

HOW TO GET WHERE YOU'RE GOING ON TIME

**HOME BUYER'S HANDBOOK:**  
**HOME BUYING STRATEGY AND TACTICS**

WHEN YOU'RE SERIOUS ABOUT FINDING A NEW HOME

The Kirkendall Team  
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**The Kirkendall Team**

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## Get Pre Approved for Financing

### Pre-Qualified or Pre-Approved?

There is a vast difference between being pre-qualified and pre-approved for a loan.

Pre-qualifying is usually handled over the phone. You supply asset information so the loan officer can determine:

- 1) Approximately how much home you can afford;
- 2) What your monthly payment will be;
- 3) The loan programs you qualify for;
- 4) And alternatives and strategies to help you buy the home of your dreams.

Pre-approval goes one step further. It involves complete verification of asset, credit and employment information. The lender will then issue a full credit loan approval. At this point you will know exactly the maximum loan amount you qualify for and exactly what loan programs you have been approved for – this approval is good for a limited amount of time, which varies by lender. The pre-approval process can be going on while you are looking for your new home. Pre-approval normally shortens the time from contract to closing as the only other conditions such as appraisal, inspection, title insurance, and survey can usually be completed in 1-3 weeks. Having a pre-approved loan usually strengthens your negotiating position as the Buyer because the Seller doesn't have to be concerned with your ability to qualify for a loan.

## Choosing a Lender

Choosing a lender is an important decision. You will want to choose a mortgage broker or loan officer immediately to confirm how much house you can afford and to discover any special circumstances that might pertain to your particular situation. This is the pre-qualification and there is no cost to our clients for this service. I suggest that you use a lender that comes highly recommended.

Following is a list of phone numbers for lenders that The Kirkendall Team has worked with in the past. We understand how they work and are confident that they will be able to do what they say they can do. However, please remember that, even with the best possible lender, the loan approval process can be frustrating given the volume of required documentation and necessary verification of all information.

Cheryl Coleman - Colorado Mortgage Alliance - (303)543-0626

Greg Roller - Elevations Credit Union - (303)443-4672 ext. 2207

Nora Ziel - Solera Mortgage - (303)867-4711 or (303)527-1175

It's a good idea to know the status of your credit file. According to the Federal Trade Commission's Bureau of Consumer Protection, the information contained in credit reports is not the top source of consumer complaints. We recommend you review your credit file from time to time to ensure its accuracy. Here are the three largest credit reporting agencies.

Experian: [www.experian.com](http://www.experian.com) - You also may call 866-200-6020 to request a copy of your personal credit report to be delivered by U.S. mail.

Equifax: [www.equifax.com](http://www.equifax.com) - Call 800-685-1111 to order by phone.

# ~The Process~

Transunion: [www.transunion.com](http://www.transunion.com) - Call 800-888-4213 to order by phone.  
**Buyer Agent or Transaction Broker?**

It is up to you to decide if you want me to represent you and your interest or simply facilitate the transaction. When I work with buyers and act as their representative as a Buyer's Agent, I have a higher level of duty and responsibility. You are assured of having me dedicated to working with you to get the best terms possible on the property you want while protecting your interests to get you where you want to go on time. I will negotiate on your behalf and will make it my professional duty to serve your needs throughout the real estate transaction.

I can provide copies of the documents approved by the Colorado Real Estate Commission that you would typically encounter during the process of finding and purchasing real estate. The "Buyer Agency Agreement" is one of these documents. The agreement outlines what the Buyer is looking for, how long the agreement will be in effect and how I will be paid for my services. There is no up-front fee and my commission typically comes from the proceeds of the sale. In some cases, if we identify a FSBO (home For Sale By Owner) where the seller does not offer a cooperative commission to real estate brokers, my commission would be paid by the buyer.

As your Buyer's agent, I can show you and property for sale that may meet your needs. Once we've found the right property, I'll act as your advocate in negotiating on your behalf, I'll provide you with advice and I'll oversee the due diligence necessary to assure you that the property's legal and physical condition as well as its value, meet your requirements.

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## House Hunting

### How Do I Find The Right Home?

House hunting is a logical and sometimes systematic process I have experienced over and over again. As you turn corners and discover new questions along the way, you can count on me for expert guidance.

After determining how much home you can afford, I can begin to search for properties that meet your specific requirements. Square footage, geographic area, price, terms, number of bedrooms, number of bathrooms and type of parking or garage are just some of the many criteria I can use to search in the MLS online system.

