

# BUYER RESOURCE GUIDE



IRONTREE REAL ESTATE

The **Four Pillars** of asset management is a great framework for thinking about your home both as a personal asset and the place you will enjoy living your life.

You are in the process of defining and executing the first two pillars, and once you have a target home, you will start thinking about pillars three and four. Indeed, some elements of “Improve” may be prominent in your mind and will be performed right after you take possession.



ACQUIRE



FINANCE



MAINTAIN



IMPROVE

**Acquire:** Making the right selection is step one. More than just location, it is important the choice has a high likelihood of filling your needs for some time to come.

**Finance:** In the excitement of choosing your new home, the maze of borrowing choices seems like a distraction. Try to shift your focus and believe for the short period it will take that it is one of the most important decisions; one that will affect the financial comfort and feasibility of your home ownership for a very long time, or until some change dictates a refinance.

**Maintain:** There is a lot of machinery in your home, and even the structure itself can be affected by how well you care for it. Consistently seek professional advice and don't be penny wise and pound foolish with maintenance.

**Improve:** This is all about right-sizing and being current with trends. Especially after you have been in your new place for five years or so, attend an open house occasionally or allow me to come to your home for an assessment of where you stand regarding marketability. Why make a necessary upgrade just when you're getting ready to sell? Think about doing it now so you get to enjoy the improvement also!

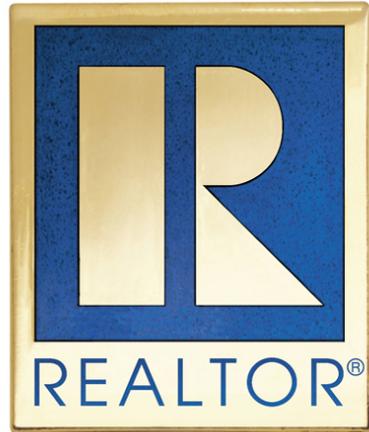


# WHY BUY?

# WHY YOU NEED A LICENSED REAL ESTATE BROKER? (REALTOR®)

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As a licensed real estate professional I provide much more than the service of helping you find your ideal home. Realtors® are expert negotiators with other agents, seasoned contract writers and executors, and superb navigators around the local neighborhood. They are members of the National Association of Realtors (NAR) and must abide by a Code of Ethics and Standards of Practice enforced by the NAR. A professional Realtor® is your best resource when buying your home.



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## LET ME BE YOUR GUIDE —

As a knowledgeable Realtor® I can save you endless amounts of time, money, and frustration.

As a knowledgeable Realtor® I know the housing market inside and out and can help you avoid the “wild goose chase.”

As a knowledgeable Realtor® I can help you with *any* home, even if it is listed elsewhere, or if it is being sold directly by the owner, or if it is a newly built home.

As a knowledgeable Realtor® I know the best lenders in the area and can help you understand the importance of being pre-qualified for a mortgage. I can also discuss down payments, closing costs, and monthly payment options that suit you.

As a knowledgeable Realtor®, I am an excellent source for both general and specific information about the community such as schools, churches, shopping, and transportation - - plus tips on home inspections and pricing.

As knowledgeable Realtor® I am experienced at presenting your offer to the homeowner and can help you through the process of negotiating the best price. We bring objectivity to the buying transaction, and we can point out the advantages and the disadvantages of a particular property.

### Transaction Broker:



- A transaction broker assists the buyer with a real estate transaction as opposed to representing the interests of the buyer.
- A transaction broker uses reasonable skill and care in the performance of their duties.
- A transaction broker must disclose any known adverse material facts. A buyer's agent actually represents the interest of the buyer throughout the real estate transaction.

