

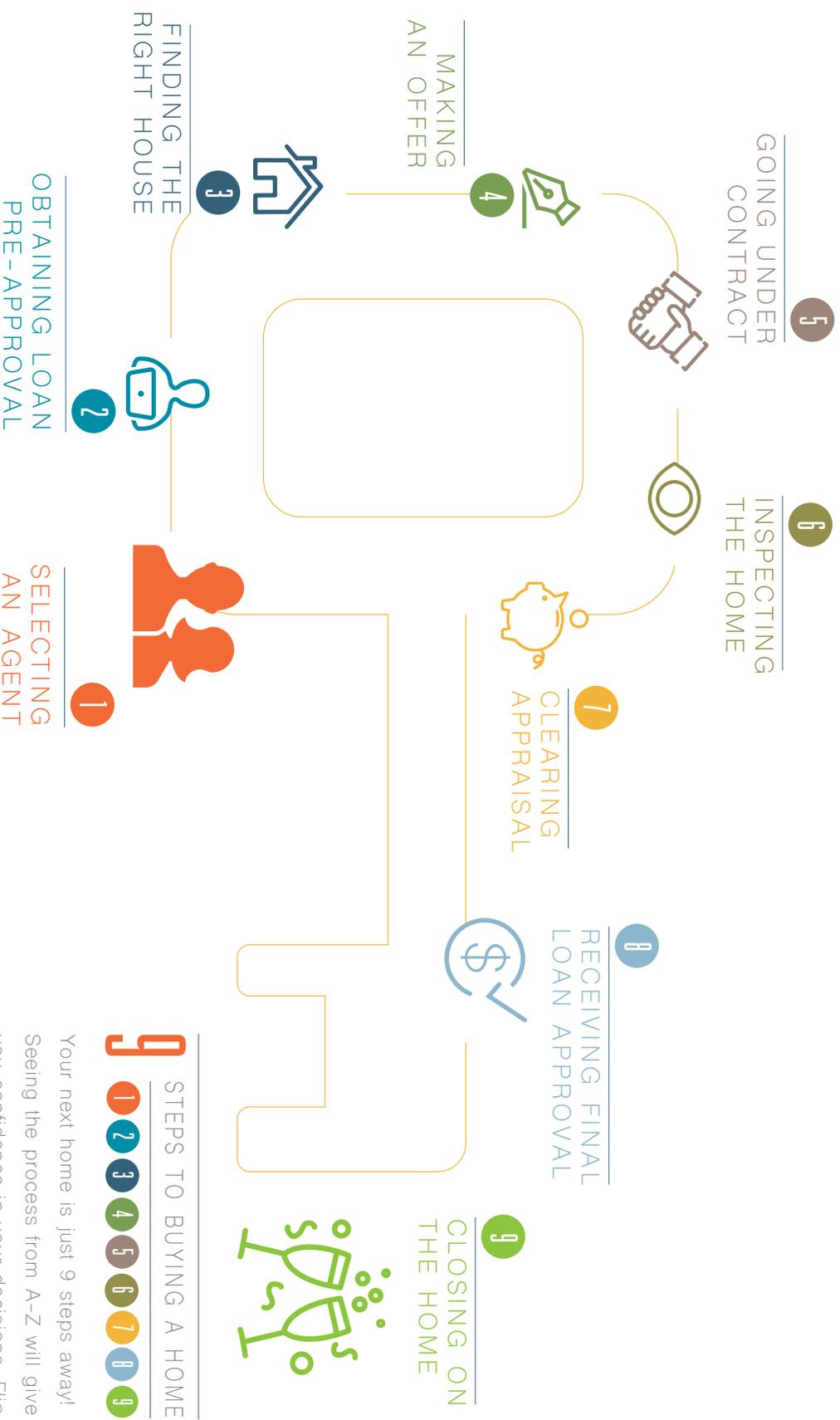


— BUYING IN —
STAPLETON
|



FOCUS
REAL ESTATE

BUYERS' KEYS TO SUCCESS



9 STEPS TO BUYING A HOME

Your next home is just 9 steps away! Seeing the process from A-Z will give you confidence in your decisions. Flip back to each section to learn valuable insights about that specific step in the process.

STAPLETON BUYERS' REFERENCE



Selecting an Agent: You've decided the time is right to buy a home in Stapleton. Great, that's an exciting first step...but now what? It can be a little intimidating and nerve-wracking to try to figure out where to start the process, and you probably have a lot of questions.