There will be several different steps we can take to find suitable homes for you to look at and to get inside. Initially, I'll set up a personal website for you that shows all the properties for sale that meet your criteria. You'll get an e-mail any time there are new listings or price changes so you'll know to check your website for the details. When you find homes that you think you'll want to see in person, save them to your favorites for future reference.

If you've been considering more than one area or neighborhood, it's a good idea to make a personal visit at different times of the day to see if the area meets your lifestyle needs.

When you see an appealing property, please contact me to set up a showing appointment. I'll arrange appointments for us to visit several homes on one day if that meets your scheduling needs. Generally, we'll meet either at my office or near one of the properties and ride together in my vehicle. This gives us an opportunity to talk and for me to listen to your thoughts about the homes we view.

Feel free to go back at another time of day to see how things change. Also, let me know if you think you want to go back inside a particular home again and I'll arrange it as soon as possible. In addition, if new construction is something you might be interested in, I will tour new home subdivisions to get an idea of what is available that meets your needs. Having a buyer's representative when purchasing newly constructed homes from a builder can be very useful. One of the risks associated with new construction purchases is that builders are not regulated by the Colorado Real Estate Commission and they do not have to use Colorado Real Estate Commission approved forms and contracts. The documents are often written very heavily in favor of the builder. While it's unlikely that we can get the contents of their documents changed, buyers often feel more comfortable knowing that they have a professional real estate broker on their side.

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## House Hunting

Overall, don't be surprised if the first home you see is the perfect one for you, and don't be discouraged if none of those you visit the first day is what you want. I am committed to finding the one property that you want to call "HOME" and I will work diligently until we find it!

As we walk through homes, feel free to open cabinets and closets. If the appliances are to be included, check their condition. Most often the Sellers will be absent, but should they be present, they will understand your need to examine the home carefully. If the home appeals to you, make notes. It's easy to forget details. I'll provide you with printouts and a showing guide for this purpose.

### **SOME GUIDELINES FOR HOUSE HUNTING ON YOUR OWN:**

I know there are times when you find yourself exploring on your own to see what you can find. Here are a few thoughts to help you through the process:

- 1. Call Us For Appointments:** Never call the owner of a listed property directly. We must work through the listing Realtor. Remember, it's customary to give the seller at least 24 hours notice for a showing because they need time to prepare the home and be "out of the way." Never look at a house with another Realtor without talking to me first... with the exception of open houses. If you go to an open house without me, please give the agent at the open house one of my cards and let him/her know that I represent you. This is the best way to empower me to protect your interests.
- 2. Let me know if the search criteria on your website needs to be changed.** I can update the search easily whenever you like.
- 3. Drive by and check out the neighborhoods.** Talk to neighbors and see what's going on in the areas you like ... then call us to make arrangements to show you any homes that interest you.
- 4. Realtor.com and other internet resources:** Feel free to check out anything you like on the web that you think might reveal a home that suits your needs. If you find something interesting, please forward it to my email or call me and I'll get us inside. The search tool I build for you should catch everything on the market, but I love working with people who enjoy taking action on their own, too!
- 5. For Sale Signs:** If you see a For Sale sign by another company on a home and want to know the price, call me or email me, and I'll give you detailed information about the home. If the home is in your price range, and meets your criteria, I'll arrange a showing.

## House Hunting

**6. For Sale by Owners:** If you like what you see (you've driven by the home), call me with the address and the phone number listed on the yard sign. I can find out specific information about the property, contact the owners, and request additional information that have available on the home. If you and I conclude that the home meets your requirements, I'll set up a showing.

**7. Open House:** On weekends, feel free to visit open houses held by other Realtors. When you walk in the door, give them one of my cards and tell them you are working with me. Remember, they are representing the Seller and exposing the property to the public to sell the home. If you are interested in the home, try to keep your thoughts to yourself so that you don't give the Seller's agent too much information that may disclose or weaken your position if we begin to negotiate a contract for this property. Then contact me as soon as possible.

**8. What to Say:** Should you talk with another agent, always tell him/her that you're working with **Ilana Pearlman/The Kirkendall Team at RE/MAX alliance Boulder**. You will then be given information without having to answer lots of questions and they won't pester you.

