



Colorado Springs HOME BUYING GUIDE



Working Relationships Defined

BUYER'S AGENT

- Works solely on behalf of the buyer to promote their interests with the utmost good faith, loyalty & fidelity
- Negotiates as an advocate for the buyer
- Must disclose all known adverse material facts to potential sellers (including the buyer's financial ability to perform the terms of the transaction & if a residential property, whether the buyer intends to occupy)
- A separate written buyer agency agreement is required (sets forth the duties/obligations of the broker & the buyer)

SELLER'S AGENT

- Works solely on behalf of the seller to promote their interests with the utmost good faith, loyalty & fidelity
- Negotiates as an advocate for the seller
- Must disclose all known adverse material facts about the property to potential buyers
- A separate written buyer agency agreement is required (sets forth the duties/obligations of the broker & the seller)

Working Relationships Defined

CONTINUED...

TRANSACTION-BROKER

- Assists the buyer/seller (or both) throughout a real estate transaction
- Performs terms of any written/oral agreement, fully informing the parties, presenting all offers, & assisting with any contracts (including the closing of the transaction without being an agent or advocate for any of the parties)
- Must use reasonable skill & care
- Must make disclosures about all known adverse material facts concerning a property or a buyer's financial ability to perform the terms of a transaction (& if a residential property, whether the buyer intends to occupy the property)

CUSTOMER

- A party to a real estate transaction with whom the broker has no relationship because such party has not engaged/employed the broker (either as the party's agent or as the party's transaction-broker)



Services We'll Provide

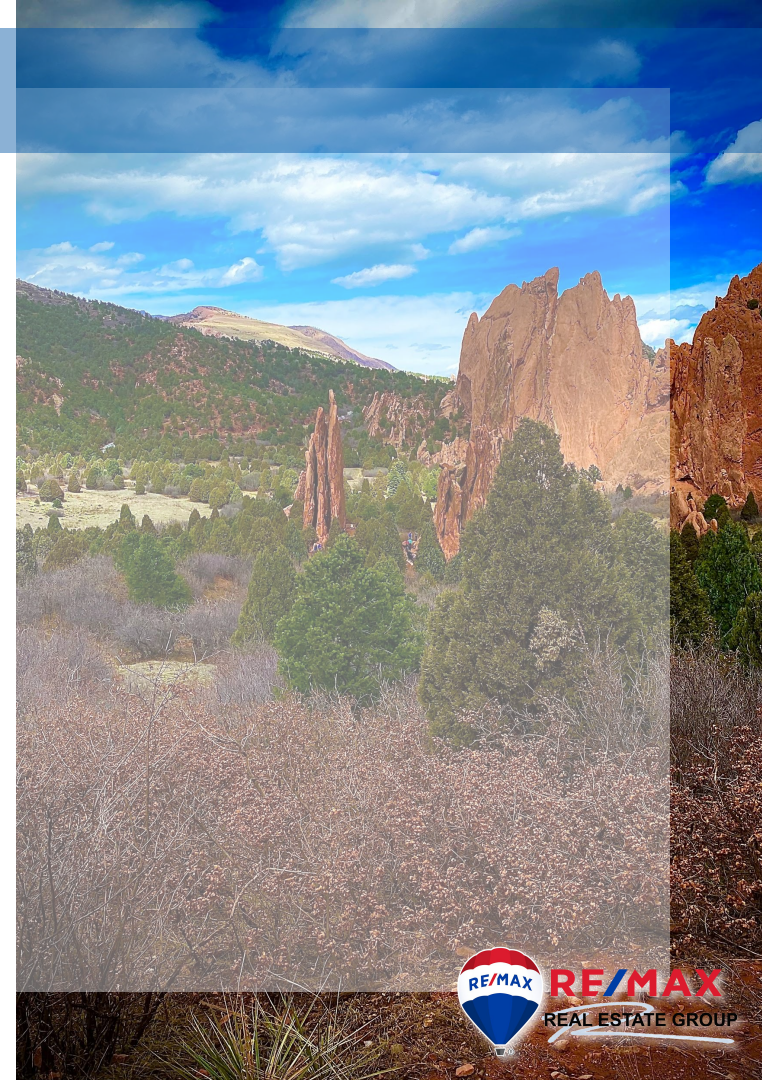
1. We will guide you through the entire process from start to finish - and even keep in touch with you after closing.
2. Arrange for you to meet with a lender to find out how much you can afford to buy (& get your pre-qualification letter)
3. Help you to narrow your search by identifying what's most important to you in a home
4. Set up automated searches to be notified right away when a new home meeting your criteria comes on the market (One Home Site)
5. Provide a convenient website where you can change & save as many custom searches as you'd like (One Home AND GoMLS App)
6. Make appointments to show homes (listed in the MLS, new builder-owned homes that may not be advertised, & For Sale By Owner homes that meet your criteria)
7. Research neighborhood associations, water districts, well permits (or other questions you may have) before choosing to write an offer
8. Provide information on the dangers of radon, asbestos, lead-based paint, & meth



Services We'll Provide

CONTINUED...

