



## FRONT RANGE REAL ESTATE PROFESSIONALS LLC BUYERS ADVISORY

Purchasing a home is an exciting opportunity and we at Front Range thank you for considering our services. There are many facets to this purchase and this advisory attempts to outline some of the many parts to buying a home. This is not a comprehensive or exhaustive document but should be a valuable tool while you embark on the home buying process.

As part of our ability to represent you, there are various documents which your agent will prepare for your review and consideration. These include the Broker Disclosure to Buyer and the Exclusive Right to Buy. Please let your agent know if you have any questions.

### **Buyer is advised as follows:**

A. **Obtaining a Loan.** There are many different types of lenders and loans, each offering different interest rates, terms and costs. You are encouraged to explore many options and shop around for different loan alternatives. Should you wish your agent to provide some recommendations, they would be happy to do so

### **B. Buyer's Inspection(s).**

- 1. Home Inspection(s).** There are several types of inspectors that specialize in particular areas, for example: structural engineers; geotechnical engineers; roofers; plumbers and sewer line scope professionals; electricians; HVAC contractors; environmental professionals; industrial hygienists; surveyors; etc. Buyer is strongly encouraged to perform as many inspections on the property as Buyer deems necessary. If Buyer desires to have multiple inspections performed on the property by additional professionals, Buyer should do so prior to the "Inspection Objection Deadline" in the Contract to Buy and Sell Real Estate. Your Front Range Team strongly encourages the Buyer, at a minimum, to hire a professional home inspector to conduct an inspection of the physical structure on the property and if the property is not already mitigated for radon, it is strongly advised the buyer test for the presence of radon. While a home inspector cannot guarantee that the home inspection will identify every single problem with the property, the home inspector should investigate several different components of the property. For homes that are older than 10 years, it is strongly recommended buyer have the sewer line scoped.
- 2. Environmental Hazards.** There are many different environmental hazards that may affect the property and/or the Buyer/Buyer's family's health. Such environmental hazards may include, but are not limited to: **radon**; lead-based paint; expansive soils; asbestos; formaldehyde; carbon monoxide; pet urine and/or dander; mold; prior methamphetamine (METH) use; and/or radioactive, toxic or biohazardous materials. Brokerage Firm strongly recommends the Buyer hire independent environmental professionals to perform any environmental testing desired by Buyer.
- 3. Square Footage, Lot Size and Lot Boundaries:** The square footage or lot size represented on the multiple listing, square footage disclosure and/or other advertisements and disclosures may be approximate figures and may not have been verified. Many properties have not been measured or surveyed for accurate square footage, lot size or boundary line locations. If the Buyer is concerned about any of these items, Buyer should hire a licensed civil engineer, appraiser and/or surveyor of Buyer's choice. Your Front Range Team encourages the Buyer to hire a surveyor to review the boundary lines, lot size and encroachments that may exist on the property. One less expensive product a Buyer may purchase from a surveyor to review lot size, boundaries and encroachments



## FRONT RANGE REAL ESTATE PROFESSIONALS LLC BUYERS ADVISORY

is an “Improvement Location Certificate” or “ILC.”

4. **Septic.** Some counties in Colorado have requirements for a septic system inspection, certification and/or permit. If Buyer is interested in purchasing a property that has a septic system, then the Buyer should check with the appropriate governmental entity to determine if there are any applicable requirements for the septic system. For El Paso County it is recommended that the buyer request the seller to have a licensed and approved septic contractor pump, service and have inspected their septic system in order to provide the required El Paso County Title Transfer documents at seller’s expense.
5. **Remodeling.** Beginning April 22, 2008, the Environmental Protection Agency (“EPA”) issued a rule requiring the use of lead-safe practices for repair, renovate and paint projects that disturb lead-based paint in homes, child care facilities, and schools built prior to January 1, 1978. If Buyer has any intentions of ever remodeling a home built before January 1, 1978, the Buyer may want to test the home for lead-based paint and/or consult with a lead-based paint certified contractor.
6. **Other Matters.** In addition to the above, there may also be other matters that may affect the Buyer’s use and enjoyment of the property. Such other matters may include, but are not limited to: building permits for the improvements to the property; zoning of the property; encroachments onto the property; existing or proposed transportation projects, adjacent development projects, noise and/or odor. Brokerage Firm strongly recommends the Buyer thoroughly investigate all matters related to the property that matter to the Buyer.
7. **Foreclosures, short sales and bank owned properties.** If the Buyer is purchasing a property foreclosure, a short sale, or bank owned property, the Buyer may be purchasing a distressed property. Many times these type properties are vacant and/or the sellers are unaware of major problems that may exist on the property. It is always important to consider obtaining appropriate inspections; however, inspections are even more important when buying a foreclosure, short sale or bank owned property. Buyer should also consider when in the process of buying one of these transactions, Buyer may want to conduct Buyer’s inspection(s) of the property.

