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IN THIS HOME...  
WE DO SECOND CHANCES.  
WE DO REAL.  
WE DO MISTAKES.  
WE DO I'M SORRY.  
WE DO LOUD REALLY WELL.  
WE DO HUGS.  
WE DO TOGETHER BEST OF ALL.



# HOME BUYING TIMELINE

1

## TALK WITH AN AGENT

(TYPICAL TIME FRAME IS 1 TO 2 DAYS)

This is a conversation to better understand what the process is about; how to go about finding your home, and answer any questions or concerns you may have. You should walk away with a realistic understanding of your next steps.

2

## CONSULT WITH A MORTGAGE BROKER, BANK OR FINANCIAL ADVISOR

(TYPICAL TIME FRAME IS 1 DAY TO 2 WEEKS)

Figure out your price range and overall requirements for the type of property you want. If you start this soon enough (6 months in advance or more) you may be able to repair your credit or ensure you make the right moves to get the best rates!

3

## BE SYSTEMATIC

(1-2 HOUR CONVERSATION)

This is where your DSR agent walks you through your wants, needs, why's, and dreams. We use a funnel to help us narrow down our choices and ensure everything is considered.

4

## START LOOKING

(1 DAY OR SEVERAL MONTHS)

Now, after all this prep we go looking. Normally, if we've done all this we should find a home fairly quickly. If we're in a low inventory market and it may take longer.

[ TIMELINE CONTINUES ]



# HOME BUYING TIMELINE

5

## MAKE AN OFFER / NEGOTIATE

(TYPICAL TIME FRAME 1 TO 3 DAYS)

Many details can be negotiable. It boils down to price, timing of the process, what is and isn't included, and in what condition the home is delivered.

6

## UNDER CONTRACT AND PAPERWORK

(DEADLINES RANGING FROM 1 TO 3 WEEKS,  
WITH LOAN ISSUES GOING TO THE VERY END)

This includes title, HOA documents, disclosures, insurance, and any due diligence issues you need addressed. Sometimes this is easily resolved if it is a traditional housing development. However, if it is rural property, farm or acreage then you could have some additional issues to evaluate.

7

## HOME INSPECTION

(3 TO 6 HOURS - 3 DAYS TO GET  
FULL RESOLUTION)

This is when a professional handyman/contractor evaluates your home and informs you as to its condition. Then, with your agent, you determine whether to walk or ask for things to be fixed, replaced or paid for.

8

## APPRAISAL

(USUALLY FROM THE TIME THE APPRAISER  
SHOWS UP TO THE HOUSE AND YOU  
RECEIVE THEIR REPORT IS ABOUT 5 DAYS)

Your lender needs to know the market value of this home they are helping you buy. This is done by a knowledgeable third party appraiser.

[ TIMELINE CONTINUES ]



# HOME BUYING TIMELINE

9

## LOAN

(THIS STARTED BEFORE THE SEARCH AND IT ENDS THE DAY OF CLOSING. YOU SHOULD BE 90% FINISHED ONE WEEK BEFORE CLOSING)

Do continue to work with your lender getting them all the documents they need, not buying anything you shouldn't, and staying in your job to the end.

10

## FINAL WALK THROUGH

(USUALLY THE DAY OF CLOSING AND TAKES ABOUT 30 MIN)

This process ensures the home is delivered to you in the condition that it was in when you went under contract to buy the home. It also ensures the seller completed all agreed upon maintenance items.

11

## CLOSING

(1 TO 2 HOURS)

Hope you did your finger exercises! There are a lot of documents to sign for your loan and for transfer of title. We recommend you transfer your funds the day before to ensure the closing goes smoothly.





# GLOSSARY OF TERMS

## KNOWING THE LINGO

Every industry has its insider terminology and housing is no different. Below are just some of the terms you'll want to know when buying your home. More real estate terminology can be found on our website, under Resources.

**Appraisal:** An estimate of real estate value, usually issued to standards of FHA, VA, and FHMA. Recent comparable sales in the neighborhood are the most important factor in determining value.