Assuming you know the general area where you want to live, one of the first questions you should be asking yourself is, "Who is the right real estate agent to help me with my Stapleton purchase?" I say this because your real estate agent should act as your guide throughout the process. Why not have that agent involved from day one so you can get their guidance from the start?

Don't worry, this isn't going to turn into a sales pitch saying you should use our services as a real estate broker. The truth is, who you should use depends on quite a few factors. Ultimately, you want to get the right specialist for your particular needs. Stapleton is a great market which, in turn, has attracted some high quality real estate agents who focus on it.

To help you pick the right agent, we've put together the following list of questions we would ask if we were in your shoes as a home buyer interviewing potential real estate brokers.

Top 10 questions to ask a real estate broker before you hire one:

1. What experience do you have in Stapleton?
2. How many transactions did you complete in Stapleton last year?
3. Can you provide three recent buyer clients from Stapleton that we could speak to about their experience?
4. What makes you different than other agents?
5. We are looking for [insert your home criteria and price range here].
Is this realistically attainable in Stapleton, given current market conditions?
6. Can you explain the Buyer Agency Agreement?
We do not want to do anything that establishes you as our agent until we are ready to decide on a broker, so when does that relationship start?
Can you also explain how it could end if we changed our mind?
7. We understand you are paid by the listing agent on the house we buy. Is there any scenario where we owe you a fee of any kind?

i Quick Tip: If they can't give you three recent clients from your target neighborhood, you may not have the area expert you need!

i Quick Tip: Many agents won't know the answer to this... be careful what agreements you sign with them!

8. Will we be working with you directly or with your team?
9. Can you explain what would happen if we ended up buying one of your listings?
Who would you represent in that situation?
10. What can we do as buyers to give ourselves the best chance to get the home we want in a competitive bidding war situation?

If, after you ask these 10 questions and follow up on the references, you feel good about the agent, then proceed with hiring them. If you aren't comfortable, even if it's just a gut feeling, I'd say keep looking and find an agent you like. You want someone who you feel comfortable with AND who is a specialist in the Stapleton market.

Finding the right agent is like finding the right doctor—you want the specialist who deals with your illness every day and knows it inside and out, not the generalist who learned about it once in school and has a vague understanding of it. The agent's knowledge of Stapleton, based on previous experience, is a large part of what they bring to the table.

Before we leave this subject, I want to provide a short list of who you should NOT use as your agent:

Your good friend. OK, you can use your friend, but don't use your friend just because they are your friend. If they happen to be the specialist in the Stapleton area and you are comfortable with them, then it's OK. Just don't use them solely because they are your friend and have a real estate license. That is not enough.

Your cousin who just got his real estate license. How long someone has been in real estate is not necessarily an indication of how good they are at their job (there are plenty of experienced agents who are terrible!); however, I do think we naturally learn as we go in real estate. So do you really want to have your agent still learning the ropes on your transaction when it's one of the biggest purchases you'll ever make?

The listing agent on the home you want to buy. The agent selling the home you want says they can help you buy it! Great, right? Unfortunately, no. They already represent the seller so why would they be watching out for your interests? At best, they become a neutral agent serving both parties (called a "Transaction Broker"), which doesn't help you much, and at worst they continue to serve the seller and treat you as a "Customer" (meaning they don't have your interests at heart at all). Get an agent on your side—don't use the other party's agent. That's like asking the attorney for the person suing you if they can give you a hand!

The first agent you meet. Don't just meet a broker at a Stapleton open house, talk to them for five minutes and decide if they're someone you'd like to work with. Research Stapleton online and see who comes up consistently as an active agent in the area. Do they have good reviews? Then meet with them, ask the 10 questions we listed above and see how you feel about them. This agent is going to have a large impact on your investment, so take your time on this step.

Yourself. Why don't we try without an agent and then the seller can give us a lower price on the home because they don't have to pay two agents? This plan sounds good on paper until you get going. Real estate is not rocket science, but if you don't do it every day, how would you know what to do it? It would be like me coming to your job one day and saying, "No problem, I can do this" without any training or experience. Listing agents selling the homes do not want to work with buyers that don't have agents. They would strongly prefer to work with buyers who have agents and know what they are doing based on experience. Especially in a strong market with more buyers than sellers, going it alone is a bad idea.

