

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
What Does It Mean?

Let's Get You In Your Home!

## So - What Does Under Contract Mean?

Pg 2

Of course by “under contract” we mean you have a mutually signed agreement to purchase a home, subject to a few conditions. The idea of “under contract” has many different iterations, such as “accepted bid”, or “mutual agreement to buy”, but whatever the reference, it is understood that there is a written and legally binding document between a buyer and a seller to buy real property.

So now what? Well, unfortunately, you can't back the moving van to the door just yet. There are things to do, important things, and you will have to lend a hand.

First, you have to attend to your mortgage loan. I can help, but today's maze of privacy laws and regulatory requirements forces you, the buyer, to take an assertive role in the mortgage loan process. If you have not already made a loan application, you need to do so immediately. I will make certain the contract documents are delivered promptly to your lender.

As you already know, I maintain communications with your lender during your home search. This is to make sure that as many of the loan approval details as possible are completed prior to your negotiating process. At this point your job is to communicate with your lender frequently, based on a schedule agree to by you and your lender.

## We Are Here

- Jaris Realty is committed to You!
- We will guide you.
- We will prepare you.
- We will be with you every step of the way.
- We will coordinate with your lender, as this helps streamline.
- We are dedicated to getting you in your new home!

Second, you must attend to the due diligence aspects of the home you intend to buy. A general home inspection from a certified professional is a must, and there may be a need for individualized attention/appointments for such things as special heating systems, Radon, well and septic, sewer-scopes, and even structural-engineer inspections.

Whatever is needed to assure your peace of mind, you need to get started. We will take care of the scheduling and coordination (*with your schedule in-mind*), but you must take a pro-active part and be present (*unless you are an out-of-state relocation*). Jaris Realty, Inc. has many general and specialized inspectors that are within reach. They will schedule our clients and appointments in without waiting. They also understand that the “under contract” phase of buying a home is harrowing and will help us move to the next step of “owning”.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.ineedthishome.com](http://www.ineedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.

Let's Get You In Your Home!

Little Tips

So, What Does Under Contract Mean?

Pg 3

## NEW HOME

- Get a List of Utilities for Your New Home from Jaris Realty, Inc.
- Turn Electricity On
- Turn Gas On
- Transfer Water (unless Well)
- HOA will be notified upon purchase
- Registrar for Schools
- Day Cares? Pet Day Cares?
- Mailing Address (USPS)
- Notify Bills

## PREVIOUS RESIDENCE

- Submit Notice to Landlord (if renting)
- Transfer Water out of your name
- Transfer Gas out of your name
- Transfer Electric out of your name
- Arrange Movers
- Arrange Moving Van & Friends
- Make Arrangements for Your Pets or Children for Closing Day
- Mailing Address (USPS)

Take this time to knock a few doors, meet and ask questions of your new neighbors. IF schools are important, go visit the schools. If a particular house of worship is important, go visit. You will have an opportunity to read and question the title insurance commitment. While few homes are not sold without clear title, any related covenants are usually lengthy and complicated. You must understand the title and covenants or run the risk of nasty surprises somewhere down the road.

After you have satisfied the requirements and reviews of due diligence, you can turn your attention to preparing your move. Making sure of utility transfers, furniture delivery, communications installation, and all of those service type things that you have to have in place to function should be addressed now. If you will be out of state for the closing, make certain you have arranged for delivery of required documents, necessary notaries, and money transfers. Since we specialize in relocations Jaris Realty, Inc. is experienced in representing our buyer at the closing table with out-of-state/country clients!

***We will assist with, and in some cases complete, most of the things mentioned above.***



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## Now What, Am I Done Now?

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

Just because you are under-contract and you have your pre-qualification doesn't mean that the deal is done. We've put some things together to help with the what's next and what do I need to expect. Always remember that we are here to help you through every little step.

Realtors have faced so many harrowing experiences with home buyers while in the "under-contract" phase of Denver real estate deals. From seasoned home buying veterans to first time buyers – it easy to get caught up in the excitement of purchasing that new home and forget some key factors that might adversely affect your credit score.

