

RE/MAX



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Bob Luhr

Home Buyers Guide

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Each Office Independently Owned and Operated

Some helpful web sites...

- www.coloproperty.com - provides public access to MLS system for Boulder County and northern Colorado
- www.boulderco.com - RE/MAX of Boulder's web site. Includes links to information on schools, the local economy, recreation, shopping and dining, climate, etc.

House Hunting

After an initial consultation to discuss your housing needs, an appointment will be made to look at a number of candidate homes. While in the home, feel free to open closets, cabinets, etc. In most cases, the seller will not be home. Be sure to look in the garage, crawl space or basement, and walk around the outside of the house.

Don't be surprised if you find the right home on your first day out, approximately 30% of my buyers do. If not, I will check the MLS computer daily for new listings and fax or mail MLS data sheets to you as properties come on the market.

I am available to show property in the early evenings and on weekends provided I have a little warning. I can generally be pretty flexible and would ask you to reciprocate. It is very helpful if you are available to do some house hunting during normal business hours. An extended lunch hour is typically enough time to look at 2-4 homes.

RE/MAX of Boulder offers both Buyer Agent representation and Transaction Broker relationships. Take some time to review your agency options carefully and we can discuss them as appropriate. You will need to choose how you wish to be represented before your search begins in earnest.

It is generally a good idea to have talked with a mortgage lender prior to submitting an offer to purchase. During this initial consultation ask for a "pre-approval" letter. I routinely include this letter with your offer to purchase since it renders you a more viable buyer in the eyes of a seller. A list of local lenders is provided in this Home Buyers Guide.

New Home Developments

If during your house-hunting, you stop by new home developments, I would appreciate your presenting my business card upon registering. This will enable me to assist you while working with the new home sales staff.

In the Denver Metro area, the home builders and Realtors have a "cooperative agreement", which means that the builder pays the participating Realtor a "co-op commission". Most builders require that before the agreement is met, the purchaser must be accompanied by the agent or express that they are working with the agent and present the agent's card upon the first visit.

Purchase price of the home is the advertised price, with or without an agent's involvement.
There is no penalty associated with having an agent represent you when purchasing a new home.

STEPS TO A PERFECT LOAN APPLICATION

Most lending institutions require confidential information that you may not have on hand when making a mortgage loan application. To hasten the process of loan approval, you will want to bring the following with you:

1. A copy of the SALES CONTRACT, signed by all parties.
2. A deposit for credit report (\$35-\$45) and appraisal fees (\$300-\$350) will be required at the time of application.
3. Social Security number for all applicants.
4. Checking account numbers: addresses of banks.
5. Saving account numbers: addresses of same.
6. Mutual fund account numbers and addresses.
7. Gift letter for any money received from relatives to purchase the home and placed in checking/savings account.
8. Serial number and face value of any U.S. savings bonds or other stocks.
9. Copy of current thrift plan, provident plan, or retirement benefits which your company has. If statement is not available, provide account numbers and addresses of same. Include IRA or Keogh data.
10. Credit card references including account numbers, balances, etc.
11. A list of any debts you have which have a balance. The name of the creditor, their address and phone number, account numbers, monthly payment and balance.
12. A list of assets including cars, furniture and estimate of value.
13. Name and address of employer(s) for the last two years. Latest earnings statement or pay vouchers.
14. If overtime is substantial part of gross income, provide W2 forms for the last two years. Commission sales usually require two years tax returns.
15. If you are self employed, tax returns for the last two years will be required, plus profit and loss statements and balance sheets for the year to date earnings.
16. If you are getting a V.A. loan, your certificate of eligibility, if you have one: or you will need a STATEMENT OF SERVICE (DF 2496) or DISCHARGE PAPER (DD214). If you are currently in the military, you will need a DD1747, (permission to live off the base).
17. If you're presently a member of any military reserve unit, give address.
18. If you presently own or have owned a home in the past three years, the name and address of the mortgage company or lending institution, the mortgage loan number and balance.
19. If you are obtaining your equity from the sale of your previous residence, a copy of your closing statement is required.
20. If you are a landlord, bring a copy of your tenant's lease(s) with you to substantiate income derived.
21. Any divorce papers and property settlements where property was involved in a divorce. If alimony or child support is being used as income to qualify for a loan, provide proof of amount received. This is either by copies of canceled checks, military allotments or if paid through the court.
22. Any bankruptcy judgement papers. Copies of discharge and original papers filed.