9. Provide you with Home Warranty Information if you want to purchase one for your home
10. Write an offer on the property of your choice to get you the best possible price & terms - Keep in mind the market is very competitive
11. Recommend quality home inspectors, & any other specialists needed to insure the home is a good investment
12. Provide copies of any HOA documents for review once under contract
13. Make sure the title conditions are favorable for you to buy the property
14. Clearly negotiate the details of any repairs - Inspection objection and Resolution
15. Walk through the property shortly before closing to verify its condition
16. Attend closing with you to finalize all details
17. Continue to be your real estate resource long after you buy the property



Every Buyer Should Know...



TAXES

- Property taxes & qualified home interest are deductible on a federal income tax return (in most cases)
- A homeowner can exclude up to \$500,000 of capital gains if married filing jointly, or up to \$250,000 if single/married filing separately (home must have been the taxpayer's principal residence for two of the last five years)



INVESTMENT

- Many times, a home is the largest asset an individual has & considered one of the safest investments
- A home is one of the few investments you can enjoy by living in it!



MORTGAGES

- A portion of each amortized mortgage payment goes toward the principal (which is an investment)
- Getting pre-qualified by a mortgage company will approve you for a specific loan amount subject to the property --a local reputable lender is ideal

Every Buyer Should Know...

CONTINUED...



COVERING YOUR BASES

- A Home Protection Plan can provide coverage for selected items (such as central heat & interior plumbing, built-in appliances, water heaters, etc). If the seller is not providing this coverage, you can purchase it yourself
- The right to conduct a property inspection (included in your purchase agreement) gives you the ability to negotiate with the seller once you know all the facts about the property's condition



USING A REALTOR

- The majority of the time, a realtor can show you any home (whether it is listed with a company, a builder, or even a For Sale By Owner) - A Builder and FSBO may not want you to have a realtor....they have all the control
- Working with a realtor to purchase a For Sale By Owner property is very advantageous, because someone will be looking out for your best interests
- In a “seller’s market,” don’t go looking for a deal. Set your sights on the right house for you & let your realtor help you negotiate the best terms!



New Construction

WHY SHOULD I USE AN AGENT TO PURCHASE A NEW HOME FROM A BUILDER?

- Valuable insight into the new construction industry
- Help find the perfect home (or builder) more quickly
- Negotiate price & terms based on quality/amenities
- Builders use professional real estate representatives who watch out for their best interests. You need & deserve the same expert representation watching out for yours!
- More difficult & time-consuming than buying a resale home

It is very important that your interests be professionally represented when entering into a contract for a semi-custom or a build-to-suit home. These transactions are complex & the contract details must be exactly in order to protect you to ensure that you get exactly the home you want!

New Construction

MAKE SURE THE BUILDER KNOWS YOU'RE WORKING WITH A REAL ESTATE PROFESSIONAL.

- Many builders will require that you give up your right to representation if you visit their model homes without an agent on the first visit.
- The builder will pay the buyer's agent's fee just like the seller pays in other real estate transactions.
- If you see a model home that you want to check out, give them a copy of my business card & fill out their "registration" form with your name (& mine).

Call me right away & tell me if their homes interest you so we can discuss the benefits of that particular builder/community.



For Sale By Owner

A homeowner trying to sell his home himself is usually doing so in hopes of saving some money by not paying the listing commission.

Like any other transaction I can help you negotiate the terms of an offer, order a title commitment, & arrange for an inspection/closing.

Many times a homeowner will work with an agent (even though his home is not listed) if an agent brings him a buyer.