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

**This list is by no means exhaustive – just a refresher on some important reminders while you are under contract on your new home.** Your credit will be under scrutiny until you turn over that cashier's check and sign your final documents at the closing table when the deal is done. Yes, we've seen deals fall-apart in the last hours before closing. Our goal is to keep that from happening to YOU!

Any financial decisions should be verified through your lender just to make sure that it will not negatively impact your credit and ultimately the financing of your new home!



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.ineedthishome.com](http://www.ineedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## Let's Get You Into Your Mortgage!

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

While your lender may have additional items that they need, we have created the following standard checklist to get you moving:

- W-2 forms — or business tax return forms if you're self-employed for the last three to five years for every person signing the loan.
- Copies of at least two pay stubs for each person signing the loan.
- Account numbers of all your credit cards and the amounts for any outstanding balances.
- Copies of two to four months of bank or credit union statements for both checking and savings accounts.
- Lender, loan number, and amount owed on other installment loans, such as student loans and car loans.
- Addresses where you've lived for the last five to seven years, with names of landlords if appropriate.
- Copies of brokerage account statements for two to four months, as well as a list of any other major assets of value, such as a boat, RV, or stocks or bonds not held in a brokerage account.
- Copies of your most recent 401(k) or other retirement account statement.
- Documentation to verify additional income, such as child support or a pension.
- Copies of personal tax forms for the last two to three years.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.ineedthishome.com](http://www.ineedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## Specialty Mortgages: Risks & Rewards

Pg 1

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

In high-priced housing markets, it can be difficult to afford a home. That's why a growing number of home buyers are forgoing traditional fixed-rate mortgages and standard adjustable-rate mortgages and instead opting for a specialty mortgage that lets them "stretch" their income so they can qualify for a larger loan.

But before you choose one of these mortgages, make sure you understand the risks and how they work.

Specialty mortgages often begin with a low introductory interest rate or payment plan — a "teaser"— but the monthly mortgage payments are likely to increase a lot in the future. Some are "low documentation" mortgages that come with easier standards for qualifying, but also higher interest rates or higher fees. Some lenders will loan you 100 percent or more of the home's value, but these mortgages can present a big financial risk if the value of the house drops.

### **Specialty Mortgages Can:**

- Pose a greater risk that you won't be able to afford the mortgage payment in the future, compared to fixed rate mortgages and traditional adjustable rate mortgages.
- Have monthly payments that increase by as much as 50 percent or more when the introductory period ends.
- Cause your loan balance (the amount you still owe) to get larger each month instead of smaller.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## Specialty Mortgages: Risks & Rewards

Pg 2

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

### Common Types of Specialty Mortgages:

- **Interest-Only Mortgages:** Your monthly mortgage payment only covers the interest you owe on the loan for the first 5 to 10 years of the loan, and you pay nothing to reduce the total amount you borrowed (this is called the "principal"). After the interest-only period, you start paying higher monthly payments that cover both the interest and principal that must be repaid over the remaining term of the loan.
- **Negative Amortization Mortgages:** Your monthly payment is less than the amount of interest you owe on the loan. The unpaid interest gets added to the loan's principal amount, causing the total amount you owe to increase each month instead of getting smaller.
- **Option Payment ARM Mortgages:** You have the option to make different types of monthly payments with this mortgage. For example, you may make a minimum payment that is less than the amount needed to cover the interest and increases the total amount of your loan; an interest-only payment, or payments calculated to pay off the loan over either 30 years or 15 years.
- **40-Year Mortgages:** You pay off your loan over 40 years, instead of the usual 30 years. While this reduces your monthly payment and helps you qualify to buy a home, you pay off the balance of your loan much more slowly and end up paying much more interest.