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Sleight of ARM by Louis S. Barnes, II

People shopping for Adjustable Rate Mortgages (ARMs) soon feel as though they have entered a game with thousand of shells concealing hundreds of peas. They are right. The overall variety of ARMs is staggering. Unless you keep a clear vision of the reason you want to use an ARM, you will get lost in the shuffle.

Why so much variety? From the perspective of a lender, ARMs have two purposes: to protect against a tightening Federal Reserve, and to make money no matter what the Fed does. There are a great many ways to achieve both aims, all expressed in different mixtures of ARM prices and terms.

Borrowers have needs very different from lenders, mostly having to do with time. Borrowers often own homes for a short time, and can handle brief, bad surprises in interest rates. Lenders hope to be lenders for a long time, and cannot tolerate large errors in forecasting interest rates at anytime.

An understanding of the differences between the lender's needs and yours can save you a lot of money.

Though there are a zillion ARM combinations available, they are all made up of the following six components, and rarely a seventh.

1. *Initial rate.* Always lower than fixed rate loans, and known as a "teaser", or less kindly, a "hook".
2. *Fees.* It is difficult to find an ARM at "zero and zero" prices. Analyzing the benefit of paying fees on a fixed rate loan is easy arithmetic; on a ARM it's nearly impossible.
3. *Index.* The thing to which the ARM is tied: T-bills of some short maturity, usually six months or one year, LIBOR (London Interbank Offered Rate), and Cost Of Funds Index (COFI, "coffee") are the common ones.
4. *Margin.* The spread paid to the lender over the index, anywhere from 2.20% to 3.50%.
5. *Term.* ARMs are all 30-year loans, shorter only if you accelerate payment. "Term" on an ARM refers to adjustment period: monthly, semi-annually, annually, or hybrid. Hybrid means fixed for a while (three, five, seven, or ten years), and then beginning to float, usually annually ("5/1", for example).
6. *Caps.* These are limits on how far rates can rise or fall during each adjustment period, and over the whole life of the loan.
7. *(Optional) Negative amortization.* Today found exclusively with COFI loans, where the maximum payment is capped, but not the interest charge. The unpaid interest is added to the loan.

If you are brave enough to have read this far, you can probably handle the bad news. All of these features are interlocked in the mind of the lender: change any one, and all the rest move.

You're on the phone, shopping, and you find ARM after ARM which is almost right, but has one feature you can't stand. Here it's a too-high cap, there it's a fee, or a margin. Every time you ask the banker if the problem can be got around, she offers you a slightly or completely different ARM with some new problem.

Though you can't "tailor make" your ARM, one component at a time, you can sort among ARMs for the characteristic most important to you. The following are some fundamental notions about how to trade one ARM term against another.

The teaser helps for the very short run... If you need a short term piece of financing, a kind of bridge loan, bargain everything else for the lowest hook (and fees) you can find...*or the very long run.* For the long term, the "life of loan" cap is a big deal. It was not a good idea to take out an ARM last year at a bottom in rates, but if you started at 4.00%, the typical 6.00% life cap means the rate can't ever go above 10.00% (which will come in handy in '95...).

Otherwise, ignore the teaser for the deception that it is.

Pay the minimum fee necessary. It's impossible to calculate paybacks because you can't know where rates will go in the future. If rates fall, you paid a fee for nothing. Ditto if you refinance. Also, ARM fees tend to be expensive: they buy down the start rate, which also buys down the caps, which the lender doesn't like, and makes expensive.

