

# The first time home buyer guide



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**Air Force Retiree still Serving my Community**

# How Real Estate is bought and sold in Colorado

## Are you questioning if it's better to buy or rent?

- The basic answer is if you are only going to live somewhere a short time, then it's probably better to rent. If you might stick around, then buying is probably the best bet. A house or condo will normally appreciate, you will build equity, and you can use this house as a financial stepping stone for the next house. A rental doesn't have any of these benefits. Each person's financial situation is different. Even if you think you can't afford to buy, or if you have a credit issue, talk to a lender. They can explain the home buyer assistance programs. It doesn't cost anything to talk and they may surprise you.
- Even when the interest rates are up, it's typically better to buy, and then refinance when the rates go down.
- Check out this internet article, calculator, and do your own queries.
  - Owning vs Renting: The Pros and Cons (<https://cohomeblog.recolorado.com/owning-vs-renting-pros-cons/>)
  - A rent-vs-own calculator (<https://www.recolorado.com/mortgage/rent-buy-calculator>)



## The basic home buying process

Basic House Buyer Checklist	
1	Meet with your REALTOR <sup>®</sup> and sign representation contract
2	Explain specific requirements needed and importance of each item (got to have vs like to have)
3	Meet with your lender and get full approval
4	Search for perfect home
5	Make an offer
6	Negotiate
7	Go Under Contract
8	Conduct Inspections
9	Perform Due Diligence
10	Re-Negotiate if necessary
11	Lender Approval
12	Final Walkthrough
13	Close
14	Post-Closing

## 1. Meet with your REALTOR® and sign a representation contract.



- You should get to know, like, and trust your REALTOR®. Make sure you mesh with them, and you feel comfortable with them. They are handling one of the largest purchases in your life and you should feel you can benefit from their real estate knowledge.
  - You should feel comfortable in the presence of your REALTOR®. If the hair on your neck goes up, trust your gut instinct and move on go to the next one. Remember they will be spending lots of time with them, going out with them to look at homes, and you will often be alone with them for long periods of time. Getting to knowing them will help you know, like and trust your REALTOR®.
  - I personally want a long-term relationship with my clients. The average individual moves every 7 years. I not only want your current business, but more importantly your trust, friendship, referrals, and future business. One of my pamphlets tells you all about me. You should also get to know, like, and trust me.
  - I retired from the United States Air Force after 22 years of active duty service. My wife is also a military retiree. We both come from strong military families, are very active in the American Legion, and our local community programs. I was an intelligence analyst while in the Air Force, and use my analytical mind to help my clients in the analysis of properties, homes, and real estate situations. You can tell from my picture I am not a young kid, nor am I a pretend glamour-shot model like many agents, but my wife and most cats & dogs like me, so that has to say something.
- The representation contract gives me the legal right to represent you, make offers, negotiate for you, protect you (through my Errors & Omissions insurance), ensures all the legal requirements are accomplished, and solidifies the state of Colorado requirements I must accomplish in your service.
- The role of a buyer agent is to make sure you understand the whole buying process, help you fulfill your buying obligations, and will watch your back. There is tons of paperwork, legal requirements, time deadlines, and hidden items I will deal with as the buyer agent. You can call me at anytime if you have any questions. I am your wingman and knight in shining armor. If I don't know the answer, I have a team standing behind me to assist me.



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- While I have contractual obligations with you, you as the buyer also have moral obligations to me. The part you play as the buyer is fulfilling your role as being part of your buying team.
  - The main obligation the buyer has is to be responsive to my telephone calls, emails, and texts. If we find a place, we need to make an offer as soon as possible. If we submit an offer, and they counter, we must be able to deal with a short time response. If I get a hot lead on a property, I want to get it in front of you as quick as possible.
  - Buyer's needs to keep me informed of any issues which may affect the deal, and I must also do the same. These issues could include inability to get financing, major personal financial issues or changes, separation/divorces, major sicknesses, transportation issues, job loss, unscheduled trips, or family emergencies. As your REALTOR® I may have options you didn't consider.
  - Don't discuss your home searching on open social media beyond talking about moving in general terms. If you rant and rave about how much you love a place and this is "the place". These comments may be seen by the seller/seller agent and can use this information against us. If you state you are getting desperate due to your lease ending, sellers can also use this to force negotiation issues.



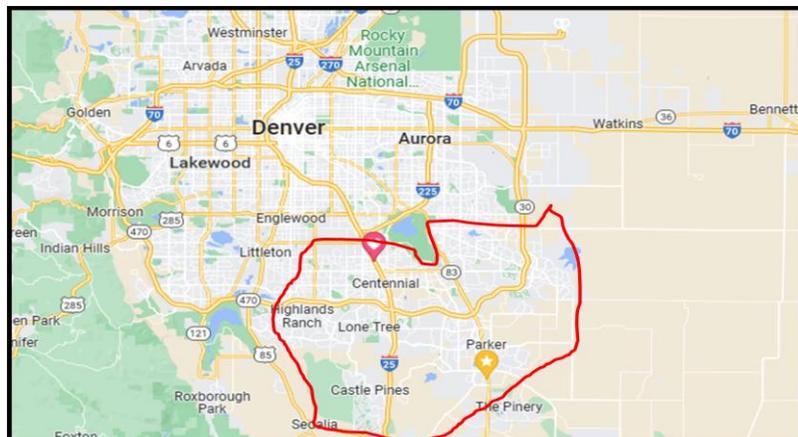
- One of the first and main questions everyone asks is "How much do you charge to be our agent"? Typically nothing... the sellers pay the buyer's agent fee. The buyer has an advantage while purchasing real estate, as a buyer agent's commission is typically paid by the seller of the home. The seller pre-determined the commission fee when they listed their property in the MLS. This means my representation typically costs you nothing. There are rare exceptions such as buying a house from a FSBO (pronounced Fizbo) aka For Sale by Owner, or some discount agencies, which I will discuss when we go over the representation contract.
- I provide serious value to my clients – always up and beyond, but I am not a charity and I have brokerage fees, MLS fees, software fees, photography fees, insurance, and other business-related expenses; including food and shelter for my wife and fur babies.