**Closing Costs:** The buyer and the seller have expenses associated with the transaction in addition to the price of the home. This would include: loan expenses, processing fees, underwriting fees, appraisal fee, title insurance, recording fees, HOA dues, property taxes, commissions, and first 3 months of home insurance.

**Competitive Market Analysis (CMA):** This is an evaluation of a home's value based on similar, recently sold homes (called comparables) in the same neighborhood. A comparative market analysis is not the same as an appraisal, which is performed by a licensed appraiser. A CMA is prepared by a real estate agent.

**Dream Home:** A "dream home" is the ideal home, the palace we'd all love to live in, but then reality sets in... You can still have a dream home, but one based on your budget. Wrestle over must haves and wants and look for that 85% home. Meaning, the home meeting 85% of your needs and wants. Let's redefine "dream home" for today and then alter it for tomorrow!

**Earnest Money:** The deposit made from the buyer to the seller when submitting an offer. This deposit is typically held in a trust by a third party, in Colorado it is usually the Title Company. Upon closing, the money will be applied to the down payment or closing costs.

**Multiple Listing Service (MLS):** The local list of real estate properties that are available for sale. This is the most reliable sources to receive up-to-date information.

**Pre-Approval:** After a lender has evaluated your financial position they will issue a letter approving your loan amount. This gives the seller more confidence in the buyer's ability to close and purchase the property.





# DUE SOUTH PHILOSOPHY



WE BELIEVE IN HOME, THAT IT SHOULD RESTORE US FROM TODAY  
AND READY US FOR TOMORROW.

WE BELIEVE IN FRIENDSHIP, BECAUSE FRIENDS WHO FEEL LIKE FAMILY ARE THE  
BEST KIND OF FRIENDS, AND THAT NOTHING MATTERS MORE THAN FAMILY.

WE BELIEVE IN SEEKING THE BALANCE BETWEEN HUSTLE AND REST  
AND LEARNING TO FIND CONTENTMENT IN BOTH.

WE BELIEVE EVERYONE DESERVES A SEAT AT THE TABLE AND EVERYONE  
HAS A STORY WORTH TELLING.

WE BELIEVE IN SERVICE BECAUSE IN HUMILITY WHEN WE CONSIDER OTHERS AS  
MORE IMPORTANT THAN OURSELVES WE ALL WILL WIN.

WE BELIEVE IN COURAGE, IN CARTWHEELING PAST OUR COMFORT ZONES  
AND TRYING SOMETHING A LITTLE BIT SCARY EVERY DAY.

WE BELIEVE THAT FAILURE NEEDN'T BE A NEGATIVE; RATHER,  
WE LEARN FROM OUR MISTAKES AND FAIL SMARTER NEXT TIME.

WE DO NOT ALLOW THE ANSWER "BECAUSE WE HAVE ALWAYS DONE IT THAT WAY"  
TO DIRECT US IN WHAT WE DO NEXT. IF THAT WAY WORKED, GREAT;  
BUT IF THERE IS A BETTER WAY THEN LET'S DO IT THAT WAY.

WE BELIEVE IN DOING GOOD WORK THAT MATTERS AND, IN CHOOSING THAT,  
NUDGING OTHERS TOWARD DOING THE SAME.

WE BELIEVE THAT NEWER ISN'T ALWAYS BETTER AND THAT IT'S TIME FOR THE  
PENDULUM OF TREND TO SWING BACK TO THE BASICS.

WE BELIEVE THAT EACH DAY IS A GIFT AND THAT EVERYDAY MIRACLES ARE  
SCATTERED ABOUT IF ONLY WE HAVE EYES TO SEE. AND OF ALL HEROIC PURSUITS  
LARGE OR SMALL, WE BELIEVE THERE MAY BE NONE GREATER  
THAN A LIFE WELL LOVED.

WE ARE DISTINCTLY AUTHENTIC.

We thank the Magnolia Manifesto for helping us articulate some of our ideas.



