

THE REAL ESTATE GUIDE FOR BUYERS

THE RIGGS BROKERAGE & ASSOCIATES, LLC



BUYING PROCESS

PRE-CONTRACT TIMELINE



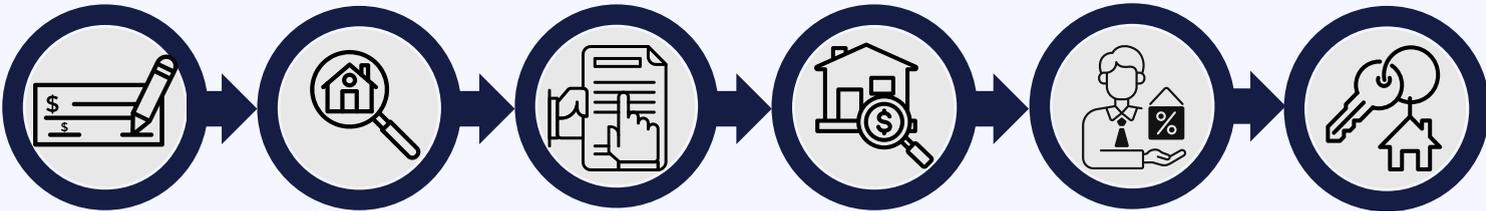
BUYING PROCESS

POST-CONTRACT TIMELINE

**Deposit Earnest
Money by
Deadline**

**Review Title
Commitment
Paperwork**

**Review Loan
Details &
Settlement
Statement**



**Schedule
Home
Inspection by
Deadline**

**Appraisal
Scheduled by
Lender**

**Final
Walkthrough &
Closing Day!**

DEFINITION OF WORKING RELATIONSHIPS DISCLOSURE

These are the different ways a real estate agent can represent you in a transaction:

Seller's Agent: A seller's agent (or listing agent) works solely on behalf of the seller to promote the interests of the seller with the utmost good faith, loyalty and fidelity. The agent negotiates on behalf of and acts as an advocate for the seller. The seller's agent must disclose to potential buyers all adverse material facts actually known by the seller's agent about the property. A separate written listing agreement is required which sets forth the duties and obligations of the broker and the seller.

Buyer's Agent: A buyer's agent works solely on behalf of the buyer to promote the interests of the buyer with the utmost good faith, loyalty and fidelity. The agent negotiates on behalf of and acts as an advocate for the buyer. The buyer's agent must disclose to potential sellers all adverse material facts actually known by the buyer's agent including the buyer's financial ability to perform the terms of the transaction and, if a residential property, whether the buyer intends to occupy the property. A separate written buyer agency agreement is required which sets forth the duties and obligations of the broker and the buyer.

Transaction-Broker: A transaction-broker assists the buyer or seller or both throughout a real estate transaction by performing terms of any written or oral agreement, fully informing the parties, presenting all offers and assisting the parties with any contracts, including the closing of the transaction without being an agent or advocate for any of the parties. A transaction-broker must use reasonable skill and care in the performance of any oral or written agreement, and must make the same disclosures as agents about all adverse material facts actually known by the transaction-broker concerning a property or a buyer's financial ability to perform the terms of a transaction and, if a residential property, whether the buyer intends to occupy the property. No written agreement is required.

Customer: A customer is a party to a real estate transaction with whom the broker has no brokerage relationship because such party has not engaged or employed the broker, either as the party's agent or as the party's transaction-broker.

NOTE: A real estate agent cannot be dual agency in Colorado. This means that an agent cannot represent a buyer and seller as their "Agent" in the same transaction. If a buyer does not have a real estate agent and wants to buy your home, your agent could represent them as a customer but cannot be their "Buyer's Agent". Your agent works solely on your behalf and cannot advise or negotiate for the buyer.

EXCLUSIVE RIGHT-TO-BUY LISTING CONTRACT

Things to know as a home buyer:

- All buyers are required to sign a written agreement with their agent before touring a home or receiving any other real estate services. This agreement is called the exclusive right-to-buy listing contract and outlines exactly what services will be provided and for how much.
- Written agreements are required for both in-person and live virtual home tours.
- You do not need a written agreement if you are just speaking to an agent at an open house or asking them about their services.
- Agent compensation for home buyers and sellers continues to be fully negotiable.
- When finding an agent to work with, ask questions about their services, compensation and these written agreements.

