

Compliments of Benjamin Day,
ERA Shields Real Estate



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Home Buyer's Field Manual

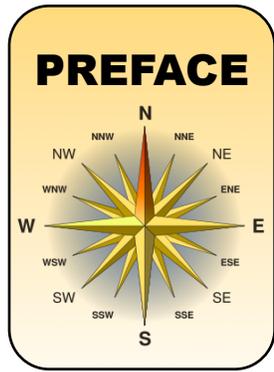
Benjamin Day's Home Buyer's Field Manual
Revised January 2009
Benjamin Day, ERA Shields Real Estate
5475 Tech Center Drive, Suite 300, Colorado Springs, CO 80919
Office 719.593.1000 • Mobile 719.331.9170

BENJAMIN DAY'S

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Remarkable

A note from Benjamin Day

I grew up in Colorado.

I have lived in Southern Colorado for 13 of the last 16 years and seen change after change come not just to America and the West, but my home state.

One thing has stayed the same, and that is something remarkable: The Land.

Perhaps Alaska has more variety. We don't have an ocean, and our volcanos have been dormant for centuries.

Perhaps Hawaii is more exotic. We jokingly refer to the November through mid-March season as "The Time of Brown". Afterall, this is a high-arid desert.

Perhaps other towns and places are more exciting. Perhaps they have something "better". But the land here is the whole package.

We have prairie. We have mountains. We have cool running water. We have rocks, sometimes jutting into the air at preposterous angles.

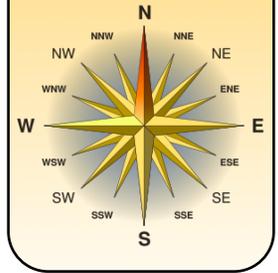
There aren't many places with the diversity of landscape as the State of Colorado, and within Colorado, there is not another city with the whole enchilada so widely available as Colorado Springs. It isn't just a real estate term.

There's open space. Lots of it. There's the mountains, with Pike National Forest starting outside a friend's front door, the Pikes Peak Watershed outside another's. There's history living out a story in the Old North End. There is geologic surrealism in the Garden of the Gods and Cheyenne Canyon and Red Rock Park, there is quiet amidst the urban hustle and bustle in Palmer Park and Ute Valley Parks. There's a giant military training facility on the south end, and one of the finest engineering schools on the planet that is also a military installation on the north. There is a highly progressive and world class liberal arts institution downtown and one of the finest art museums in the west across the street from it.

There's sunshine. There's clean air. There's room to roam and explore and breathe.

The term "adventure" may be a bit scary. Let's be honest: anytime you are dealing in land exploration, it will be an adventure. I hope to orchestrate the process as your partner, with you as the decision-maker.

It is a remarkable place. I would like to help you find your place in it.



Road Map to Success

Buying a home is a process that involves several key steps. Understanding these steps will make this process go more smoothly.

When you take a road trip, you follow a map and familiarize yourself with important milestones. Buying a home is definitely a journey, too. If you become familiar with the travel plan, you'll feel more comfortable knowing where you've been, where you are and how to get to the final destination. This section lays out a roadmap for the home-buying process and summarizes six key milestones in the journey. These steps are explained more fully in each section of this Home Buyer's Guide.

1. Establish a brokerage relationship.

In the simplest of terms, establishing a brokerage relationship means signing an agreement to work exclusively with me, your broker. At our first meeting, I will review the various forms necessary to establish this relationship. However, our working relationship is far more than a contract—it is the key to finding the home that meets both your needs and your budget. To help meet this goal, Section 1: Establishing a Brokerage Relationship, explains what you can expect from me as your REALTOR®, how I get paid and what to expect from the transaction. My job is to place you in the best negotiating position possible. This is the most important step in helping establish that end.

2. Get pre-approved.

Before you begin your home search, it is vital that you visit with 2–3 reputable lenders to explore different mortgage options, learn how much of a loan you can qualify for, and get pre-approved for a loan. These meetings will give you a good idea of who you prefer to work with. Because a home is a huge investment, make sure you have confidence in your lender. Anyone can get you a good rate...some can provide low closings costs...but not all offer great service. Once you've decided on a lender, obtain a written pre-approval letter to bring with any offers you make to purchase a home. For more information on lenders and getting pre-approved, refer to Section 2: Getting Pre-approved.

3. Search for homes.

Once you know the price range for which you qualify, the search for your new home begins with defining both where you want to live and what you want in a home. Understanding your needs and wants makes it easier for me to show you homes that meet your requirements and saves you the time of looking at homes that don't. After you have defined your house requirements, I will search the MLS for any properties that meet your criteria, preview the most likely candidates and then arrange for you to see the best possibilities. Section 3: Searching for a Home, explains the process of defining your requirements, summarizes the information in an MLS Report, and provides tools to help you narrow your choices to make a final decision.

4. Contract to buy.

When we find the home you wish to purchase, I will write and present your offer along with your earnest money and loan pre-approval letter to the listing agent or seller. Writing an offer involves understanding the contracts, whether for an existing home or new build, as well as the process that begins as soon as the seller accepts your offer and it becomes a legally binding contract. Section 4: Contracting to Buy, explains the process of making an offer and counterproposals, the sales contracts and addenda and pre-closing milestones including title insurance, appraisal and final loan application.

5. Get a home inspection.

I require that you hire an independent, professional inspector to inspect the property within the timeframe established by the purchase contract. If the property does not pass your subjective determination, then you can move on and locate a replacement property. Having the property inspected before the property is appraised is also a wise financial move because you do not want to pay for an appraisal on a property that turns out to be in poor condition. Section 5: Getting a Home Inspection, explains the home inspection in more detail including why a home inspection is important, what it costs, how to find a home inspector, what to inspect, radon issues, and what to do after inspection.

6. Close the transaction.

Once all the contingencies in the contract have been satisfactorily fulfilled and the lender has approved your loan and issued a loan commitment, your loan and real estate transaction can be finalized, or closed. At closing, you and the seller will sign all necessary documents to transfer ownership of the property and record the mortgage and deed information. You will receive a copy of all closing documents and be given the keys to your new home! Section 6: Closing the Transaction, covers this final step in the process.

7. Quality Standards.

I am an active revolutionary within my profession. I believe my industry would be better served if approximately half the number of agents worked the profession. This is not a statement of arrogance or non-cooperation: it is a statement that is in favor of explicit quality standards that every consumer I know demands of their real estate professional.

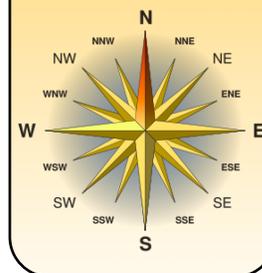
I will act with an ethical mind and avoid all conflicts of interest. Should any conflict arise, I will immediately make it known to you and allow you to dictate the outcome.

I will act only in the capacity of professionalism and competency. If I don't know the answer, the area, the method of purchase, I won't fake it.

I will pay attention to all details and address them in a timely fashion. I will communicate with you regularly, before, during and after a transaction. You should not have to call me except for the return of a call.

I will provide a level of service to you that you feel complete trust in commenting about positively to your peers, family and friends.

Section 1



Establishing a Brokerage Relationship

Because buying a home can be a complex and confusing process, establishing a working relationship with your broker is important for a successful transaction.

In the simplest of terms, establishing a brokerage relationship means signing an agreement to work exclusively with me, your broker. At our first meeting, I will review the various forms necessary to establish this relationship. However, our working relationship is far more than a contract—it is the key to finding the home that meets both your needs and your budget. To help meet this goal, this section explains what you can expect from me as your REALTOR®, what I expect in return, how I get paid and what to expect from the transaction.

Establishing Expectations

Whether buying your first home or purchasing your fifteenth, every real estate transaction is always unique due to different people and different circumstances. What is always the same is what you can expect from me and what I expect in return. I have found the right homes for hundreds of families and will do the same for you. It is much easier for us to enjoy the process when we know each other's expectations.

As your REALTOR®, I will:

- Be honest, sometimes candidly, and I ask the same in return. I encourage you to be candid with me so that I can better serve you through the home-buying process and beyond. I want to know your needs and concerns. If something doesn't feel right or if you feel that we're not on the right track, please tell me... immediately. Then we can move forward.
- Be 100% loyal to your interests and respect your specific needs. I know that life has many twists and turns. If we need to change plans we will do that; I will ask the same of you. Life has a funny way of altering our day-to-day activities. I will be flexible with you, as again I ask you be with me.
- Be available when you need to contact me and to assist you in any way I can. I do not work 7 days a week or 24 hours a day but work with you to see properties in a realistic time frame. As family is important to you, it is important to me. There will be plenty of time to see all the homes, make offers and negotiate in a reasonable workweek. This keeps me fresh and strong to do the important tasks ahead.
- A quick note on weekend & evening viewings: this may be the only time you have available. I typically prefer not to show on weekends both in my interest as well as your own. Sellers may expect showings on weekends, but they also expect contracts to come from these showings. If they vacate a home when they are off, they usually want something in return. This can lead to more difficult and entrenched negotiations. A weekday showing usually capitalizes on a seller's

absence due to work. They also may be more willing to negotiate “during the work week” rather than during their day or two off.

- Inform you about past, present and anticipated market conditions in Colorado Springs and educate you about the transaction itself, from contract to closing.
- Review your financial qualifications and discuss possible options, and help you find the best available financing with a reputable lender.
- Discuss your property requirements including style, location and price; show you any listed properties that meet your requirements; and let you make your own choices while presenting helpful information and options.
- Present any offer you wish to make, help negotiate terms, handle details, and notify you of deadlines and important contract dates as they approach. During this time, I need you to be available to sign and return documents as well as provide necessary personal information for lenders, inspectors, etc., in a timely manner.

How I Get Paid

With the commitment I make to you with no up-front expense, a REALTOR® is one of the best values in this country. Hesitation to use my services only happens when clients do not understand the quality of service and fees absorbed by the service. It's why I take the time to explain how a REALTOR® is paid. I want you to fully understand this part of the transaction.

On average, to get any transaction to the closing table takes between 60 and 80 hours of my time, although the hours can be as few as 12 or as many as 300. Regardless of the time required, the cumulative experience I bring is the greatest possible benefit you can have on your side in a real-estate transaction.

By tax code, I am an independent contractor working for ERA Shields Real Estate. This means ERA Shields oversees my actions and operations but does not dictate my real-estate business. I am not paid a salary, I receive no benefits, and I pay all my own expenses. With each transaction, I pay a portion of my commission to the company for office space, any referral fees that are applicable and state and federal taxes. Each transaction has unique fees associated with it. I have annual fees as well such as liability and automobile insurance. There are membership fees in Realtor associations, professional expenses for continuing education and affiliation fees that provide considerable benefit to you in terms of quality of business experience, negotiating power and homes that you view. As a small businessman, I also have other expenses, payroll expenses, professional accounting and auditing fees as well as full payment for my family's health insurance. My largest expense is actually one that creates great consumer benefit: staying in touch with my past clients. My take-home pay, is the net proceeds after these expenses.

Only when we close on your new home am I compensated. If there is no closing, I receive no compensation. Typically the seller pays my fee/commission, which is a minimum of 3% of the sales price via their employment of a selling agent. The fee may be higher for new homes or For-Sale-By-Owner properties. Please respect that that we have a working relationship in which I do not receive payment without a successful, closed transaction. This is my full-time profession and my source of income.

It is essential that you allow me to introduce you to any home you might have an interest in—including new homes or For-Sale-By-Owners (FSBOs). Otherwise I can not legally provide assistance or representation. Please do not pursue New Home Communities or FSBOs on your own as it may compromise our ability to collect commissions from the sellers. If you see a FSBO or New Home Community that you would like to explore, let me know right away so we can make arrangements and have discussions specific to the property. Sometimes a simple call ahead on my part to an individual I already have a relationship with (e.g. a new home sales representative) may reveal additional information, opportunities and options!

What to expect from the transaction...

Because there is rarely one home that matches every item on your wish list, some compromise is required. The more homes you see, the more confused you may become. Let's work together to narrow your choices to real, viable properties and neighborhoods. Once you've found a home, time is of the essence. Be ready to make a decision and make an offer to secure the property before another buyer comes along. On the other hand, because the process of making offers and awaiting acceptance can become competitive, resolution is not always immediate, and patience is often required.

Even though they are moving, sellers are often emotionally attached to their homes. Be prepared for unreasonable requests and lack of flexibility or compromise in some cases. At the same time, always put yourself in the seller's shoes. Negotiating is anticipated, but understand that, just like you, the seller is trying to make a reasonable profit on their investment when the market so dictates. Do not expect them to remodel their home or give it away. However, if they're offering the washer and dryer...super! Every deal is different, but reasonable expectations are vital.

Power : Need

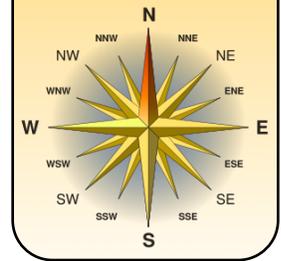
Remember your benefit from our contract together: you are placed in the best negotiating position possible. There is a really simple "Real Estate Kung Fu" Lesson of negotiation that applies in every negotiation I've experienced. Simply stated: THOSE WITH POWER HAVE NO NEED. THOSE WITH NEED HAVE NO POWER. If you can remember that rule, that will help you guide negotiations as effectively as possible.

A Note on Buyer's Remorse

Buying a home can cause a great deal of stress. Once the realization sets in that you are under contract for a home and financially responsible for it, almost everyone has feelings of remorse and sometimes even panic, cold sweats or feelings of dread and fear.

You are about to spend a lot of money. Now is the time to open up the conversation and get everything out in the open. The longer buyer's remorse festers, the worse it gets, and the less enjoyable the experience. Know that your feelings will be heard and taken seriously.

Section 2



Getting Pre-approved

The first step in finding the right home is discovering what you can afford to pay for it. Obtaining financial pre-approval is the key.