## KNOWING YOUR OPTIONS AND YOUR LIMITS

Purchasing a home is a goal for many people, but making this leap to homeownership is a big step, and it's one which should be taken carefully. We want you to know, finding a home and securing a mortgage isn't a walk in the park, and certainly nothing like signing a simple rental agreement. You'll encounter confusing jargon such as "points," "APR" and "lock", and funny names like Fannie Mae and Freddie Mac. Making sense of everything can leave you on the verge of frustration, but don't worry — your DSR agent, and your lender, will help you through the process. We developed a complete and detailed Lender's Guide. Ask your DSR agent, they'll gladly provide you with a copy.

The best advice is for you to be prepared and to do your homework. Start by finding a lender, maybe your bank, or a lender whom your agent recommends. We strongly encourage using a local lender, but ultimately, find someone you like and trust. A great mortgage broker will patiently walk you through the process and customize the mortgage around your specific scenario.

### **Here are the basics:**

You will need cash for earnest money, a down payment, closing costs, and to pay for an inspection and for an appraisal.

Lenders are looking for a good debt to income ratio; less debt is always better! The better your credit, the better the rate for the loan and the lower the monthly payment.

A good rule of thumb is your mortgage should not exceed 30% of your take-home income. This is hard to do in Colorado, but it is worth considering.

Your lender will also be looking at the HOA fees and local taxes to help you narrow in on the price range you can afford.

Try not to change companies during the home purchasing process.  
For a list of documents, please refer to our Lender's Guide.

After committing to work with a lender, our process can now begin in earnest!

**To learn more about lending, ask your agent for our Lending Guide.**





# HOME SEARCH



## PROPERTY TYPES

### SINGLE FAMILY HOME

A single-family home (often abbreviated as SFH), house or dwelling is a free-standing residential building maintained as a single dwelling unit. Even if the dwelling unit shares one or more walls with another unit, it is considered a single family home if it has direct access to a street and does not share heating facilities/equipment, water equipment, nor any other essential facility or service.

### ATTACHED HOUSING

An attached home means that a home shares at least one common wall with another home. Our MLS has recently added duplexes into this category. Below are the two most common attached homes:

**Condo:** A condominium is usually attached housing, where the buyers/owners of each unit own their individual unit and a portion of the private land that the building sits on, as well as any amenities. All condominium buildings have associations (often referred to as Homeowner Associations) which govern/oversee the policies of the condominium building as a whole, allocate expenses for maintenance, and collect the homeowner association fees.

**Townhome:** This is a single family home which shares one or more walls with other independently-owned units. They are often rows of uniform homes, two stories or taller. Residents generally own their interior, a lawn, roof, and have the insurance for both their home and property. They usually have an HOA responsible for the exterior of the building and maintenance of the general grounds.

“ Whether you are in an eight-hundred-square-foot home or living in a dream house on a lake, contentment is found on the way. ”

— Joanna Gaines, The Magnolia Story



# OFFERS

## WRITING AN OFFER: THREE TYPES OF OFFERS

There is a hierarchy of offers when purchasing a home. We want you to understand this because if we enter a competitive situation where there are multiple offers on a home, the type of offer you make could be the difference between “winning the offer” and not getting the home. You also want the best deal possible and the cash offer has a greater chance than a contingent offer to purchase the home at an amount under list price.

### 1. ALL CASH

Think: “Cash is king”. This is often the most seller-friendly because Sellers don’t have to think about banks, contingencies, or delays in general. Usually there are no concessions and no appraisal. Sellers do like this!

NOTE: All Cash does not mean Sellers will go with your offer, especially if you low-ball the offer and they know another type of offer can bring them a check at closing for more!

### 2. NON-CONTINGENT, USE OF A LOAN

Not everyone has \$500,000 sitting in their mattress! You are in the fortunate position to not have to sell a house and are ready to buy or are first time home buyers. Most likely you will be using a conventional loan, a jumbo loan or maybe a VA or FHA loan (those are not as preferable as a conventional, with an FHA loan being the least favorable option - more on this in the Lender Packet). The more cash you can put down, the stronger your offer. Do remember, and your agent will be reminding the listing agent, at the end of the day the Sellers still walk away with a check!