The exclusive right-to-buy listing contract includes:

- The services the agent will be providing.
- A specific disclosure of the amount or rate of compensation the real estate agent will receive or how this amount will be determined. The compensation must be objective (e.g., \$0, X flat fee, X percent, X hourly rate)—and not open-ended or a range.
- A statement that prohibits the agent from receiving compensation for brokerage services from any source that exceeds the amount or rate agreed to in the agreement with the buyer.
- A statement that broker fees and commissions are fully negotiable and not set by law.



Factors to Consider to Find Your “Dream Home”

- ✓ Check the history of property values, explore shops and restaurants, and talk to people about the area to get the “feel” of the place.
- Are you a family that enjoys plenty of space and privacy, or are you happy with the buzz and hubbub of having everyone together? Either way, you need to choose the space that fits your needs and lifestyle.
- ✓ It’s important to keep your emotions in check so you don’t overstretch yourself and risk your financial stability.
- Can you imagine yourself enjoying life there?
- ✓ Does it “spark joy?” We humans are emotional creatures, and it’s important to connect with a space we’ll call home.

Dream Home Questionnaire



Scan the QR Code

You will be directed to our Online Buyer Questionnaire Form. This form will help us understand what you want in your new home to begin your search.

Please fill out the form at your earliest convenience!

MORTGAGE APPLICATION

Personal Information

Name (Last) PUBLIC

Address (Mailing Address) Anywhere

E-Mail Address

Services needed

New Mortgage Loan

(First) JOHN

(City) Anywhere

(Middle)

(State) (Zip) 1234

Home Telephone (111-1111)

Work Telephone (11-1111)

APPROVED

DO LIST

- ✓ **DO** Keep original copies of your records, including bank statements, pay stubs, and any other important financial documents. If you don't have the original, ensure that you can access relevant employer and bank websites to acquire these documents.
- ✓ **DO** Notify and discuss with your loan officer if you are planning on using gift funds to finance closing or you have any recent employment changes, such as a transfer or pay raise.
- ✓ **DO** Keep and provide relevant documentation (such as contract, closing statement, etc.) of the sale of your current home, if applicable.

DON'T LIST

- ✗ **DON'T** change jobs or employers without discussing with your Loan Officer, as this may have an impact on your loan.
- ✗ **DON'T** Make any large purchases such as cars, and furniture, before or during your contract, as this may change your loan qualification.
- ✗ **DON'T** open, increase, or make major changes to your liabilities, including credit cards, other lines of credit, or student loans.
- ✗ **DON'T** close or open any asset accounts or transfer funds between accounts without talking with your Loan Officer about the proper documentation required for your loan.

IMPORTANCE OF GETTING PRE-APPROVED

- ✓ Getting pre-approved for a loan is the first step to ensuring that you can finance the home and is required by Legacy 100 before your agent can show you any homes.
- ✓ Getting pre-approved will determine what homes you will see with your agent. We won't show you homes you can't afford.
- ✓ You'll receive an itemized estimate of interest rates, closing costs, monthly payments, and the maximum amount you're approved to buy.
- ✓ A pre-approval requires an actual credit check and supporting financial documentation, which gives a precise, customized quote for every home buyer.