Getting pre-approved for a loan requires a few minutes of your time, but will save you a lot of time and hassle down the line. As a pre-approved buyer, you will spend less time looking at homes because you will know for sure which houses are in your price range. Pre-approval also broadcasts an important message to the seller—unlike other buyers, your contract is “a sure thing.” You’ll be able to make an offer with confidence because you have a pre-approval letter and financing to back it up.

Here is an example of how powerful pre-approval is to the successful negotiation: on four different occasions, the quality of Jim Harmelink’s ERA Mortgage Pre-Approval Letter convinced sellers to **take less cash for their home... when another, higher dollar offer was on the table**. Pre-approval can also accelerate the closing process because the lender has already taken important steps. This section explains what you need to know to get loan pre-approval. Remember Power : Need. A Pre-approved Buyer has **Power**. A non-approved Buyer has **Need**.

Finding a Lender

The first step in getting pre-approved is to speak with a lender. Listed below are reputable lenders I recommend. Make an appointment with several lenders to explore different options and get an idea of who you prefer to work with. Anyone can get you a good rate...some can provide low closings costs...but not all offer great service. Because a home is a huge investment, make sure you have confidence in your lender.

Mortgage Company	Contact	Office Phone	Mobile Phone
ERA Mortgage	Jim Harmelink	(719) 535-7405 (800) 888-8208	(719) 651-0291
Countrywide Home Loans	Courtney Kline	(719) 570-8909 (800) 369-9261	(719) 492-4092
Peak Capitol Advisors	John Harfert	(719) 277-1770	(719) 460-5419
WR Starkey Mortgage	Tim Duvall	(719) 592-0855 (720) 489-0712	(719) 232-3115
Housing Authority Of The City of Colorado Springs	Judy Scandura	(719) 387-6714 (800) 659-3656	(719) 492-5732

Understanding Different Loans

As you meet with lenders, they will discuss different types of mortgage products and help you determine which type of loan best meets your needs. Although new mortgage products are continually being introduced, most mortgages fall into the categories summarized in the table below. Understanding these basic types of loans will help you feel more comfortable in discussing your options with a lender.

Many lenders also offer first-time buyer programs, which require smaller downpayments and offer more flexible approval criteria, as well as credit solution programs, which offer financing choices to applicants with no credit history, little prior credit, or inconsistent repayment. Ask your lender if any of these situations applies to you. Also, if you are relocating to the area, ask your employer if they have a preferred lending arrangement.

Type of Loan	What It Is
Conventional	The most commonly used mortgage in the U.S., conventional loans are not part of a government-housing program and are not insured or guaranteed by the federal government. Conventional mortgages typically require a 20% downpayment to avoid private mortgage insurance (PMI). Loan limits up to \$417,000
Government VA & FHA	FHA and VA loans are government-insured and make a purchase more affordable than conventional loans. They require little (FHA, 3%) or no (VA, 0%) downpayment and have interest rates slightly above conventional loans. VA Loan limits go to \$417,000, FHA to \$271,000. These loans provide a larger market for sellers and ultimately help homes sell faster because more buyers can qualify with their lower downpayments, interest rates and monthly payments. Some lenders charge high fees with these loans called "buyer non-allowables," which means the seller has to pay these processing and underwriting fees. Always find out how much these fees are. Granted, you're not paying them, but that is money that must be disclosed to the seller and will influence their decision.
Jumbo	Jumbo and super jumbo loans are loans that exceed a specified dollar amount. Currently, in El Paso and Teller County, jumbo loans are any loan above \$417,000. Typically, jumbo loans have higher interest rates and closing costs due to the lender's increased risk associated with a higher loan amount. Presently, Adjustable Jumbos are more common than fixed rate Jumbos due to fixed-rate jumbos carrying rates 2 to 3% higher than conforming loan limits.
Fixed Rate	With a fixed-rate mortgage, the interest remains the same for the life of the loan.
ARM (Adjustable Rate Mortgage)	For an adjustable rate mortgage (ARM), the interest rate is fixed for a period of time and then changes at a pre-determined time. An ARM can enable you to purchase a more expensive home than may be possible with a fixed rate. The initial interest rate is usually lower than a fixed rate, and most ARMs have an interest rate cap. ARMs are available in a number of different terms including 10-year, 7-year, 5-year and 3-year. For many people, ARMs are a very good short-term option, but they rarely make sense to anyone planning on living in their home for more than ten years. Presently Adjustable Rate Mortgages are only common among Jumbo Loans. They are rare and offer little pricing advantage for conventional loans.

Type of Loan	What It Is
Balloon	A balloon mortgage is a short-term mortgage loan. The interest rate remains unchanged during the term of the loan, but repayment of the remaining balance or a partial balance will be due before the end of the term. Most people either refinance or sell the home before a balloon mortgage ends its term. These were common on a second mortgage obtained to help with a downpayment when 20% down was not available to the purchaser. Correspondingly, they are more rare, and are usually only found on Jumbo loans or (more rare) seller-financed loans.
Construction Loans	A construction loan is financing obtained to build a new home or to remodel an existing home. Typically it is short-term financing that needs to be refinanced into long-term, permanent financing once the home/remodel is complete. Some lenders offer a "one-time close" construction loan; once the home is complete, the note is modified into a long-term standard mortgage without a second closing. 2009 Revision: Very Difficult to Find, and almost always through a private, local bank.
Bridge Loan	Also known as a swing loan, a bridge loan is a mortgage that enables a borrower to obtain financing for a new house before their present house is sold. The present home is used as collateral. These are only possible if the lender determines that the existing home has a substantial enough equity position to lend against. 2009 Revision: Difficult to Find, and usually through a second, different lender or bank.
Second & Third Mortgages	2009 Update: If you formally purchased a home with a 2nd mortgage in place at purchase to avoid mortgage insurance, do not plan on doing that again. The first major fall out of the credit squeeze was the almost total disappearance of secondary financing. Presently, 2nd mortgages are available in limited supply from limited lenders at higher interest rates, shorter terms, and possibly with a balloon.

Obtain Pre-Approval & Get a Good Faith Estimate

Once you've decided on a lender, work with them to obtain loan pre-approval. The lender will verify your income, assets and debts as well as review your credit history (repayment of past debt). IT IS NECESSARY to provide each lender with your credit information in order to obtain a credit report. It will not negatively impact your credit report to have multiple lenders examine your credit for the same purpose. Ask for a pre-approval letter, which states that the lender agrees to lend a specified amount of money subject to a satisfactory appraisal of the home being purchased.

Lenders should also give you a good faith estimate, detailing the costs associated with obtaining a loan from that particular lender. The "GFE" should break down and itemize all the charges the lender collects at closing for their services, estimate your tax and insurance escrows, provide an estimated monthly payment and a fairly accurate estimate of your total amount due at closing. It should also provide your annual percentage rate (APR). This is an accurate way to determine if a 7.0 interest rate with low closing costs is better or worse than a 6.75% interest rate with high closing costs. Federal law requires a lender to provide you with a GFE within 3 working days of your conversation. A good quality standard of service is to request both a GFE and Pre-Approval letter by PDF the same day. Any lender with an efficient, service-focused process can achieve this.

Understanding Points

A Good Faith Estimate will indicate large dollar amount fees payable at closing associated with the loan. The lingo for these items, usually 0.5% to 1.5% of the loan value, is a point. One point is equal to 1% of the new loan amount.

A loan origination fee: points paid to obtain the loan and is typically 1 point or 1% of the new loan amount. The best rate offered by most lenders is commonly associated with a 1% origination fee.

Discount points: points charged to obtain a certain interest rate. In other words, they are usually buying the rate down. For example, to obtain a 5% interest rate on a loan, a lender might charge an additional 1½ points, or 1.5% of the new loan amount. Otherwise, the rate might be 5.25%.

Points are not set by government regulation but by each lender individually, so points vary from lender to lender and day to day. Lenders charge points to increase the yield for mortgage investors. If rates on mortgage loans are lower than other investments such as stocks or bonds, then lenders charge points to make mortgage investments more competitive. Also, when business needs, military requirements, or other government borrowing creates a heavy demand in the money market, money for home mortgages becomes scarce and more expensive. When this occurs, more points can be charged. Essentially, points balance the market.

Who pays the points depends upon the type of loan, and /or the contract negotiated. For FHA & VA loans, the buyer usually pays the loan origination fee and the buyer or seller pays the discount fee. For conventional loans, points can be paid by the buyer, the seller, or split between the two. This will be stated on the sales contract. In any event, points are more common with conventional loans because conventional purchasers typically have more cash on hand than a FHA or VA buyer with no more than 3% available for a downpayment.

Points paid to secure the mortgage, whether paid by the buyer, or by the seller on behalf of the buyer, are generally accepted as interest and tax-deductible when they are used in conjunction with a purchase loan (re-financing does not offer the same tax advantage). Consult with a tax professional to determine possible deductions related to closing on a new mortgage.

Understanding PMI

PMI is private mortgage insurance on a non-government loan, and it is required on loans with less than a 20% downpayment. In the event of a default, the PMI company will reimburse the lender a percentage of the loan amount. PMI is literally a penalty associated with risk. A lender typically factors a low degree of risk in lending to a borrower that will own 20% of the property. Therefore, PMI is extremely uncommon for borrowers who own in excess of 20% of the property. Correspondingly, PMI is highest for those that obtain 100% financing on a property, less for those with 10% equity, and least for those approaching 20% equity in their home. Mortgage insurance can be tax-deductible, but only a percentage, and is restricted based on household income.

Complete Your Loan Application

Once you have obtained loan pre-approval, it's a good time to gather the information you need to complete your loan application once you find the home you want to buy. To help you with this information gathering process, use the checklist below.

Type	List	✓
Personal information	Name and social security numbers Current and previous addresses	
Employment information	Monthly salary and sources of income Information on employment and employer	
Assets	Landlord/mortgage company information Source of downpayment and closing costs Bank address(es), account numbers and approximate balances Value of assets (stocks, bonds, mutual funds, etc.) Net worth of businesses owned Information on automobiles, boats, campers, personal property or collectibles owned	
Liabilities	Confirmation of credit cards and installment loans Information on any other properties owned (rental, investment, second homes, etc.) Alimony/child support payments	

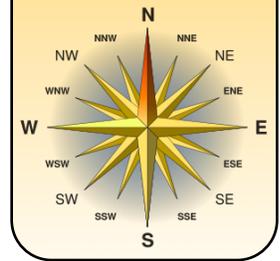
Lender Licensure

January 1, 2008 was a great day for consumers in Colorado. Colorado went from one of the easiest states in the nation in which to lend, to one of the hardest. The ease of lending had created an environment with significant criminal loan fraud and pushed Colorado into the foreclosure crisis ahead of other states.

The advent of mortgage broker licensing happened at the same time that crippling economics entered the lending industry, and correspondingly has significantly thinned the ranks of lenders operating (legally) in Colorado. Mortgage brokers now has to post a surety bond with the Director of the Division of Real Estate, be fingerprinted and have an acceptable criminal background check just as real estate licensees.

The lenders I recommend operate under the laws of Colorado. There are still many online lenders and lenders "who have done loans before" in Colorado that are not in compliance with the state law, and as a licensee myself, I have a legal requirement to inform the state of those not abiding by the law. I also can not knowingly participate in real estate activity with lenders that are violating the law. Because of this, with few exceptions will I deviate from relationships with lenders that are not on my recommended list, and I will terminate a real estate relationship contract if requested to use a lender that is not licensed under the state's provisions or can be found at the state's licensee search site: <http://eservices.psiexams.com/>.

Section 3



Searching for a Home

The funnel process and information you can use.

Once you know the price range for which you are pre-approved, the search for your new home begins with defining your requirements. At our first and subsequent meetings, we will discuss your needs and preferences, including general areas, neighborhoods, schools, lot styles and home characteristics. Once we establish your search criteria, I will find and show you the best available homes that match your requirements. This section explains the process of determining your home requirements as well as familiarizes you with MLS reports.

Selecting an Area and Lot Style

You can always change a house, but you can't change the area or lot. That's why perhaps the most important aspect of your home search is selecting an area and lot style. The main search areas in Colorado Springs are described in detail in Appendix B: Area Descriptions.

If you are unfamiliar with the Pikes Peak Region, we will tour different areas within your price range to help familiarize you with them. If school districts are an important factor in your choice of area, refer to Appendix C: School Districts, for more information.

The style of lot significantly affects which neighborhoods will work for you. Considering that Colorado Springs is where the mountains meet the plains, every style and shape of lot is available. Do you care for a level lot with a nice area for children's play? One that requires little to no maintenance? A large lot with tons of privacy? Woods? View? Walkout basement? Is a cul-de-sac essential, or if you had access to a park across the street, would you be willing to give up other qualities? We will discuss these options to help define your preferences prior to the home search.

Price range naturally determines some of the qualities a lot may offer. An inexpensive neighborhood probably won't offer a walkout lot with natural pine trees and a Pike's Peak view, but it might offer a lot that is larger than others, or one with great landscaping already in place, or a cul-de-sac. Similarly, some lot styles won't exist in some parts of town. In Manitou, there isn't a piece of flat dirt anywhere. In Woodland Park and Monument, many of the lots have a mountain-home feel with mature, native Ponderosas but little to no grass. Mature landscaping is also a plus, as well as xeriscape landscaping that is designed to reduce water requirements.

Determining Your Housing Requirements

Once we have determined one or more search areas as well as your lot requirements, we can narrow the search based upon your price range and housing

requirements. We will discuss your housing preferences (single family, condo, townhome, patio home), floorplan preferences (1½ -story, 2-story, 3-story, bi-level, tri-level, 4-level, ranch, raised ranch), age of home (new construction, resale, vintage, Victorian, etc.), size of home (square footage, number of bedrooms/bathrooms, size/style of garage) and other special requirements such as office space or handicapped accessibility.

Once we establish your housing requirements, I will search the Multiple Listing Service (MLS) for homes that appear to match your criteria. The MLS includes all homes listed by a REALTOR® in El Paso and Teller Counties. I can show you any home for sale in these counties including new homes and those sold by owner, which may or may not appear in the MLS.

Interested in New Construction?