C. **Short Sales.** The Buyer may decide to make an offer on a property that is a “Short Sale” meaning that the purchase price offered by the Buyer is insufficient to pay all of the liens against the property and the seller’s costs of sale at closing. In order to close on a Short Sale, the seller’s lien holders will need to approve the Buyer’s contract before closing. The Short Sale process typically is a lengthy process and could take up to four months or longer to get a response from the seller’s lien holders. Even if the seller’s lien holder’s respond, the seller’s lien holders may reject the Buyer’s contract or the seller may reject the terms of the seller’s lien holder’s acceptance of the Short Sale. This could ultimately mean that the Buyer’s contract will terminate through no fault of the Buyer or seller. Buyer is encouraged to consult with legal counsel about Short Sales.

D. **Home Warranty.** A home warranty is a product that may be available for purchase at the time of closing that may cover some or all of the repair or replacement costs of several different components of the home. If Buyer desires to have a home warranty on the property, Buyer is encouraged to evaluate the terms of coverage and financial strength of the company offering the home warranty. Especially for homes older than 10 years, it is encouraged that the buyer request a home warranty be purchased by them or on their behalf. Generally these cover items found to be in good working order and can be for periods of 12 months or greater. Warranties are typically renewable as well, so buyer might consider



## FRONT RANGE REAL ESTATE PROFESSIONALS LLC BUYERS ADVISORY

continuing the warranty beyond the initial warranty period.

E. **Title Review.** The Buyer will receive a title commitment after signing the contract and before closing. The title commitment is the basis for the Buyer's title insurance policy after closing. The title insurance policy is a critical legal document that often includes information about the Buyer's ownership rights to the property. The Buyer is strongly encouraged to retain legal counsel to review the title commitment before the "Title Objection Deadline" in the Contract to Buy and Sell Real Estate.

F. **HOA Documents.** Condominiums and some townhomes as well as some single family homes have mandatory membership in a homeowner's associations which may require fees from homeowners and may impose requirements and restrictions on homeowners. The Buyer is strongly encouraged to seek legal counsel to review the homeowner's association's governing documents and financial viability. Broker is unable to render any opinion on the financial stability, or legality of any homeowner's association.

G. **Special Taxing Districts.** The property the Buyer may want to purchase may be located in one or more special taxing districts. Special taxing districts are communities that have increased property taxes to pay for debt and/or services. For example, a newer community may have created a special taxing district to pay back debt incurred for roads, curb and gutter, parks, water lines, sewer lines, etc. Buyer should investigate the special taxing districts in which the property is located by contacting the county treasurer, by reviewing the certificate of taxes for the property and by obtaining further information from the board of commissioners, the county clerk and recorder or the county assessor.

H. **Seller Possession after Closing.** Sometimes, sellers request to stay in the property for some set period of time after the sale to the Buyer has been completed at closing. While this is not unusual, this can lead to problems for the Buyer. Concerns may include: property damage, landscape maintenance, utility bills, pet damage, insurance coverage or other matters. Buyer is strongly encouraged to seek legal counsel before agreeing to allow the seller to maintain possession of the property after closing.

I. **Property Value.** Broker may provide information concerning the asking or sales prices of properties comparable to the property Buyer wishes to purchase. However, the Broker is not an appraiser and makes no warranties as to the value of ANY property. Buyer is strongly encouraged to obtain an appraisal prior to any Appraisal Deadline in the Contract to Buy and Sell Real Estate to verify the value of the property.

J. **Recommendation of Professionals.** The Broker may provide the Buyer with names of lenders/mortgage brokers, inspectors, attorneys, accountants, appraisers, engineers, surveyors, or other professionals. However, Broker cannot guarantee that such professional will provide the lowest price or the best service. Therefore, Buyer is strongly encouraged to interview several different professionals before choosing the professional of Buyer's choice. In the event Buyer is unhappy with a professional given to Buyer by the Broker, Buyer should notify the Broker of Buyer's dissatisfaction.

### **Additional information regarding roles and types of representation:**

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

**Buyer's Agent:** A buyer's agent works solely on behalf of the buyer to promote the interests of the buyer with the utmost good faith, loyalty and fidelity. The agent negotiates on behalf of and acts as an advocate for the buyer. The buyer's agent must disclose to potential sellers all adverse



## FRONT RANGE REAL ESTATE PROFESSIONALS LLC BUYERS ADVISORY

material facts actually known by the buyer's agent including the buyer's financial ability to perform the terms of the transaction and, if a residential property, whether the buyer intends to occupy the property. A separate written buyer agency agreement is required which sets forth the duties and obligations of the broker and the buyer.

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

Thank you for considering our services. We strive to make your home buying experience a pleasant one. Let us know how we can make the transaction better for you! We are here to help!

Sincerely,

Your FRONT RANGE team