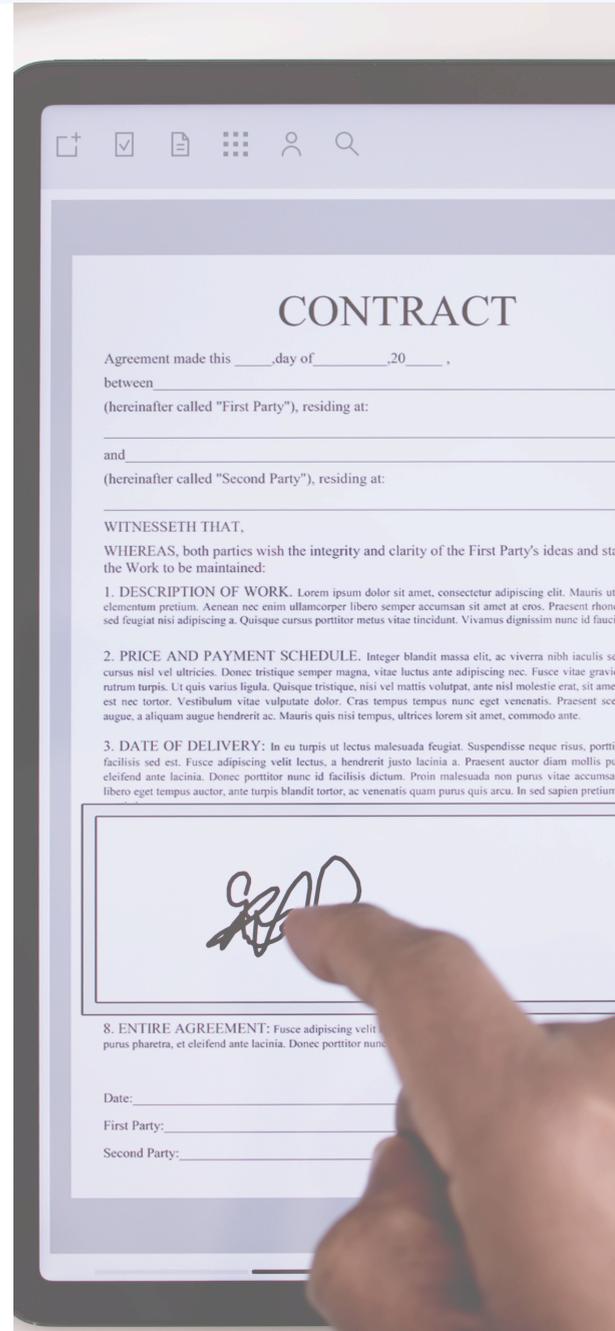
EXCLUSIVE RIGHT-TO-BUY LISTING CONTRACT

This contract hires your real estate agent to provide real estate services in expectation of a fee. Execution of this contract is required by our brokerage before any services can be provided by the agent.

Due to a lawsuit against the National Association of Realtors (NAR) buyer agents are no longer guaranteed a co-op commission from the seller (which has been the standard for the industry since 2008). You must discuss your ability to pay your agent with your lender to make sure you understand the cost if the seller is not paying a co-op commission, as you may be responsible for your agent's fee at closing.

Co-op commission is no longer posted online through MLS, so your agent will have to confirm with the listing agent if their seller is offering a co-op commission before submitting an offer.

If you want to put an offer on a house that is not offering a seller-paid, co-op commission, you are responsible for your agent's commission at closing.



BUYER BROKERAGE DISCLOSURES

Home Buyers Guide 2024 - Legacy 100: This document goes through the steps of the home buying process from showings to closing day. This will answer a lot of your questions and help you understand the steps involved when purchasing a home.

Radon and Real Estate Transactions: this document has a lot of information about radon. This does not require a signature, but has a lot of information if you are interested in learning more.

Definitions of Working Relationships: this disclosure describes the different ways a real estate agent can represent you and that you are aware of these different representations.

Exclusive Right-To-Buy Contract: a contract between Clay Tichota and the you, the buyers. An exclusive right to buy specifies that the selling agent is the only agent you've hired and he will be advising you and advocating for you throughout the transaction.

Addendum B - Exclusive Right to Buy: This disclosure goes through the exclusive right to buy in more detail and includes information when purchasing a New Build, the importance of inspections, and video surveillance during showings.

2024 Broker Advisory to Buyer on Investigations Buyer Should Conduct: This disclosure goes through all investigations or inspections that can be performed in any real estate transaction so you are fully informed.

2024 Home Buyers Guide Acknowledgement: Please sign this disclosure to acknowledge you have received and reviewed the buyer's disclosures listed in the document. Some documents on the list may not apply, so if you have any questions, feel free to ask.

Home Inspection Form: this disclosure explain the important of getting a home inspection during the due diligence period.