### 3. CONTINGENT OFFER

This can be the most challenging offer to get accepted. This offer has more barriers, greater uncertainty and the Seller has less confidence in your offer compared to the other two. However, the further along your home is in the process of selling, the better and stronger your offer will be. If it is not only already on the market, but under contract then it is stronger still. If it is through inspection, then it is almost as good as a non-contingent offer. Almost! Sellers view contingencies as high risk, which makes this the weakest of the 3 offer types. However, deals close with contingencies all the time!



# OFFERS

## FAQ OF SUBMITTING AN OFFER

### **Q. What is a good offer?**

**A.** A good offer depends on multiple factors: the market, the neighborhood, the seller's needs, and the list price. It is your agent's job to provide you with the best information on these factors to help you make a decision. Is the list price low or high compared to the market? Is your offer the only one or are there several others you are up against? Are properties in general selling above or below the asking price in the neighborhood?

### **Q. How do you win a multiple offer situation?**

**A.** Primarily by understanding the strategy and motivation of the sellers. It is important to know how many other offers have been placed, the state of the market, and the goals of the seller. An offer is more than a purchase price – a good offer is drafted carefully with overall terms which appeal to the seller.

### **Q. How do we know how much to offer?**

**A.** Your agent will do a CMA (Comparative Market Analysis) and this will show the value of the home compared to others in the neighborhood. Then you'll evaluate the condition, quality, and amenities of the home to determine what you want to pay.

### **Q. Is it helpful to write a personal note, and include pictures...?**

**A.** Yes and no. We call these "Love Letters" and we do think they make a difference. This letter needs to be as neutral as possible so we do not violate Fair Housing Laws. Try to identify some features of the home you find appealing and highlight these and why you like them. However, do NOT include a picture, talk about your faith, your ethnicity...

### **Q. How long will it take to know if my offer has been accepted?**

**A.** It is preferable to allow 24 hours for the seller to respond. In some cases the seller requests more time, but usually no more than a couple days.

### **Q. What is a counter-offer? How does that work?**

**A.** When you submit an offer the seller has four options: (1) They can ACCEPT it as written; then they will sign it and you're now under contract! (2) They can REJECT it. Nothing else is done. (3) They can offer you a "BACK-UP" position. In this case they have accepted another offer, but this will put you in first position if the other offer is canceled. They may accept yours as is or counter in this back-up position. (4) They can COUNTER your offer. They can counter you on the purchase price, the length of escrow, contingency periods, or any other terms. Once you receive their counter you can then 1) Accept 2) Reject or 3) Counter their counter. As soon as one party agrees to the other's counter, you are under contract.



# UNDER CONTRACT TO CLOSING

## INSPECTION: WHAT IT IS, WHAT TO EXPECT, AND WHAT TO DO

This is perhaps the most important step in the process and it will be done in that first week of being under contract. You want to make sure you are buying a home which meets your expectations. Please realize, if you are buying a resale home, then it isn't going to be perfect. You may have old appliances, worn carpets, rooms may need paint... What we're looking for are safety issues and all mechanics working as expected. Sometimes we can get a new appliance or a carpet allowance, but this depends on the price of the home and the condition of the housing market. The more the market is a seller's market, the less you'll get, the more it is a buyer's market, the more you'll get!

### **Here are more tidbits you should know about inspection:**

- This is our most used "escape hatch". We do not have to give cause to revoke the contract and step out as the Buyer.
- Few buyers know a home inspector, but don't worry, we do! Most home inspectors worked in the construction industry and may be an independent contractor or a part of a franchise. These people understand construction, building codes and the need to find things!
- The home inspectors will be climbing into the attic, crawling in the crawl space and visiting fun places in your home where you may never go!
- Generally they are looking at everything from the home's structure, mechanicals, plumbing, and overall operation of the home, including the kitchen sink!
- This can take anywhere from 1.5 to 4 hours. Larger homes may even take 6 to 8 hours and older homes or homes with neglect can also add to the total time it takes to inspect. We recommend both the buyer and the DSR agent not attend the inspection until the end so the inspector can freely look at the house and then provide us a summary of what he learned.
- Testing for Radon is important. Radon is a gas with health consequences. Ask your DSR agent for information.
- The home inspector will send us a report within 24 hours. This report has pictures and added details on what they discovered. From this report we will make a decision on what needs to be repaired, if anything. Generally, we are looking for safety issues or some of those rare and often neglected maintenance issues to be corrected. From this, we write our inspection objection and we submit it to the sellers.