Builders market their product through REALTORS just as sellers do. If you are interested in new construction, I will introduce you to the various builders and the areas in which they build. I will represent you as the contract is written and assist you in the process just as I do in the purchase of a resale home. The average build time is five to 12 months. Mistakes will happen, and employing me to work on your behalf in the building process will allow you to overcome some of these “hurdles” gracefully and with your interests fully intact.

It is extremely important that I be present with you at the initial visit with any builder and at as many subsequent visits as possible. Builders may deny representation if I am not present to act as your advocate in the transaction. All reputable builders build the home for the same price with an agent as without an agent. I will be paid a commission by the builder just as in the purchase of a resale home. Ethically speaking, there should be no additional cost to having your best interests represented in the transaction.

Understanding an MLS Report

Every potential property in the MLS has detailed information about the property that can be printed in a number of different formats. The key to feeling comfortable with reading an MLS report is to become familiar with the information it contains. The table on the next page explains the information contained in the first section of an MLS report. After this information, an MLS report lists data about room sizes, bedrooms, bathrooms and square footage followed by exterior amenities, interior amenities, lot information and other descriptive information.

An MLS listing describes the marketable features of a property. Keep in mind that MLS information is “deemed reliable but not guaranteed.” Mistakes do happen, and some houses will have additional marketable features that are not listed. If it is important, be sure to ask.

What	Example	What It Means
MLS#	#373192	Random number assigned to listing.
Status	A A# UC P S X W WC	Active (currently for sale) Active, First Right of Refusal (under contract) Under Contract (often with contingencies) Pending (under contract pending closing) Sold (property has sold and is not available) Expired (listing expired; property may be available) Withdrawn (not currently on market) Cancelled (listing cancelled; property may be available)
Cat	RES	Category. Usually residential if you are buying a home.
Prop Type	Single Family	Type of property (condominium, patio home, single family, townhouse, etc.)
Price	\$202000	Listed price
County	ELP	El Paso County
Area (Refer to Appendix B: Area Descriptions, for more information)	BLA BRI CEN DIV EAS FAL F/V MAN N/E N/W NGT OCC PWR RCK S/E S/W TRI UTE WES WPK	Black Forest Briargate (north and northeast of city within city limits) Central & downtown Divide (west of Woodland Park) East (N of downtown east to Powers Road) Falcon Fountain Valley, Security & Widefield Manitou Springs Northeast Northwest (Peregrine, Rockrimmon, Mtn Shadows) Northgate (across from USAFA incl. Gleneagle) Old Colorado City (E of Manitou, W of downtown) Powers (E of Powers incl. Stetson Hills, Springs Ranch) Rock Creek (SW of town, N of Ft. Carson) Southeast (S of Pikes Peak, E to Powers) Southwest (W of I-25, S of Bear Creek Park) Tri-Lakes (N of city incl. Monument & Palmer Lake) Ute Pass (Cascade, Green Mtn. Falls, Chipita Park) West end (S of Garden of the Gods, W of I-25) Woodland Park (20 min. W of Manitou)
BSA		Border shadow area. Applies to properties that are located along a boundary between two areas.
SubArea	Chelsea Glen	Name of subdivision in which the property is located.
Schedule#	7326101046	Schedule number for county records.
Top Side	44442566	Map coordinates for the property. Your MacVan MLS map uses these coordinates for easy reference.
Legal Description	Lot 12 University Bluffs Fil. No. 3	Legal description of the property.
Zone Zone Entity	PUD Planned Unit Dev	Type of zoning for the property.
School Dist	11-Colorado Springs	The number and name of the school district, which is followed by the grade, middle and high schools.

Understanding MLS History Codes

In addition to MLS reports, I often provide my clients with the MLS history of each potential property. An MLS history report includes all data recorded for the property in the MLS database, such as when it was listed for sale, when the price changed, when it was sold, or when it was withdrawn from the market. For your reference, the codes that you might see in an MLS history report are listed below.

Code	What It Means	Code	What It Means
ACT	Active	PCH	Price Change
PND	Pending	PHO	Photo added to listing
SLD	Sold	CCC	Commission Change
CTG	Contingent (no longer available)	TOC	Terms Offered Change
RGT	1 st Right of Refusal	EAC	Electronic Advertising Change
EXT	Extended	PPC	Photographer Photo Change
EXP	Expired	LEA	Leased
BOM	Back On Market	CHG	Any other type of change
WTH	Withdrawn	CAN	Withdrawn Cancelled

The Funnel Process

There are so many different attributes an individual home might offer that most consumers are a bit overwhelmed at the beginning of their search.

An effective way of evaluating what you are looking for is for each party in a purchase transaction to take a blank sheet of paper and write down what they want in a home separately. The list should have no less than 5 qualities, and as many as a person can imagine. I take my buyers through this exercise, and then bring them back together and start recording what matches and what overlaps. Sometimes buyers are exactly of the same mind. Sometimes they are poles apart.

This process helps bring about the non-negotiable qualities necessary in a home. A strong starting point is 3 to 5 “must-haves”. This will make a last decision easier to make, and more beneficial for the buyer.

Two and Twenty

“Is this a good buy?” I love that question, but I can’t answer that. I have systems and tools to evaluate what other buyers have done recently in the market. You will get the benefit of all the tools I use for sellers when preparing an offer (how long on market, what the seller paid, what the seller owes, seasonal buying activity in the neighborhood, scattergrams on square footage, probability of sale, rate of sale, months of inventory, failed-to-sell activity). However, at the end of the day, that’s what other buyers did. What will you do in this home?

A role-play I ask buyers to perform is 2 & 20. The two-year horizon takes all that science and math into play and asks “if life happens and I /We have to move in two years... am I going to be okay? Is this always a popular area? Do homes sell quickly

here? Do values go up? Is there a lot of inventory now that will need to sell through for this area to recover?" That's "The Two". The "Twenty" asks that question in the far-future tense: "If I/We stay here for twenty years... will we be okay with that? Will I still like this part of town in 20 years? Will this floorplan work for me than like it does now? Is this a place to lay roots/invest/grow/age?"

A good buy has two components: A Global "What-everyone-else-says". And a second, very personal one, that evaluates if this is a good choice today... and well into the future.

Keeping Track of What You've Seen

By the time we find your home, you will be able to wallpaper a room with MLS print-outs, sales histories and probably many of the famous scattergrams. What to do with all this data so you can keep track of what you've seen? Use your Binder. I will always print out your listings on two-sided color copies and hole punch them. They're yours. Notate, away! Some buyers nickname homes ("Coca-Cola House"), others stick to the street name ("Gumwood"), while others go by sequence ("Number 2"). Whatever your style, I will flow with your manner of keeping score. If you need specific measurements, I keep a 25-foot tape measure in my car trunk. My phone takes good quality images. I can even post them live to www.twitter.com/cosbenny. This can be handy during inspections as well.

We'll work together to narrow your choices on an ongoing basis. I will search for properties that meet your requirements on a daily basis. You will receive daily notifications of homes that have debuted on the market, reduced their price or have sold.

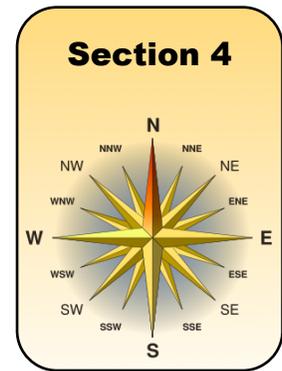
I encourage you to be candid with me so that I can better serve you through this search process. I want to know your needs and concerns. If something doesn't feel right or if you feel that we're not on the right track, please tell me...immediately. Then we can move forward. I will always respect your feelings and concerns.

The Role of Previewing

I have systems and tools few other REALTORS do, but my best one is my automobile. Whether I am showing a buyer that week or not, I am inside 10 properties every week, previewing properties. Some of my clients will insist that I show them every home that meets their criteria. I hesitate to do that. Do you want to spend time looking at homes that are over-priced, stinky, or with "fatal", non-negotiable defects, when homes that don't have these issues are available? Both relocating and local buyers appreciate my market knowledge. Neighborhood knowledge lets me be far more accurate in my assessments of value. The requests I receive for feedback from other listing agents often provide enormous clues as to how much negotiating a seller might entertain. The data I accumulate on patterns within neighborhoods can help determine if a home will even sell... or if another, better property, ought to arrive on market soon. I don't mind showing homes I have not seen before; however, I try and get you step ahead so that your time is as well spent as possible.

Contracting to Buy

Understanding the contract, timelines and paperwork makes it easy to move forward.



Selecting a home to purchase is both an exciting and scary—exciting to find just the right home but sometimes intimidating to sign all the contracts. However, when you understand the ins and outs of contracts, you'll feel more confident as you move forward with the home-buying process. This chapter helps you understand the decision-making process as well as the process of contracting to buy your chosen property.

THE RULES:

There are many rules in a fluid real estate market, but here are a few that I believe hold true IN ANY MARKET (one favoring buyers; one favoring sellers; it does not matter):

- LOCATION, LOCATION, LOCATION
- MONEY IS MADE ON THE BUY
- SELLERS SET ASKING PRICES; BUYERS DETERMINE VALUE
- BUYERS BUY VALUE
- THOSE WITH POWER HAVE FEW NEEDS. THOSE WITH NEEDS HAVE LITTLE POWER
- THE HARDEST THING TO GAIN IS TRUST; THE EASIEST THING TO LOSE IS TRUST
- REPUTATION AND ETHICS ARE VALUE-ENHANCING ATTRIBUTES

Making a Decision

When it's time to make an offer, my job is to give you options. I will research whatever data is necessary, role-play psychological reactions sellers may have to situations, calculate probabilities for outcomes, and then step back and let you decide. I can't emphasize enough—you have to make the real-estate purchase decision yourself. My job is to empower you with the information to make the best decision. This is one of the many ways in which I am different as a REALTOR®.

I have dozens of past clients who can tell you how surprised they were that I did not "go in for the kill" (client's own words, fall 2002) when it was so obvious that it was the perfect house. Instead, I secured the home of their dreams by making a phone call to the listing agent, finding out the sellers situation and motivation (in this case, it was offered) and then let the buyers sleep on it. They were about to spend a very large sum of money. They were moving out of Southern California for the first time in their lives. It was about to become "official." The decision was daunting. They wrote an offer, there was some negotiation, they bought the home. They love it. They refer my name on to friends. The last two statements are the most important statements in my business.

When it is time for you to buy, I will respect your decisions in exactly the same manner. My only inventory in real estate is my supply of relationships. I trust that you will eventually purchase a home, and I want to make certain that the extensive data I supply to you confirms the most appropriate decision possible. But the commission from your purchase is never as important as you referring my name to friends. This litmus test should allow you to make both an informed and a powerful purchase decision.

Making an Offer

Once we find the home you wish to purchase, we will complete on-line research about the neighborhood and make some determinations about whether the price is reasonable and supported by the sales history of the property—what the sellers paid for it, how long it has been on the market, any price changes, etc. With this information, I will write and present your offer along with your earnest money to the listing agent or seller. If you are writing on a new home, the on-site sales representative will write the offer on a builder contract and deliver it to the builder for formal presentation and acceptance. Most purchase contracts I write will be written on forms required by the Colorado Real Estate Commission and our Broker. Bank – owned or foreclosure properties may require unique forms. The table on the next page summarizes the different documents typically included with a purchase contract.

The entire Colorado Real Estate Contract is negotiable. All dates, terms, prices, values, trades, prorations and financial information are disclosed in this single document. It is a 15-page document for this reason. The Colorado Real Estate Commission recommends that buyers and sellers consult legal and tax counsel before signing any sales contract. I can refer you to a number of legal and tax professionals should you require their assistance.

Understanding Dates

The sales contract is date-driven, and the dates are supplied in the original contract. All dates and deadlines are specific and subject to negotiation. Because the buyer usually initiates the contract, it is important that the dates and deadlines accommodate your schedule. It is also good to find out when the seller would like to close, if it can be found out. If you can guarantee the seller their preferred closing date, they will have one item in your offer that they really like. Correspondingly, you can negotiate on price.

Depending on loan status, lender, and buyer and seller motivation, contracts typically close in around 30 to 40 days, with 3 days being the fastest and 11 months the longest I have had for contract execution. I construct the contract with you using the following loose timeline:

Timeframe	Dates
First 7 days of contract	Loan Application Deadline Seller's Property Disclosure Deadline Title Insurance Deadline Document Request Dealine Off-record Matters Deadline
First 14 days of contract	Inspection Objection Deadline Inspection Resolution Deadline Property Insurance Objection Deadline Survey Deadline Off-Record Matters Objection Deadline Title and Publicly Recorded Document Objection Deadline
First 21 days of contract	Appraisal Deadline Loan Conditions Deadline
First 25 days of contract	Loan Approval
After completion of all deadlines	Closing Date Possession Date

Document	Description
Contract to Buy and Sell Real Estate	Designated as either New Loan or Cash at Closing, this document is the Colorado Real Estate Commission Approved form for all REALTOR-related real-estate purchases.
Closing Instructions	This document is an authorization of the Buyer and Seller to employ a title company to research title, provide title insurance, hold and disburse monies, and conduct the real estate and loan closing.
Addenda A	ERA Shields uses a supplementary addendum. These are created by legal counsel for our brokerage. Corporate sales may have numerous additional addenda that describe the terms of sale and the real-estate transaction.
Seller's Property Disclosure	This document provides a disclosure of the property's known physical condition to the best of the seller's actual knowledge and is supplemented by the Colorado Mold Disclosure, Lead-Based Paint Disclosure and, in the event of a corporate relocation sale, corporate addenda describing the condition of the property. Also falling under this category of disclosure would be Improvement Location Certificates, Building Reports, Engineering Reports, repair receipts and other documentation describing the property's physical condition.
Square Footage Disclosure	Enforcement of Colorado Real Estate Law E-41, this document indicates the source of marketed measurements and who may or may not have measured the property. Buyer is advised that if precise square footage is of concern, it is the buyer's responsibility to verify by the Off-Record Matters Deadline.
Colorado Mold Disclosure	Your new home probably has mold somewhere. Buyer beware. The extent and ramifications should be examined to a buyer's satisfaction. This form is created by ERA Shields legal counsel.
Foreclosure/ Short-Sale/REO	Distress-sale properties often require additional disclosures. Laws regulate primary resident occupants versus investor purchases, and sometimes the seller/bank requires unique documents. In the event of a seller selling their home with negative equity and a lender has a say in the process, a short-sale document outlines the timeline a buyer is willing to accept to bring the process to an acceptable end, and what happens if the "unacceptable" occurs. These may or may not be state-created forms.

