



 **glossary**

**Debt-to-income**

Your monthly debt payments divided by your gross monthly income.

 **did you know?**

**Home values**

Grocery stores may affect home values. [Click here](#) to learn more about top influencers.

 **interactive intersection**

**How much can I afford?**

[Click here](#) to use CHFA's mortgage calculators.

## mortgage insurance versus homeowner's insurance

Mortgage insurance and homeowner's insurance policies provide different kinds of protection. To help clarify the purposes of each type, here's an overview:

### **Mortgage insurance**

Mortgage insurance is designed to protect your lender should you fail to pay back your mortgage loan as agreed. It is typically required when your down payment is less than 20 percent. If you default on your loan payments, the insurance will protect the lender from losses resulting from the default. However, this insurance does not protect you from foreclosure or damage to your credit. It is important that you keep track of your home's equity in relation to your mortgage insurance. Some loan programs may allow you to cancel the mortgage insurance coverage if you meet certain criteria and you reach 20 percent equity of the original property value in your home, reducing your monthly mortgage payment.

### **Homeowners insurance (also called hazard insurance)**

Homeowners insurance policies are designed to protect your home against hazards that may cause physical property damage or loss. Hazards covered may include natural disasters, such as floods, earthquakes, hurricanes or storms, as well as fire or vandalism. Homeowners insurance may cover property loss or damage, medical payments, personal liability, and personal property.

*Portions of this article were sourced from Insuranceqna.com*

## dealing with debt

Debt affects many households, and to different degrees. According to the most recent Census data, 69 percent of U.S. households carry debt, which is primarily comprised of home mortgage and motor vehicle loans. Debt may seem overwhelming, but being wise

with your budget is key to keeping debt manageable. The following are tips to help you manage your debt at varying stages.


I'm in control:

- Be aware of your expenses by regularly analyzing your spending. Make adjustments as necessary to ensure your spending doesn't outpace your income.
- Make all payments on time. Late payments may result in costly late fees and interest hikes.
- If you are able, pay down higher interest debt as soon as possible. This will save you money in the long run.


I need help:

- If you experience a hardship, first contact your creditor(s) directly and inquire about modified payment plans.
- Consider the services of a credit counseling organization. A credit counselor can help you determine ways to manage your money and debt in ways that fit your unique needs.

Beware of unscrupulous debt relief services. According to the Federal Trade Commission (FTC), there are several red flags to look out for such as "too good to be true" claims and misleading sales tactics. Learn more at the [FTC's website](#).




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Colorado Housing and Finance Authority

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