 **Key to Selecting the Right Agent:** Take your time, use our 10 question interview process to tease out valuable information and hire a Stapleton expert.



Obtaining Loan Pre-Approval: You've decided to buy a home and have hired a Buyer's Agent to help you. Time to go see some Stapleton homes now, right? Not so fast! Before you start shopping for a home, you really want to have a loan pre-approval in plan. Why look for a home if you aren't sure how you will pay for it?

This loan pre-approval step is one that people often try to skip. I know, it's more fun to pick out a house than to talk to a few lenders, but it is critical.

Top three reasons to get a loan pre-approval before you go home shopping:

1. **You may not be qualified to buy a home in the price range you want.** Nothing is worse than a buyer who is excited to buy a home but finds out they can't because of a credit issue, an employment issue or a down payment issue. Find out upfront that you are qualified and get a solid financing plan in place so you know how much cash you need, and what your monthly payment will be after taking into account the loan, taxes, insurance and any HOA fees.

2. **You need the pre-approval to be taken seriously by sellers.** Imagine you find your dream home and you submit an offer only to find out there are four other offers. (A common scenario!) How will the seller pick between the offers? One big factor is how strong each one looks from a financing perspective. If they can sense that you are not prepared, your offer will not be considered.

i Quick Tip: What matters is that we can show the seller you are strong, not that you know you are strong. They don't know you or your financial background. Get a strong pre-approval!

3. **You have to do it later anyway, so why not do it now rather than later when you're busy planning your move?** Either way it must be done, so do it first and then you can focus on finding your home and making your move.

Notice that this whole time I've been referencing a loan "pre-approval," not a "pre-qualification." There is a big difference. A pre-approval to me means that you have had your credit checked, you've provided the income documentation requested by the lender and you've been approved through their actual underwriter. All you need now is a home so the appraisal and title work can be done. You are ready to go! A pre-qualification to me means you called a lender, told them a little bit about your financial situation and they pulled your credit and said you look good to go. It doesn't mean much.

Getting the real "pre-approval" will set you apart when the seller has five offers and yours is the only one that has been fully approved other than the appraisal and title work.

Getting this pre-approval is consistently the piece of advice that I give that is most often ignored by my buyers, but I think this is the one big thing they control in the buying process.

So who do I contact for a loan pre-approval? Chat with your agent about your situation and they can help guide you to the best lenders. You want someone that you have a relationship with, or that your agent has a relationship with in case there is a problem. You also want someone who is experienced with the situation at hand. For example, if you want to do a VA loan get someone who knows VA loans. If you want to buy new construction, make sure you get a lender who knows how that works. We can help— we'll chat about your situation and provide you with a few lenders' names we know, like and trust.

 **Quick Tip:** It doesn't hurt to talk to a few lenders. By talking to at least two and letting them know you are talking to other lenders, you are likely to get the best deal.

 **Key to Obtaining Loan Pre-Approval:** Make the effort to get pre-approval before you find a home. We promise this will lower your stress and increase your odds of winning in competitive situations.



Finding the Right House: Now that you have the right agent in your corner and the loan pre-approval, you are ready to buy a home. Now all we need is the home, so how do we find it? This is the biggest challenge in the whole process in our current “seller’s market” where home inventory is low. In Stapleton lately, I’m seeing about 20–40 resale homes available at any given time and there are over 7,000 homes in the neighborhood. That’s very low inventory!

First of all, I should mention the Internet has been a game changer. Gone are the days when your agent is the only one with the information on homes. Now everyone has access to the information and it’s not uncommon for the buyer to find their own home.

One word of caution regarding home sites like Zillow, Trulia, etc. These sites don’t always have the most accurate information. In fact, in a fast-selling market like we have now, I’d steer clear of these sites. I think it’s better to have your agent set up an automated search for the area you want that will email you and the agent any time a new listing hits. This will give you the real time information you need.

So what if you have the auto search set up and you aren’t finding the home you want. This is common. In this market, where homes sell fast, it’s not likely the home you love is sitting there on day one when you start your search. You really need to zone in on what you want and be ready to pounce as soon as it hits the market. It’s a big, expensive, long term purchase...don’t just buy a home quickly because you are ready to buy.

i Quick tip: The best homes are gone fast, so as soon as you see something you like, notify your agent and try to see the home the same day.