Understanding the Paperwork

The documents that may be included with a purchase contract are summarized below. If you have any questions, please don't hesitate to ask me or to consult legal counsel.

What is the Risk?

If the seller accepts your offer, it becomes a legally binding contract. Then you and the seller will be subject to "remedies in case of default" if you cancel the contract when you no longer have the right to cancel. Think of this as your wager, but a wager where you completely control the outcome. Because the contract gives you dates, opportunities and deadlines to investigate, object and terminate for everything, a default of contract should not happen. However, say you lie on your

loan application to the lender—this would be a breach of contract, and the seller could exercise their default remedy. Another example of defaulting would be changing your mind about buying after all objection deadlines are exhausted.

When writing the contract, you can select liquidated damages or specific performance. Liquidated damages doesn't sound like fun, but it is the "soft route"—the seller can keep your earnest money (your wager) and nothing else. Specific performance is the "hard route"—the seller can keep your earnest money and sue you for the purchase price and damages. Specific performance sounds risky for the buyer; however, you control the level of risk. If you have no intention of defaulting, the risk is low, and an offer written specific performance is perceived by the seller as a stronger offer than one written liquidated damages.

Presenting the Offer

When all dates, deadlines, prices and other information are determined, we will complete the purchase contract, review disclosures and addenda & supply a financial letter (some proof of assets in a cash purchase or a lender's letter for mortgage financing). Then you sign the contract and I provide you with copies of everything you have signed.

I put all of the offer documents into a tidy ERA Shields folder along with my business card and your earnest money check. Earnest money—usually in the form of a personal or cashier's check—is customarily 1 to 3% of purchase price (I have seen as little as \$500 or as much as \$50,000). This money represents your sincerity in the attempt to purchase and is totally refundable if the offer is not accepted. Earnest money is negotiable and is an important first impression made to the seller. The amount deposited is kept in an escrow account of the listing real-estate company and not turned over to the seller. Occasionally, earnest money is deposited with the title company.

When all documents are complete, I present the offer, preferably in person to the listing agent of the property. There are many subtle steps I take in the presentation of an offer that often times result in thousands of dollars in savings for my buyers. The real estate industry has increasingly become an industry where the average agent is making less and less each year; the promise of a successful transaction with a positive outcome is something I utilize on your behalf to both improve your chances of offer acceptance and the price you pay (see "The Rules, p. 20). Whenever possible, I avoid faxing an offer. I may email the offer if the listing agent's seller(s) are difficult to access or are out of town to make presentation of your offer easier. The steps I take to make the listing agent's job easier are professional, but more importantly that are an indication of cooperation that helps humanize the process and improves your negotiating stake. A handshake and a courtesy "look forward to working with you" sets the table for strong communication better than anything else. It also conveys certainty to the listing agent, an important commodity that helps you in the negotiating process.

Counterproposals

Many offers are not accepted. Very few are rejected. Most offers that are not accepted are require just a few modifications to be satisfactory for the seller. If the few details are sticking points, the seller will propose changes to the offer using a formal counterproposal. These could be small issues such as a title deadline or payment of a homeowner's association fee. They could also be larger such as a different month for a closing deadline, a need to rent the property back from the buyer or (most likely) a higher purchase price. Any changes to the original contract

go into a written counterproposal in which the seller provides you with a timeline for accepting their modifications. If you accept, there is a contract. If not, no deal.

As a buyer, you can “counter the counter,” but until there is a precise meeting of the minds, there is no contract. Similarly, any change to a counterproposal must be done on a new counterproposal. While much of the negotiation is done between the other agent and myself via e-mail, fax or phone, it is vital that we have the ability to put things in writing in an official, state-recognized form.

There are right ways of countering a contract and there are wrong ways. I always err on the more formal side of a fully ratified, “fresh” counterproposal. Initials are not acceptable by ERA Shields office policy, and for good reason—guys like me! I had a buyer swoop in on a property that had a contract nearly negotiated between buyer and seller. In the back and forth process, the buyers changed one on a counterproposal, signed the counterproposal and initialed their changes, sending it back to the sellers. There was a single issue that the buyers had changed in the agreement, and without an exact meeting of the minds, there was almost a deal... but no deal yet. That is when my buyer wrote a slightly better offer. Due to the tedious negotiations that had already transpired and the seller’s perspective that the other buyers were trying to take advantage of them by constantly re-defining the contract in their favor, the sellers happily took my buyer’s offer. Not tied to an agreement because of the other buyers’ casual attitude, my buyer ended up with the property and the seller ended up with a transaction they were confident would close.

You’re Under Contract

Upon acceptance of the purchase contract, **your earnest money is deposited** in a trust account. A copy of the purchase contract is delivered to the mortgage lender, who performs the following:

- Orders an appraisal of the property from an appraisal company (Effective May 1, 2009, this process changes to a random “blind” ordering system on Conventional Loans. Lenders on FHA and VA loans already use a system where they put in an appraisal request and have no influence over which appraiser views the property)
- Processes a credit report for the purchaser (already complete if you are pre-approved)
- Verifies the purchaser’s employment.
- Verifies the purchaser’s bank accounts or other monies necessary to close.
- Orders any appraisal-required inspections or repairs.
- Oversees that all conditions of the purchase and sale agreement are met before closing.
- Consolidates all of the above into a loan package that is presented to the loan committee for final approval.
- When final lender approval is completed, all necessary information is forwarded to the designated closing agency.

A copy of the purchase contract is also delivered to title company/closing agent. The Title Company performs the following:

- Orders commitment for title insurance (see discussion on Title Insurance).
- Oversees and coordinates solution of any problems revealed in the preliminary title report.
- Files documents to clear title of all liens, encumbrances, judgments, clouds on title, or easement questions.
- Verifies that all work orders are completed and re-inspected if necessary.

- Prorates any rents, taxes, or utilities to the date of closing.
- Prepares all documents and closing papers for buyer and seller to sign.
- Arranges for both parties to sign closing documents.
- Files all documents with the local government to actually close the sale.
- Upon closing, disburses funds per the closing instructions.

Completing Your Loan Application

All of the lender procedures are dependent upon your loan application, so once you are under contract to purchase a home, you need to finalize and submit your loan application as soon as possible. You will need to provide your lender with most of the information listed in the checklist below.

Type	List	✓
Personal information	Name and social security numbers Current and previous addresses	
Employment information	Monthly salary and sources of income Information on employment and employer	
Assets	Landlord/mortgage company information Source of downpayment and closing costs Bank address(es), account numbers and approximate balances Value of assets (stocks, bonds, mutual funds, etc.) Net worth of businesses owned Information on automobiles, boats, campers, personal property or collectibles owned	
Liabilities	Confirmation of credit cards and installment loans Information on any other properties owned (rental, investment, second homes, etc.) Alimony/child support payments	

Once your loan application is complete, an underwriter will validate the information provided. When the underwriter has processed all financial information, the lender can issue a Loan Commitment. Please be advised that FHA and VA underwriting takes longer (30 days minimum and as much as 45 days) and has more stringent guidelines than conventional loans, so we will need additional time to close these loans.

The lender will usually charge you for the home appraisal and a credit report up front. These are part of your closing costs and will show as a credit to you at closing, or the items will show as POC, or "paid outside closing." Again, VA and FHA appraisals will take longer, up to 15 business days from the date of order. Appraisal should occur after the home inspection.

Obtaining Homeowner's Insurance

You will also need to obtain homeowner's insurance for the property by the contract's insurance deadline, which is usually within the first five to seven days under contract. Contact your preferred carrier or use any of the referrals listed below.

Title Q & A

Once you're under contract, you will receive a copy of the title commitment and other relevant documents such as community covenants. It is important that you review these documents for accuracy and thoroughness, consult the title company and their counsel and, if necessary, seek review from an attorney of your choosing. The questions and answers in the table below and on the next page may also provide helpful information.

Question	Answer
What is a preliminary title report?	When a property is sold or refinanced, the lender and/or buyer need a preliminary title report to see exactly what publicly filed documents and conditions pass with the subject property, such as: taxes on subject property, amount owing, amount paid and assessors parcel number; easements of record, if any; restrictions on subject property, if any; liens and/or judgments of record, if any; and confirmation that the owner of record is actually the owner.
What is title insurance and who pays?	Title insurance insures against loss or damage resulting from defects or failure of title to the property you are purchasing. Much the same as your auto insurance protects from loss to your auto, title insurance protects from loss to the title to your property. In most transactions, the seller will furnish, at seller's expense, a standard policy. In many cases a lender will require a lender's title policy of the buyer. This is usually less than \$150 and should be included in your Good Faith Estimate of closing costs.
What does a standard policy protect against?	The seller transfers the title, and does so customarily by a general warranty deed, which is just that, a custom. In truth, it indicates that the seller guarantees over the entire existence of the land they have interest in. Not many sellers can realistically make such a claim. Therefore, the seller provides an insurance policy that in fact there are no defects and the title company takes on the liability. Generally speaking, this policy does the following: the correct property is correctly vested in your name; there are no defects, liens or encumbrances against your property that are of public record; there is a right of access to and from your property; title to your property is marketable; the mortgage lien on your property is valid and enforceable and the mortgage lien has priority over all other liens and encumbrances; and there are no statutory mechanics liens now of record against the property.
What is owner-extended coverage (OEC)?	OEC provides protection from rights, claims, discrepancies, liens, etc., which are not shown by the public records. Depending on the title company qualification requirements, OEC may be available for the purchaser to request as an option. Each title company evaluates each contract or property to determine what coverage can be offered.

What Can Go Wrong?

Really, anything and everything can go wrong. Here are a few examples.

- A foreclosure may have been improperly handled.
- A deed may have been signed by a person under age.
- A deed may have been made by an incompetent person.
- A deed may have been made under a Power of Attorney after the death of the principle and would, therefore, be void.
- A deed may have been made by a person other than the owner, but with the same name as the owner.
- An heir or other person presumed dead may appear and sue for an interest in the property, etc.

What Happen Should Defects Arise?

The title company will defend against covered, rising defects, will clear the title for you and will assure you of no loss from the proceedings at their expense. The fee associated with the policy is a risk mitigation fee: the title company researches the history and warrants its accuracy. If it is inaccurate, they take the loss so you don't have to. If the title documents before the closing reveal a defect, you can object and request that the seller remedy the defect. If the seller is unable to remedy the defect, you may continue with the purchase or terminate the contract.

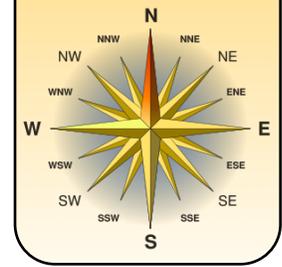
There are also exceptions to the title policy, which are different than defects, but certain exceptions could be as objectionable as defects in title. One example is underground mineral rights. Mineral rights in Colorado are owned separately from the surface estate. In rural areas such as Woodland Park, it is important to determine that the underlying mineral estate that is likely owned separately from the surface estate cannot be mined. In neighborhoods or in cities, there are usually municipal guidelines that protect against the acquisition of the minerals through the surface estate (the land you're buying). These are also exceptions to the title policy. In this case, the exceptions are positive because they provide protection. Other examples include the rights of gliders to fly overhead from the Air Force Academy, historic liquor laws in downtown Colorado Springs (the city founder was a prohibitionist) and no-build areas.

The lender does not cover exceptions, hence the name. They can, but there are added fees associated with that coverage that the buyer must pay. So for certain items (liquor reverters, mining claims, homeowner associations, etc.), the title company will charge an endorsement. This fee is a one-time fee and indicates to your lender and the lender's investors that many of these items will not have actual impact to the property that is the lender's collateral should you foreclose on the property down the line. Without paying these fees, you will not likely obtain market rates on your loan. These fees range from \$50 to \$500 and should be quoted by a lender in a Good Faith Estimate.

After closing, the title company records documents and issues a policy of title insurance to the new lender and/or buyer showing clear title of subject property. Some title companies issue this commitment at closing, others mail the policy within 30 days of the close of sale.

Section 5

Getting a Home Inspection



Having a home inspection is like giving a residence a physical check-up. If problems or symptoms are found, you can confer with an appropriate specialist.

A home inspection is a visual examination of the physical structure and systems of a home from the roof to the foundation. I highly recommended that you hire an independent, professional inspector to inspect the property as soon as possible after contracting to purchase a home. If the property does not prove to be in acceptable condition, you can then move on and locate a replacement property. This section explains the importance of a home inspection, what it costs, how to find a home inspector, when to schedule an inspection, what to inspect for and what to do after inspection.

Why It's Important

The purchase of a home is probably the largest single investment you will ever make. You should learn as much as you can about the condition of the property and the need for any major repairs before you buy so that you can avoid unpleasant surprises. A home inspection also points out the positive aspects of a home as well as the maintenance necessary to keep it in good shape. After the inspection you will have a much clearer understanding of the property you are about to purchase and will be able to make a confident buying decision. Even if the house proves to be in good condition, you can complete your home purchase with peace of mind about the condition of the property and all its equipment and systems.

What It Costs

Like the cost of housing, the inspection fee for a typical single family house varies geographically. Within a given area, the inspection fee also varies depending upon the size of the house, particular features of the house, its age and possible additional services such as septic, well, or radon testing.

An inspector is a generalist, but is familiar with the elements of home construction and maintenance and how the home systems and components are intended to function together, as well as how and why they fail. **Thinking about doing it yourself?** Most experienced homeowners lack the knowledge and expertise of a professional home inspector who has inspected hundreds or even thousands of homes. But worse, an individual lacks the credibility a respected home inspector brings to negotiating repairs. I keep a very short list of recommended inspectors because I believe my recommended professionals are the most credible and reputable local options available. Because Colorado does not license home inspectors, literally anyone can be a home inspector. Therefore, I strongly recommend that you use one of the reputable inspectors listed below. These inspectors are members of ASHI and/or NAHI—trade organizations that require

extensive training, continuing education, general liability insurance and overall professionalism.