**9. I'm on your side.** *Above all, please keep in mind that I represent you and your interests if we've agreed to a Buyer Agency relationship. Everything I do is oriented to your specific needs and interests. My number one objective is to get you where you need to go on time. Your needs are my paramount concern.*

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## Events and Timing

1. Initial Planning session: 1-2 hour
2. Pre-qualify with a lender: Phone call
3. Inspecting potential properties: However long it takes...
4. Writing the offer: 1-2 hours
5. Negotiating the offer to the fully executed contract status: 1-5 days
6. Managing the contract and escrow process through closing the sale by meeting all conditions: usually 3 to 5 weeks

During this time, the following events usually take place:

- Loan application, qualification, verification and commitment
  - Title analyzed and title insurance commitment obtained
  - Professional inspection completed and, if necessary, repairs made or contract re-negotiated
  - Improvement Location Certificate completed by Surveyor
  - Property appraised
  - Hazard insurance arranged for by buyer
7. Closing: Buyer exchanges cash (usually down payment via certified cashier's check or wired funds, plus loan proceeds) for Seller's warranty deed: about 1 hour
  8. Move In!!

**My job as your RE/MAX ALLIANCE PROFESSIONAL is to see to it that all of the above are completed as efficiently and effectively as possible. During this time, as your Buyer's Agent, I will act as your advocate and advisor. If you have any questions about anything, please call or e-mail me.**

## Processes and Procedures Issues

### **Title Insurance**

Most kinds of insurance are self-explanatory. They protect against losses from events that might occur in the future such as fire, theft, or collision. Title insurance, however, is different. Title insurance protects against defects in title that may arise from events that occurred in the past.

You should know that whenever you buy property, that the owner who is selling it to you has extremely strong rights, as do his family and heirs. Also, there may be others, in addition to the owners, who have rights in the property you are going to buy. These may be governmental bodies, contractors, or individuals who have unpaid claims against the property.

Anyone who has such a claim is, in a sense, a part owner. The property may be sold to you without the party who has such a claim knowing about the sale. Likewise, you may know nothing about such a claim at the time you buy. It doesn't matter. These claims may remain attached to the real estate you have purchased. The process of title insurance is to protect you from these types of problems.

Will you get a clear title? It is of the greatest importance that you do. This means that you must be informed about any of the claims against the property so that you can make certain they are cleared up before you buy. That means you must be protected against any undiscovered claims that may arise in the future that may threaten your title and the possession of your property. Title insurance provides this twofold protection.

You learn what claims there are against the property by a search of the public records. This is the first step the title insurance company takes in order to insure your title. Some of the things a title search uncovers are any unpaid taxes or mortgages; judgments against previous owners, easements, and any court actions or recorded documents, which can affect title to real estate. The title insurance company finds and reports such defects in title so that these matters can be corrected and cleared up.

## Processes and Procedures Issues

### **Title Insurance Terms**

Since title insurance can tend to be misunderstood, here is a list of terms commonly used by the industry. If you should encounter other words that are vague or unclear to you, please feel free to ask me to get an understandable definition for you.

#### **ALTA**

Abbreviation for American Land Title Association.

#### **Assignment of Deed of Trust**

Document used when a beneficiary (or lender) transfer their interest under a Deed of Trust.

#### **Conditions**

The specific terms used under which a policy of title insurance will be issued.

#### **Easement**

The right of someone else to use your land for a special purpose, such as to place utility lines, access, etc.

#### **Encroachment**

The extension of an improvement onto an easement or adjoining land, without an easement to do so.

#### **Encumbrance**

Deed of Trust or any document that specifies a lien against a property.

#### **Endorsement**

The approval for any change on a commitment or policy that has been or will be issued by a title insurance company, i.e. amount of insurance, effective date of insurance, lender, etc.

## Processes and Procedures Issues

### **Escrow**

The state of a written agreement, such as a deed, put into the custody of a third party until certain conditions are fulfilled.

### **Exceptions**

Conditions that are unable to be insured, such as encumbrances or liens.

### **Exclusions**

Similar to exceptions, but rather than making exceptions for such things as liens or encumbrances, certain conditions are excluded from insured coverage.

### **Gap Time**

The period of time between when the closing takes place and the time of recording the documents in the county clerk and recorder's office.

### **Mechanic's Lien**

Lien to secure the compensation of those who have done work on a property or have been directly instrumental to its improvement.

### **Metes and Bounds**

A way of describing real estate in directional terms. A compass heading is given in degrees, minutes, seconds, and the distance.

### **Partial Release**

When an encumbering document has been partially paid.