I suggest that buyers go see some homes, even if they know it may not be “the” house for them, just to gain some perspective on what they really like and don’t like. You can only tell so much by looking online—you need to get out and “kick the tires” on some homes. When the home you love does appear, you’ll have to act fast (as you’ll see in the “Making an Offer” step) and you’ll be much more confident in doing so if you’ve been out and toured 6–10 other Stapleton homes.

What else can be done to help you find the home you want? If you heeded our advice in the “Selecting an Agent” step, you have a local agent who is highly focused on the area you want in Stapleton. These hyper-focused agents will have a network of other agents in the area, they’ll have sellers approaching them to sell their homes and they’ll hear of upcoming deals. All of this can be a major advantage for you as their client! It’s not uncommon for a neighborhood-focused agent to hear about deals before they ever hit the market, which allows them to give their buyer clients the inside track.

Need an example? I recently had a client approach me about buying a modern style home in Stapleton on a quiet street in the \$600k's price range. I put out the word to my broker network in the area and found the perfect fit: an Infinity home that was coming soon but not yet on the market. Because I knew the listing agent, he got us in early and even gave us a contingency on the purchase to allow us to sell my client's home first. These are the benefits you get with a neighborhood-focused agent that you would not get if you just had a generalist agent who works all over town.

One common mistake I see is buyers who try to find their own home and then find the agent and lender to help them purchase it. This is backwards and the home will surely be gone to a qualified prepared buyer before this unprepared buyer will have a chance to get their ducks in a row. We put our steps in order for a reason...get the right agent, get the right lender, then try to find the house.

To find the right home, you should get an auto search for your area set up by your agent, go see some homes to gain perspective and work with a neighborhood-focused agent that can help you find deals that aren't available to the public yet. This will give you the best chance possible to find the home you want which is the hardest step in the process in this low inventory market we are in.

 Key to Finding the Right House: Find the neighborhood you want, get an auto search set up for accurate information, see homes for perspective and have the right local agent on your side.



Making an Offer: Things are heating up: you've hired an agent, gotten your loan pre-approval, searched for homes and now you've found the one you want! Very exciting. So you have your agent call the listing agent and see what's happening with the house...only to find out they have 3 offers already. They're also going to market the home through the weekend and make a decision on Monday. What a downer!

This is a common scenario in Stapleton. If you are bidding on a well-priced home right now, you're almost surely going to be competing with other offers. My advice? Focus on what you can control, and that is making the best offer possible to give yourself the best chance to win the competition without over-paying for the home.

Nine ways to make your offer stand out

1. **Offer a strong but realistic price.** Obviously the seller is going to focus on the price you are willing to pay, so have your agent do their homework and provide you with a value range for the property. Forget listing price and focus on what the value range is. Then decide how much you'd hate to lose this home and let that guide how aggressive you want to be on your offer within that range. If you love it, you can go a little over the value range, but don't go much more than that or you're overpaying. You'd be better off losing out on this one and waiting for another one.

This is not a market where you can make a low offer then expect to negotiate with the seller. You need to put your best foot forward in your offer because low offers will be ignored. For example, let's assume a home is listed for \$500k and we know there are competing offers. If I think the value range is \$495k - \$510k, I'd suggest an offer of \$505k if my clients really want the home. I'd also put in the contract an "escalation clause" that states the buyer will beat any other offer by \$2k up to a max price of \$515k. That is a good offer, and because we really want it, we are willing to go a little over the current value range. We need to draw the line at \$515k though, to avoid over-paying. To help us get the offer, we need to find ways beyond just a higher price that will be attractive to the seller.

i Quick tip: Some buyers have lost several deals in a row and they've become emotional, and are willing to greatly overpay. If you come up against one of these buyers don't get caught up in the emotion, walk away and find a better deal.

2. **Give the seller their preferred timing.** When does the seller want to close and when do they want to move out? If you can, structure your offer to perfectly fit their timing needs. If you can close when they want and then let them stay in the home three weeks while their new home is completed, this could be the difference that gets you the deal! Be flexible here, it doesn't cost you too much and can go a long way. As a listing agent I'm surprised when I get offers from agents that haven't even taken the time to call and ask about the seller's preferred timing. They are putting themselves at a huge disadvantage over the agent that does their homework and gives the seller the timing they want.

3. Present a strong pre-approval letter. Remember the second step, “Obtaining Loan Pre-Approval?”

This is where you need that strong pre-approval letter that states you’ve already been underwritten and your loan is fully approved (other than the appraisal and title work). Having this pre-approval will set you apart from the less prepared buyers who merely have a pre-qualification. The more you show you are putting down on the home in cash, the better. That is another item related to the loan that sellers will be analyzing.