## 2. Discuss and determine the requirements for the property you desire.

- Determine your basic home requirements. Also identify which items are firm requirements or nice-to-have.
  - Price range
  - Location (outlined on a map is very helpful)
  - Type of house
  - Size
  - Number of bed/bath
  - Garage/parking
  - Style
  - Acreage
  - Animal requirements
  - HOA



- I take these basic requirements and program the MLS to send you automated email messages when a house becomes available which matches your requirements. I will program the MLS to start sending you available properties. If you get overloaded on properties, we can tweak the system to be more specific.
  - You need to be candid on which items are flexible in order to ensure we program the MLS properly and not omit any properties you could live with. If you state you want a 2-car garage, would you accept a 3-car? Would you happily accept a 1-car garage, with a metal outbuilding capable of parking 2-10? If you want a 4-bedroom house, but it's your plan on using 2 of the bedrooms as an office or exercise room, make sure you explain this to me. We might be able to find a 2 or 3-bedroom house with additional rooms (which cannot be classified as bedrooms), which would be usable as an office or exercise room.
  - You can look on line, but don't bother visiting actual homes until you are fully approved. It is a waste of time for you, me, and the seller because by the time you are fully approved, these places could be sold or under contract. You also need to know how much house you can afford, as everything hinges on this amount.
- Draw out your desired geographic area on a map to discuss with me as I may have additional ideas and concepts to highlight for your consideration. Take your work commute route, choke points, and rush hour traffic times into consideration. Don't do like I did years ago, and forget about the sunrise/sunset issue. I lived in the foothills and worked on the east side of Aurora. Driving east in the early morning and west in the late evening caused a major glare issues and was a general pain in the posterior.



### 3. Have a long talk with your lender

#### Get your lender's "Full Approval and not just "pre-approved"

- Talk to your lender and determine which programs are out there which will give you the best rate, assistance if needed, and you limitations on price.
  - You will need to provide the lender numerous document (pay stubs, W2's, tax statements, bank statements, Veteran DD-214 (if a veteran), and other requested items). These are critical for getting fully approved.
  - Be totally honest with your loan officer with your financial information, and do not omit debts or liabilities. If there are issues, he may have a work-around, ways to immediately improve your credit score, or programs which could help get you into a home.
  - You should also discuss where want to live with your lender. If you are considering rural, there are additional lending options available which are not available within the city, and your lender should know this (e.g., USDA loans (including non-farm/ranch loans) anywhere in Elbert County).

#### Programs beneficial to buying a home

- There are a variety of statewide and local programs to help first-time home buyers and those needing help buying in Colorado. Each of these programs have their own rules concerning who is considered a first-time home buyer. If you bought years ago, or have been living in a rental, check out the requirements for each program as you might be considered a first-time home buyer per the program rules.
- There are numerous programs designed to help first time home buyers. Some of these programs are only available in certain counties, cities, areas, or neighborhoods. Talk with your lender, who will have the details on all these programs, and possibly additional ones. Check with different lenders as they may have in-house programs. This lists changes without notice. Do some internet queries concerning "Colorado first time home buyer programs"; and also check out <https://themortgagereports.com/77364/colorado-first-time-home-buyer-programs-grants>.
  - CHAC (Colorado Housing Assistances Corporation) – No grant, only loans.
  - CHFA (Colorado Housing and Finance Authority) – Down payment non-repayable assistance grants of 3%.
  - CRHDC (Community Resources and Housing Development Corporation)
  - Colorado PATH Program
  - DPA (Down Payment Assistance) – Programs and eligibility requirements vary by area. They can provide grants and loans to cover various expenses.
  - FHA – Federal Housing Authority
  - MMA – Metro Mortgage Assistance Program
  - USDA – United States Department of Agriculture – Includes residences and not only for farms/ranches, but by county (like Elbert).
  - VA – Veterans Administration – Hands down best bet for veterans. I have met many veterans who have major misconceptions concerning the benefit and difficulty of getting a VA loan. Things have changed (1) As of Jan 2020 there is no maximum VA loan limit; (2) It's easy then many other program (3) It's the best program, and (4) if you are a veteran, and don't at lease talk to a lender, then you loose out on our best veteran benefit.
  - NeighborhoodLIFT – can provide \$15,000 down payment assistance (Adams, Arapahoe, Denver, Douglas or Jefferson County).
  - Lender Conventional
  - Various lenders have special programs
    - At times there are programs for educators, medical, first responders, and other professions.
    - Down payment assistance program – conventional - Guild Mortgage
    - Home Possible/Home Ready – Supreme Lending
    - 1% Down – New American

- When you find your dream house you need to be able to make an offer quickly. In a seller's market, they could receive multiple offers. In a buyer's market, there will be more houses on the market, but you will still be competing against other buyers. Sellers in either market may not be willing to wait for someone to get fully approval. When an offer is made, the seller agent will probably request a lender letter before they will accept an offer. They will take a fully approved buyer over a pre-approved buyer any day.
- Get your earnest money ready. We typically only have a day after the offer is accepted to get this deposited with the title company (a valid personal check).