Accept high caps on the hybrids. If you are fixed for five years, it's okay to allow a big adjustment at the end. By then you will probably have refinanced anyway. The high caps allow the lender to make up for a big mistake in the first five years; in return, the lender gives you a cheaper first five than tight caps would allow.

Trade away the periodic cap for a low life cap. You can still find ARMs with a life cap in the elevens if you'll shoot craps from year to year.

It is very desirable and very expensive to buy down the margin. Margin is a big deal because it's a fixed cost in each adjustment. Breakeven for buydown tends to be three and a half years--when it's allowed.

Keep your intentions clear about how long you will own the house, how long it may be until the next refinancing window, and what the Fed is up to. Don't ever be tempted into an ARM at a bottom in rates, or frightened away at the best time: at a high in rates, or rising into one.

MORTGAGE LENDERS

Brenckman Funding
4450 Arapahoe Avenue # 100
Boulder, CO 80303
Nancy Brenckman
303.415.2070

Colorado Capital Mortgage
2425 Canyon Blvd, Suite 110
Boulder, CO 80302
Bill DeBow
303.415.2242

Premier Mortgage Group
9191 Sheridan Blvd. #102
Westminster, CO 80031
John Kurtz
303.650.7427

Premier Mortgage Group
1844 Folsom Street
Boulder, CO 80302
Lou Barnes
303.302.3827

The above list of mortgage lending companies is being provided as a convenience and there is no obligation to the buyer or seller to use any of the above mentioned people. In the event one or more of these lenders is selected and used, please be advised that these are not recommendations by RE/MAX of Boulder or the Agent, and we are not responsible for any claims made by buyer, seller or mortgage lending firm. For further choices - see the Yellow Pages under Mortgages.

EARNEST MONEY DEPOSIT

So you will not be placed in an uncomfortable position when you purchase a property, an understanding of the earnest money deposit is of the utmost importance. At the time a written offer is initiated, you will be required by the seller to include a personal check, cashier's check, or cash. The amount is deposited into the listing broker's escrow account upon acceptance and will remain in escrow until the time of closing. This amount is credited to the buyer as partial down payment and represents your intent to purchase the property. If the offer is not accepted, this amount is returned to you. Depending on the price of the property, you should anticipate a minimum of \$1,000.00. Also, in the event that you do not qualify with a lender for a new loan, the earnest money is refunded to you provided the sellers are given notice regarding the lender's disapproval.

TITLE INSURANCE

When property is being sold or refinanced, the lender and the buyer need a preliminary title commitment that will indicate exactly what recorded liens, encumbrances, and easements are currently in effect on the property. The title commitment will also indicate the vested owner of record and any restrictions on use of the subject property. Title insurance is required on all property in Colorado and is normally a seller's cost. However, the buyer is also required to furnish the lender with a lender's policy showing the lender as a lienholder on that property. These charges will be incurred at the time of settlement as a part of your closing costs. When the sale or loan of the property is final, the title company records the necessary documents and then will issue a title insurance policy to the new buyer and the lender showing clear title to the subject property.

STRUCTURAL INSPECTION OR ENGINEER'S REPORT

If you are purchasing a re-sale property, you may consider having a structural and/or engineer's inspection. There are several companies from which to choose. This inspection will determine the condition of the structure and foundation and any defects that may need to be corrected. The cost of this service is generally from \$100 to \$175 depending on the size of the home.

HOME INSPECTION

Another type of inspection is a "home inspection". Included in this type of inspection are: appliances, water or plumbing lines, electrical, heating and ventilating, bath and kitchen fixtures, crawl spaces, basements, garages, roofs, attics, and general maintenance of the home. The cost of a home inspection is in the range of \$250 to \$350.