4. Cover a potential appraisal shortage. It’s not uncommon for appraisals to come in low these days.

In fact, I’d say one in four deals has a low appraisal.

The potential for a low appraisal to blow up a deal scares the seller. Make it easy on them and, if you’re willing, let them know that if the property appraises



Quick tip: I am not seeing this appraisal issue on new build Stapleton homes which seem to be a little less expensive.

low you’ll still purchase the home at the contract price. If your agent did the value research for you, you’ll have confidence that you’re not overpaying. To make this commitment, you need to have cash available because if the home appraises low, the lender is going to lend you less money and you’ll need to pay the difference in cash. If you are concerned about stating you’ll purchase the home no matter what it appraises for, you can include a clause that states you’ll pay a set amount over the appraised value if it appraises low. For example, you could say you’ll pay \$5k over the appraised value. By letting the seller know upfront how you’ll help in the situation of a low appraisal you’ll be easing their mind and you’ll be increasing your odds of getting the home compared to other buyers who may have neglected to discuss this appraisal issue. I can tell you as a listing agent, I am highly focused on which buyers are willing to cover an appraisal shortage because it’s such a common occurrence.

5. Minimize, but don’t waive, your inspections. In today’s market where the seller has four offers, you are not likely going to nit pick the seller at the inspection phase for small items like a scratched floor or a dirty carpet. So why not just put a clause in your offer that states you’ll still inspect the home, but you won’t request any items that aren’t expenses more than \$2,000 to fix? This will give the seller piece of mind that you are going to be easy to work with throughout the process. It also gives you peace of mind knowing that if you find something big, like a bad sewer line that could cost \$8k to fix, you are still able to ask the seller to fix it for you during the inspection phase. Side note, I have seen some buyers fully waive inspections and I think that is a terrible idea and bad advice from their agent. No one expects you to fully waive your inspections. That’s just poor due diligence on a huge investment, even if the homes in Stapleton are all relatively new.

6. Inclusions/Exclusions. Does the seller want the curtains and the basement freezer? Let them have them! I’d structure my offer to let the seller keep whatever they want to keep. For example, if they want to keep the washer and dryer, let them do so and just take that into account on your offer

price. I think asking for things the seller wants to keep only puts you at a disadvantage compared to the other offers. It may seem small, but this could make a difference.

7. **Offer to pay the Stapleton community transfer fee:** Every home that sells in Stapleton has a transfer fee that must be paid at closing. This fee can be paid by buyer or seller— it's negotiable. Why not make your offer stand out and offer to pay this fee? It could be just the difference you need to beat a competing offer.
 Quick tip: The Stapleton transfer fee is calculated as Purchase Price less \$100,000 * .25%. On new build homes it is paid for by the builder
8. **Ask the seller what matters to them.** This is often overlooked, but your agent should call the listing agent and simply ask what matters to the seller. It shows that you are easy to work with, that you are highly interested and that you are thoughtful.
9. **Personal letter to seller.** I don't personally love the whole "let's write a letter to the seller" trend in this hot market, but I've seen it act as a tie-breaker in really close competitive situations. So, for that reason, I think it's a good idea to write up a half page explaining why you love the home and why it would be meaningful for you to be able to buy the home. The best letters are simple and mention a few specifics about the property that the buyers love.

If you address all of these nine items in your offer and you still lose, you should have confidence that you gave it your all. Sometimes you're up against an all cash offer or a buyer who is willing to overpay considerably. If that's the case, you don't want to "win" that competition anyway because in the long haul, that's a poor investment.

Focus on what you can control and have peace of mind knowing you gave it your best shot. If you take care of the nine items listed above, you'll probably end up getting the home!

 **Key to Making an Offer:** You'll most likely be competing, so have your agent help with your offer so it perfectly fits the seller's needs. This will greatly increase your odds over someone who tosses out well-written offers that fit only their needs.



Going Under Contract: You did it, you beat the competition and the Stapleton home you love is under contract. Now what happens? Actually quite a bit, so let's go over it.

The contract you just signed obligates you and the seller to do a lot of things in a short period of time. Your agent can help you keep all the dates, deadlines and obligations organized so you don't feel overwhelmed.

i Since the contract is so important, why not ask your agent to give you a copy of one before you even find a home? That way you can read and understand what you're signing!