*For more information on predatory mortgage lending practices, visit the Center for Responsible Lending at [www.responsiblelending.org](http://www.responsiblelending.org).*



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.ineedthishome.com](http://www.ineedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## Specialty Mortgages: Risks & Rewards

Pg 3

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

### Questions to Consider Before Choosing a Specialty Mortgage:

- How much can my monthly payments increase and how soon can these increases happen?
- Do I expect my income to increase or do I expect to move before my payments go up?
- Will I be able to afford the mortgage when the payments increase?
- Am I paying down my loan balance each month, or is it staying the same or even increasing?
- Will I have to pay a penalty if I refinance my mortgage or sell my house?
- What is my goal in buying this property? Am I considering a riskier mortgage to buy a more expensive house than I can realistically afford?

*For more information on predatory mortgage lending practices, visit the Center for Responsible Lending at [www.responsiblelending.org](http://www.responsiblelending.org).*



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.

Let's Get You In Your Home!

## 5 Things To Know About Homeowners Insurance

### QUICK LIST

- You Have to Get It!
- Shop Around for Homeowners Insurance.
- Compare Apples-to-Apples.
- Have exact numbers, coverage, and quotes in hand when shopping around.
- Don't forget about flood insurance.
- Earthquake Insurance?
- Sometimes you can get deals if you have all of your insurances with one company.
- Set realistic deductibles
- In our new Economy, Replacement Costs Are Often Different from Purchase Price. Take a close look at this!
- For instance, the cost of construction has not gone down. Many homes are selling well-under what the construction costs were.

1. Know about exclusions to coverage. For example, most insurance policies do not cover flood or earthquake damage as a standard item. These types of coverage must be bought separately.

2. Know about dollar limitations on claims. Even if you are covered for a risk, there may be a limit on how much the insurer will pay. For example, many policies limit the amount paid for stolen jewelry unless items are insured separately.

3. Know the replacement cost. If your home is destroyed you'll receive money to replace it only to the maximum of your coverage, so be sure your insurance is sufficient. This means that if your home is insured for \$150,000 and it costs \$180,000 to replace it, you'll only receive \$150,000.

4. Know the actual cash value. If you chose not to replace your home when it's destroyed, you'll receive replacement cost, less depreciation. This is called actual cash value.

5. Know the liability. Generally your homeowner's insurance covers you for accidents that happen to other people on your property, including medical care, court costs, and awards by the court. However, there is usually an upper limit to the amount of coverage provided. Be sure that it's sufficient if you have significant assets.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
More Insurance?

Let's Get You In Your Home!

## Tips for Lowering Homeowners Insurance Costs

- You Have to Get It!
- Shop Around for Homeowners Insurance.
- Compare Apples-to-Apples.
- Have exact numbers, coverage, and quotes in hand when shopping around.
- Don't forget about flood insurance.
- Earthquake Insurance?
- Sometimes you can get deals if you have all of your insurances with one company.
- Set realistic deductibles
- In our new Economy, Replacement Costs Are Often Different from Purchase Price. Take a close look at this!
- For instance, the cost of construction has not gone down. Many homes are selling well-under what the construction costs were.

1. **Review the Comprehensive Loss Underwriting Exchange (CLUE)** report on the property you're interested in buying. CLUE reports detail the property's claims history for the most recent five years, which insurers may use to deny coverage. Make the sale contingent on a home inspection to ensure that problems identified in the CLUE report have been repaired.

2. **Seek insurance coverage as soon as your offer is approved.** You must obtain insurance to buy. And you don't want to be told at closing that the insurer has denied your coverage.

3. **Maintain good credit.** Insurers often use credit-based insurance scores to determine premiums.

4. **Buy your home owners and auto policies from the same company** and you'll usually qualify for savings. But make sure the discount really yields the lowest price.

5. **Raise your deductible.** If you can afford to pay more toward a loss that occurs, your premiums will be lower. Avoid making claims under \$1,000.

6. **Ask about other discounts.** For example, retirees who tend to be home more than full-time workers may qualify for a discount on theft insurance. You also may be able to obtain discounts for having smoke detectors, a burglar alarm, or dead-bolt locks.