2024 Mold: Broker to Buyer: Advisory and Disclosure to stress the importance of investigating and testing for the presence of methamphetamine, mold, and the other environmental hazards on ANY real estate that you are contemplating purchasing.

2024 Mold: Seller to Buyer: this disclosure goes explains what mold is, what the seller is responsible for disclosing, and that the buyer has the right to investigate.



UNDERSTANDING THE CONTRACT PROVISIONS

Section 2: Parties and Property

Contains many subsections regarding the basics of the transaction, such as who the parties are and what property is being sold.

Section 3: Dates and Deadlines

Provides the various deadlines for the transaction, such as deadlines for the seller's disclosure of any problems with the home, buyer's receipt of any loans, and buyer's inspection of the home.

Section 4: Purchase Price and Terms

Details the purchase price. It breaks the total down into discreet quantities such as the amount of earnest money and the seller's financing.

Section 5: Financing Conditions and Obligations

Explains your financial conditions and obligations—whether you are the buyer or the seller. If you don't get a loan or you get one with unfavorable terms, such as high interest rates, then you can get out of the deal.

Section 6: Appraisal

Pertains to the appraisal of the home. In essence, the home will be appraised by a third party as a part of the buyer's financing obligations. The lender cannot give a loan that would exceed the cost of the home.

Section 7: Home Owners Association

If you are buying a home subject to a homeowners' association ("HOA"), you'll want to read through Section 7 and carefully review the HOA documents for its rules and regulations.

Section 8: Title Insurance

About title and title insurance. Essentially, this section of the contract requires the seller to sell a house with a good title. The buyer has the option to purchase Owner's Extended Coverage, which covers more than the typical title insurance.

Section 9: ILC and Land Survey

An ILC stands for Improvement Location Certificate and is used by title to verify the address, legal description of a property or locate any encumbrances or easements. If you need to define the boundaries of a property, a seller should order a land survey which is more detailed and can be used by the seller.

Section 10: Inspection and Due Diligence

Deals with the condition of the home; specifically, the seller disclosures, home inspection, and buyer's due diligence (i.e., investigating the quality of the home). Under Colorado law, the seller must tell the buyer about certain problems with the home, such as whether it contains lead based paint. This section provides the buyer with the right to terminate the contract if the home is in an "unsatisfactory condition."

SECTION 3: DATES AND DEADLINES EXPLAINED

Acceptance Deadline Date & Time – If the contract is not signed by the seller or a counterproposal has not been sent by this date, then the contract expires.

Sellers Property Disclosure Deadline – These forms should be completed and signed by the seller before going on the market so this date is not an issue.

Loan Application Date – Our firm’s policy is that you must be fully approved for a loan before we take you out and risk you falling in love with a property you might not qualify for. Therefore, when working with us, this will always say “Complete” next to it.

Inspection Objection & Resolution Deadline – The inspection objection date is the time by which the buyer must submit their objection contract asking for specific items to be replaced or repaired. The inspection resolution date is the time by which the seller has to send over what their plans are to resolve your inspection requests. If an objection is submitted, then a resolution must be signed by the deadline or the buyer must withdrawal their objection by the resolution deadline. If these are not satisfied, then the contract expires and the buyer gets their earnest money.

Title Deadlines –The buyer has contractual “outs” if they are not satisfied with the way the title documents read and/or any off record title issues disclosed by the seller. (An example of an off record issue would be if the seller agreed to allow their neighbor to cut across the back corner of the property for the next 5 years but no written document was recorded reflecting this).

Property Insurance Deadline – If the buyers are unable to insure the property, they would reserve the right to terminate the contract by this date. Things to pay attention to for this would be whether or not the property is in a floodplain and in need of flood insurance)

Loan Availability – this Contract is conditional upon Buyer’s satisfaction with the availability of the New Loan based on the lender’s review and underwriting of Buyer’s New Loan Application. The buyer does not have a Right to Terminate based on the New Loan Availability if the termination is based on the New Loan Terms, Appraised Value (defined below), the Lender Property Requirements, Insurability, or the Conditional Upon Sale of Property.