Think of the "under contract" period as your chance to do all your homework on the property. After all, you had to bid on it right after you saw it, which is nerve-wracking! Buyer's remorse is a real thing in this market, so if you are feeling a little uneasy, take a deep breath and know that's normal. This is your chance to step back, analyze the property, the title work, the homeowners association (if there is one) and make sure you are getting what you thought.

We won't cover every little detail of what needs to happen here, but we do want to touch on the main things you want to watch out for in this phase of the process.

The dates and deadlines section of the contract is critical. It outlines all the deadlines you need to meet regarding certain items like having the inspections done, the HOA documents reviewed, the title work reviewed, the home appraised, your loan approved and getting the deal closed.

Colorado is a very buyer-friendly state and your earnest money (the money you put down up front with your offer to show you are serious) isn't actually at risk until these dates and deadlines pass. For example, buyers can back out if they don't like the condition of the property at their sole discretion, as long as they do so before the Inspection Objection Deadline. This should give buyers some peace of mind if they are concerned about making offers quickly on homes they've only seen once.

If the buyer appropriately backs out of the contract using one of their "outs" I've discussed above (appraisal, inspections, loan approval, etc.), the buyer receives their earnest money back and the seller can then re-list the property and seek another buyer. If the buyer inappropriately backs out for no legitimate reason, the seller gets to keep the buyer's earnest money and then re-list the home to find another buyer.

The first thing you want to do once you are under contract is get the signed contract over to your lender. You want to get them started on their process right away so don't delay—send them the contract the same day it's signed. If you've heeded our advice earlier in the "Obtaining Loan Pre-Approval" step, you are ahead of the game and you have plenty of time for the loan to be processed.

Another item you'll want to tackle right away is signing all the property disclosures. These are completed by the seller and they'll tell you everything the seller knows about the property. For example, if there is a structural issue and the seller knows about it, they must disclose it. If you find something that scares you, the contract can be canceled right away under your inspection clause.

 Quick tip: Not all sellers are as honest as they should be, so trust but verify what they are claiming in their disclosures.

Assuming the disclosures look fine, you'll want to line up your property inspections, then order your appraisal and work on receiving your final approval so you can move towards closing. All of these will be covered in the next steps.

The key item to understand is that the contract is the document that drives the whole transaction and spells out what each party will do throughout the process and when.

 Key to Going Under Contract: The contract dictates your obligations and those of the seller. The under contract step is all about you doing your homework on the home before your earnest money becomes non-refundable.



Inspecting the Home: Inspections are critical, even on newer Stapleton homes. In this tight seller's market, some buyers are waiving their inspections, but as I mentioned earlier, I think that is a bad move.

In most competitive situations right now, my clients are largely giving up their right to object to minor items, but they are still making sure they have an inspection clause in the contract which allows them to object if the cost of repair for the items is more than \$2,000. (That number may vary based on the price of the home and our aggressiveness on the offer).

I strongly suggest to every buyer that they get a general inspection of the home, a sewer scope and a radon test. The general inspection will cover all the major systems of the home such as HVAC (heating and cooling), roof, structural, plumbing, electrical, etc. If the inspector finds something that they are concerned about, their role is to raise the issue. If it's beyond their level of expertise, they'll suggest a specialist take a look and offer additional guidance.

i Quick tip: Inspectors aren't really certified or regulated by anyone, making the barrier to entry low. Unless you know someone you want to use, you might want to use the inspectors we know, like and trust rather than the random one you find online.

The sewer scope is critical because you never know when there is a sewer line issue. Even new homes can have them, and they can cost a ton to repair depending on location and the issue. How much? I've seen repairs range from \$3,000 - \$12,500, so be smart and spend the \$120 up front to uncover any issues!

Let's assume you have the home inspected and you find a few issues. Now what? At this point, you will submit an "Inspection Objection" to the seller, noting the issues and requesting either they repair the issues or give you cash in the form of a closing cost concession at closing so you can address the items later. I personally prefer the cash route, that way the buyer can control their own repairs and misunderstandings can be avoided between the buyer and seller.

As a buyer, what can I expect the seller to repair or pay for? The answer to this is: it depends. (I know, that's an annoying answer). But it does, it depends on the state of the market and the degree to which the seller can easily drop you and find another potential buyer. In this market, where there are more buyers than sellers, the seller has most of the leverage and isn't likely to do a lot of repairs or a large cash concession. That said, I do see sellers still agreeing to repair items if they are structural, health or safety related. For example, if the radon test comes back above the EPA suggested level, then I still see sellers usually covering the cost of that mitigation.