# UNDER CONTRACT TO CLOSING

## APPRAISAL

The seller and their agent established a price based upon homes in the neighborhood with similar features and have sold. The contract established an agreed upon price. The appraisal happens when the mortgage company, who will be buying your loan, asks for an independent person to come and analyze the home and the neighborhood and from this determine an accurate price and value for the home.

### **Here are possible outcomes based on the appraisal:**

- The appraiser will use sold homes from the past 6 months (or so) which are a close match to your home. Where they do not match, as it is rare for homes to be identical down to the upgrades, the appraiser then places a value on the quality of the upgrades, the construction, and what other information is available to produce a fair value of your home.
- If this appraised value does not meet the sales price then there may be some re-negotiating needed in order for there to be agreement; this could mean a drop in price so you can afford buying the home.
- The Buyer may need to come up with more cash to make the deal work or alter the amount of cash and loan size.
- We can appeal the appraisal and ask for another one if we can show viable cause for a faulty and mistaken appraisal of the home.
- If this appraised value exceeds the sales price then you, the buyer, are happy! Now you have built in equity!

## FINAL WALK-THROUGH

Your final walk through of the home is just that, your final time to inspect the home before you purchase it. This will usually occur the day of closing, but sometimes a day or two prior. First thing we will be doing is looking to make sure they repaired everything from the inspection resolution. Next, we want to make sure the water is working properly, lights turn on, it is swept clean and the home is being transferred in an acceptable manner.

