurisdictions

What: City and county funds, plus school-district and hospital employer programs, that stack with CHFA assistance.

Funding cycles and eligibility change often.

Closing customs in Colorado

Title companies close Colorado transactions using state-promulgated contracts; attorneys are not required. The owner's title policy is customarily a seller cost, and the documentary fee (one cent per \$100 of price) is typically paid by the buyer at recording. Buyers commonly bring earnest money at contract and pay their own lender and inspection costs.

Is buying here right for you?

This is usually a good moment to buy if:

- You've lived (or plan to stay) in the state 3+ years
- You've run the full monthly payment with real property tax and insurance numbers
- You have 3.5%+ of the price saved OR qualify for state down-payment assistance
- You've verified your credit score and debt-to-income ratio meet program minimums

Wait if:

- You're relocating for a job you haven't started, without a signed offer letter
- The payment would push you above 40% of gross monthly income
- You haven't quoted insurance in a high-risk (wildfire / coastal / flood) ZIP code
- You're likely to move again within two years

Frequently asked questions

How do I qualify for down payment assistance in Colorado?

Most paths run through the Colorado Housing and Finance Authority (CHFA): use a CHFA first mortgage, meet the county income limit, carry a 620+ credit score, complete a homebuyer education course, and occupy the home as your primary residence. The DPA Grant then provides up to 3% of the loan amount with no repayment.

What Colorado first-time buyer programs exist?

CHFA's DPA Grant, CHFA SecondMortgage, the CHFA Mortgage Credit Certificate, and metroDPA for the Denver metro are the main statewide and regional options, plus city programs in Boulder, Fort Collins, and Colorado Springs.

Are Colorado DPA funds forgivable?

The CHFA DPA Grant is a true grant - nothing to repay. CHFA SecondMortgage is repayable at sale, refinance, or payoff. metroDPA is forgivable after you satisfy its occupancy period. Ask which structure applies before you commit.





What income limits apply to Colorado DPA?

CHFA income limits are set by county and household size and generally range from roughly \$120,000 to \$185,000, with higher allowances in resort counties. Limits are updated periodically, so confirm the current schedule with a CHFA-participating lender.

Do I have to be a first-time buyer to use CHFA?

Not for every product. CHFA's standard programs are open to repeat buyers who meet income limits, while the Mortgage Credit Certificate and some targeted programs require first-time buyer status (defined as no ownership interest in a primary residence in the past three years).

Can I combine FHA with Colorado down payment assistance?

Yes. CHFA assistance layers onto FHA, VA, USDA, and conventional first mortgages. FHA plus the CHFA DPA Grant is the most common structure for Colorado first-time buyers with limited savings.

What is a metro district and why does it matter?

A metropolitan district is a special taxing district formed to finance infrastructure in a new subdivision. It adds mills on top of the base property tax rate, sometimes doubling the bill compared with an older neighborhood nearby. Because taxes are part of your qualifying payment, a metro district can change how much home you can afford.

Why is homeowners insurance so expensive in Colorado?

Hail is the driver. Colorado sits in one of the most active hail corridors in the country, and carriers have raised rates, moved to percentage wind/hail deductibles, and depreciated older roofs. Wildfire exposure in the foothills adds a second layer of pricing pressure.

Do I need wildfire coverage in the Colorado foothills?

Wildfire is generally covered under a standard homeowners policy, but the challenge is finding a carrier that will write it. In high-risk areas expect surcharges, mitigation requirements, or a Colorado FAIR Plan policy with a wraparound. Verify insurability before you remove your inspection contingency.

What are 2026 loan limits in Colorado?

The conforming limit is \$806,500 in most counties and rises to \$1,209,750 in high-cost mountain resort counties such as Pitkin, Eagle, and San Miguel. FHA is \$524,225 in baseline counties and matches the high-cost ceiling in the resort counties.

How do VA loan limits work in Colorado?

There is no VA loan limit for veterans with full entitlement, including in high-cost resort counties. Limits only apply when entitlement is partially used. VA is a strong fit near Colorado Springs, Fort Carson, Peterson, and Buckley.

Is USDA available in Colorado?

Yes, across much of the Eastern Plains, the San Luis Valley, the Western Slope, and many small mountain towns. Eligibility is tied to the property address and to household income caps, so check the specific address on USDA's eligibility map.

What are typical buyer closing costs in Colorado?

Plan on roughly 2%-3% of the purchase price for lender fees, title endorsements, closing fee splits, appraisal, recording, the documentary fee, and prepaid taxes and insurance. The seller customarily pays the owner's title policy.





Sources & verification

Every figure in this guide is checked against the primary sources below on each review. Limits and averages change; the live guide is always the current version.

FHFA - 2026 conforming loan limits

<https://www.fhfa.gov/data/conforming-loan-limit>

HUD / FHA - mortgage limit lookup by county

<https://entp.hud.gov/idapp/html/hicostlook.cfm>

HUD - Colorado homeownership & assistance programs

<https://www.hud.gov/states/colorado/homeownership/buyingprgms>

CFPB - buying a house: tools and resources

<https://www.consumerfinance.gov/owning-a-home/>

Not a loan approval, commitment to lend, or legal/tax advice.

ReadinessIQ scores your file against published underwriting guidelines. A formal approval comes only from a licensed lender after documents are verified and credit is pulled.





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