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### Avoid the following financial issues

- Buyers should not do the following things prior to buying a house as they can cause major impacts to your credit score and could hurt your ability to get a loan.
  - Banks:
    - Don't transfer large sums of money between bank accounts. If you need to do so, check with your loan officer to ensure you have the right documentation **BEFORE** you make the transfer.
    - Don't make large random or undocumented deposits without checking with lender.
    - Do not change bank accounts.
    - Do not co-sign any other loans.
  - Credit Cards:



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- Don't close any credit card accounts. This may change your credit ratios, which help determine how much mortgage you qualify for.
- Do not use charge cards excessively.
- Do not open new credit cards – even if you get 20% off at the department store – resist the temptation.
- Don't make big purchases on the existing credit cards. The time to buy the new furniture and appliances on credit is **AFTER** you own the home, not before.



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- Cash:
  - Cash is not good for buying a house. Cash you intend to put toward a house must be in a bank for 60 days to ensure it's clean and not from illegal sources.
  - Don't accept a cash gift from family or friends without filing the lender's "gift" paperwork.
- General Items:
  - Don't forget to pay your bills on time -- even the ones in dispute.
  - Don't buy or lease a new car or you may find yourself living in it.
  - **No Job Changes** (if you can help it) - Don't quit your job to change industries, start a new company, switch from a salaried job to a heavily-commissioned job, or to a 1099 independent contractor position.



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#### 4. You are ready to search for your dream home.

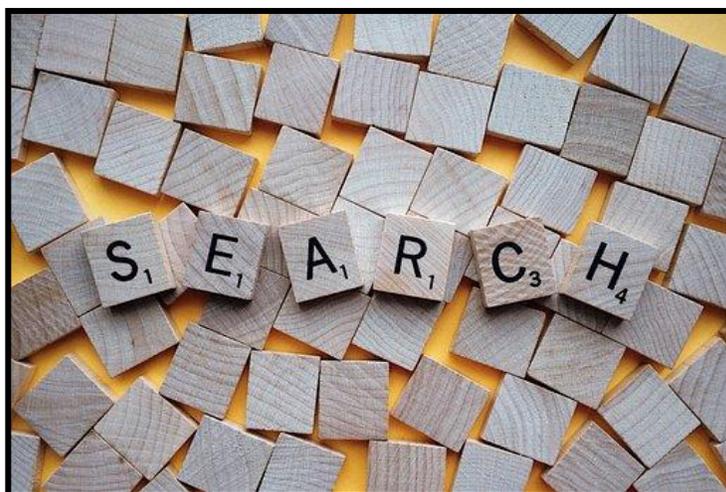
##### Work closely with your agent.

- Keep him information on all aspects of your financial situation.
- Always have a Plan “A” and Plan “B”
  - If you are living in an apartment, have a plan “B” if we find a house prior to your contract expiring; or a plan “C” if we cannot close till 2 months after your rental contract expires. Be prepared.
  - Don’t express your motivation for finding a home on social media. You can state you are looking and the general requirements. Don’t put how quick you need one or how desperate you are. As a buyer agent, I will be looking on the seller’s side to find out what I can about the seller’s motivation to use against them. Don’t help the selling agent.



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- As I said before, I take your basic requirements and program the MLS to send you automated email messages when a house becomes available which matches your requirements. I will program the MLS to start sending you available properties. If you get overloaded on properties, we can tweak the system to be more specific.
- When the MLS sends you a new property which might be of interest, conduct an initial drive by of the house, neighborhood, and consider crime, car/truck traffic noise, train tracks, commute issues (including sunrise/set) and aircraft noise. Take a close look at your neighbors and decide if you could live next door to them.



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- If you see a house which passes your initial inspection, then I will make an appointment to view the inside of the house. Don’t bring any pets or more kids than you can control. Kids touching or playing with things in the house have caused legal problems and issues.
- Many people unfortunately use Zillow to help them search for a house. During real estate training classes, numerous instructors stated only 60% of the listings on Zillow are accurate, so the inverse of this is 40% of the listings are wrong. They keep listings on their system for months or more after being sold (wow... look how many listings we have). Your best bet is using [www.realtor.com](http://www.realtor.com) as these are hooked up directly to the MLS.



### Smile you could be on Candid Camera.

- When actually touring houses, be aware you could be under the surveillance of cameras. Most have video and sound. Don't give away details which could be used against us in the negotiations. [Example: *"this is the only house we have found after two months of searching. This is the place"*]. The seller will play hard ball and not negotiate on any aspect. We could find a cracked foundation, and they will not bring the price down.

### Keep yourself out of trouble

- Don't visit any property without me. Don't get into conversations with the seller or seller agent, as they want to obtain information they can use during negotiations. Also keep this in mind when you talk to neighbors about the neighborhood. You could be talking to a family member or close friend. Also if we have been through a house together, don't go back on your own and walk around (viewing from the street is acceptable). But stay off their property, walking around the house, and looking in windows could get you arrested and hurt your ability to buy a house. If you want a second look at a property, we can make arrangements to re-visit.



**WARNING NOTE:** Never go back to the house after the showing time and walk around the property without your agent contacting the seller. This could be considered trespassing or worse. Also don't get into discussions with the seller or the neighbors, as people tend to talk too much, which could cost us our negotiation edge.

## 5. Conduct analysis and make an offer.

- We will make only one active offer on one house at a time. This falls under the category of “good faith”.
- Once we find a house, I will pull market comps for the property, and you will determine what you are willing to pay and the conditions. The buyer should expect many of their offers to be rejected, ignored, or countered. Many buyers will make multiple offers on different houses till they finally get one accepted. The seller may not even respond to an offer and just leave us hanging.