Company	Contact	Phone
Real Estate Inspections, Inc	Terry Allen	(719) 488-1558
Pillar to Post	Brett & Barb Lewis	(719) 579-6627
Criterion-McCafferty	Mark McCafferty, PE	(719) 685-2285
Arrowhead Septic		(719) 576-7707

A quick plug for a single individual: Brett & Barb Lewis are two of the most respected home inspectors in Southern Colorado. Mark McCafferty is fantastic engineer. My go-to guy however is Terry Allen. Mr. Allen utilizes a systematic approach to every home inspection, delivers his reports the following morning by 10 a.m. by email PDF attachment, is frank and honest, communicates the difference between major repairs and minor maintenance effectively, and to date has been rated as “highly satisfactory” or better by every buying (and selling) client I have referred him to. Mr. Allen has a 30 year history with building and inspecting in El Paso and Teller County and has a conservative bent on his calls (that means, even if it may be a non-issue, he will document it). His approach to customer service and client relationships is extremely similar to my own. As it is your money, you certainly may choose whatever inspector you wish; I know that you will be satisfied with Mr. Allen.

When to Call a Home Inspector

For resale homes, a home inspector is typically called right after the contract or purchase agreement has been signed, and the inspection is typically completed within a few days. New home inspections are typically completed in two phases—just before drywall and just prior to closing. A new home should be inspected to make certain that it is within code compliance, as the Regional Building Department employs human beings who from time to time will make errors.

If you are purchasing a new home, I will work with you to verify that there is an inspection clause in the contract making your purchase obligation contingent upon the findings of a professional home inspection. This clause is standard in the Colorado Real Estate purchase contract, but some builders do not allow home inspections. If a builder refuses, I would recommend that you seriously consider not signing a purchase contract. There is no reason to refuse a request that verifies that a property is within local building standards.

Attending Inspection

Although it is not necessary for you to be present at the inspection, I highly recommend that you be there. By following the inspector around the house and observing and asking questions, you can learn a great deal about the condition of the home, how the systems work and how to maintain it. You will also find the written report easier to understand if you’ve seen the property firsthand through the inspector’s eyes. Our legal counsel recommends I not be in attendance in order that you as buyer get the best independent opinion of the residence. Your presence at the inspection greatly influences that opinion.

What to Inspect

The standard home inspection report includes an evaluation of the condition of the home's heating/cooling systems, interior plumbing, electrical system, roof, attic, visible attic insulation, walls, ceilings, floors, windows, doors, foundation, basement and other visible structures. A home inspection may evaluate the condition of the sprinkler system or air conditioner if weather and seasons permit. Certain properties may be on well and septic; some inspectors can investigate these items as well.

- If you wish to investigate for the presence and risks of lead-based paint, you must indicate this on the Lead-Based Paint Disclosure at the time of the contract. Lead-Based Paint disclosures are required for properties permitted prior to January 1, 1978.
- Termites and other wood-destroying insects are uncommon but are present in El Paso and Teller County. You may wish to investigate for this pest. Even if you do not, the VA frequently requires a pest inspection as a condition of loan approval.
- Structural engineers may also be consulted in the inspection process. See our company's Buyer Addendum and Addendum A for further investigative rights and privileges.

For a full break down of what repairs might cost, please see your three-ring binder for a copy of an ERA Home Warranty which shows common repair expenses. A Home Warranty will often be negotiated into a contract purchase. Please be certain to keep all receipts for items repaired after an inspection. I will help provide those to warranty companies to make certain they are covered for the first-year of coverage should the warranty company require documentation for pre-existing conditions.

Inspecting for Radon

Radon is a colorless, odorless, inert radioactive gas that scientists believe is the second leading cause of lung cancer. You cannot see it, smell it, or feel it; yet you cannot completely avoid breathing radon because there is about 0.35 pCi/L of radon in the outside air we breathe. Radon comes from the natural radioactive decay of radium and uranium found in soil. The amount of radon in the soil depends on complex soil chemistry that varies

from one house to the next. Radon levels in the soil range from a few hundred to several thousands of picocuries/litre. The amount of radon that escapes from the soil to enter the house depends on the weather, soil porosity, soil moisture, and the suction within the house (from article at <http://www.discoverit.com/at/phi/article.html#A3.1>).

For homes tested in El Paso County, the average radon score is above the EPA's recommended threshold for mitigation, which is 4.00 picocuries/litre. Teller County averages a score several times higher than the EPA threshold. Therefore, many buyers choose to inspect for radon. If the radon score exceeds 4.00 picocuries/litre, it can be remedied with a radon mitigation system that pipes the radon out of the house. These systems usually cost between \$500 and \$2500. The average is less than \$1000, which is less than 0.5% of average purchase price.

Because a radon test takes 72 hours, decide whether you want to complete a radon test immediately after contracting to purchase a home so that it can be completed within the inspection timeframe. It's your decision, but I will say that if it were my

own house, I would test for it and would likely request that it be remedied should the score come in high.

Colorado and El Paso County do not require a seller to mitigate for radon should the test results come in higher than the EPA threshold, and the real-estate community is left to sort out the negotiations between buyers and sellers. I can supply you with an EPA handout on radon.

What to Do After Inspection

A house can't "fail" inspection in Colorado, but a bad inspection might sink a deal. A professional home inspection is an examination of the current condition of your prospective home. It is not an appraisal, which determines market value, nor a municipal inspection, which verifies local code compliance. A home inspector, therefore, will not pass or fail a house, but rather describe its physical condition and indicate what may need repair or replacement. They may provide additional comments as to whether or not the home is in the expected condition based on age, but that is unlikely. It is up to you to assess the data from the inspection and determine what items, in your opinion, require repair.

It is important to remember that no house is perfect. If the inspector finds problems, it doesn't necessarily mean you shouldn't buy the house. It only means that you will know in advance what to expect. A seller may be flexible with the purchase price or contract terms if major problems are found. Paragraph 10 of the Colorado Real Estate Commission contract allows you to request remedies; keep in mind, the seller has equal rights to accept or reject your request. Since you will not likely wish to become involved in future repair work, this information will be extremely important to you.

Also, a home inspection is not a guarantee that problems won't develop after you move in. However, if you believe that a problem was already visible at the time of the inspection and should have been mentioned in the report, your first step should be to call and meet with the inspector to clarify the situation. Misunderstandings are often resolved in this manner.

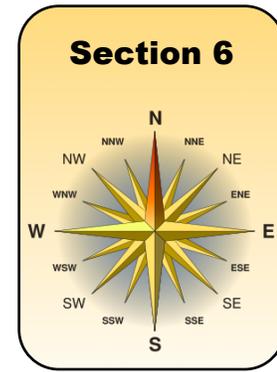
The Inspection Notice

When the inspection is complete, you will usually ask for some repairs. I will write these repairs into the Inspection Objection and request the seller make all necessary repairs, usually by a professional contractor. The seller can accept, reject, or selectively accept some repairs and not others. I ask for documented evidence that all repairs are complete well before closing. I prefer that a walk-through be a time when the cleanliness of the property is evaluated, not last second repairs that no longer have time to be completed.

In rare instances, sellers will not complete any repairs, sometimes to their detriment. If you no longer have agreement but still wish to purchase the home, you may withdraw your inspection notice. In some instances, sellers may wish to offer a cash credit. This must be approved in writing by the lender. As a rule, it cannot be done on VA/FHA loans, and many conventional loans prohibit credits for repairs.

Closing the Transaction

Preparation for closing will save you time, avoid inconvenience and making moving in less of a back-breaking affair.



Once all the contingencies in the contract such as title, inspection, appraisal, loan commitment and survey issues have been met, and the lender has issued a loan commitment and approved your loan, your loan and real-estate transaction can be finalized, or closed. This section explains what happens before and at closing.

What Happens at Closing

In Colorado, the closing is conducted by a title company and usually takes about an hour. Buyers, sellers, REALTORS and some lenders attend the closing. At closing, you and the seller sign all necessary documents to transfer ownership of the property and record the mortgage and deed information. The seller only has a few documents compared to the buyer who purchases with a new loan. Typically, the loan package is also finalized at closing and takes the most time. You will receive a copy of all closing documents and be given the keys to your new home!

Closing Payments

RESPA (Real Estate Sales Procedures Act) requires that the lender and title company provide you with closing figures 24 hours prior to your closing. This does not always occur in our marketplace due to the speed with which our contracts customarily close (30 days or less). Nonetheless, I will make certain you have your figures made available as early as possible so any errors can be addressed and you have the opportunity to obtain funds well in advance of the closing.

You will be expected to have a cashier's check or certified funds for your final down payment and closing costs. Because Colorado is a cash state, all funds made payable at closing must be good funds such as a cashier's check or wire transfer. In most cases, cash, personal checks and trust account checks are not accepted by title companies. **Are you liquidating a security, stock, mutual fund, IRA or other investment? Please do this five business days in advance of the closing.** The most current Colorado contract asks in Paragraph 4 if the buyer has the funds available for closing. If they are invested, they are not liquid, therefore, the answer is NO. I have experienced delayed closings on my listings when other buyers failed to understand that SEC regulations now require a three-day period before a private individual can access the cash value of their security investment.

If you are planning on wiring any portion of proceeds (downpayment, closing costs or the mortgage itself), please let me know as soon as possible so we can make certain that the wire has not only been sent on your behalf but has also been registered with the title company. Remember, this is called a closing, which means that all sales are final and must be finalized at this appointment. This includes all monies, signatures and amendments to sale.

If You Can't Attend Closing

If you are not able to attend the closing, please let me know as soon as possible. I cannot sign for you by company policy. If there are multiple buyers and only one can attend closing, you can use a Power of Attorney (POA). The title company must create the POA and the original, notarized version must be present at closing.

What to Do Before the Closing

There are a number of things you need to accomplish to ensure a smooth closing. Follow the checklist below. As always, if you have any questions, I'm only a phone call away!

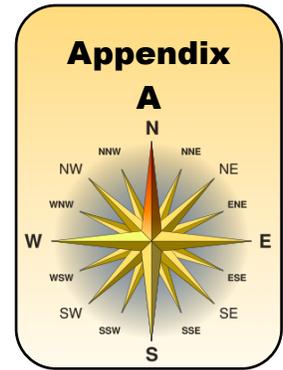
✓	To Do
	Make an appointment for walk-through at a time that is acceptable to all parties.
	Arrange for homeowner's insurance with your insurance provider by the contract inspection objection deadline.
	Transfer all utilities and phone service into your name.
	Review the contract, title commitment and applicable covenants.
	If required for the closing, prepare a power of attorney.
	Arrange for a money order or cashier's check for settlement costs.
	Bring your driver's license or photo ID to closing for identification.

Handy Phone Numbers

Phone	Company
448-4800 (local) 800-238-5434 (toll-free)	Colorado Springs Utilities (gas, electricity, water, sewer)
800-244-1111 (residential) 800-603-6000 (business)	Qwest (phone service)

Area Descriptions

If you're new to the Pikes Peak region, these descriptions will help familiarize you with different areas where you may be searching for a home.



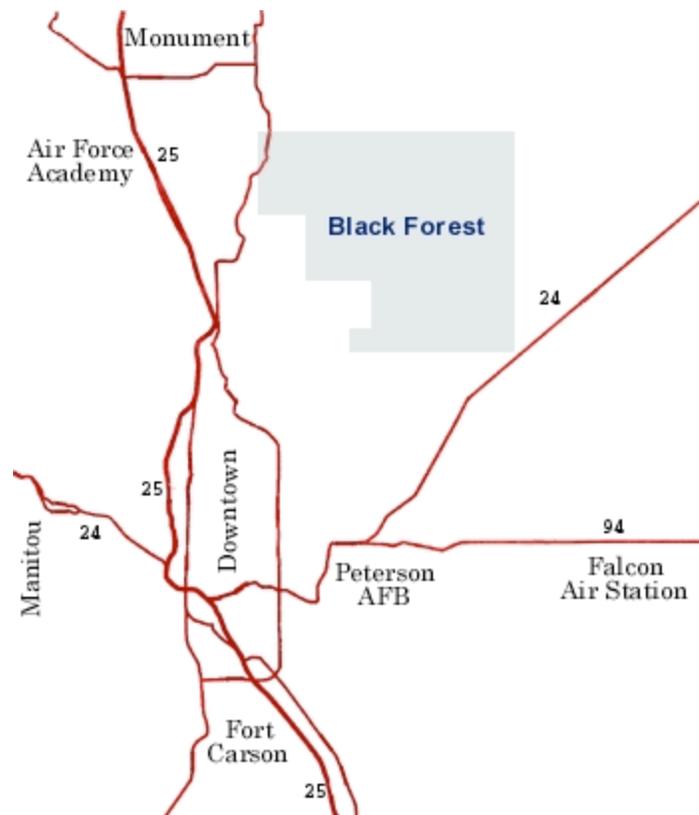
All Listings in the MLS include a code that indicates the area where the property is located. These codes are listed below. Each of these areas is described in more detail in this appendix along with a map that indicates the general boundaries of each area. Review this appendix to help acquaint you with the Pikes Peak region.