### Buyer Agency:

- A buyer's agent owes duties of trust, loyalty, and fiduciary obligations to the buyer, thus negotiating on behalf of the buyer and acting as an advocate for the buyer.
- A buyer's agent seeks the lowest price and best terms in a real estate contract for the buyer.
- A buyer's agent can reveal the seller's motivations and details about the seller's circumstances if known during negotiations which may benefit the buyer during negotiations.
- A buyer's agent can determine the value of the property, disclose how many days the property has been on the market, the listing history of the property, the sold comparisons and statistics and much, much more to help the buyer make educated decisions.
- A buyer's agent uses reasonable skill and care in the performance of their duties.

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**DEFINITIONS OF WORKING  
RELATIONSHIPS FOR BUYERS  
IN THE STATE OF COLORADO.**

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# THE ADVANTAGES OF A BUYER AGENCY AGREEMENT

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## **Your Interests Are Professionally Represented**

Having an agent allows you to continue with your everyday life as much as possible, using your time to plan personal aspects of your move, shop for new furniture and such. I will guide you through the purchase process and represent your interests, present your contract offer, negotiate, and manage the closing.

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## **You Get A Personal Specialist Who Knows Your Needs**

I will work to learn and understand your real estate needs and concerns. This type of relationship is built through open communication and attention to detail. I will save you time by providing you advance details about homes to be toured. As the discovery process unfolds, I can adjust to changed criteria and produced refreshed lists of opportunities.

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## **Allow a Professional To Do The Advance Work**

I will preview, assess and filter the potential list of homes for sale to find the manageable group that is right for you. I will present you also with the list of deletions so that if your criteria have changed, or a home piques your interest for some other reason, it will not slip through the cracks.

When you tour homes with your Agent you will already know that the homes meet your criteria and are within your price range.

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## **What is the Buyer's Agency Agreement?**

I only earn my portion of the sales commission when I am the one bringing you to the home you buy or if you choose to allow me to represent you in case you discover a home on your own. It is in your best interest to utilize my services if you do become interested in a home you discover on your own. The sales commission remains the same whether there are one or two agents involved, and you benefit from having someone who goes to bat for you on every aspect of the transaction.

- I will work with you to find properties that meet your specific requirements such as neighborhood, school district, price and amenities.
- I will immediately set you up on our state of the art Key Home Finder so that you can set and tweak various searches. You will know before most buyers when the best properties are coming onto the market with our automatic notification system.



- Provide knowledge of the current real estate market and how it relates to your purchase.
  - Arrange for appointments and show you the properties that you select.
  - Provide you with information regarding the price and value of properties in which you have interest.
- Prepare or facilitate all legal paperwork necessary for a property purchase in Colorado. Facilitate the execution of the contract.
  - Assist and give valuable advice in all negotiations through the offer process and the inspection notice process to get you the best value on your dream home possible.
  - Refer you to trusted professional service providers such as home inspectors, mortgage brokers, title services, plumbers, handymen, electricians, roofers, etc.

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I MAKE YOUR TRANSACTION AS STRESS-FREE AS POSSIBLE.  
AND BEST OF ALL,  
MY SERVICES DON'T COST YOU ANYTHING!

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## SERVICES I CAN PROVIDE

# BUYING PROCESS

Find a Realtor You Can Trust

Analyze Your Needs in a Consultation

Obtain Financial Pre-Qualification and Pre-Approval

Select Properties

View Properties

Write an Offer to Purchase

Negotiate and Counteroffer

Accept the Contract

Complete the Mortgage Application

Secure Underwriting

Finalize Loan Approval

Schedule Termite Insp. & Survey, If Necessary

Contact Title Company

Close on the Property

Take Possession of Your New Home

## Pre-Closing Expenses

- Earnest Money
- Inspection Fee
- Appraisal
- Credit Report

Credit Report may be run

Earnest Money Check

Inspections

Remove Contingencies

Credit Report

Appraisal

Verifications

Title Exam & Title Insurance

**Today's homebuyer has more financing options** than have ever been available before. From traditional mortgages to adjustable-rate and hybrid loans, there are financing packages designed to meet the needs of virtually anyone. While the different choices may seem overwhelming at first, the overall goal is really quite simple: you want to find a loan that fits both your current financial situation and your future plans. Though this article discusses some of the more common loan types, you should spend time talking with different lenders before deciding on the right loan for your situation.