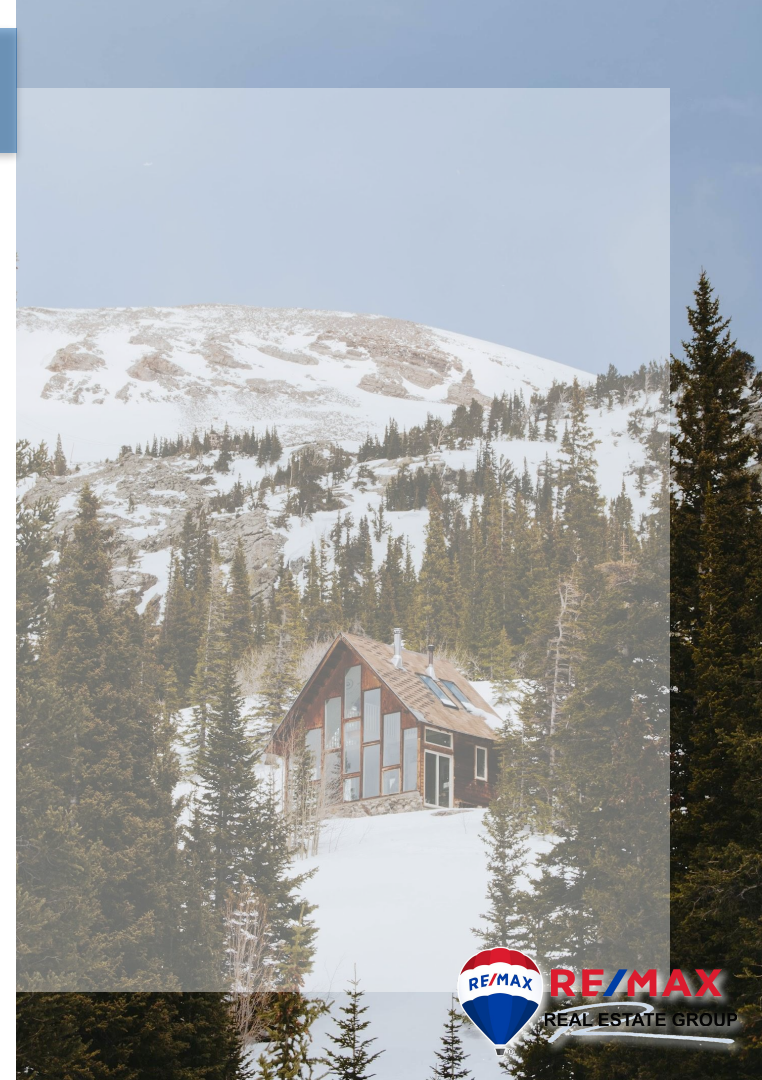
If you should see a home "For Sale By Owner", please allow me to contact the homeowner & set the showing appointment.



The Home Buying Process

STEPS:

1. Meet with lender to get pre-qualified
2. Meet with me & view homes
3. Select home
4. Write an offer & submit earnest money
5. Negotiate counter-offers
6. Title search & commitment
7. Obtain a home inspection
8. Negotiate repairs with seller
9. Complete loan process & order appraisal
10. Loan package submitted to underwriting
11. Loan approval
12. Settlement Statement received
13. Final walk-through
14. Closing
15. Move In



Getting Pre-Approved

IT'S EXTREMELY IMPORTANT TO CONNECT WITH A QUALIFIED LENDER. YOUR LOAN OFFICER WILL REVIEW YOUR GOALS & FINANCES TO DETERMINE WHAT YOU QUALIFY TO BUY.

THE PRE-APPROVAL PROCESS WILL HELP YOU IN THE FOLLOWING WAYS:

- Know in advance what your payments will be
- Won't waste time considering homes you cannot afford
- Your lender will explain loan options & programs to help select the one best suited for you
- Almost no one will accept your offer without a pre-approval letter attached
- Have an estimate of your closing costs (we will explain them to you in detail)
- Have peace of mind

BEST PIECE OF ADVICE

Take the pre-qualification one step further & get a full loan approval. This is the best approach!



Viewing Homes

- I will enter your requirements (wants, needs, price range, desired location) into the MLS system to generate a list of available homes. We will then schedule appointments to view the homes most desirable to you.
- Most often, the homeowner will be absent during showings (should they be present, they will understand your need to examine the home carefully).
- When a home appeals to you, make notes. It is easy to forget details! Often there will be information at the home (whenever possible, we will make sure you have a copy of the MLS information, flyer, or other marketing material).

Don't be surprised if the first home you see is the perfect one for you. Don't be discouraged if none appeal to you on your first day of visits.

We are committed to finding the house that you will call home, & we will work diligently until you find it. Usually, we will be able to find the home of your dreams rather quickly from a selection of homes that best fit the desires you expressed.



During the Home Search

I WILL:

- Discuss benefits/drawbacks of each home in relation to your needs
- Keep you regularly informed
- Check with fellow brokers (& the MLS database) for new listings
- Keep you up to date on changing financial conditions that may affect the housing market
- Be available to answer your questions & offer assistance
- Discuss market trends & values relative to properties that may be of interest to you
- Show you new homes (as well as pre-owned homes if you desire)
- Assist you with For Sale By Owner listings

As a member of the MLS, I can show you any property. If you should see an ad in the newspaper or a sign in a yard, call me to find out the information you're looking for. If you want to view the home, I'd be happy to show it to you!