Code	Area
BLA	Black Forest
BRI	Briargate (north and northeast of city within city limits)
CEN	Central and Downtown
DIV	Divide (west of Woodland Park)
EAS	East (N of downtown east to Powers Road)
FAL	Falcon
F/V	Fountain Valley, Security & Widefield
MAN	Manitou Springs
N/E	Northeast
N/W	Northwest (Peregrine, Rockrimmon, Mountain Shadows, Pinecliff)
NGT	Northgate (across from USAFA including Gleneagle, Trail Ridge, Flying Horse)
OCC	Old Colorado City (E of Manitou, W of downtown)
PWR	Powers (E of Powers incl. Stetson Hills, Springs Ranch, Cimmaron Hills, Ridgeview)
RCK	Rock Creek (SW of town, N of Ft. Carson)
S/E	Southeast (S of Pikes Peak, E to Powers including Easborough, Southborough, Sand Creek and Pikes Peak Park)
S/W	Southwest (W of I-25, S of Bear Creek Park, including Broadmoor, Skyway, Cheyenne Meadows and Cheyenne Hills)
TRI	Tri-Lakes (N of city limits incl. Monument and Palmer Lake, Jackson Creek, Woodmoor, Kings Deer, Walden)
UTE	Ute Pass (Cascade, Green Mtn. Falls, Chipita Park)
WES	West end (S of Garden of the Gods, W of I-25, from Holland Park to Cedar Heights, Kissing Camels, Chelsea Glen and Pleasant Valley)
WPK	Woodland Park (20 min. W of Manitou)

Black Forest

School Districts 20, 38, 49

Black Forest is a huge secluded area northeast of Colorado Springs typically characterized by a residence on 2.5 to 10 acres. Many of these lots are wooded acreage, although others are wide open. Trees come at a premium price, with the greatest lot premium for mature, healthy ponderosa, a meadow, a great Pike's Peak view and a "close-in" location in Academy District 20. Many of the homes were built in the last 15 years, although others date back considerably further. Many are zoned for horses and afford large acreage at a reasonable value. New-built areas east in District 49 include Woodmen Hills, Falcon Hills and Latigo Trails, priced from \$200,000 to \$400,000 on 3- to 7-acre lots. Higher end communities include Abert, Bridle Bit and Pine Cone Ranch, and private tracts on 10+ acres that qualify as full estates.



Briargate

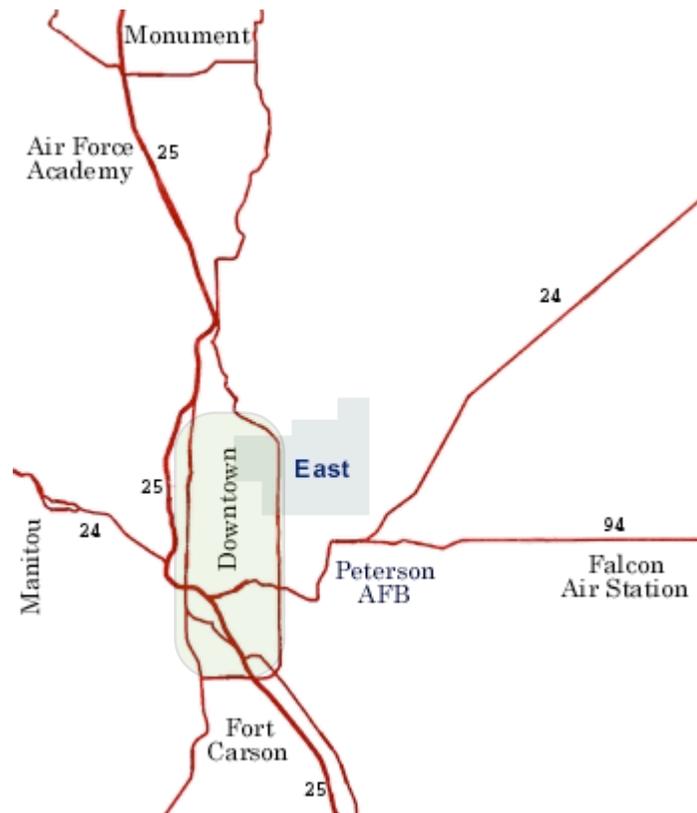
School District 20

The first planned community in Colorado Springs, Briargate is 10–20 minutes north of downtown with homes ranging from \$160,000 to \$600,000. A large variety of homes are available, and many of the neighborhoods offer desirable amenities such as greenbelts, parks, wide road lanes and open space. A popular location due to the well-regarded District 20 schools, Briargate offers strong historical resale values and easy access to most of Colorado Springs and south Denver.



Central School District 11

The Central Springs offers some of the more identifiable neighborhoods in the city. The “Old North End” has prestigious Victorian-era homes from \$400,000 to over \$1 million. Other neighborhoods built in the 1930s through the 1960s are as well-kept and charming as any in the city and are less expensive. A limited number of newer homes can be found in the southern section of this area near Valley Hi Golf Course. Some of the subareas include Divine Redeemer, Patty Jewett, Prospect Lake, Knob Hill and Roswell.



Divide

School District RE2

Ten minutes west of Woodland Park and almost another 700 feet higher, Divide is at the top of Ute Pass. It is a small town spread out over several square miles. Many homes are single family with acreage. There are subdivisions on municipal water lines in Divide, but most homes are outlying on private well, septic and propane. Most of the subdivisions are semi-custom, small homes (less than 2000 total square feet) in a mountain setting. There are some larger properties, including residences on large acreage in Elk Valley, with some homes topping a million dollars in value. The Divide City Center is 35 minutes west of downtown Colorado Springs, although outlying areas in Divide may be as much as another 25 minutes removed from town.

East

School District 11

Palmer Park, a signature open space, is contained almost entirely within this region as well as one of the city's two major shopping malls, the Citadel. Eastern Colorado Springs offers a great deal of housing variety, from inexpensive homes near the Citadel Mall to acreage in the city limits near Peyton Pines. Prices range from \$80,000 to \$500,000 depending upon location and lot size. There has been very little new construction in this established area over the last ten years, but there are some isolated pockets. Some of the neighborhoods that exist in eastern Colorado Springs are often overlooked, primarily because homes are rarely listed. Country Club, Villa Loma and the homes on the ridge near Chelton and Maizeland all offer exceptional style and views. Village 7 and Homestead offer consistent values, and homes there typically sell and rent quickly.



Falcon

School District 49

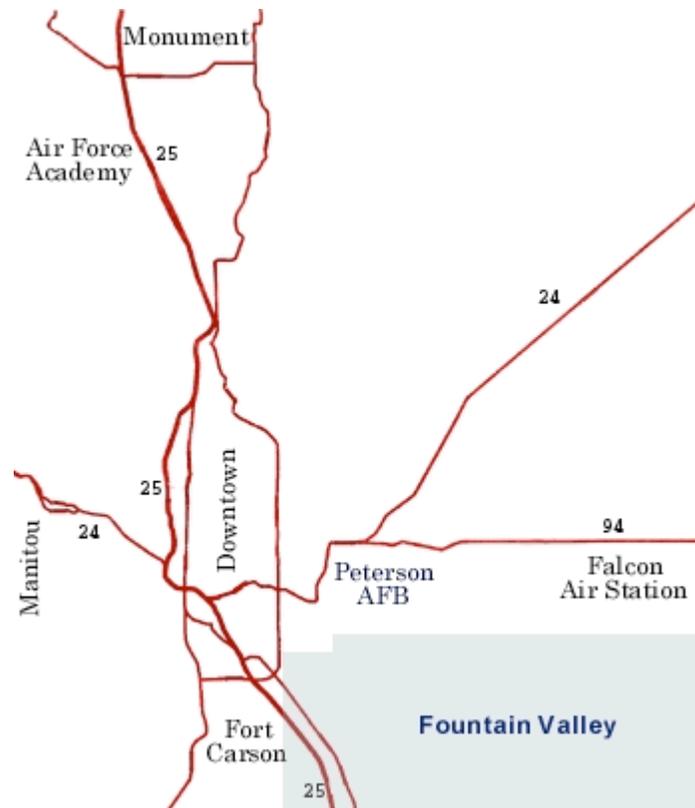
East of Marksheffel Blvd. is classified as Falcon, a rural area characterized by rolling hills and prairie. Many of the homes are on very large lots, many in excess of an acre, with true acreage existing throughout the area. Homes under \$200,000 generally are tied down mobiles or modulars on a foundation. The exception is new construction in Woodmen Hills on the northern end of the area. Close proximity to Schriever Air Force Base.

Fountain Valley

School Districts 3, 8

This area south of the city offers some of the more affordable housing in the metro area.

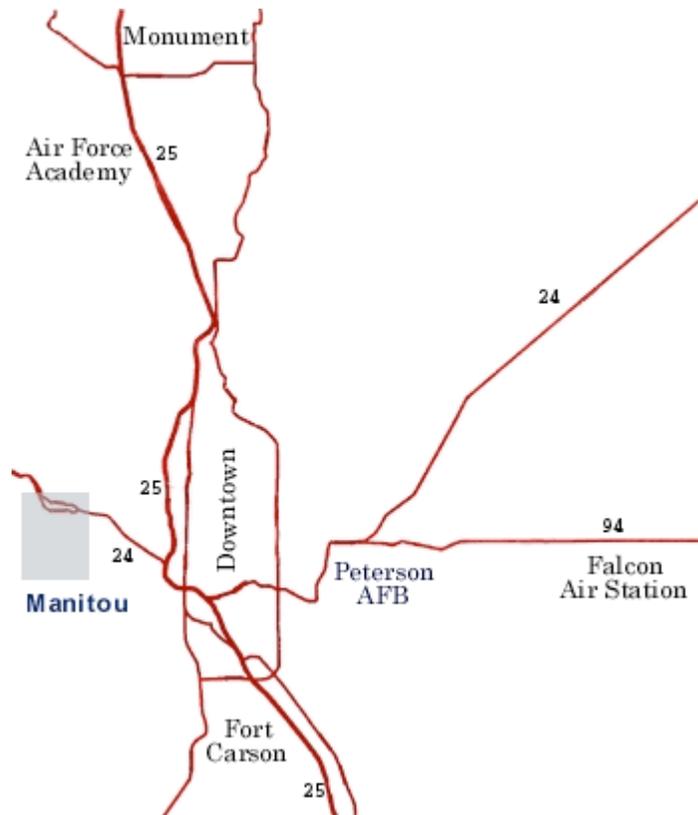
The area features subdivisions and track homes in a wide price range. Some of the communities are more rural in nature. All are within close proximity to NORAD, Peterson AFB and Fort Carson. Working north to south, visitors first reach Security on the northwest corner of the area, followed closely by the larger Widefield area. Fountain is its own town and does not share utilities or services with the city of Colorado Springs.



Manitou

School District 14

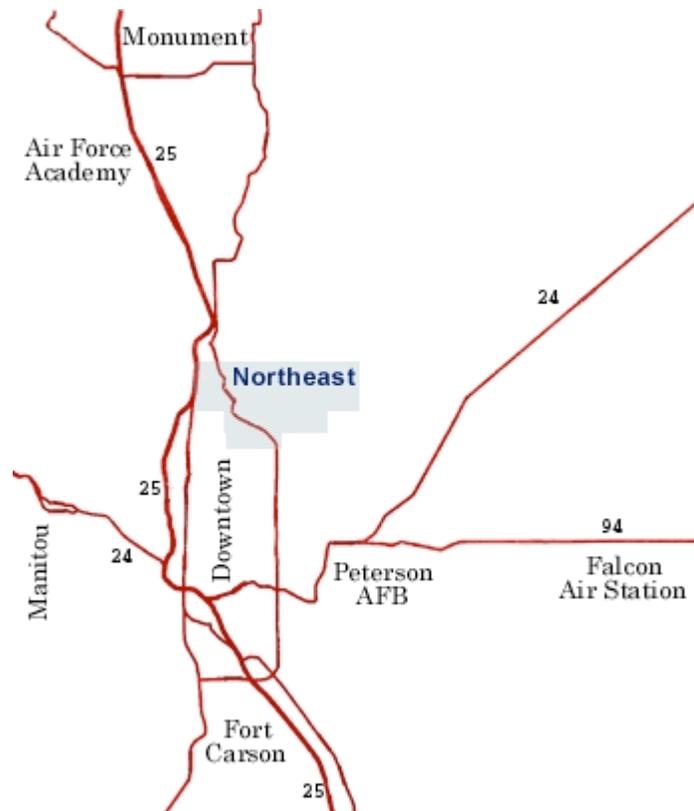
An area unto itself, Manitou is on the far west side of the city of Colorado Springs, bordering Garden of the Gods on the east and Pike's Peak on the west. It is an arts community with a high tourism base, and housing opportunities vary from older Victorian-era cottages to unique hillside homes and a subdivision known as Crystal Hills. Crystal Park (above Crystal Hills) is a private, 2000-acre gated community on the foothills of Pike's Peak. Cedar Heights is an exclusive gated community west of Garden of the Gods. Prices range from \$300,000 to multi-million-dollar properties with unique views in three directions.



Northeast

School Districts 11, 20

This is one of the earlier Colorado Springs expansions with the Academy and Union Blvd. intersection acting as the hub. Vista Grande, Garden Ranch and Deliverance are some of the more affordable neighborhoods, and the many neighborhoods of Norwood generally represent the newer areas. Newer still is University Park, which is on the southwest corner of this area with a commanding view of Pike's Peak, downtown and Garden of the Gods. Like its more established northern neighbors, Erindale and Brookwood, this area offers semi-custom to full-custom homes. Please note that a strip of homes south of Briargate and north of Deliverance Drive are District 20 homes in the N/E region. All others are School District 11.