Inspections and the subsequent negotiation between buyer and seller can be tense. If a deal is going to fall apart it usually happens in this phase.

Remember, negotiating power is about having options and in this market, the sellers know that you as a buyer don't have a lot of other options. That gives them the leverage and the upper hand in most negotiations.

 Quick tip: Maintain an objective position rather than falling into an emotional one. It's easy for both parties to feel a little frustrated at this point, but if you keep your eye on the bigger picture and get your major items handled by the seller, you're doing the best you can in this market.

 Key to Inspecting the Home: Don't skimp out here. Spend the money to get a general inspection, a sewer scope and a radon test. When a \$10,000 problem is found you'll be glad you did!



Clearing Appraisal: Assuming you've passed the inspection phase, it's now time to order the appraisal. The buyer's lender orders the appraisal so the appraiser is not directed by the buyer or the seller. Appraisals have been taking awhile and they are a very common source of delay on closings, so you want to get this ordered shortly after the inspection. You wait until the inspection is complete to order it because you have to pay for the appraisal, commonly \$450-\$650, regardless of if the deal closes or not. So you don't want to order the appraisal before the inspection only to find out the home has issues and you're not going to move forward.

Appraisals have become a hot topic lately. The issue is many of the appraised values are coming in lower than the contract price that the buyer and seller have agreed to. This is true in Stapleton and the Denver area in general. Why is that? Mainly because the market is in a state of rapid appreciation and oftentimes competitive bidding wars among buyers have pushed the prices up above the level of other recent home sales in the area.

Appraisers must value the home off of other recent sales in the area, and if they don't have the data they need, they have to appraise the property low. It's easy to be frustrated with them when it comes in low, but they are just doing their job—making sure that over-enthusiastic buyers don't pay way too much for the property based on emotion rather than logic. They are there to protect the buyer and the buyer's lender who does not want to lend money on an asset that is being bought at an inflated price.

i Quick tip: If you don't have cash to cover a shortage and you'd rather not negotiate with the seller over a low appraisal, your agent can check in with the appraiser before the appraisal and provide them with the best comparable sales.

I'm seeing appraisals come in low quite often, so let's address what happens in that scenario. If you haven't already predetermined what will happen in that situation in the contract (remember the "Making an Offer" section where we said you might want to address this in the contract), then when the appraisal comes in low there is a bit of a second negotiation between buyer and seller.

Usually the buyer will notify the seller the appraisal has come in low. The seller will ask if the buyer wants to move forward with the deal at the current contract price and then there is some back and forth. Oftentimes the seller will come down some on the price, but in this hot market it's not uncommon for the buyer to have to pay above the appraised value to make the deal work. In this market, the seller is usually winning this negotiation, but I do think the seller more often than not comes down at least some as a show of good faith.

Are appraisals worth contesting if you think there is an error? Usually it's not worth it in my opinion unless there is a clear mistake, like the appraiser missed a perfect comparable sale that would have justified a higher price. This happens from time to time, but usually getting an appraiser to change their mind is a losing battle and a waste of time.

📄 Key to Clearing Appraisal: Put a clause in your offer that states how much of an appraisal shortage you'll cover if it appraises low. By getting it out of the way upfront, you'll give the seller peace of mind and increase your odds of winning the deal in a competitive situation.



Receiving Final Loan Approval: You are now so close you can taste it. You've passed the inspections, cleared the appraisal and you're in the home stretch. It's at this point you hear that your lender is almost ready to close, but not quite because they are waiting for final loan approval.

Wait...final loan approval? I thought my loan was already approved? Let me explain the three steps of the loan approval process.

Pre-qualification phase:

At the beginning of the process, most buyers get a pre-qualification, which just means they filled out an application, had their credit pulled and provided some income and asset documentation. The lender then ran the numbers through what is called a desktop underwriting system, which is basically just a formula that tells him or her if you're likely to be approved based on your income, assets and credit.