After Your Offer is Accepted

FIRST WEEK

- Deposit earnest-money check
- Make loan application
- Arrange for property inspections

SECOND WEEK

- Attend property inspections
- Make repair requests to seller
- Confirm that all information requested by the mortgage company has been submitted
- Review any HOA documents

THIRD WEEK

- Confirm that repairs have been completed
- Promptly deliver any additional information your lender requests
- Appraisal is complete (could be in week 4)
- Arrange for mover

FOURTH WEEK

- Walk through home to verify completed repairs
- Arrange for cashier's check for closing
- Arrange for settlement & signing of papers
- Arrange for transfer of utilities



Home Inspections

- A routine part of nearly every residential purchase
- Buyer's right & responsibility
- Cost varies depending on the size & features of the property
- Important to make sure you know exactly what you're buying -- a thorough home inspection greatly reduces the possibility of unpleasant surprises later!

The following minimum standards when choosing an inspector are recommended:

- Membership in ASHI (American Society of Home Inspectors) & adherence to its Standards of Practice and Code of Ethics
- Errors & Omissions Insurance
- Written report at the time of inspection



Home Inspection Report

- Foundations, basements, & structures
- Basement floor/walls, proper drainage & ventilation, evidence of water seepage
- Exterior siding, windows, & doors
- Porches, patios, decks & balconies
- Roof type, material & condition (including gutters/downspouts)
- Interior plumbing system
- Hot-and-cold water system, the waste system & sewage disposal, water pressure & flow, & hot-water equipment
- Electrical system (including type of service, number of circuits, type of protection, outlet grounding & the load balance)
- Central heating system (energy source, type of cooling equipment, capacity, & distribution)
- Interior walls, ceilings, floors, windows, & doors
- Stairways, cabinets, & countertops
- Attic, including structure, insulation, & ventilation
- Fireplace (chimney, damper, and masonry, & all functionality/components of a gas insert)
- Garage (doors, walls, floor, opener)
- Built-in appliances (dishwasher, range, microwave, refrigerator & washer/dryer, if included)
- Ground slope away from foundation, condition of walks, steps, & driveway
- Radon levels (if you choose to pay the additional cost for the test)
- Most have vivid photos & tips for home maintenance

Note: Well & Septic systems are inspected separately by qualified professionals

Your home inspector may recommend a more detailed examination of something by a licensed contractor (like the roof, furnace, or foundation).

You might question the necessity of an inspection on a new built home. However, realize that even though city inspectors have passed certain phases of the construction process (according to building code) & the home has received a certificate of occupancy, you could discover numerous small items that you wish someone had pointed out to you earlier. There is also the possibility that the city inspector missed something.

At Closing

THE SELLER USUALLY PAYS FOR:

- The commissions to both seller's & buyer's agents
- Owner's title-insurance premiums (not lender's policy)
- Half of the Real Estate Closing Fee determined in the purchase agreement
- Recording fees to clear all documents of record against the seller
- Tax proration for the time of seller ownership (for any unpaid taxes at the time of transfer of title)
- Any unpaid homeowner-association dues
- Any assessments according to the contract

Your lender will provide you with a settlement statement that shows exactly what you will owe 13 or so days prior to closing.

THE BUYER USUALLY PAYS FOR:

- Lender's title-policy premium
- Half of the Real Estate Closing Fee
- Recording fees for all documents in buyers' names
- All new loan charges
- Interest on a new loan (from date of funding to 30 days prior to first payment date)
- Assumption/change-of-records fees for takeover of existing loan (rare)
- Appraisal
- Improvement Location Certificate (if required by lender or title company)
- Hazard insurance premium for the first year (homeowners insurance)
- Reserve account for taxes & insurance (Held by lender to pay your insurance and taxes)

One Month Before Your Move

- ❑ Arrange for moving your furniture & personal belongings. Get estimates from several moving companies & be sure to obtain a hand truck (appliance dolly) if you're moving yourself
- ❑ Gather moving supplies (boxes, tape, rope, etc.)
- ❑ Plan your travel itinerary & make transportation/lodging reservations in advance (leave a copy with a friend or relative)
- ❑ Some moving expenses are tax deductible, so you will want to save your receipts (including meals, lodging & gasoline)
- ❑ Develop a plan for packing
- ❑ Notify others of your new address. Save your old address labels to speed up filling out change-of-address forms for your new address
- ❑ Notify federal & state taxing authorities (or any governmental agency necessary)

Two Weeks Before Your Move

- ❑ Notify & get refunds from your present utilities. Arrange for services at your new address
- ❑ Have your car serviced (if you are driving a long distance to your new home)
- ❑ Recruit people to help you on moving day
- ❑ Arrange for someone to take care of your pets & children during the move
- ❑ Confirm moving company/rental-truck arrangements

One Week Before Your Move

- ❑ Keep moving materials separate (so they don't get packed until you are finished)
- ❑ Pick up rental truck if you are moving yourself
- ❑ Fill up your car with gas, check oil & tires

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