



**COHESION
HOMES**

BUYER'S GUIDE

ABOUT US



COHESION HOMES

Cohesion Homes was founded in 2020 with the goal of creating mutually beneficial relationships between individuals buying and selling homes, agents, neighborhoods, and local vendors. We work tirelessly to help our clients to make smart investment decisions in Colorado. We are also a lot of fun to work with, if we do say so ourselves.

We are so excited to help you find the perfect home!

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BUYER ROADMAP

Meet with a Trusted Real Estate Professional

Discuss your search criteria and budget.

Get Pre-Approved

Provide financial information (W-2, bank statements, etc) to a mortgage lender, who will help you determine what you can afford and begin the process of initiating a home mortgage.

Search for Homes

Your agent will set up a search that will deliver homes that meet your criteria to your inbox, and schedule showings for any homes you would like to visit.

Make an Offer

Your agent will craft an offer to present to the seller's agent based on your preferred price and terms.

Negotiation & Contract

Your agent will work with the sellers to provide you with any property disclosures and to meet all dates and deadlines specified in the contract.

In Escrow

If you have multiple offers on the table, your agent will present the pros and cons of each, giving you the opportunity to reject, accept, or present a counteroffer.

Inspection & Appraisal

You will hire a property inspector and appraiser to evaluate the property, and will have an opportunity to renegotiate terms based on their findings.

Closing

Funds and official ownership are transferred at the closing table. In Colorado, a title company will facilitate the transaction.

Congratulations on your new home!

COSTS OF BUYING A HOME

Generally, you will pay 2-4% of the final purchase price of the home in closing costs. The list below is not an exhaustive list of the costs that could come up when buying a home, but these are costs that you should expect to pay before and at closing.

Up-Front Costs - These are costs that you will have to pay up-front before getting to the closing table.

- Earnest Money Deposit - Usually around 1% of purchase price, paid via personal check or wire transfer and held by the title company in Escrow for the duration of the transaction. There are a number of contingency points in the contract that allow for termination of the deal and a full refund of the Earnest Money as long as the contingency deadlines are met.
- Home Inspections - \$300 - \$800
- Appraisal Fees - \$500-\$700

Down Payment - At closing you will either wire funds or bring a Cashier's Check for your down payment amount. This exact dollar amount will be provided by the lender or the title company before closing, it is the Purchase Price plus Closing Costs less the Earnest Money, the New Loan amount, and any Seller Concessions.

Closing Fees - These cover the closing and settlement services that the Title Company provides. If you are doing a remote closing outside of a Title Company office there will likely be an additional fee for the mobile notary services which can range from \$250 - \$400 depending on the Notary laws of the state that you are signing in - some states require all notaries to be attorneys, so mobile notary services are more expensive in those states.

Water, Sewer, and Utility Fees - The title company will escrow funds to transfer and set up your account with the water provider, sewage provider, and any other relevant utilities. This does not include gas, electricity, or any telecommunications, all of those accounts will need to be set up by you.

Loan / Closing Fees -

- Loan Origination Fees & Lender Closing Costs
- Hazard Insurance Premiums and Reserves
- HOA Dues and HOA Transfer Fees if applicable

HOME INSPECTIONS

Cohesion Homes partners with Horizon Home Inspections to provide a thorough general inspection of the property. If you would like to hire a different home inspector please let us know and we will attempt to help you make arrangements. Be aware there can be follow-up inspections required based on what is discovered during a general home inspection.

How Much Does An Inspection Cost? These fees are due at the time of the inspection payable either by check or debit / credit card.

- General Home Inspection - \$300-\$500
- Radon Test - \$150
- Sewer Scope - \$150
- Environmental Testing - such as mold, lead based paint, asbestos, meth can be quoted if needed.
 - Lead paint test kits are available on Amazon
 - RDS Environmental - 303.444.5253
 - WeeCycle Testing for meth testing - \$525 - 303.413.0452
- Follow-up Inspections -
 - Roof inspections are free
 - Structural Inspections - If a Structural Engineer needs to inspect the property that will be anywhere from \$300-\$600 depending on the scope of the inspection and whether a written report is necessary

Radon Testing & Mitigation - Per the EPA, Radon Is a Cancer-Causing Radioactive Gas that we cannot see, smell, or taste. Many homes in Colorado have high levels of Radon. The EPA strongly recommends getting a radon test. High levels of radon can be mitigated in houses of every age. Radon tests are around \$150 and we can get one scheduled as part of your general home inspection. For more information on Radon you can check out the [EPA's Guide to Radon for Real Estate Transactions](#).