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**Most loans** fall into three major categories: fixed-rate, adjustable-rate, and hybrid loans that combine features of both. Another type of loan involves a "balloon payment" at the end of the loan. Certain loans are insured by the U.S. government, while so-called "conventional" loans are not.

### **Fixed-rate mortgages**

As the name implies, a fixed-rate mortgage carries the same interest rate for the life of the loan. Traditionally, fixed-rate mortgages have been the most popular choice among homeowners, because the fixed monthly payment is easy to plan and budget for, and can help protect against inflation. Fixed-rate mortgages are most common in 30-year and 15-year terms, but recently more lenders have begun offering 20-year and 40-year loans.

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## **TYPES OF LOANS**

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## **Adjustable-rate Mortgages (ARM)**

Adjustable-rate mortgages differ from fixed-rate mortgages in that the interest rate and monthly payment can change over the life of the loan. This is because the interest rate for an ARM is tied to an index (such as Treasury Securities) that may rise or fall over time. In order to protect against dramatic increases in the rate, ARM loans usually have caps that limit the rate from rising above a certain amount between adjustments (i.e. no more than 2 percent a year), as well as a ceiling on how much the rate can go up during the life of the loan (i.e. no more than 6 percent). With these protections and low introductory rates, ARM loans have become the most widely accepted alternative to fixed-rate mortgages.

## **Hybrid Loans**

Hybrid loans combine features of both fixed-rate and adjustable-rate mortgages. Typically, a hybrid loan may start with a fixed-rate for a certain length of time, and then later convert to an adjustable-rate mortgage. However, be sure to check with your lender and find out how much the rate may increase after the conversion, as some hybrid loans do not have interest rate caps for the first adjustment period. Other hybrid loans may start with a fixed interest rate for several years, and then later change to another (usually higher) fixed interest rate for the remainder of the loan term. Lenders frequently charge a lower introductory interest rate for hybrid loans vs. a traditional fixed-rate mortgage, which makes hybrid loans attractive to homeowners who desire the stability of a fixed-rate, but only plan to stay in their properties for a short time.

## **Balloon Payment**

A balloon payment refers to a loan that has a large, final payment due at the end of the loan. For example, there are currently fixed-rate loans which allow homeowners to make payments based on a 30-year loan, even though the entire balance of the loan may be due (the balloon payment) after 7 years. As with some hybrid loans, balloon loans may be attractive to homeowners who do not plan to stay in their house more than a short period of time.

### **FHA and VA Loans**

FHA and VA loans U.S. government loan programs such as those of the Federal Housing Authority (FHA) and Department of Veterans Affairs (VA) are designed to promote home ownership for people who might not otherwise be able to qualify for a conventional loan. Both FHA and VA loans have lower qualifying ratios than conventional loans, and often require smaller or no down payments. Bear in mind, however, that FHA and VA loans are not issued by the government; rather, the loans are made by private lenders but insured by the U.S. government in case the borrower defaults. Remember too, that while any U.S. citizen may apply for a FHA loan, VA loans are only available to veterans or their spouses and certain government employees.

### **Conventional Loan**

A conventional loan is simply a loan offered by a traditional private lender. They may be fixed-rate, adjustable, hybrid or other types. While conventional loans may be harder to qualify for than government-backed loans, they often require less paperwork and typically do not have a maximum allowable amount.

As has been discussed, the length of time you plan to own a property may have a strong influence on the type of loan you choose. For example, if you plan to stay in a home for 10 years or longer, a traditional fixed-rate mortgage may be your best bet. But if you plan on owning a home for a very short period (5 years or less), then the low introductory rate of an adjustable-rate mortgage may make the most financial sense. In general, ARMs have the lowest introductory interest rates, followed by hybrid loans, and then traditional fixed-rate mortgages.