7. **Seek group discounts.** If you belong to any groups, such as associations or alumni organizations, they may have deals on insurance coverage.

8. **Review your policy limits** and the value of your home and possessions annually. Some items depreciate and may not need as much coverage.

9. **Investigate a government-backed insurance plan.** In some high-risk areas, federal or state government may back plans to lower rates. .

10. **Be sure you insure your house for the correct amount.** Remember, you're covering replacement cost, not market value.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## Five Things To Know About Title Insurance

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

Title insurance protects the holder from any losses sustained from defects in the title. It's required by most mortgage lenders.

*Here are five other things you should know about title insurance.*

1. It protects your ownership right to your home, both from fraudulent claims against your ownership and from mistakes made in earlier sales, such as mistake in the spelling of a person's name or an inaccurate description of the property.
2. It's a one-time cost usually based on the price of the property.
3. It's usually paid for by the sellers, although this can vary depending on your state and local customs.
4. There are both lender title policies, which protect the lender, and owner title policies, which protect you. The lender will probably require a lender policy.
5. Discounts on premiums are sometimes available if the home has been bought within only a few years since not as much work is required to check the title. Ask the title company if this discount is available.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.ineedthishome.com](http://www.ineedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## 5 Property Tax Questions to Ask.

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

1. What is the assessed value of the property? Note that assessed value is generally less than market value. Ask to see a recent copy of the seller's tax bill to help you determine this information.

2. How often are properties reassessed, and when was the last reassessment done? In general, taxes jump most significantly when a property is reassessed.

3. Will the sale of the property trigger a tax increase? The assessed value of the property may increase based on the amount you pay for the property. And in some areas, such as California, taxes may be frozen until resale.

4. Is the amount of taxes paid comparable to other properties in the area? If not, it might be possible to appeal the tax assessment and lower the rate.

5. Does the current tax bill reflect any special exemptions that I might not qualify for? For example, many tax districts offer reductions to those 65 or over.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

## QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

## Tax Benefits of Homeownership

The tax deductions you're eligible to take for mortgage interest and property taxes greatly increase the financial benefits of homeownership.

### Here's how it works.

Assume:

\$9,877 = Mortgage interest paid (a loan of \$150,000 for 30 years, at 7 percent, using year-five interest)

\$2,700 = Property taxes (at 1.5 percent on \$180,000 assessed value)

\$12,577 = Total deduction

Then, multiply your total deduction by your tax rate.

For example, at a 28 percent tax rate:  $12,577 \times 0.28 = \$3,521.56$

\$3,521.56 = Amount you have lowered your federal income tax (at 28 percent tax rate)

*Note: Mortgage interest may not be deductible on loans over \$1.1 million. In addition, deductions are decreased when total income reaches a certain level.*



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Home Warranty

Let's Get You In Your Home!

Check your home warranty policy to see which of the following items are covered. Also find out if the policy covers the full replacement cost of an item.

- Plumbing
- Electrical Systems
- Furnace
- Water heater
- Heating ducts
- Water pump
- Dishwasher
- Garbage disposal
- Stove/cooktop/ovens
- Microwave
- Refrigerator
- Washer/dryer
- Swimming pool (may be optional)

## What's A Home Warranty?

A home warranty is a service contract, normally for one year, which helps protect home owners against the cost of unexpected covered repairs or replacement on their major systems and appliances that break down due to normal wear and tear. Coverage is for systems and appliances in good working order at the start of the contract.

## Who Pays for the Home Warranty?

Now, whether the seller pays for the home protection plan and home warranty coverage or whether the buyer pays for it, will depend on your local customs. It varies. In many locales, it's normal for a seller to pay for the coverage because it's a seller benefit. Why? Because then the buyer won't be calling the seller after closing if something breaks. **Many real estate agents will also give buyers a home warranty as a gift at closing.**

## How Much Does A Home Warranty Cost?

They are fairly inexpensive, typically ranging from \$250 to \$400, depending on coverage. Home warranty companies sometimes run special sales and either discount policy prices or offer additional coverage for the same price. The policies are prepaid for a year in advance, at which time they expire or can be renewed.