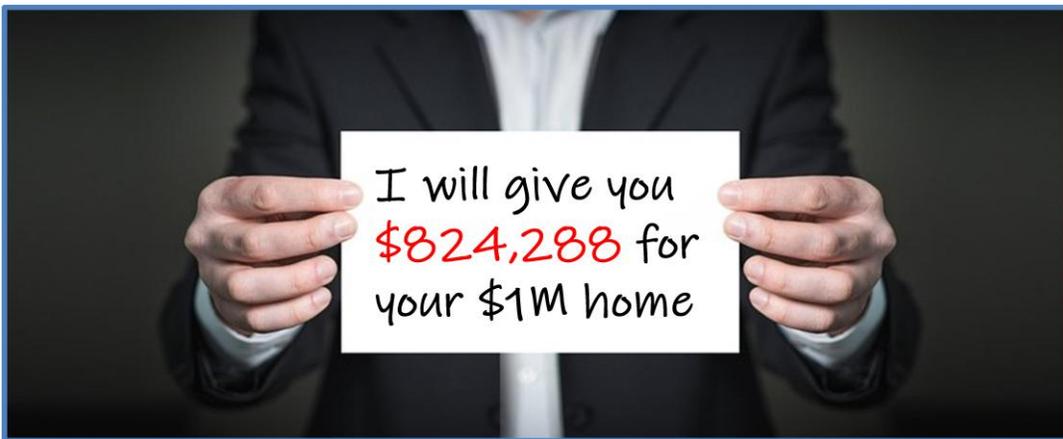
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- I will prepare the offer contract (CBS – Contract to Buy and Sell) based on the price and terms you choose. Everything concerning a real estate purchase is handled with electronic signatures over the computer, except for the actual closing, which requires wet signatures. If you don't have an email or are not computer literate, I can help accommodate your needs, but it will take us more time.



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- Some buyers try low ball offers from the beginning. Remember the seller could be receiving multiple offers, and will typically make a firm decision from those in front of them. They will toss-out lowball offers and will not even consider countering. If the property has been on the market for an extensive period, and has numerous issues, only then will a low ball offer strategy possibly work.



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## 6. Negotiations



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- I will be your conduit to the seller's agent, and negotiate in your best interest. I will look for the seller's motivation for moving, property issues, and give you my opinion on issues and recommendations. You will have final decision on what you want to do.
- Don't get emotionally attached over any specific house and be willing to walk away. You have to expect the majority of our offers to be rejected, ignored, or countered. Humans buy on emotion and justify with logic. It is in your best interest to treat this process as analytically as possible with sound, logical decisions. The numbers should always be the most important piece of the deal for you. The moment you get attached to a property, it becomes hard to walk away, and you could accept terms which you shouldn't. There is no such thing as a perfect deal. There are always other properties.
- Sellers can tell when you "need" a deal or you have become emotionally attached to the property. This vibe is not easy to conceal. This results in lost negotiation powers, and makes you more susceptible to agree to a deal which may not be very solid.
- One elderly lady told me it appears it would not be in the best interest of a buyer's agent to negotiate the price down, because the buyer agent will lose commission. In response to this: (1) I have taken an oath to represent my client and negotiate with their best interest as my top priority. (2) We will negotiate it to the price you decide you are willing to pay, not to any price I select. I will give you my professional opinion, but the final decision on price and conditions is yours. I am just your conduit. (3) In a simpler light; for every \$1,000 reduction in price, the agent's commission drops a whole whopping \$20-28 depending on the seller determined. I am not concerned with this pittance as I will earn an honest respectable paycheck for my efforts.

## 7. Under Contract & Deposit earnest money.

- Once the house is under contract, we have a short time (typically within 24 hours) to get the earnest money deposited with the title company. This is typically a personal check which you will have to physically deliver to the title company selected by the seller.



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## 8. Inspections.

- We established specific dates within the offer contract. We must complete our inspections, surveys, due diligence, and complete all the lender requirements by the date specified.
- Doing inspections is a buyer's right and prerogative, but it is my belief they are well worth the cost. If you skip any aspect of any inspection, it is against my professional advice.
  - Types of inspections: Property, meth, radon, roof, insect, survey, mold, well/water, and sewer/septic.
- We should ensure the appliance records, warranties, and owner's manuals are provided for the inspection.



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## 9. Due diligence

- The buyer will, with my assistance, review the seller's disclosures (they are not legally required to provide them), HOA, neighbors, zoning, animals, liens, insurance, ordinances, title, tenants, flight paths, flood zones, and any other sources the buyer can find (crime stats, Megan's law, and school reports).



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## 10. Renegotiate if necessary

- If we find issues, we can submit a counter offer to the seller with the list of items we want taken care of. The seller has the right to accept, reject, or counter. If the two parties cannot agree, the offer contract dies at this point.
- If we need more time due to some unforeseen issue, we will submit an amend/extend contract supplement. If we submit this supplement, and it's rejected, the contract is voided at this point, unless both parties agree to continue the original contract.

## 11. Lender appraisal and financial approval



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- Because appraisals are expensive, the lender we will not get an appraisal until after the primary house inspection, and after any resultant re-negotiations are completed.
- The lender will have an appraisal conducted and this is a critical point. If the appraisal comes in too low, they will not fund the property for more than this amount. We may have to renegotiate or you could fund the difference.
- Be wary of Wire Fraud



**WARNING NOTE:** If the buyer receives any phone calls, text messages, or emails concerning changes in the wiring instructions.