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# TYPES OF LOANS (CONTINUED)

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# PRE-QUALIFICATION PROCESS

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## 1. Pre-qualifying will help you in the following ways:

Interest rates can be locked in for a set period of time. You will know in advance what your principal and interest payment will be for a specific loan amount.

## Pre-approval will help you in the following ways:

1. A seller may choose to make concessions if they know that your financing is secured. You are like a cash buyer, and this may make your offer more competitive.
2. You can select the best loan package without being under pressure.

## How Much Home Can You Afford?

### Three key factors to consider:

1. The down payment and closing costs.
2. Your ability to qualify for a mortgage and the monthly payment.
3. Homeowner Association (HOA) fees, taxes, insurance, mortgage insurance, special assessments.

### Down Payment Requirements:

With at least 20% down, you can usually eliminate private mortgage insurance. There are a number of down payment assistance programs available to help with both the down payment and with closing costs. Loan programs for higher loan to value ratio vary quite a bit with economic and regulatory environments.

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## Qualifying For The Mortgage Takes Into Consideration:

- Your gross monthly income
- Other financial obligations
- The principal on the loan
- The interest on the loan
- Property taxes
- Homeowner's insurance
- Private mortgage insurance, if applicable

Speak to your loan officer as soon as possible to obtain the full and complete list of information and documentation they will require.



## Closing Costs:

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Total closing costs can range from 2% to 5% of your mortgage loan, and include the loan origination fee, processing costs, pre-paid fees, title insurance, and escrow fees. The seller will sometimes agree to pay some or all of these fees.



Application fee	Wire transfer	Title insurance
Commitment fee	Appraisal	Title work: Title search, plat drawing, name search, endorsements
Document preparation	Attorney, closing or settlement fee	Recording fee
Funding fee	Credit report	City/county/state tax stamps/intangible tax
Orig. or lender fees	Flood certification	Prepaid (Taxes, HOA fees, Insurance)
Processing	Inspections	
Tax service	Postage/courier	
Underwriting	Survey	
Escrow (Taxes, HOA fees, Insurance)		

## CLOSING COSTS TO CONSIDER

## TOP TEN THINGS TO AVOID DOING WHILE UNDER CONTRACT (IF YOU ARE TRYING TO GET A LOAN)

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It is not unusual for a mortgage company to check your credit the morning of closing, just to make sure your credit status hasn't changed. So once you have applied for a Real Estate Loan, committing any of these may result in the loss of the loan and your new home, and possibly your earnest money. After closing, these "musts" will no longer apply.

1. Do not change jobs, become self-employed, or quit your job.
2. Do not buy a car, motorcycle, truck, or van.
3. Do not use charge cards excessively or let your accounts fall behind.
4. Do not spend money you have set aside for closing.
5. Do not omit debts or liabilities from your loan application.
6. Do not buy furniture, televisions, or any other "big ticket" items before the loan is completely closed. Know that, at closing, you will be asked to certify that nothing significant in your financial world has changed.
7. Do not originate any inquiries into your credit, or open new lines of credit.
8. Do not make large deposits without first checking with your loan officer.
9. Do not change bank accounts.
10. Do not co-sign a loan for anyone.

# FINDING YOUR DREAM HOME

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Irontree Real Estate has one of the most sophisticated software systems available today and make it accessible to our buyers.

Our search system allows us to set up detailed searches encompassing all of your needs and the system automatically searches the MLS on an ongoing basis and emails you when the right listings come onto the market.

This means that you will be automatically notified of new listings as well as given the entire inventory of exactly what you are looking for exactly where you are looking. Because the system is automatic, you will know about the best homes before all of the other buyers with whom you are competing!