## How Do They Work?

Although specific plans provide for specific types of coverage, most operate the same way.

- If a home system or appliance breaks or stops working, the home owner calls the home warranty company.
- The home warranty company calls a provider with which it has a business arrangement.
- The specific provider calls the home owner to make an appointment.
- The provider fixes the problem. If an appliance is malfunctioning and cannot be repaired, depending on contract coverage, the home warranty company will pay to replace and install the appliance.
- The home owner pays a small trade service fee (less than \$100).



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.ineedthishome.com](http://www.ineedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Quick List

Let's Get You In Your Home!

## What a Home Inspection Should Cover.

Pg 1

### INSPECTION QUICK LIST

- Structure
- Exterior
- Siding
- Driveways
- Attached Porches
- Doors & Windows
- Foundation
- Framing
- Roofing
- Plumbing
- Fuel Storage Systems
- Sump Pumps
- Water Pressure
- Electrical
- Breakers & Fuses
- Outlets
- Safety!
- Heating Systems
- Vent Systems
- Chimneys
- Water Heaters
- HVAC
- Settlement
- Steps
- And On, and On

Home inspections will vary depending on the type of property you are purchasing. A large historic home, for example, will require a more specialized inspection than a small condominium. However, the following are the basic elements that a home inspector will check. You can also use this list to help you evaluate properties you might purchase.

**Structure:** A home's skeleton impacts how the property stands up to weather, gravity, and the earth. Structural components, including the foundation and the framing, should be inspected.

**Exterior:** The inspector should look at sidewalks, driveways, steps, windows, and doors. A home's siding, trim, and surface drainage also are part of an exterior inspection.

- Doors and windows
- Siding (brick, stone, stucco, vinyl, wood, etc.)
- Driveways/sidewalks
- Attached porches, decks, and balconies

**Roofing:** A well-maintained roof protects you from rain, snow, and other forces of nature. Take note of the roof's age, conditions of flashing, roof draining systems (pooling water), buckled shingles, loose gutters and downspouts, skylight, and chimneys.

**Plumbing:** Thoroughly examine the water supply and drainage systems, water heating equipment, and fuel storage systems. Drainage pumps and sump pumps also fall under this category. Poor water pressure, banging pipes, rust spots, or corrosion can indicate problems.

**Electrical:** Safe electrical wiring is essential. Look for the condition of service entrance wires, service panels, breakers and fuses, and disconnects. Also take note of the number of outlets in each room.

**Heating:** The home's heating system, vent system, flues, and chimneys should be inspected. Look for age of water heater, whether the size is adequate for the house, speed of recovery, and energy rating.

**Air Conditioning:** Your inspector should describe your home cooling system, its energy source, and inspect the central and through-wall cooling equipment. Consider the age and energy rating of the system.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## What a Home Inspection Should Cover.

Pg 2

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

**Interiors:** An inspection of the inside of the home can reveal plumbing leaks, insect damage, rot, construction defects, and other issues. An inspector should take a close look at:

- Walls, ceilings and floors
- Steps, stairways, and railings
- Countertops and cabinets
- Garage doors and garage door systems

**Ventilation/insulation:** To prevent energy loss, check for adequate insulation and ventilation in the attic and in unfinished areas such as crawlspaces. Also look for proper, secured insulation in walls. Insulation should be appropriate for the climate. Excess moisture in the home can lead to mold and water damage.

**Fireplaces:** They're charming, but they could be dangerous if not properly installed. Inspectors should examine the system, including the vent and flue, and describe solid fuel burning appliances.

Source: American Society of Home Inspectors ([www.AHSI.org](http://www.AHSI.org))



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.ineedthishome.com](http://www.ineedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Do's & Don'ts

Let's Get You In Your Home!