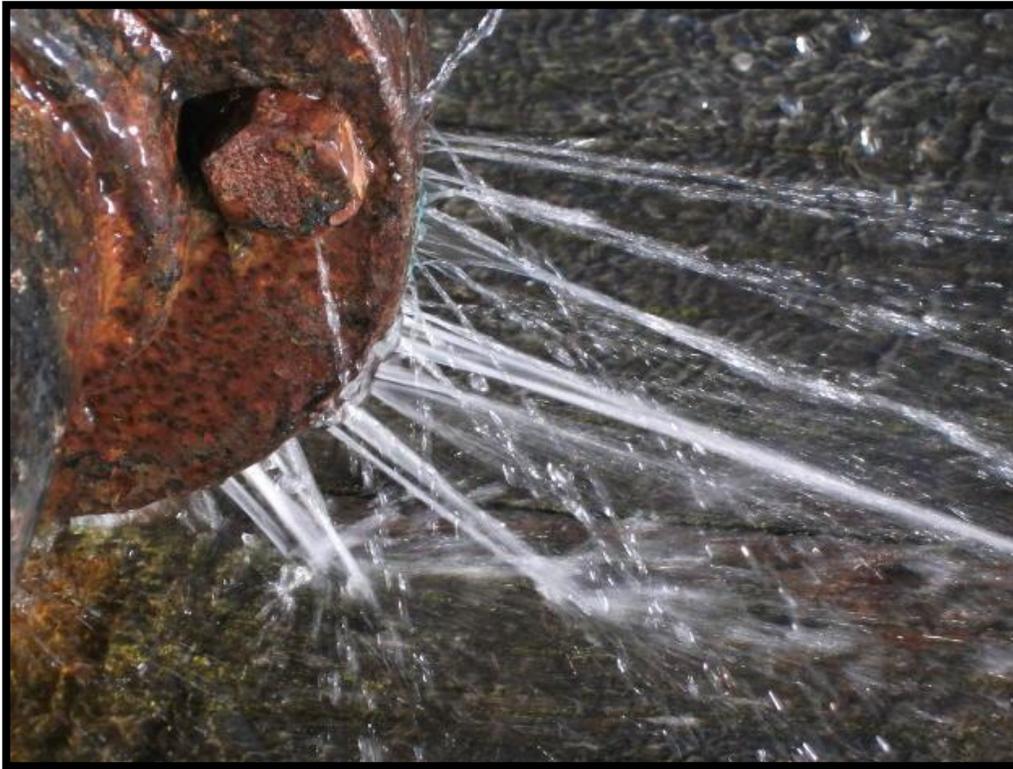
### **DO NOT ACCEPT THESE CHANGES.**

Only accept wiring instruction changes in person from the closer at the title company or personally from your lender.

- One method is criminals hack into the email accounts of real estate agents/closers or someone involved in the transaction, or send a message that closely resembles their email address, informing the recipient (often the buyer), that there has been a last minute change to the wiring instructions.
- If the buyer follows these instructions, the funds will be wired directly to the hacker's account, which will be cleared out and closed in a matter of minutes. The money is almost always lost forever.

## 12. Any last minute issues, re-negotiations, and then final walkthrough

- If any issues arise, or the appraisal comes in too low, then the buyer will need to make some quick decisions.
- At some time on closing day, prior to the actual closing, we will conduct a walk-through inspection of the house to ensure the house was not damaged when they moved out, the house has not been vandalized, or anything more severe. We will also make sure any required repairs were completed as agreed upon.



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- Things we don't want to see during the pre-closing walkthrough -



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## 13. Closing



- The closing is the actual transfer of funds and the property between the parties. Remember, the house is not yours till we actually sign the papers and close. Tell your agent you want to pre-read the documents to be signed. This will save valuable time at closing and the title representative would appreciate it.
- Remember to bring two valid ID cards to closing (for each person on the deed).
- Get the keys, remotes, and your mailbox location/combo (if applicable).
- The buyer must fill out a Real Property Transfer Declaration (TD-1000) (example below) at closing. Your agent can provide a sample to fill out and take to closing. County assessors use the declaration form to help ensure real property assessments for property tax purposes are fair and uniform. Example: If the price of the house was discounted for a family member, this should be documented on the form. The County will subtract any personal properties to determine the actual price. Sales price – seller concessions – personal prop = Actual Price.
  - The TD-1000 form is not recorded, and not available for public inspection.
  - This form is not used to collect sales or use tax.
  - This covers the transfer of any of the personal property left on the property, and can include anything (for example: sheds, new carpet, appliances, or tractor). The buyer must determine a price. Don't put \$0 as the price. This could be construed as loan fraud.
  - The buying client may receive a second form from the county after closing. They must fill it out exactly as at closing. If not, there could be a fine.
  - This form will be filled in during closing. The buyer will also receive this a second time after closing from the county. Make sure to fill it out exactly the same as the one at closing. If not, the county could impose a fine.
  - The title company typically sends in this form and must be presented to county assessors within 30 days if not sent with the deed. Failure to send could result in fine of \$25.00 or .025% of the sale price (\$500k house is \$12,500), whichever is greater, and can be imposed yearly thereafter.
- Move in your new home, but only after the agreed possession time. If the sellers are not out, they could face repercussions.



**WARNING NOTE:** Buyers - Do not move a single item or bring an animal onto the property before the agreed possession time. Better to be safe than sorry. This could be considered breaking and entering.

## 14. Post Closing

- The county may send you a second TD-1000 declaration form after closing. It must be fill it out exactly as the one at closing. If not, there could be repercussions such as a fine.