# HOME SEARCH CRITERIA

Required/Desired Move In Date: \_\_\_\_\_

Family Size: \_\_\_\_\_

“Must Have” features:

\_\_\_\_\_

“Nice to Have” features:

\_\_\_\_\_

Area/Subdivision/Neighborhood Preferred: \_\_\_\_\_

\_\_\_\_\_

Price Range: From/To: \_\_\_\_\_

Approximate Square Footage: \_\_\_\_\_

Prefer:  Home  Condominium  Town home

Preference regarding age of Home: \_\_\_\_\_

Bedrooms: \_\_\_\_\_ Bathrooms: \_\_\_\_\_ Garage: \_\_\_\_\_

## Important Features:

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Home office           | <input type="checkbox"/> Formal Dining Room | <input type="checkbox"/> Outdoor space    |
| <input type="checkbox"/> Family Room           | <input type="checkbox"/> Breakfast Area     | <input type="checkbox"/> Urban amenities  |
| <input type="checkbox"/> Wooded Lot            | <input type="checkbox"/> Fireplace          | <input type="checkbox"/> Pet free         |
| <input type="checkbox"/> High Walk Score       | <input type="checkbox"/> View               | <input type="checkbox"/> Pet Friendly     |
| <input type="checkbox"/> Public Transportation | <input type="checkbox"/> Fixer upper        | <input type="checkbox"/> Recently updated |

Other: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

School district desired or required: \_\_\_\_\_

## SCOUT OUT THE NEIGHBORHOOD IF YOU ARE GETTING SERIOUS!

(ASK ME FOR A DENVER NEIGHBORHOOD BOOK FOR MORE INFORMATION)

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Access to major highways, shopping

Noise: neighbors, traffic. Check it out at various times of day and night

If close to any type of commerce, are there any noxious odors?

Is there a history of expansive soil or other foundation problems? As your agent, I can help locate relevant information and point you to resources, but I am not an expert, and you should rely on your conclusions about this

Measure what the new “drive time” would be for you and/or your spouse

Understand the homeowner association covenants. The architectural covenants are usually strongly enforced. Make sure they are ones you can live with; do not count on being successful with variance requests.

Walk the neighborhood, and try to engage people in conversations. If they are walking their dog, and you simply say you’re thinking about moving to the neighborhood, most people will be glad to share, as long as you do not impose too much on their time.

How well are other homes in the neighborhood being maintained? If it is winter, ask about summertime maintenance also when you get a chance to talk to neighbors. It may not just be individual neighbors, but also the HOA’s program of mowing and maintenance.



# DENVER NEIGHBORHOODS

# COMMON BUYER MISTAKES

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Don't wait for the perfect house. Compromising and prioritizing are essential elements of the buying process. Find a home that feels right to you.

Don't buy before comparison shopping, especially if you are new to the area

Don't think that all real estate agents and companies are created equal. Find a Realtor® (like me) who is passionate about what they do, well educated, experienced, an expert in their local market, and trustworthy.

Don't assume the need to negotiate. If a property is new to the market, priced right and popular, it usually sells quickly and at full or close to full price.

Don't wait until you find a home to start looking into the home loan process. Being prepared with a mortgage will give you the upper hand to submit a solid offer by letting sellers know you are serious.

Don't write an unrealistic offer or you will simply be helping someone else's offer look good. (too low of a price or too many contingencies.)

Negotiation is great, but home values are based on price per square foot, location and condition. No matter what the media says, no one is giving away their property for less than it is worth. If you aren't willing to pay a fair price for a home, you don't really want to buy it.

Don't wait for the perfect time to buy. The best time to buy is when you have found the right home. No one is capable of timing the market.

Don't get too many people involved in your buying decision. Many transactions are lost while you're busy soliciting other people for their opinions. Buyers must act quickly to get the best price on the best property.