## 10 Questions to Ask Home Inspectors

### QUICK LIST

- PURCHASE NOTHING!
- Don't Buy Furniture
- Don't Buy Vehicles
- Don't Buy A BBQ
- Don't Buy Anything New for Your New Home!
- Don't Apply For New Credit
- Don't Spend the Money that You Have Saved For Your Home Purchase
- Don't Co-Sign a Loan For Anyone
- Don't Quit or Go Self-Employed!

### QUICK LIST

- DO Stay at Your Job
- DO Keep your Financial Accounts in Order
- Be Prepared for Each Appointment
- Make Sure All Deadlines Are Met
- Keep All Documents In Order!
- Keep in touch with your Lender
- Any Questions Contact Us or Your Loan Officer

Before you make your final buying or selling decision, you should have the home inspected by a professional. An inspection can alert you to potential problems with a property and allow you to make an informed decision. Ask these questions to prospective home inspectors:

1. Will your inspection meet recognized standards? Ask whether the inspection and the inspection report will meet all state requirements and comply with a well-recognized standard of practice and code of ethics, such as the one adopted by the American Society of Home Inspectors or the National Association of Home Inspectors. Customers can view each group's standards of practice and code of ethics online at [www.ashi.org](http://www.ashi.org) or [www.nahi.org](http://www.nahi.org). ASHI's Web site also provides a database of state regulations.

2. Do you belong to a professional home inspector association? There are many state and national associations for home inspectors, including the two groups mentioned in No. 1. Unfortunately, some groups confer questionable credentials or certifications in return for nothing more than a fee. Insist on members of reputable, nonprofit trade organizations; request to see a membership ID.

3. How experienced are you? Ask how long inspectors have been in the profession and how many inspections they've completed. They should provide customer referrals on request. New inspectors also may be highly qualified, but they should describe their training and let you know whether they plan to work with a more experienced partner.

4. How do you keep your expertise up to date? Inspectors' commitment to continuing education is a good measure of their professionalism and service. Advanced knowledge is especially important in cases in which a home is older or includes unique elements requiring additional or updated training.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.ineedthishome.com](http://www.ineedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Under Contract!!!

Let's Get You In Your Home!

## 10 Questions to Ask Home Inspectors

Pg 2

5. Do you focus on residential inspection? Make sure the inspector has training and experience in the unique discipline of home inspection, which is very different from inspecting commercial buildings or a construction site. If your customers are buying a unique property, such as a historic home, they may want to ask whether the inspector has experience with that type of property in particular.

6. Will you offer to do repairs or improvements? Some state laws and trade associations allow the inspector to provide repair work on problems uncovered during the inspection. However, other states and associations forbid it as a conflict of interest. Contact your local ASHI chapter to learn about the rules in your state.

7. How long will the inspection take? On average, an inspector working alone inspects a typical single-family house in two to three hours; anything significantly less may not be thorough. If your customers are purchasing an especially large property, they may want to ask whether additional inspectors will be brought in.

8. What's the cost? Costs can vary dramatically, depending on your region, the size and age of the house, and the scope of services. The national average for single-family homes is about \$320, but customers with larger and older homes can expect to pay more.

## We Are Here

- Jaris Realty is committed to YOU!
- We will be with you every step of the way.
- We will coordinate your inspections.
- We have an extensive cadre of affiliates to get your home taken care of!
- We are dedicated to getting you into your new home!

9. What type of inspection report do you provide? Ask to see samples to determine whether you will understand the inspector's reporting style. Also, most inspectors provide their full report within 24 hours of the inspection.

10. Will I be able to attend the inspection? The answer should be yes. A home inspection is a valuable educational opportunity for the buyer. An inspector's refusal to let the buyer attend should raise a red flag.

***We will coordinate and be by-your-side for every inspection that your home needs or potentially needs.***



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.  
Walk-Through!

Let's Get You In Your Home!