Closing Day – when all closing documents are signed, title transfers the home to the new buyers and transfers the funds to the seller.

AN OFFER IS
SUBMITTED
ON A
PROPERTY

WHAT
HAPPENS
NEXT?

Once you have a contract submitted to the seller, you must work with your agent who will negotiate your terms to the seller's agent and try to get to a deal that works for both the buyer and seller. This is a back and forth time, but if both agents are good at communication it can go very smoothly.

Here are your options once you have submitted a contract:

- The seller can sign the contract and accept the contract "as-is"
- The seller can send a counterproposal to change any terms, price or deadline dates
- The seller can reject the contract and not send a counterproposal

If your original contract is signed by the seller or both parties sign a counterproposal, then you are officially **UNDER CONTRACT** and you will follow the post-contract timeline and meet the contract deadlines so the contract stays valid.





LISTING DISCLOSURES

These disclosures are sent to you after you are under contract. Ask your agent if you have any questions or concerns on the disclosures. You will sign each disclosure to acknowledge receipt and review.

Seller's Property Disclosure

Sellers must reveal any known details about the property's condition and its defects in this disclosure. The water provider contact information needs to be in this document. Information on radon detection and mitigation is required as of 2024.

Square Footage Disclosure

The square footage disclosure states who measured the square footage of the property.

Closing Instructions

Defines the closing company and states they agree to provide settlement services in connection with a transaction for the sale and purchase of a property.

Lead Based Paint Disclosures

The lead-based paint disclosure must be issued to all tenants and potential buyers for residential properties built before 1978 to outline the property's history of exposure to lead-based paint. If there has been not lead detected or reported in the home, then the seller will select these boxes and sign.

Mold Disclosures

This disclosure educates the buyer about mold and their rights to an inspection. Please review the information that will be sent to the buyer and sign.



SKIP THE
INSPECTION?

NEVER
ADVISED!



A quality home inspection can reveal critical information about the condition of a home and its systems. If a buyer isn't comfortable with the findings of the home inspection, it usually presents one last opportunity to back out of the offer to buy.



A home inspection can detect safety issues like radon, carbon monoxide, and mold, which all homes should be tested for. Make sure that your home-buying contract states that should such hazards be detected, you have the option to cancel the offer to buy.



The home inspection report presents an opportunity to ask for repairs and/or request a price reduction or credit from the seller. Work with your realtor to understand what requests can and should be made to negotiate a better deal.



A home inspector can approximate the installation age of major systems in the home like plumbing, heating and cooling. Understanding when they require replacement can help you make important budgeting decisions.



The home inspector is a valuable educational resource. They can suggest specific tips on how to maintain the home, and ultimately save you thousands of dollars in the long term.



A home inspection can reveal whether rooms, altered garages or basements were completed without a proper permit, or did not follow code. Even new homes with systems that were not installed to code will become the new homeowners' financial "problem" to fix.



THE HOME INSPECTION

While walking through a house, try not to get hung up on the tiny defects. The repairs are typically very minor. Instead, dig into the severity of the issues to determine whether there are defects present that would prevent you from moving forward with the sale.

The inspector will go through the home and inspect the following:

Grounds And Exterior Structure

Basement

Attic

Bathrooms

Kitchen

Interior Rooms

Electrical Systems

Heating And Cooling Systems

Plumbing

After the home inspection, you receive a written report that covers the property's major features and outlines any issues or areas that may need attention.

A good inspector will walk you through the report and their findings, which include damage or wear in the home – no matter how minor. Because it's their job to make note of every flaw, your report will likely have a lot of issues listed in it. But not every item on the list should cause you concern. An inspector can help you separate the trivial concerns from the hazardous or red flags.

INSPECTION OBJECTION

In the inspection objection, the buyer lists any repair or seller concession requests in order to continue with the purchase of the home. The objection can also specify if a licensed and insured contractor is needed to complete the work.

Once an inspection objection is submitted by the buyer, the seller must submit an inspection resolution by the contract deadline OR the buyer must withdraw their inspection objection by the resolution deadline. If neither of these occur, then the contract is invalid.