Conditional loan approval phase:

Once you get your appraisal completed and collect all the additional paperwork, the lender has requested your loan is ready to be submitted to underwriting for approval. Underwriting is the department that actually reviews your file, checks it to make sure it's perfect and then approves the loan. Typically, when they approve your loan the first time they provide a "conditional" loan approval. This means you have approval, but it's conditional upon you taking care of x, y and z items. These items are usually small, but can cause delays if this conditional approval isn't received early enough in the process. An example of a condition could be the underwriter thinks the appraiser made a mistake and it needs to be corrected. Your lender would then need to go back to the appraiser, get it corrected and resubmit the corrected info to the underwriter.

i Quick tip: On almost every deal, the lender will come back to you several times and ask for more info. Try to stay focused on what you control, which is getting them the documents they need as quickly as possible to keep the process rolling.

"Clear to Close" full loan approval phase:

Once you have all conditions of your conditional loan approval cleared, you have what is called a "clear to close." That means you have final loan approval and the loan is fully completed! Getting to this point is a big milestone, and as your agent, this is when I breathe a sigh of relief. No matter how strong the buyer, there can always be surprise loan issues.

Now that you see all three phases, you can better understand why getting your full pre-approval up front can really reduce your stress! Rather than waiting until about a week before closing to get your “clear to close,” you could have it several weeks before closing. All the pre-qualification and conditional loan approval phases could be done before you even find a home! That way, when you do find the home, all that has to happen is an appraisal and a review of the title work for that specific property. Quick and easy!

 Key to Receiving Final Loan Approval: There are three phases of loan approval, and as we harped on earlier, getting your loan pre-approval before you even find the home is the way to go!



Closing on the Home: Pop the champagne, you made it! You're ready to close on your home, but sadly, many buyers won't make it this far in the process in this market. With low inventory and tight lending standards, many buyers have turned back and decided to rent instead. Be glad you've made it this far!

So what should you expect around closing time?

First, expect to get your closing figures sent to you 3–7 days before closing. This will allow you to look at all the expenses of your closing (title work, recording fees, lender fees, etc) and make sure they match up with what you were promised by the lender when you applied. They should be close, although some things are out of the lender's control and can fluctuate a bit. Have your agent take a peek at your numbers as well. It's not uncommon for your agent, who looks at these figures all the time, to spot something that could save you some money. For example, I recently noticed that one of my buyers was paying about \$75 more per month for their insurance than other similar buyers. I brought it up, he made the switch, and with the savings he can pay for his monthly Internet and cable instead!

Once you've reviewed the figures and approved them before closing, you can prepare your cash to close. The figures will show you how much you need to have at closing and you can then prepare a wire transfer of that amount or a cashier's check. Talk with your lender before you move money around to prepare this cash to close. If you don't, you may end up having to provide more bank statements to your lender which is a hassle.

The day before closing, you'll want to do a final walk through. This is one last chance to walk the home and make sure all inspection items were handled, make sure nothing significant has changed with the property and make sure the inclusions are all there like the fridge, washer, dryer, curtains, etc.

The actual day of closing, you'll likely need one to 1.5 hours to close on the home. Lenders require you to sign a lot of paperwork, so be ready to sign a lot of repetitive documents. Closing is not a time to negotiate these documents—no one in the room has the authority to let you make any changes. So, if you want to take your time and read every document line by line, you really need to request the documents in advance. There is nothing wrong with reading every line (of course you ideally should!), but, in reality that doesn't happen at the closing table and should be done in advance. Let your lender know if you want the documents in advance and we can help make that happen.

i Quick Tip: If you are closing on the sale of your current home and then quickly closing on your next home, have the title company mail your proceeds from your first closing straight to your second closing. This will lower your stress and then any excess proceeds can be given back to you at your second closing.

i Quick Tip: Many buyers at this point start to think ahead and will purchase new furniture, appliances, etc. for their new home. Don't use credit for these purchases or you could put your loan approval at risk! Talk with your lender before you make any purchases on credit!

Once you've signed the documents, you get a key to your new home, and, if the possession date is the same day as closing, you can now move in. Many times in this market, the buyer and seller have negotiated a Post Closing Occupancy Agreement ("PCOA"), which basically, is a short term lease so the seller can stay in the home a little while after closing (up to 30 days usually). If this is the case, you don't get possession of your home the same day as closing, you get it the date that is outlined in the PCOA.

You did it! You made it all the way through the nine steps and you've closed on your Stapleton home. Congratulations!

 **Key to Closing on the Home:** Review your closing figures in advance to avoid closing day surprises and don't take out any new credit or move money around without first letting your lender know.