### **Quit Claim Deed**

Deed that is used where a party quits any claim to the property without guaranteeing ownership.

## **STR**

Section, Township and Range. Method of measuring and locating land.

## Processes and Procedures Issues

### **Vesting Deed**

Deed that conveys ownership.

### **Warranty Deed**

Deed that guarantees ownership of a property.



## Processes and Procedures Issues

### Surveys and the ILC (Improvement Location Certificate)

The land survey plat includes a scale drawing of the boundaries of a parcel of land which is compiled by a series of exact and precise linear and angular measurements taken from a known point of origin developed by mathematical principals of surveying. The purpose of the land survey plat is to determine, locate and/or restore any real property boundaries. The land survey plat will also indicate any conflicting boundary evidence and any recorded and/or apparent rights-of-way or easements. The improvement survey plat is comprised of the same precise information as the land survey plat mentioned above, and, in addition, indicates the location of all structures and improvements situated on the parcel of land. The improvement survey plat will also show visible encroachments. It will show any fences, hedges, or walls on or within two feet of both sides of all boundaries. The improvement survey plat will show the location of all visible above ground utilities, and all underground utilities for which there is visible surface evidence.

The ILC (improvement location certificate) is often required by lenders and insurance companies. It offers certain reasonable assurances regarding potential boundary or encroachment problems that may affect their interests. It also illustrates the location of improvements and conditions of the property. However, it is based on assumptions regarding boundary location and is not a precise survey. The improvement location certificate is typically used in the purchase of single family residential property located within the established subdivided urban and suburban areas of Colorado.

## Processes and Procedures Issues

### **What the Improvement Location Certificate IS:**

- a.** It is a representation of boundaries and improvements based on a surveyor's general knowledge of a given area.
- b.** It is a depiction of the property boundaries showing the size and shape of a parcel which is based on the legal description provided in the warranty deed.
- c.** It is a document that must be signed and sealed by a professional land surveyor who has certain professional responsibilities for its accuracy.
- d.** It is a representation of the location of improvements, encroachments, and easements based on their relationship to a reasonable estimate of the location of property lines.

### **What the Improvement Location Certificate is NOT:**

- a.** It is not a survey
- b.** It does not locate exact boundaries.
- c.** It does not establish property corners.
- d.** It is not to be legally relied upon for locations of property lines or future improvements.

Sometimes the improvement location certificate will indicate a possible encroachment or some other evidence of a boundary dispute. In this case, a true survey, (i.e. improvement survey plat or land survey plat) would be required to clarify or resolve any discrepancies.

## Home Warranty

I recommend that my buyers ask the seller to pay for a home warranty when we write a contract offer. The cost is very small and it's great to have this peace of mind. (I have *my* sellers offer a pre-paid home warranty when listing their home for sale.)

The concept of a Home Warranty is simple enough. For a one time premium of \$300-\$500, which the buyer, seller, third party, or some combination can pay, a warranty provides one year of insurance. It generally covers major home systems (including electrical, air conditioning, heating, and plumbing) and built-in appliances (ovens, water heaters, and dishwashers are usually covered, but refrigerators usually aren't).

Under most warranties, a policyholder who has a problem with a covered item calls the warranty company, which sends a repair person from its own local network of contractors. The policyholder pays that contractor a service charge, (usually \$60-\$80) for each visit, no matter how minor or extensive the work is. The cost of any repair or replacement is paid by the insurance company after the service charge is paid.

Most warranties don't cover structural repairs such as the roof or foundation, but such coverage may be available for an increased premium. A Copy of the AHS Home Warranty Terms and Conditions document can be provided for your review.

The benefit of a warranty for buyers is peace of mind and protection from unexpected high repair costs during the first year of ownership. This can be especially valuable when purchasing an older property. NAR (National Association of Realtors) data shows that over 74% of the homeowners that have a warranty do actually use the warranty in the first year of home ownership.

## Appraisal

An appraisal is a step-by-step analysis undertaken by a professional appraiser for the purpose of accurately estimating an opinion of value. When a mortgage loan is made, the loan is secured by the real estate. Lenders want to be reasonably sure the amount of the loan does not exceed the value of the real estate. So the lender normally requires



a professional appraiser to estimate the value of the property for the purpose of estimating market value.