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Once you have found the home you wish to purchase, we should work together to define the offer price. I work with Buyers who are offer-low and want to negotiate hard and tough, and others who want to just settle on a reasonable price and not incur too much brain damage. Help me understand which general type you are, and if your spouse (if applicable) is wired differently. We may need to sit down as a team a little more often, if so.

Make an offer you want the other party to sign, or at least counter. Low offers that “insult” the other side have a fairly low probability of getting worked out eventually, so a good deal of time and energy is wasted. If you are wanting to see if you can get a phenomenal deal, let’s be candid about it so we will be a unified front, and I can negotiate in the proper framework.



The offer to purchase real estate has to be in writing, signed, on state approved forms. If the seller accepts and signs an offer it becomes a legal contract. If they counter the offer, it is not binding on them until you accept it. If you intend to accept a counter, it should be executed as soon as possible, otherwise they may receive a better offer and withdraw the counter. Earnest money is usually provided within a day or two of a mutually executed contract.

The purchase agreement/contract constitutes your offer to buy and, once accepted by the seller, becomes a valid, legal contract. For this reason, it is important to understand what is written on the contract offer. I will go over the contract with you before you sign.

## CONTRACT NEGOTIATION

# HOME INSPECTIONS

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The inspection should include the following:

- Roof
- Siding, trim, driveway, sidewalk
- Appliances
- Plumbing
- Electrical (Watch out for FPE electrical panels and aluminum wiring)
- Furnace, water heater, and air conditioning
- Basement floor, walls, crawl space
- Attic
- Foundation, drainage, sump pit and pump
- General Structure
- Optional Radon test, termite inspection, and sewer scope

The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that require repair. Should serious problems be indicated, the inspector will recommend that a structural engineer or some other professional inspect it as well.

Normally, the inspector will not “fail” a home. They will report on any and all areas of the home that are in need of repair or maintenance and make recommendations. We will then determine which items to include in the Inspection Notice that we will ask the seller to address. Sellers are generally agreeable to make most of the repairs indicated in the Inspection Notice, as they are anxious to sell the home.

The seller may be willing to make some or all repairs, they may offer a credit for completion of repairs, or they may not be willing to fix anything. **This is the second round of negotiations.** If the seller is not willing to address the issues, you can decide if you are willing to make the repairs, or if you want to back out of the contract. In addition to the home inspection, you may wish to have separate tests conducted for termites or radon gas.

I recommend that you be present during the inspection. You will learn more about your home during the inspection than at any other time. Additionally, you will learn how and where to shut off the water, electricity, furnace, how to replace filters. You will be able to clearly understand the inspection report, and know exactly which areas need attention. It is an opportunity to walk along with the inspector and pick their brains. You’re paying for their time; maximize the value.



Now that you have decided to buy your home, what happens between now and the time you legally own the home? A Title Company may handle the following items. NOTE: In different parts of the country, attorneys, lenders, escrow companies and other persons who are independent of title companies perform some or all of these functions.

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**Earnest Money** – Once the contract is signed, the Earnest Money check is delivered to the Title Company or the listing brokerage. The check will be cashed and placed in an escrow account until closing. The earnest money can be used toward down payment or closing costs.

**Finalize Loan Application** – Once you submit final loan application, it is subject to a credit check, an appraisal, and sometimes a survey of the property.

**Tax Check** – What taxes are owed on the property? The Title Company contacts the county assessor.

**Title Search** – Copies of documents are gathered from various public records: deeds, deeds of trust, various assessments and matters of probate, heirship, divorce, bankruptcy, and liens are addressed.

**Examination** – Verification of the legal owner and debts owed.

**Document Preparation** – Appropriate forms are prepared for conveyance and settlement by the title company.

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## BEHIND THE SCENES: WHAT IS THE TITLE COMPANY DOING?

**Settlement** – An Escrow Officer with the title company oversees the closing of the transaction: seller signs the deed, you sign a new mortgage, the old loan is paid off, and the new loan is established. Seller, Realtors, attorneys, surveyors, Title Company, and other service providers for the parties are paid. Title insurance policies will then be issued to you and your lender.