INSPECTION RESOLUTION

Upon receiving the inspection objection, the seller has several options:

Agree to the Requested Repairs: The seller may agree to address the issues outlined in the inspection objection by completing the requested repairs or offering concessions to compensate for the costs. The inspection resolution will outline what the seller will fix before closing.

Negotiate: The seller may propose alternative solutions or negotiate the scope of repairs. A seller's concessions is sometimes offered so the buyers can fix the issues after closing.

Decline the Request: In some cases, the seller may choose to decline the buyer's request for repairs or concessions and ask the buyers to withdrawal their objection. If the inspection objection withdrawal is not signed by the deadline, then the contract is no longer valid.



WHAT IS AN APPRAISAL?

- ✔ An appraisal is an estimate of the current market value of a home completed by an appraiser using set evaluation criteria.
- ✔ In most cases, if a home buyer is getting a mortgage, an appraisal will be completed and ordered by the lender.
- ✔ The appraiser represents the interests of the home buyer's lender. They do not represent either buyer or seller.
- ✔ The lender will not lend more than a certain percentage of what the home is worth based on the appraisal.

Just because you and the sellers have agreed on a price doesn't mean it's a done deal —your lender needs to be on board, too. The lender will order an appraisal and a licensed, trained appraiser is assigned to the order. The buyer usually pays for the appraisal, unless the contract specifies otherwise.

An appraiser does not have the same job as a home inspector, who examines every little detail. While they'll pay particular attention to problems with the foundation and roof, the home appraisal process includes noting the quality and condition of the appliances, plumbing, flooring, and electrical system. With data in hand, they make their final assessment and give their report to the lender. The mortgage company is then required by law to give a copy of the appraisal to you.

WHY DO LOW APPRAISALS HAPPEN ?

A “house appraises low” if the value assessed by the home appraiser is lower than the purchase price agreed to between the buyer and seller. The home appraisal provides a snapshot of the appraiser’s opinion of the current market value based on similar closed sales in the area.

When the appraised value comes in below the contract price, it limits the amount a lender will finance because they base the loan on the appraisal. A low appraisal might delay or even derail your closing.

While this might sound alarming, it’s important to keep in mind that your real estate agent can help you manage the appraisal process and keep your sale or purchase on track to closing.



Artificially Inflated Prices
with Multiple Offers



Inexperienced
Appraiser



Many Foreclosed Homes
in the Neighborhood



Appraiser overlooked
pending sale data



Overpriced by Seller
and accepted by Buyer



ACTION ITEMS: 5-7 DAYS BEFORE CLOSING DAY

- ✔ Review your buyer's settlement statement when title has the final revision
- ✔ Schedule Gas, Electric, Trash, and Homeowners Insurance for the day of closing. Title transfers Water & Sewer, so there is no action needed by you.
- ✔ Schedule the time you will sign your closing documents with title. If you have a mortgage, you have to sign on the day of closing due to lender regulations
- ✔ Schedule the final walkthrough the day before of day of closing.
- ✔ Wire funds a day before closing or bring a cashier's check to closing. Call the closing officer directly for their wiring instructions!
- ✔ Gather any keys, garage door openers, manuals, warranties, instructions manuals, or anything else that the buyers may need.



CONGRATULATIONS!
YOU'RE CLEARED TO CLOSE!

CLOSING DAY EXPECTATIONS

- ✔ Bring your Driver's License and second picture ID...just in case
- ✔ Verify with your agent that title has received the funds. Or bring your cashier's check to closing!
- ✔ Signing your closing documents takes about one hour
- ✔ Funds transfer once both parties have signed their closing documents and title initiates the transfer.
- ✔ Your agent will give you the keys at closing!

What is closing day?

It's the actual date on which the ownership of the house transfers from the seller to the buyer.

Funds do not transfer on the day of closing until both parties have signed all closing documents. Sellers can sign early once title has the final settlement statements. If the buyer is getting a mortgage, they have to sign on closing day.

You will get a packet with your signed closing documents. Keep the Settlements Statements, Warranty Deed and Bill of Sale for your records.

You can also write a review for your real estate agent if they did an amazing job! They are referral-based and your review and referrals help them grow their business!

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