### TD-1000

This form provides essential market information to the county assessor to ensure accurate, fair and uniform assessments for all property. **This document is not recorded, is kept confidential, and is not available for public inspection.**

**This declaration must be completed and signed by either the grantor (seller) or grantee (buyer).**

Questions 1, 2, 3, and 4 may be completed (prefilled) by a third party, such as a title company or closing agent, familiar with details of the transaction. The signatory should confirm accuracy before signing.

This form is required when conveyance documents are presented for recording. If this form is not completed and submitted, the county assessor may send notice. If the completed and signed form is not returned to the assessor within 30 days of notice, the assessor may impose a penalty of \$25.00 or 0.025% (0.00025) of the sale price, whichever is greater.

Additional information as to the purpose, requirements, and level of confidentiality regarding this form are outlined in Colorado Revised Statutes, sections 39-14-102, 39-5-121.5, and 39-13-102.

1. Physical Address and/or legal description of the real property sold: Please do not use P.O. Box numbers.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Type of property purchased:  Single Family Residential  Townhome  Condominium  Multi-Unit Residential  
 Commercial  Industrial  Agricultural  Mixed Use  Vacant Land  Other \_\_\_\_\_

3. \_\_\_\_\_  
Date of closing: mm/dd/yyyy

\_\_\_\_\_   
Date of contract: mm/dd/yyyy

4. \$ \_\_\_\_\_  
Total Sale Price: include all real and personal property

\$ \_\_\_\_\_  
Contracted price (if different from final sale price)

5. List any personal property included in the transaction that materially impacts the total sale price. Personal property may include, but is not limited to: machinery or equipment, vehicles, exceptional appliances, electronic devices, furniture, or anything that would not typically transfer with the real property (attach additional pages if necessary).

Description	Approximate Value
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Personal Property Total:	\$ _____

If no personal property is listed, the entire purchase price will be assumed to be for the real property.

## What types of real estate professionals are there?

- In Colorado, Real estate transactions are generally handled by real estate professionals.
  - They may be called a “broker”, “associate broker”, “agent” (slang), or “REALTOR®”; and there only subtle differences between the terms:



- A broker typically owns/manages the brokerage and holds the licenses of their agents, associate broker or REALTORS®, who are basically independent contractors. The agents or REALTORS® have signed on with the broker and “hang their license” with the brokerage. They can only hang their license with one brokerage at a time. Each agent or REALTOR® conducts their own business, but the brokerage has the State of Colorado delegated legal oversight and responsibility for all of the licensees they hold.
- There are limited differences between agent, broker, associate broker, and REALTOR®, but basically each of these are required by the state of Colorado to fulfill specific contract requirements with clients as decreed by the Department of Regulatory Affairs of Colorado (and these requirements are listed on the representation contract). Failure to do so leaves them open to legal action. A REALTOR® has taken additional training and sworn an oath to uphold a specific set of ethics. These ethics are almost identical to my ethics, so it poses no problem or conflicts with me.



- All the above have to be licensed by the state and can arrange real estate transactions, usually through the establishment of a contract establishing a fiduciary relationship with either the buyer or seller. The contract is actually between the brokerage (represented by the agent, associate broker, or REALTOR®) and the individual seller or buyer. If the agent, associate broker, or REALTOR® quits, dies, or fails to do their contractual requirements, then the brokerage will appoint someone else to handle it.
- Many agents, associate brokers, and REALTORS® work on the team concept and have licensed and unlicensed agents and assistants performing various aspects of the transaction.

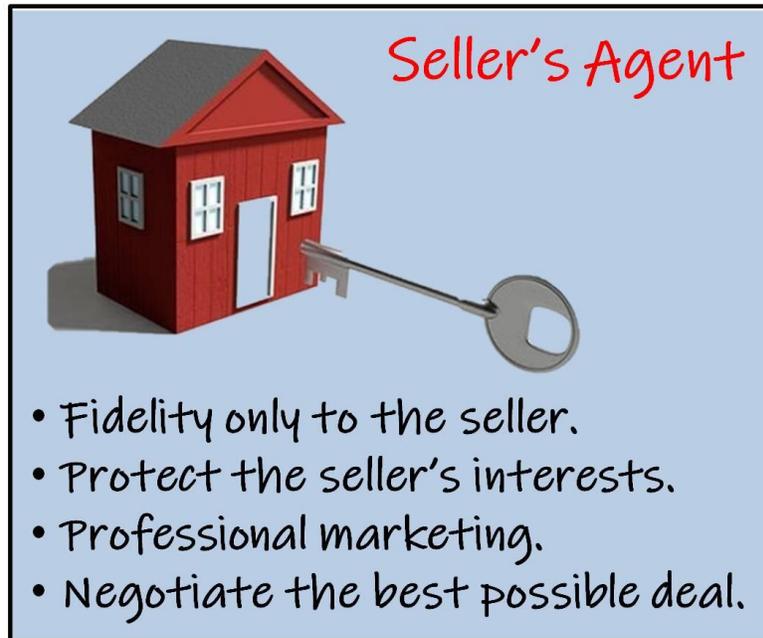
- Unlicensed assistants **may not** do the following:
  - Negotiate, list, or sell real property.
  - Prepare legal documents such as listing and sales contracts.
  - Offer opinions, advice, or interpretations.
  - Disseminate or distribute information on listed properties other than those prepared by the employing broker or salesperson.
- Unlicensed assistants **may** complete the following tasks:
  - Complete forms prepared for, and as directed by a broker. Unlicensed assistants cannot independently draft legal documents such as listing or sales contracts, and they cannot offer opinions, advice or interpretations of these documents.
  - Distribute preprinted, objective information prepared by the broker about a property listed for sale.
  - Perform clerical duties, including gathering information for a listing.
  - If authorized by the seller, provide access to property, conduct showings or open houses.
  - Deliver paperwork to other brokers, buyers or sellers.
  - Deliver paperwork which requires signatures on finance documents prepared by lending institutions.
  - Prepare market analyses on behalf of the broker, if the analyses are approved and submitted by the broker to the client with a disclosure the market analyses were prepared by the unlicensed assistant. The broker must ensure market analyses comply with Commission Rule E-42.
  - Collect and receipt for earnest money deposits.
- In many states, an attorney is required to be involved to handle or create real estate contracts, but this additional cost is not required in Colorado. Licensed real estate professionals are legally authorized by the state to write and execute real estate contracts.
- Discount companies who perform no action beyond listing the property on the MLS, are not allowed to operate within Colorado. All brokerages (including discount or flat-fee companies) have to fulfill all the same State of Colorado legal obligations as licensed real estate professionals. Discount or flat-fee companies should be avoided, as they typically won't do anything beyond the minimum duties, and have no vested interest if the home sells for the market value, way above/below value; and they don't care how long it takes because they have already been paid.
- Title company representatives handle all the title work, deal with all the closing paperwork, handle wiring instructions, and file the transfer with the specific county where the property is located. The agents have final oversight responsibility. The brokerages are required to maintain copies of all transactions and some companies charge for this service.