Northwest

School Districts 11, 20

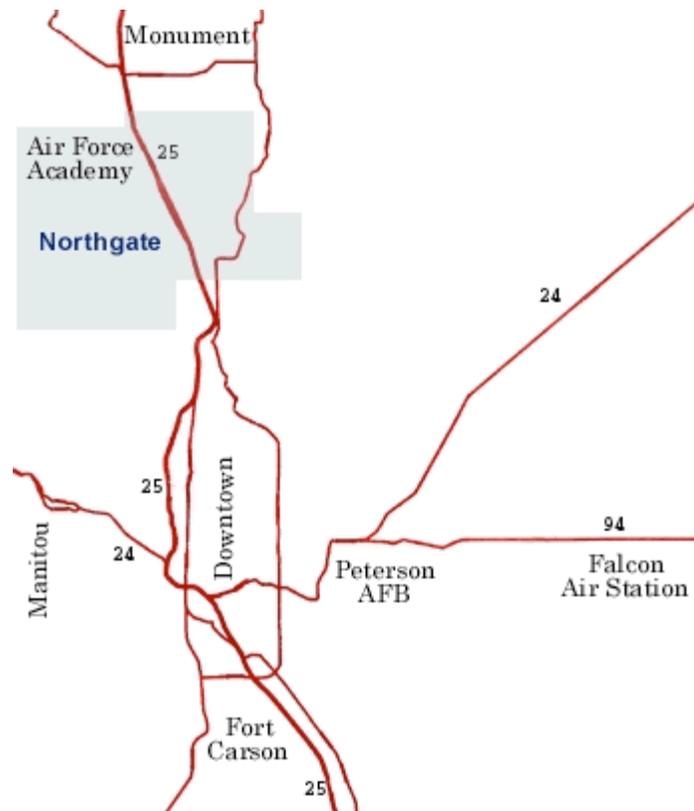
Ben's personal backyard... Most of this area was undeveloped prior to 1970, when Rockrimmon began development. Additional developments include Mountain Shadows, Oak Valley Ranch and Pinon Valley in School District 11, and Peregrine and Pinecliff (aka Point of the Pines), Southface, Tamarron, Woodstone, Woodmen Valley and Woodmen Oaks in School District 20. This area is characterized by larger homes set in a foothill environment often near open space. View lots generally have the largest homes. Home values range from \$85,000 condos to \$1,000,000 homes in Peregrine and Woodman Oaks backing to the U.S. Air Force Academy.



Northgate

School District 20

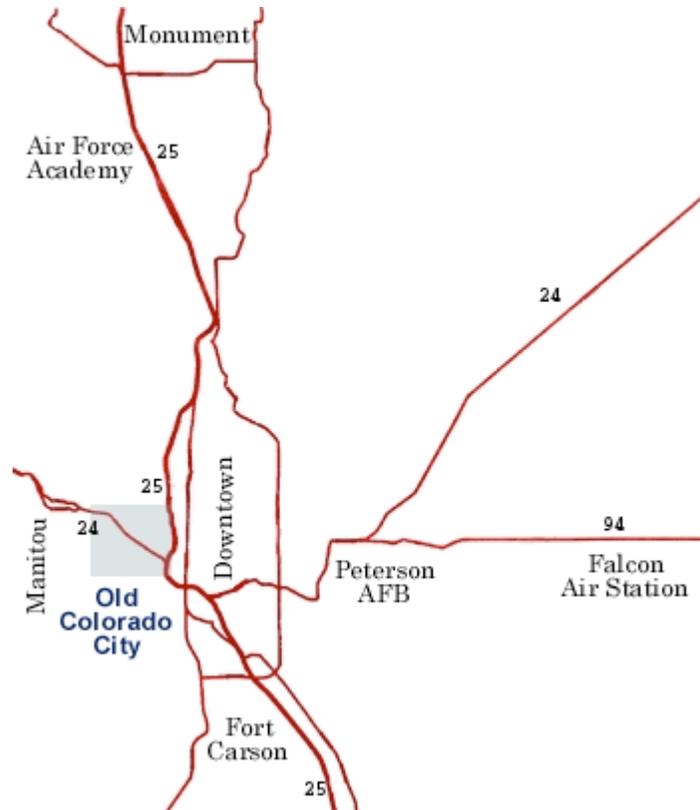
Ten minutes north of Colorado Springs and to the east of the Air Force Academy, many of the Gleneagle homes sit alongside the Gleneagle Golf Course. Other homes are located further east approaching the Black Forest on 2.5- to 5-acre lots. Lot sizes are varied and, like Monument, the views are often excellent. Just to the south are Trailridge and the many new construction neighborhoods of this post-1998 master-planned community. These new neighborhoods include Deer Creek, Trailridge, Serenity Park, Stone Crossing and Middle Creek Manor. The master plan includes a new private resort community called Flying Horse Ranch and future access to the south via Powers Boulevard expansion.



Old Colorado City

School District 11

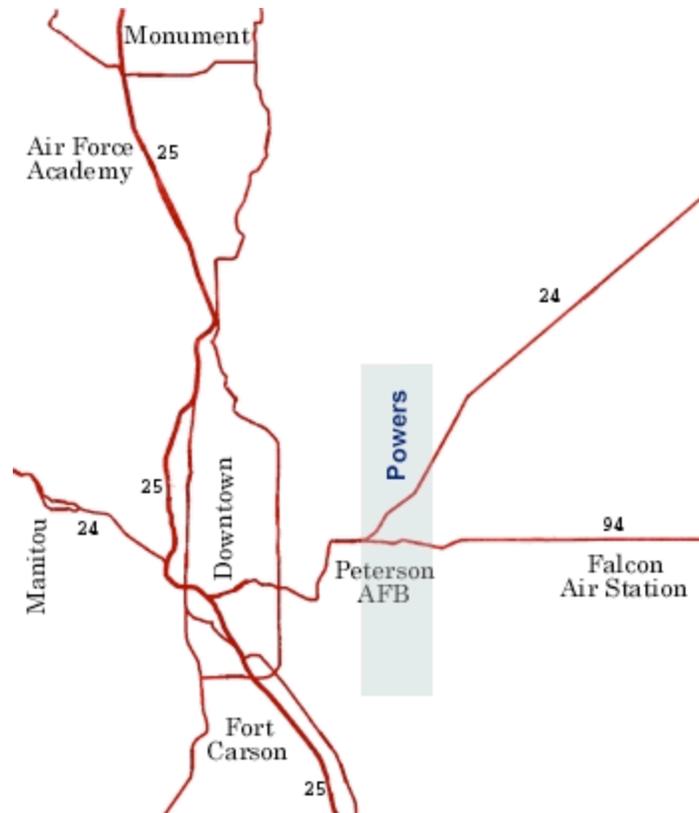
Just west of downtown and stretching to Manitou is a mostly commercial district known as Old Colorado City. Home of the 19th century gold-processing operation, Old Colorado City is surrounded on the north by an older neighborhood of bungalows and Victorian houses. Some condominium and townhome complexes have been built on the three bluffs, and a development of homes is being built between Highway 24 and Bear Creek Park known as Crown Hill Mesa.



Powers

School Districts 11, 49

The area east of Powers Road is uniformly called Powers. This area is a combination of near-new developments and 15-year-old developments. Springs Ranch and Stetson Hills are the two largest and fastest growing active developments in Colorado Springs. Stetson Hills is on the north, and Springs Ranch is on the south. Further south, Cimarron Hills is older, smaller and slightly more affordable in the county and not the city. Additional subareas include Ridgeview, Indigo Ranch, Constitution Hills and Northcrest.



Rock Creek

School District 8

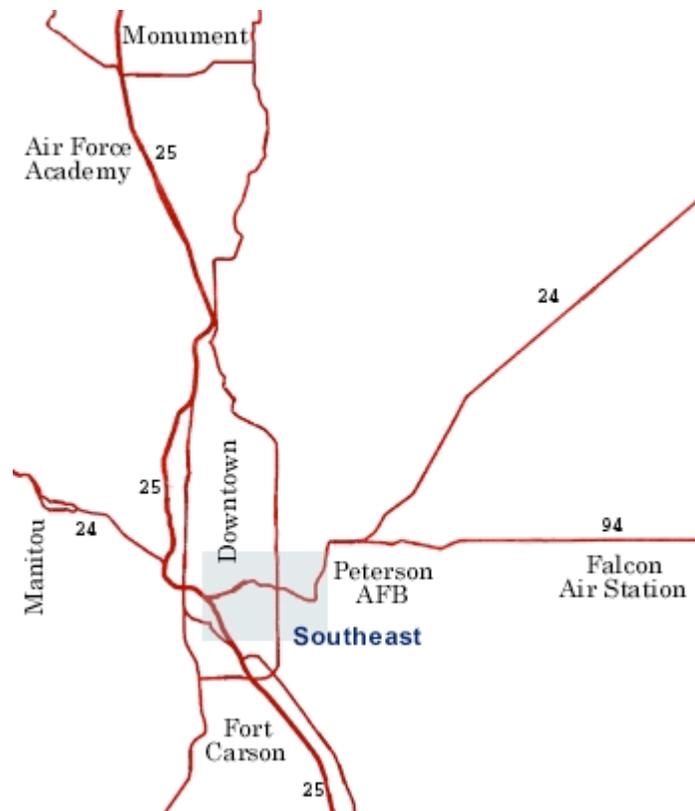
Northwest of Fort Carson and southwest of Cheyenne Mountain are canyons and hillsides with larger homes on acreage. This area, also known as Turkey Creek Canyon, is largely characterized by sun-exposed slopes, arid terrain and tremendous views and privacy. The area is 20 to 40 minutes from downtown Colorado Springs depending upon lot and is also easily accessible to Canon City and Pueblo.

Southeast

School Districts 2, 11

Southeastern Colorado Springs offers the least expensive housing in the metro area.

Homes are typically smaller; however, there has been some limited new home construction occurring over the last few years with larger homes (3000 total square feet) in the \$160s. An enormous area on the map, S/E typically has some of the largest selection of homes due to the large number of existing homes already built.



Southwest

Districts 2, 12, 11

This area is split into two parts—District 2 and District 12. District 2 homes are built after 1950, and new construction has tapered off to in-fill levels. A number of home styles exist, with the majority being \$140,000 to \$200,000. Newer construction is available from \$280,000 to \$350,000. There are also numerous townhomes and patio homes in this area, and demand has greatly increased since the completion of the new World Arena and the establishment of the surrounding area as a commercial hub.

District 12 includes some of the most expensive real estate in the city, including the prestigious Broadmoor and upper Skyway neighborhoods. New construction is still ongoing in the Broadmoor Bluffs/Spires area. With the exception of a few townhome complexes and older homes in Ivywild and lower Skyway, almost all prices range upwards of \$200,000 in these neighborhoods, to well over \$4 million.

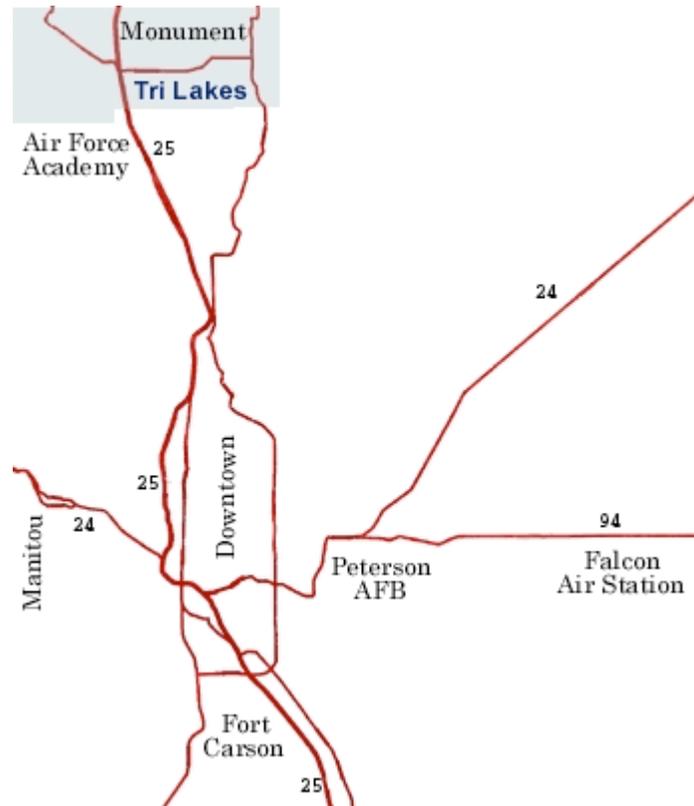


Tri-Lakes

School District 38

This area lies 20 minutes north of Colorado Springs in the pines, rolling hills and the

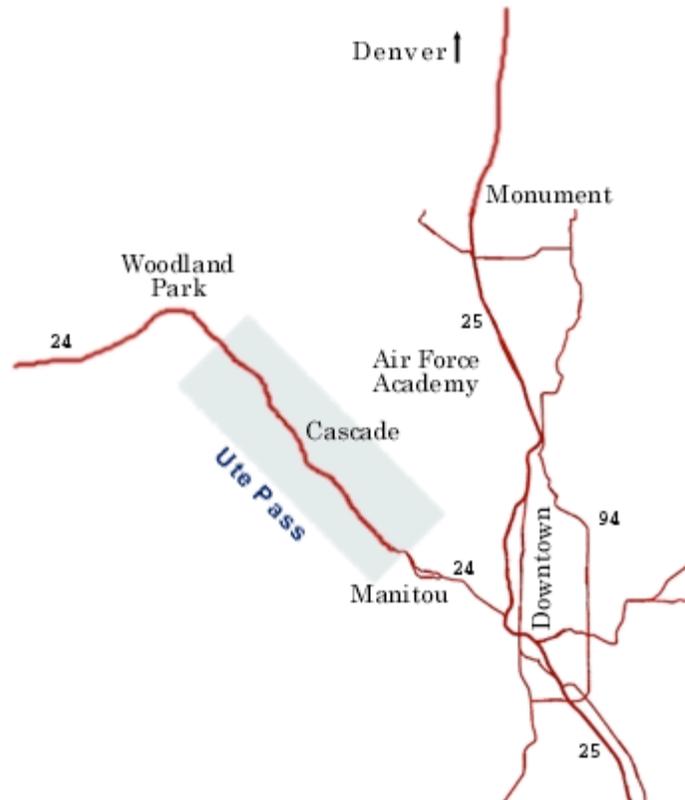
“Tri Lakes” (Monument, Palmer & Woodmoor). Homes are among the largest and most expensive in the area. Historically, this area has the highest median values and on average offers the largest square footage per residence. Properties also include some of the more striking views of the front range. Subareas include Woodmoor, King’s Deer, Bent Tree, Higby Estates, Fox Run, Wing Tip, Canterbury, Palmer Lake, Forest View, Timberview, High Forest Ranch and Jackson Creek.