## Processes and Procedures Issues

### Homeowner's Insurance

Prior to closing, you will need to find an insurance company to provide homeowner's insurance. A lender will require it but even if you are purchasing with cash, you should make sure that you have insurance to protect your investment. If you are purchasing a condo or townhouse, the Homeowner's Association fee will cover hazard insurance; you should still check with your insurance company to determine the coverage you need for your contents and property inside the exterior walls. Here are a couple of insurance agents I've worked with who would be happy to give you a quote. You'll want to do this quickly after we get a property "under contract" for you.

**Catherine Davis – Allstate Insurance - (303)665-0585 – [Cdavis@allstate.com](mailto:Cdavis@allstate.com)**

**Patrick Becker – Farmers Insurance – (303)546-9422**

**Josh Furrey – Alliance Insurance – (303)726-2651 or (303)431-9351**

To get the best value for your insurance dollar, read your policy so you know exactly what it covers and what to do if you have a loss. Inform your insurance representative about additions to your house and major purchases so that your insurance coverage can be kept up to date. For questions about homeowners insurance, you can contact the National Insurance Consumer Helpline at (800)942-4242.

Whether insurance is available can depend on the results of a CLUE report. This shows all claims made against a property in the proceeding five years. Your insurance agent or one of the agents referenced above should be able to order a CLUE report for you if one is needed.

## Should I have an Attorney?

An attorney is not required to complete a real estate transaction in Colorado. However, if you are not familiar with real estate transactions or do not have a complete understanding of all the paperwork involved when buying or selling a house, you probably need a lawyer. ONLY a lawyer can give you legal advice. Not a lender, title company or a Realtor. This document is intended to assist you in the home buying process, in assessing the need for an attorney, and to foster the REALTOR-Lawyer roles and relationships.

When making the decision on whether or not to consult an attorney, remember the advice printed on the standard and approved real estate contract in Colorado: "This is a Legal Instrument. If not understood, legal, tax or other Counsel should be consulted before signing."

## How Much Will An Attorney Cost?

There are no set fee schedules for attorneys, and individual attorneys charge different fees for different services. Before you hire an attorney, you should have the attorney explain in detail what fees you can expect. If you decide to use an attorney, you may also wish to discuss limiting the attorney's involvement in the transaction to only reviewing the contract or reviewing the closing documents.

## What If I Don't Already Know An Attorney?

If you don't have an attorney, there are many ways to find a good attorney. You can ask your friends, such as your associates at your job, ask your REALTOR, or consult with the lawyer referral service of the Colorado Bar Association:

<http://www.cobar.org/> (303)860-1115

Here's the name of one of the best real estate attorneys in our area:

**Oliver Frasca**  
**Frascona, Joiner, Goodman, and Greenstein, P.C.**  
**4750 Table Mesa Drive**  
**Boulder, CO 80305**  
**(303)494-3000**  
[oliver@frascona.com](mailto:oliver@frascona.com)

## **Communication**

Clear communication between all parties and their representatives is the key to a trouble-free real estate transaction. Complete sharing of all information and pertinent documents will help your REALTOR and lawyer do a better job for you and help you avoid later disputes.

## **What about a Financial Assistant or Tax Accountant?**

Purchasing a home can have significant tax consequences and often these are in a homebuyer's favor. It's a good idea to consult with a Financial Consultant at some point about how purchasing a home will affect your situation. This is true whether you are buying a primary residence for yourself or an investment property.

Here's the name of an excellent Financial Consultant if you don't have one already:

**Gary Millenor**  
**Millenor Financial Services**  
**4880 Riverbend Rd. Suite B**  
**Boulder, CO 80301**  
**(720)565-9746**  
[gary@millenor.com](mailto:gary@millenor.com)

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## Sample Documents

The following list includes sample contracts, disclosures, and documents used to facilitate the contracting and closing of your new home. Please feel free to ask me for a sample copy of any of these if you would like to review something in advance.

- Definitions of Working Relationships Form
- Exclusive Right-to-Buy Contract
- Affiliated Business Relationship Disclosure
- Contract to Buy and Sell Real Estate
- Lead Based Paint Disclosure
- Seller's Property Disclosure
- BD1 and BD2 Buyer Disclosures
- Square Footage Disclosure
- Counter Proposal
- Agreement to Amend/Extend Contract
- Inspection Notice
- AHS Home Warranty Terms and Conditions

If you need to make notes with questions or comments on any of the pages of this packet, please do so. This is your packet.

I look forward to assisting you with locating and negotiating the purchase of your new home. I hope that you have found this packet useful and informative, and I want you to let me know any time you have questions. I'm ready to start working for you today!

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