## YOU MADE IT - Finally, It's Here!

### What Not to Overlook on Final Walk-Through.

- Repairs Done?
- Receipts for Repairs, Please.
- Is everything there?
- Everything Operational?
- How About The Garage-Door Opener? Is there One?
- Is there a Broiler Pan? (Sometimes you may prefer it not to be)
- How About Those Screens?
- Doors are where they should be?
- Quick-Check: Turn on/off ALL kitchen appliances
- Quick-Check: Turn on/off HVAC
- Quick-Check: Turn on/off ALL Lights
- Is everything out of the house?
- Head to Closing!

It's guaranteed to be hectic right before closing, but you should always make time for a final walk-through. Your goal is to make sure that your home is in the same condition you expected it would be. Ideally, the sellers already have moved out. This is your last chance to check that appliances are in working condition and that agreed-upon repairs have been made. Here's a detailed list of what not to overlook for on your final walk-through.

#### Make sure that:

- Repairs you've requested have been made. Obtain copies of paid bills and warranties.
- There are no major changes to the property since you last viewed it.
- All items that were included in the sale price — *draperies, lighting fixtures, etc.* — are still there.
- Screens and storm windows are in place or stored.
- All appliances are operating, such as the dishwasher, washer and dryer, oven, etc.
- Intercom, doorbell, and alarm are operational.
- Hot water heater is working.
- No plants or shrubs have been removed from the yard.
- Heating and air conditioning system is working
- Garage door opener and other remotes are available.
- Instruction books and warranties on appliances and fixtures are available.
- All personal items of the sellers and all debris have been removed. Check the basement, attic, and every room, closet, and crawlspace.



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)

# You Are Under Contract - Now What?

Jaris Realty, Inc.

Let's Get You In Your Home!

CLOSING!

## Common Closing Costs for Buyers

### Keep These Documents!

On closing day, expect to sign a lot of documents and walk away with a big stack of papers. Here's a list of the most important documents you should file away for future reference.

- **HUD-1 settlement statement.** Itemizes all the costs, commissions, loan fees, points, and hazard insurance, associated with the closing. You'll need it for income tax purposes if you paid points.
- **Truth in Lending statement.** Summarizes the terms of your mortgage loan, including the annual percentage rate and rescission period.
- **Mortgage and note.** Spell out the legal terms of your mortgage obligation and the agreed-upon repayment terms.
- **Deed.** Transfers ownership to you.
- **Affidavits.** Binding statements by either party. For example, the sellers will often sign an affidavit stating that they haven't incurred any liens.
- **Riders.** Amendments to the sales contract that affect your rights. Example: The sellers won't move out until two weeks after closing but will pay rent to the buyers during that period.
- **Insurance policies.** Provide a record and proof of your coverage.

You'll likely be responsible for a variety of fees and expenses that you and the seller will have to pay at the time of closing. Your lender must provide a good-faith estimate of all settlement costs. The title company or other entity conducting the closing will tell you the required amount for:

- **Down payment**
- **Loan origination**
- **Points, or loan discount fees, which you pay to receive a lower interest rate**
- **Home inspection**
- **Appraisal**
- **Credit report**
- **Private mortgage insurance premium**
- **Insurance escrow for homeowner's insurance, if being paid as part of the mortgage**
- **Property tax escrow, if being paid as part of the mortgage. Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage, then pay the insurance or taxes for you.**
- **Deed recording**
- **Title insurance policy premiums**
- **Land survey**
- **Notary fees**
- **Prorations for your share of costs, such as utility bills and property taxes**

*A Note About Prorations: Because such costs are usually paid on either a monthly or yearly basis, you might have to pay a bill for services used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. For example, the gas company usually sends a bill each month for the gas used during the previous month. But assume you buy the home on the 6th of the month. You would owe the gas company for only the days from the 6th to the end for the month. The seller would owe for the first five days. The bill would be prorated for the number of days in the month, and then each person would be responsible for the days of his or her ownership.*



Jaris Realty, Inc.

Buyers Agency Division



Jaris Realty, Inc.

200 S. Wilcox St. #316 Castle Rock, CO 80104

303-570-0918, Fax 800-927-1104, [www.inedthishome.com](http://www.inedthishome.com)