**Title Insurance** - There are two types of title insurance:

**Coverage that protects the lender for the amount of the mortgage**  
**Coverage that protects your equity in the property**

Both you and your lender will want the security offered by title insurance. Why?

Title agents search public records to determine who has owned any piece of property, but these records may not reflect irregularities that are almost impossible to find. Here are some examples: an unauthorized seller forges the deed to the property; an unknown, but rightful heir to the property shows up after the sale to claim ownership; conflicts arise over a will from a deceased owner; a land survey showing the boundaries of your property is incorrect; there may be one or more liens on the property.

For a one-time charge at closing, title insurance will safeguard you against problems, including those events an exhaustive search will not reveal.

As your agent, I will be managing the Dates and Deadlines specified on the contract. It is not unusual to have a couple of “Amend/Extend” addendums. In the real world, there are many people touching these processes and documents, and delays will occur from time to time.

The checklist below is a generalized reminder list, and may not be in the necessary sequence order for your particular transaction.

### **Pre-Move**

- Order Termite Inspection and/or Survey, if Necessary
- Order and Conduct Home Inspection
- Order Homeowner’s Insurance Policy
- Order or Transfer Utilities
- Order or Transfer Telephone Service
- Make final walk through
- Schedule appointment with movers
- Order phone and/or cable TV service
- Prepare a list of address change notifications: credit cards, auto loans, banks, attorneys, accountants, medical providers
- Draft an e-blast or mailed announcement to friends and relatives
- Get to know your new neighborhood: grocery, dry cleaners and such (let me know if you need help! I’m very familiar with all of the neighborhoods where I help clients buy and sell houses).

### **Post-Move**

- Change driver’s license
- Make extra keys/change locks
- Send out address change notification

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## **CLIENT CONTRACT CHECKLIST**

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# WRAPPING THINGS UP: WHAT IS A REAL ESTATE CLOSING?

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A “closing” is where you and I meet with some or all of the following individuals: the Seller, the Seller’s agent, a representative from the lending institution, and a representative from the title company, in order to transfer the property title to you. The purchase agreement or contract you signed describes the property, states the purchase price and terms, sets forth the method of payment, and usually names the date and place where the closing or actual transfer of the property title and keys will occur.

If financing the property, your lender will require you to sign a document, usually a promissory note, as evidence that you are personally responsible for repaying the loan. You will also sign a mortgage or deed of trust on the property as security to the lender for the loan. The mortgage or deed of trust gives the lender the right to sell the property if you fail to make the payments. Before you exchange these papers, the property may be surveyed, appraised, or inspected, and the ownership of title will be checked in county and court records.

At closing, you will be required to pay all fees and closing costs in the form of “guaranteed funds” such as a Cashier’s Check, or by having funds wired to the title company. Your lender or escrow officer will notify you of the exact amount required at closing.

Bring your driver’s license. You have to show a photo ID to prove you are who you say you are.

## **WHAT IS AN ESCROW ACCOUNT?**

An escrow account is a neutral depository held by your lender for funds that will be used to pay expenses incurred by the property, such as property taxes, special assessments, property insurance, or mortgage insurance premiums which fall due in the future. You will pay up front 3-6 months of the amounts needed as part of the closing costs, and then you will pay one-twelfth of the estimated annual amount of these bills each month with your regular mortgage payment. When the bills fall due, the lender pays them from the special escrow account. HOA fees are separate and are to be paid by you monthly, quarterly, or annually, depending on the HOA. Some HOAs also require a “working capital” fund that will be part of your closing costs. This amount should be refunded to you when you sell the home.



IRONTREE REAL ESTATE

ANDY EISENBAUM

(303) 667-9147

ANDY@IRONTREERE.COM

**WWW.IRONTREERE.COM**