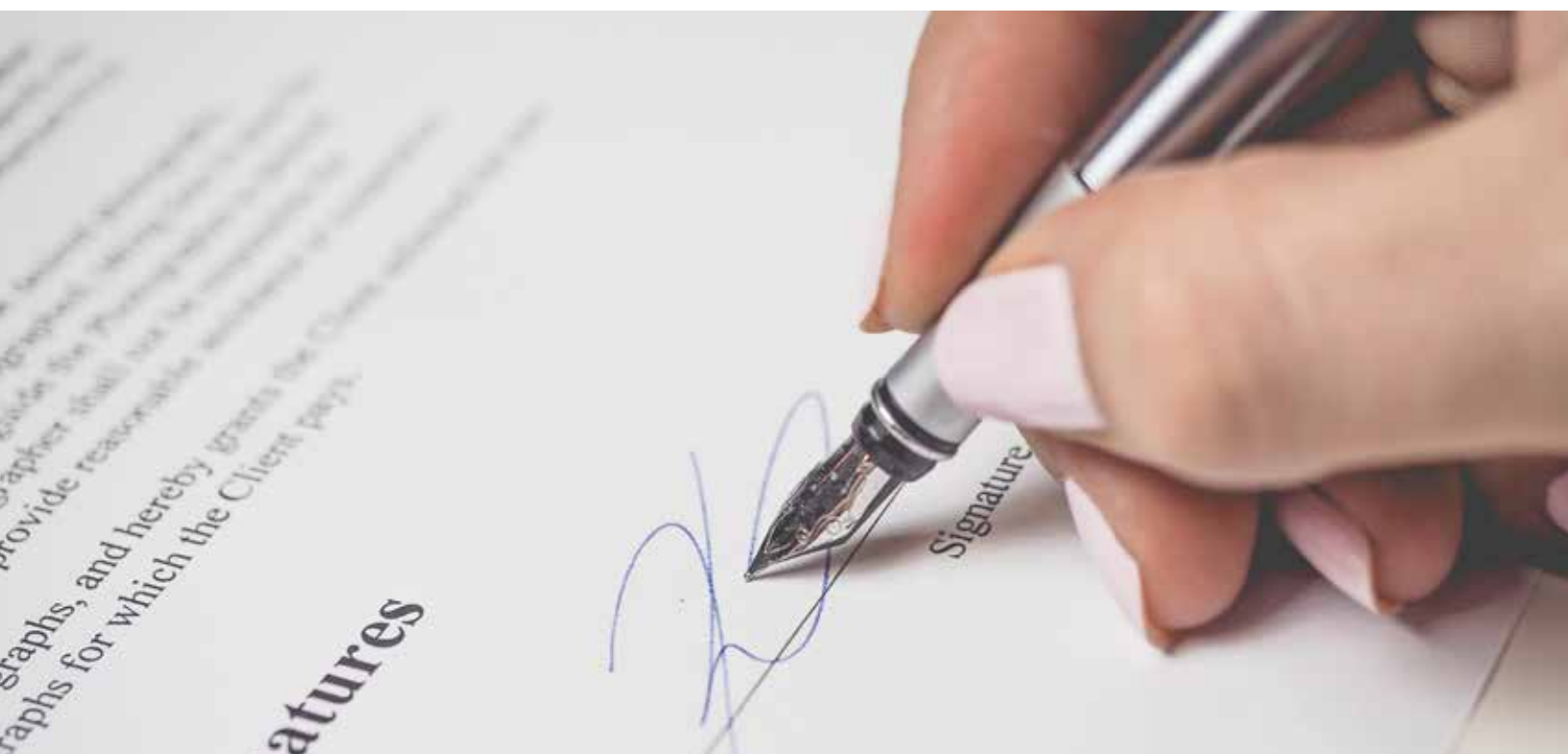


# UNDER CONTRACT TO CLOSING

## EVALUATING TITLE

Usually the title company holds the *earnest money* (which you will need to deposit, usually within 3 business days of contract execution) and they will do the 'Title Work'. This means they go through the public records and see if there are any issues with the seller's, the home itself, or you the buyer. They make sure the people involved in this contract are legitimate, and do not have anything which may prohibit them from performing this business transaction. This document also defines the property, the mineral and water rights, and the legitimacy of the claim to ownership of the Seller. It will also find all possible liens, tax assessments or special issues against the property which may occur after a divorce or a death in the family if you are buying a property experiencing such an event.

Through this detailed process the result will be a clean, transferable title. It will then be transferred to you, and can be insured by the title company. This protects you against a loss on your home or land due to a title defect. It ensures there are not any false claims on your property through deed or mortgage. Most of title benefits the lender and the buyer, however the seller will have peace of mind knowing if there was something missing concerning a lien on title, the insurance will protect them in the process.







# UNDER CONTRACT TO CLOSING

## CLOSING

### AND THEY WERE DANCING IN THE STREETS

Not so quickly.

We now must sit down at the closing table and sign a forest worth of paper!

- Closing is the legal transfer of ownership of the home from the Seller to the Buyer. Closing is also a reference to the event where the Buyer and the Seller sign the necessary documents to transfer the real property. Ideally they will meet together, along with their real estate agents in the Title company's office.
- The Closing will be coordinated by a closing officer from the Title Company. They will arrange all the documents and ensure everything is disbursed to all involved parties. A "Buyer's Settlement Statement" is required in the buyers hands three days before closing. Usually this process goes smoothly and you can be in and out in 30 minutes to one hour.
- **Closing Documents:** A brief summary of the closing documents will be provided either one or two nights before closing. If you want to read the actual closing documents, let me know and I will request them from the Title Company so you can read them prior to our closing time.
- Make sure you NEVER GIVE YOUR BANK INFORMATION unless you are 100% certain it is going to the Title company or to your lender!!! You can speak to them over the phone, you can FAX it to them, make sure you know who you are talking to. Try to set this up one to two days before closing. Do not do it the day of closing!
- Finally, just be prepared. 'Closing' is anti-climactic. It is almost like a non-event. Make sure you bring your driver's license. You will receive your keys and any garage door openers they have. This is also a good time to ask the Sellers about the home and the neighborhood. Don't forget to ask them about the mailbox, its number, and location.
- **Seller Confirmation of Citizenship or Foreign Status:** This is very important and could lead to serious legal issues if not disclosed accurately. If the Seller is a foreign citizen and selling real property in the United States, then 15% of the total sale will be paid to the IRS. If not, the buyer is responsible. Fortunately Title has some documents to confirm this, but we wanted you to be aware.



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# Distinctly Authentic