Ute Pass

School District 14

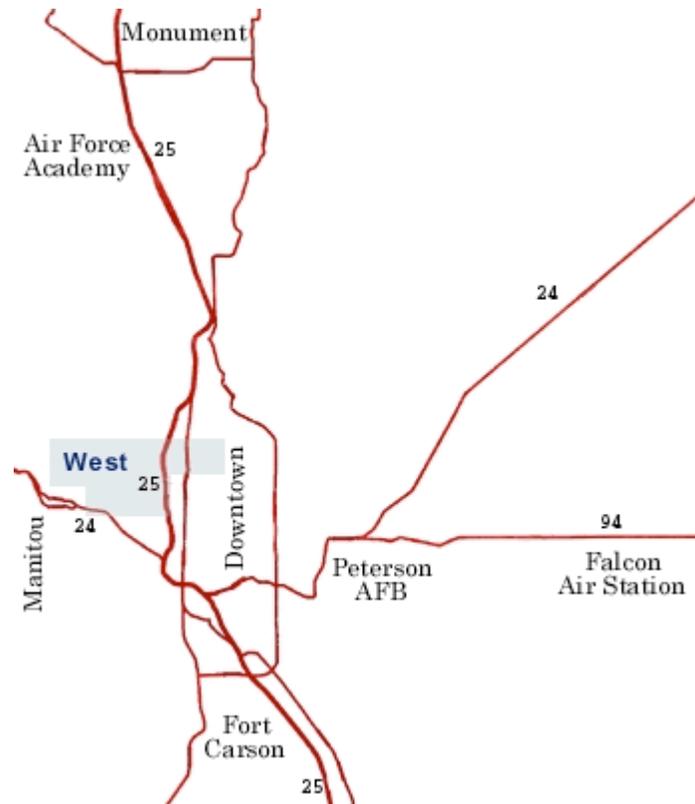
Ben's Former Stomping Grounds... Ute Pass is actually three little towns working their way up US Highway 24 before reaching Woodland Park. Cascade is at the base of Pike's Peak. Chipita Park and Green Mountain Falls dot the southern hillside just inside the El Paso County line. All are in Manitou, school district 14. Elevation ranges from 7100 feet to almost 8200 feet at Green Mountain Falls. Sloping lots filled with trees are common. Values are wildly subjective with terrain, noise from Highway 24, access and available sunshine all greatly influencing values.



West

School District 11

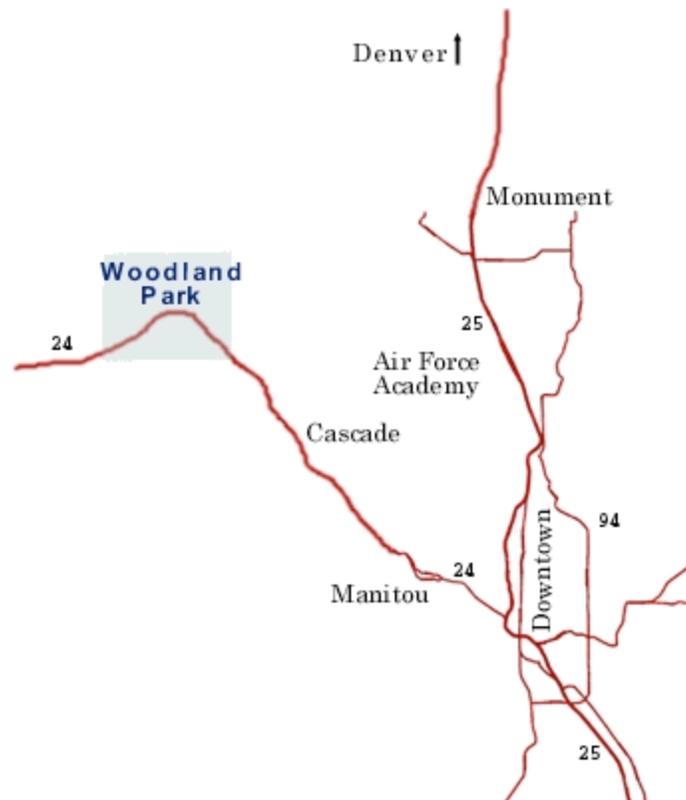
Western Colorado Springs is generally defined by land west of the I-25 corridor. However, the local MLS area does include a strip ten blocks either side of Fillmore to Union Blvd. Western Colorado Springs offers close proximity to many high-tech companies as well as downtown. The largest landmark is Garden of the Gods Park and surrounding open space. These features add value to older established neighborhoods like Pleasant Valley. Home prices are generally higher on this side of town due to the foothill setting and proximity to some of the city's more expensive developments such as Kissing Camels and Cedar Heights.



Woodland Park

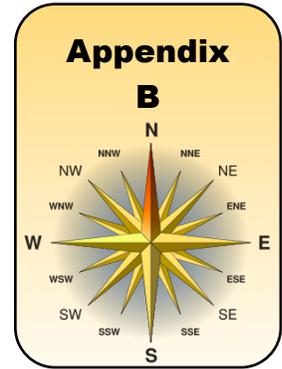
School District RE2

Woodland Park is a town of 12,000 people at 8450 feet. It has its own grocery stores and amenities, some nice restaurants, a new regional hospital and several amazing views of Pike's Peak. Single family homes are the rule, with values ranging from mobiles and modulars on the land at \$100,000, to executive community subdivisions in the \$350,000 to \$1,000,000 range, to magnificent multi-million-dollar mountain estates on acreage (typically 35+ acres). "Woodland" is 25 minutes from downtown Colorado Springs.



Glossary of Real-Estate Terms

Understanding common real-estate terms makes it easier to understand the ins and outs of your real-estate transaction.



When you start shopping for a new home, you may encounter some words and terms that are unfamiliar to you. Use the following glossary to help you and, as always, if you have any questions, just ask!

Term	What It Means
Accrued interest	Interest that has been earned but not paid. Example: If 6% interest is earned on a \$100 deposit, then \$6 of interest has accrued to the depositor.
Adjustable Rate Mortgage (ARM)	loan with an interest rate that is adjusted according to movements in the financial market.
AD Valorem Tax	A tax based on the value of the thing being taxed. Example: If the ad valorem tax rate is 1%, the tax would be \$1 per \$100 of the assessed value.
Amortization	A payment plan by which a loan is reduced through monthly payments of principal and interest.
Annual Percentage Rate (APR)	The annual cost of credit over the life of a loan, including interest service charges, points, loan fees, mortgage insurance and other items.
Appraisal	An evaluation to determine the value of property in the current marketplace.
Appreciation	The increase in the value of a property.
Assumption	A transaction allowing the buyer to assume responsibility for an existing loan instead of getting a new loan.
Balloon	A loan that has a series of monthly payments with the remaining balance due in a large lump sum payment at the end of a specific period of time.
Binder	A receipt for a deposit paid to secure the right to purchase a home at terms agreed upon by the buyer and seller.
Blanket Mortgage	A single mortgage that covers more than one parcel of real estate.
Bridge loan	Mortgage financing between the termination of one loan and the beginning of another loan
Buy Down	1. The action to pay additional discount points to a lender in exchange for a reduced rate of interest on a mortgage. 2. A loan that has been bought down by the seller of a property for the benefit of the buyer.
Buyer's Agent	A buyer's agent works solely on behalf of the buyer and owes duties to the buyer, which include the utmost good faith, loyalty and fidelity. The agent will negotiate on behalf of and act as an advocate for the buyer. The buyer is legally responsible for the actions of the agent when that agent is acting within the scope of the agency. The agent must disclose to potential sellers all adverse material facts concerning the buyer's financial ability to perform the terms of the transaction and whether the buyer intends to occupy the property. A separate written buyer listing agreement is required which sets forth the duties and obligations of the parties.
Cap	A limit to the amount an interest rate or a monthly payment can increase for an adjustable-rate loan either during an adjustment period or during the life of the loan.
Certification of Occupancy	A document from an official agency stating that the property meets the requirements of local codes, ordinances, and regulations.

Term	What It Means
Certified Buyer	Some lenders provide a document to a buyer identifying the buyer as a “certified” or “cash buyer.” This is a form of pre-approval, with the intent to provide assurance to the seller that, subject to appraisal and title work being acceptable, the buyer has a loan ready to close.
Closing	A meeting to sign documents that transfer property from a seller to a buyer (also referred to as a settlement).
Closing costs	Charges paid at settlement for obtaining a mortgage loan and transferring a real estate title.
Conditions, covenants and restrictions (CC and Rs)	The standards that define how a property may be used and the protections the developer makes for the benefit of all owners in a subdivision.
Conventional loan	A mortgage loan not insured by a government agency (such as FHA or VA).
Convertibility	The ability to change a loan from an adjustable-rate to a fixed-rate schedule.
Credit rating	A report ordered by a lender from a credit agency to determine if the borrower is a good credit risk.
Default	A breach of a mortgage contract or Real Estate Contract.
Density	The number of homes built on a particular acre of land. Allowable densities are determined by local jurisdictions.
Discount Points	Amounts paid to the lender (usually by the seller) at the time of origination of a loan, to account for the difference between the market interest rate and the lower face rate of the note (often required when VA loans are used).
Down Payment	The difference between the sales price and the mortgage amount of the property. A down payment is usually paid at closing.
Due-on-sale	A clause in a mortgage contract requiring the borrower to pay the entire outstanding balance upon sale or transfer of the property.
Earnest money	A sum paid to the seller to show that a potential purchaser is serious about buying. The money is applied to the down payment at closing.
Easement	The right-of-way granted to a person or company authorizing access to the owner’s land; for example, a utility company may be granted an easement to install pipes or wires. An owner may voluntarily grant an easement, or can be ordered to grant one by a local jurisdiction.
Equity	The difference of the value of the home and what is owned on it.
Escrow	The handling of funds or documents by a third party on behalf of the buyer and/or seller.
Federal Housing Administration (FHA)	A federal agency that insures mortgages with lower down payment requirements than conventional loans.
Fixed-rate Mortgage	mortgage with an interest rate that remains constant over the life of the loan.
Fixed-schedule mortgage	A mortgage with a payment schedule that is established at closing for the life of the loan. The payment and interest rate are not necessarily level.

Term	What It Means
Foreclosure	A termination of all rights of a mortgagor or the grantee in the property covered by the mortgage. Statutory foreclosure is effected without recourse to the courts, but must conform to the laws (statutes). Strict foreclosure forever bars equity of redemption
Graduated-payment mortgage (GPM)	A fixed rate, fixed-schedule loan that starts at lower payments than a level payment loan; the payments rise annually over the first 5 to 10 years and then remain constant for the remainder of the loan. GPMs involve negative amortization.
Hazard Insurance	Protection against damage caused by fire, windstorm or other common hazards. Many lenders require borrowers to carry it in an amount at least equal to the mortgage.
Housing Finance Agency	A state agency that offers below-market-rate home financing for low-and-moderate-income households.
Infrastructure	The public facilities and services needed to support residential development, including highways, bridges, schools and sewer systems.
Interest	The cost paid to a lender for borrowed money.
ILC (Improvement Location Certificate)	Not as detailed as a survey, but shows the property and relative location of all items attached to the property.
Joint tenancy	A form of ownership in which the tenants own a property equally. If one dies, the other would automatically inherit the entire property.
Level-payment mortgage	A mortgage with identical monthly payments over the life of the loan
Mortgage broker	One who represents numerous lenders and helps consumers find affordable mortgages; the broker charges a fee only if the consumer finds a loan.
Mortgage commitment	A formal written communication by a lender, agreeing to make a mortgage loan on a specific property, specifying the loan amount, length of time and conditions.
Mortgage company	Borrows money from a bank, lends it to consumers to buy homes, then sells the loans to investors.
Mortgagee	The lender who makes a mortgage loan.
Mortgage origination fee	A charge for the work involved in preparing and servicing a mortgage application, usually one percent of the loan amount.
Negative Amortization	An increase in the outstanding amount when a monthly payment does not cover the monthly interest due.
Note	A formal document showing the existence of a debt and stating the terms of repayment.
PITI	Principal, interest, taxes and insurance (the four major components of monthly housing payments).
Point	A one-time charge assessed; by the lender at closing to increase the interest yield on a mortgage loan. Generally, it is one percent of the mortgage amount.
Pre-Approval	This takes pre-qualification a step further. In this case, the buyer will supply documentation to a loan originator and/or processor. After all documentation requirements have been met, the loan goes to underwriting for approval. When approved by underwriting, the buyer has loan approval, subject to the final home appraisal and title work completion.

Term	What It Means
Prepayment	Payment of a debt prior to maturity.
Prequalification	This term is used when a buyer has given information, usually verbal, to a loan originator. From this information, the originator will arrive at a loan amount or purchase price that a homebuyer can afford.
Principal	The amount borrowed, excluding interest and other charges.
Property survey	Determines the boundaries of your property. The cost depends on the complexity of your survey.
Recording fee	A charge for recording the transfer of property, paid to a city, county or other appropriate branch of government.
Real Estate Settlement Procedures Act (RESPA)	A federal law requiring lenders to provide home buyers with information about known or estimated settlement costs.
R-value	The resistance of insulation materials (including windows) to heat passing through it. The higher the number, the greater the insulating value.
Sales contract	A contract between a buyer and seller that should explain, in detail, exactly what the purchase includes, what guarantees there are, when the buyers can move in, what closing costs are, and what recourse the parties have if the contract is not fulfilled or if the buyer cannot get a mortgage commitment at the agreed-upon terms.
Transaction Broker	A transaction-broker assists the buyer or seller or both throughout a real estate transaction with communication, advice, negotiation, contracting and closing without being an agent or advocate for any of the parties. The parties to a transaction are not legally responsible for the actions of a transaction-broker and a transaction-broker does not owe those parties the duties of an agent. However, a transaction-broker does owe the parties a number of statutory obligations and responsibilities, including using reasonable skill and care in the performance of any oral or written agreement. A transaction-broker must also make the same disclosures as agents about adverse material facts concerning a property or a buyer's financial ability to perform the terms of a transaction and whether the buyer intends to occupy the property. No written agreement is required.
Walk-through	A final inspection of a home before settlement to search for problems that need to be corrected before ownership changes hands.
Warranty	A promise, either written or implied, that the material and workmanship of a product is defect-free or will meet a specified level of performance over a specified period of time. Written warranties on new homes are either backed by insurance companies or by the builders themselves.
Zoning	Regulations established by local governments regarding the location, height and use for any given piece of property within a specific area.