## Roles of Brokers in Colorado

- There are basically four types of broker roles utilized in Colorado: “Exclusive Seller”, “Exclusive Buyer”, “Transaction Broker” (TB), and “customer”.

### Exclusive Seller Agent



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- Seller's Agent – Within Colorado, real estate agents representing sellers should:
  - Provide fidelity only to the seller.
  - Exercise reasonable skill and care for Seller
  - Protect the Seller's interests.
  - Provide professional marketing.
  - Negotiate the best deal possible, and as quick as possible.
  - Offer marketing options.
  - Skilled at ethical negotiations.
  - Extremely skilled at transactional details.
  - Be well trained on the legal and title issues.
  - Perform the terms of any written or oral agreement.
  - Present all offers to and from seller in a timely manner regardless of whether the property is subject to a contract for sale.
  - Disclose to Seller adverse material facts actually known by Broker.
  - Advise seller to obtain expert advice about any material matters which are beyond the Broker's expertise.
  - Account in a timely manner for all money and property received.
  - Broker must not disclose the following information without the informed consent of Seller:
    - The seller is willing to accept less than the asking price for the property.
    - What the motivating factors are for seller to sell the property.
    - The seller will agree to finance terms other than those offered.
    - Any material information about seller unless disclosure is required by law or failure to disclose such information would constitute fraud or dishonest dealing; or any facts or suspicions regarding circumstances which could psychologically impact or stigmatize the property.

## Exclusive Buyer Agent



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- Buyer's Agent – Within Colorado, real estate agents representing buyer should:
  - Fidelity only to the buyer.
  - Protect the buyer's interests
  - Look for the seller's weak link of urgency & motivation.
  - Ethically negotiate the best deal possible.
  - Be extremely skilled at transactional details
  - Be trained on legal and title issues
  - Exercise reasonable skill and care for the buyer.
  - Perform the terms of any written or oral agreement with buyer.
  - Present all offers to/from buyer in a timely manner regardless of whether buyer is already a party to a contract to purchase the property.
  - Disclose to buyer adverse material facts actually known by broker.
  - Advise buyer to obtain expert advice about any material matters which are beyond the Broker's expertise.
  - Account in a timely manner for all money and property received.
  - Keep buyer fully informed regarding the transaction.
  - Promote the interests of buyer with the utmost good faith, loyalty and fidelity.
  - Seek a price and terms which are acceptable to buyer.
  - Counsel buyer as to any material benefits or risks of a transaction which are actually known by broker.
  - Broker must not disclose the following information without the informed consent of Buyer:
    - Buyer is willing to pay more than the purchase price offered for the Property.
    - Buyer's motivating factors.
    - Buyer will agree to finance terms other than those offered.
    - Any material information about Buyer unless disclosure is required by law or failure to disclose such information would constitute fraud or dishonest dealing. mediator

## Transaction Broker



**REALTOR®**

No Fiduciary Buyer

No Fiduciary Seller

**Transaction Broker**

Fidelity to neither the buyer or seller.  
Fair, impartial, and fills out paperwork for both sides.

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- The agent changes their fiduciary duty from both parties to neither party. The role of a Transaction Broker (TB) is to assist one or more party throughout the transaction without being an advocate for either party (no fidelity). This typically occurs with the agent is actively listing a property, and they have a buyer client interested in making an offer.
- I will work in the role of a TB as I prefer the exclusivity and fidelity to one party. I will find another HomeSmart agent to represent one of the clients. Many agents will not act as a TB due to the potential for conflict of interest.

## Customer



No Fiduciary Customer

**REALTOR®**

Exclusive Seller Client

**Customer**

Fidelity remains with the REALTOR's® client, but fills all the paperwork for the customer without providing any guidance or opinions.

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- The broker, associate broker, agent, or REALTOR® can also treat someone as a “customer”. The broker still maintains their exclusive broker fidelity to their client, but can handle all the paperwork for the other side of the transaction. This is typically conducted when the broker represents the seller, and someone comes forth wanting to make an offer and isn't working with a broker; or when representing the buyer and finding a FSBO property. The broker cannot give the customer any advice, and can only provide them information they are legally required to provide. The Agent earns both the seller and buyer commission.