INSPECTION RESOLUTION

Every house will have issues that are identified during the inspection process. Here are your options as a buyer to resolve inspection issues:

- Terminate the contract - As long as termination is submitted by the contract deadline your earnest money is refunded
- Ask Seller to repair property prior to closing
- Ask Seller to pay a concession or contribution
- Negotiate a modification to the purchase price
- At closing, the seller can escrow funds to pay a contractor
- After closing, the buyer can make repairs without the assistance of the seller

If no agreement is reached on Inspection Objections the deal terminates and Earnest Money will be refunded as long as the Inspection contingency deadline is met

A home warranty can be purchased during the home buying process which covers the costs of property and/or appliance repairs for a specific period of time after the sale. This can be especially important when buying a home with older major systems or if the sellers do not have records or warranties on file. You can customize coverage to include anything from HVAC and roof leaks to pools and hot tubs and policies generally range from \$500 - \$800 for a 12-month coverage period. Please note that these policies are only good for a specific date range and do not indefinitely cover issues that may pop up with your property after closing.



Negotiation of Inspection Issues

Seller cooperation is necessary for anything you ask for, submitting an Inspection Objection serves as notice to the seller that there are items you'd like addressed, they respond with an Inspection Resolution document that details what they are willing to do to resolve the objection.

We're on your side

We will help you understand and navigate the inspection process and any issues that are discovered. We are seasoned experts at working with listing agents to try and find a solution that works for both parties.



COMPETITIVE OFFER STRATEGIES

In competitive markets it is not uncommon for properties to receive multiple offers, especially in the peak spring homebuying season. Below is a guideline to different strategies that can be employed to make your offer more competitive above and beyond bidding the price up above the list price.

Appraisal Gaps

This clause states that if the home were to appraise lower than the stated purchase price in the offer, the buyer would bring money above appraised value OR make up the entire difference between the appraised value and contract purchase price. A buyer can only get a loan for the appraised value of the home.

“Buyer recognizes that the Purchase Price may exceed a value for the Property that can be justified by conventional appraisal methodology. If the appraisal comes in below the purchase price the buyer agrees to cover the difference between appraisal amount and purchase price up to \$8,000.”

Contract Purchase Price	Appraised Property Value	Adjusted Purchase Price	Additional Cash from Buyer
\$550,000	\$540,000	\$548,000	\$8,000
\$550,000	\$547,000	\$550,000	\$3,000
\$550,000	\$552,000	\$550,000	\$0
\$550,000	\$520,000	\$528,000*	

- Not a promise to go above the contract purchase price in the event that it a property appraises for less than the contract price but more than the full gap amount
- Appraisal gaps dictate what the buyer is willing to pay above the appraised value, but they do not require that the seller agree to a lower purchase price in the event that the property appraises for substantially below the contract price

* The seller may not agree to decrease the purchase price down \$22,000 to meet the buyer at \$8,000 above the appraised value

COMPETITIVE OFFER STRATEGIES

Escalation Clauses

This is a clause that is written into an offer where the buyer agrees to pay more than another offer by a certain dollar amount.

"Buyer agrees to pay \$2,000 above the highest offer up to \$550,000. Seller must supply a copy of the highest bona fide offer."

When Escalation Clauses come into play they push the contract purchase price up, at which point the primary concern becomes the appraised value and appraisal gaps, etc. Not all listing agents and sellers will consider or accept Escalation Clauses, some require offers to be submitted at the "highest and best" a buyer is willing to do

Limited / Waived Inspection Objections

This is a clause written into an offer where the buyer agrees to limit the scope of repair items that would be asked for in the Inspection Objection. Buyers are submitting offers in this market that waive their rights to inspect or object to issues found during an inspection and taking homes "as-is."

Cohesion Homes strongly recommends that buyers always do an inspection and always retain the right to terminate the deal on inspection grounds if any serious hazards / issues are identified in the inspection.

Hard Earnest Money

Earnest Money is typically refundable when a buyer terminates the contract as long as the termination is received within the date ranges specified in the Dates and Deadlines section of the contract. In extreme seller's markets some buyers opt to have their earnest money go "hard" early on in the contract, meaning that it becomes non-refundable to the buyer even if the buyer needs to terminate the contract with just cause.

- This is a strategy to make an offer seem more appealing to a seller
- Could be a good option if the risk of inspection / loan issues is very low

PCOA

Offering the seller a free post-closing occupancy agreement to allow them to take their time to move out of the property