## The National Association of REALTORS® website

The National Association of REALTORS® has a great website for first time home buyers. They have 24 positive informational videos on the process in different locations.

*“Purchasing your first home in this market isn’t easy, but these determined buyers are up for the challenge. Watch as real estate rookies discover creative pathways to home ownership by following the lead of an agent who is a REALTOR® on First-Time Buyer!”*

They have excellent articles:

- *“The Everything Guide to Buying Your First Home”*
- *“5 Things Every First-Time Home Buyer Needs to Know”*
- *“First-Time Home Buyers: What You Need to Know”*
- *“Understanding real estate contract contingencies”*
- *“Buy a home Step-by-step”*
- *“New Home Buyers tell all”*

Control-Click the picture below to be taken to their website



<https://firsttimebuyer.realtor/>

## You should only use REALTORS®

- Buying or selling Colorado real estate will likely be one of the biggest financial commitments you will ever make. It is important to hire a professional Colorado real estate agent if you’re buying or selling a home, but not all real estate licensees are equal. Only licensed Colorado real estate agents who are members of the National Association of REALTORS® are properly called REALTORS®. REALTORS® have taken additional training and sworn an oath to uphold a strict set of ethics as established by the National Association of REALTORS® and are authorized to use the registered REALTOR® title and logo. Real estate agents without the REALTOR® logo have not agreed to these codes of ethics. You should ask yourself “Why?”
- REALTORS® are required to
  1. Promote the interests of their clients with utmost good faith, loyalty and fidelity,
  2. Seek a price and terms acceptable to their client, and
  3. Counsel their client as to any material benefits or risks of a transaction.
- REALTORS® are committed to treating all parties in a transaction honestly, and are expected to maintain a superior level of knowledge about the home buying and selling process. They proudly display the REALTOR® logo on their business cards or other marketing/sales materials. Be certain to work with a REALTOR® so you get the best real estate advice possible.
- I am a REALTOR® – I am a trained and licensed associate broker, who has taken the REALTOR® oath and follows the REALTOR® ethics.



# I AM A REALTOR®

★ ★ ★ *I Pledge Myself* ★ ★ ★

To protect the individual right of real estate ownership,  
and to widen the opportunity to enjoy it;

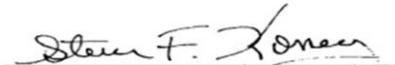
To be honorable and honest in all dealings;

To seek better to represent my client by building my knowledge and competence;

To act fairly towards all in the spirit of the Golden Rule;

To serve well my community, and through it, my country;

To observe the REALTORS® Code of Ethics  
and conform my conduct to its lofty ideals.

  
BOARD PRESIDENT

  
REALTOR®



## Reasons to use a REALTOR®

Produced by the Colorado Association of REALTORS®



1. Your REALTOR® can help you determine your home buying power. Buying power is your financial reserves plus your borrowing capacity. If you give a REALTOR® some basic information about your financial situation, they can refer you to lenders best qualified to help you. Most lenders—banks and mortgage companies—offer limited choices.
2. Your REALTOR® has many resources to assist you in your Colorado home search. Sometimes the property you are seeking is available but not actively advertised in the MLS. Your REALTOR® has resources and connections to find all available properties.
3. Your REALTOR® can assist you in the selection process, by providing objective information about each property. Looking for the perfect Denver neighborhood? Agents who are REALTORS® have access to a variety of informational resources to give you community information on utilities, zoning, schools, etc.
4. Your REALTOR® can help you negotiate your best deal. There are myriad negotiating factors, including but not limited to price, financing, terms, date of possession and often the inclusion or exclusion of repairs and furnishings or equipment.
5. Your REALTOR® provides due diligence during the evaluation of the property. Depending on the location and property, this could include inspections for termites, dry rot, asbestos, faulty structure, roof condition, septic tank, and well tests, just to name a few. Your REALTOR® can help you find qualified, responsible professionals (and steer clear of those who don't) who will do most of these investigations and provide you with written reports.
6. Your REALTOR® can help you understand your home budget, help you in understanding different home financing options, and in identifying qualified lenders.
7. Your REALTOR® can help make closing simple, guide you through the closing process, and make sure everything flows together smoothly.
8. When selling your home, your REALTOR® can give you up-to-date information as they have access to the most current housing market trends and data on what is happening in the marketplace and the price, home financing, terms and condition of competing properties.
9. Your REALTOR® will market your property to other real estate agents and the public. Your REALTOR® is serving as the marketing coordinator, disbursing information about your property to other real estate agents through a MLS like [ReColorado](#) or other cooperative marketing networks, open houses for agents, etc. The REALTOR® Code of Ethics requires REALTORS® to utilize these cooperative relationships when they benefit their clients.
10. Your REALTOR® will know when, where and how to advertise your property. There is a misconception advertising sells real estate. The National Association of REALTORS® studies show 82% of real estate sales are the result of agent contacts through previous clients, referrals, friends, family and personal contacts.
11. Your REALTOR® can help you objectively evaluate every buyer's proposal. Home sellers need to review home offers without compromising your marketing position. This initial agreement is only the beginning of a process of appraisals, inspections and financing. Your REALTOR® can help you write a legally binding, win-win agreement which will be more likely to make it through the process.
12. Your REALTOR® can help close the sale of your home. Between the initial sales agreement and closing (or settlement), questions may arise. Your REALTOR® is the best person to objectively help you resolve these issues and move the transaction to closing (or settlement).

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