WARRANTY SERVICE

Either the purchaser or the sellers may buy a home warranty policy that will protect against any repairs or replacement of certain appliances, heating, plumbing or electrical items. As with most insurance companies, the coverage can vary and you may want to consult with a warranty services company to determine exactly what is covered and the cost of the policy. Normal costs are approximately \$300.00.

HOME INSPECTION SERVICES

Accurate Inspection Services, Inc.
853 W. Chestnut Circle
Louisville, CO 80027
Ed Novik
(303) 661-9754

InsideOut Home Inspection Services, Inc.
1750 30th Street, Suite 356
Boulder, CO 80301
Kevin Hansen
(303) 444-3858

Insight Inspection Service, Inc.
PO Box 812
Niwot, CO 80544
Darwin Wissink
(303) 652-3828

Inspection Consultants, Inc.
1800 30th Street
Boulder, CO 80304
Allen Robie
(303) 443-3668

Property Inspections
900 Sparta Drive
Lafayette, CO 80026
Otto Luhrs
(303) 604-6106

The above list of engineers who do home inspections is being provided as a convenience and there is no obligation to the buyer or seller to use any of the above mentioned people. In the event one or more of these inspection companies is selected and used, please be advised that these are not recommendations by RE/MAX of Boulder or the Agent, and we are not responsible for any claims made by buyer, seller or inspection firm. For further choices - see the Yellow Pages under Real Estate Maintenance Protection Plans or Building Inspection Service.

BUYERS CLOSING INFORMATION

Water/ Sewer

At the closing of your home, the water and sewer will be adjusted by the Title Company on the settlement sheet. No action is needed. An Escrow will be held from the seller's proceeds to pay the final water bill. The buyers name will be given to the water dept. for future billings. Future bills will be sent to the property address.

Gas/Electric

A final Xcel Energy bill will be ordered and sent to the seller's forwarding address on the date of closing or possession. The gas and electric service will be put in the new Buyer's name. **Please Note:** It is important for you to call Xcel Energy and provide them with your place of employment and social security number a few days prior to closing. Their phone number is (303) 623-1234.

Insurance

Homeowner's Insurance is required by the lender to protect both the lender and your investment. Please call your agent and advise the lender which company you will be using for Homeowner's Insurance. The lender's processor or closer will need your insurance agent's name, address and phone number approximately one week before the closing. The lender will collect the first year premium on the settlement sheet. The insurance agent will need to deliver a policy to the lender's office the day of the closing.

Certified Funds

On the day of the closing, the Title Company will need your funds in a certified check or a bank cashier's check. Make the check **payable to yourself!** At the closing, you will endorse this check over to the Title Company. You should be notified of the exact dollar amount of the check necessary one day before closing. Also, **please bring your driver's license** to closing as the Title Company will require this to notarize your documents.

If you have any additional questions, please do not hesitate to call me at the office at (303) 441-5628. I have attached a list of phone numbers that may be helpful to you as you make your arrangements for moving into your new home.

HELPFUL PHONE NUMBERS

Xcel Energy (Gas & Electricity):	(800) 895-4999
Longmont Electric Utility:	(303) 651-8664
Qwest (Local Telephone Service):	(800) 244-1111
Newspaper:	
Daily Camera	(303) 442-1202
Rocky Mountain News	(303) 892-5000
The Denver Post	(303) 832-3232
Longmont Times Call	(303) 776-2244
Post Office:	
Boulder	(303) 938-1100
Louisville	(303) 666-6100
Lafayette	(303) 665-6464
Longmont	(303) 776-2135
Cable TV:	
Boulder (Comcast)	(303) 930-2000
Louisville, Lafayette, Superior	(303) 443-5005
Longmont (Comcast)	(303) 776-6600
Trash:	
BFI	(303) 287-8043
Western Disposal	(303) 444-2037
Gerbitz Rubbish Removal	(303) 443-9482
Longmont	(303) 651-8664
Water:	
Boulder	(303) 441-3260
Louisville	(303) 666-6565
Lafayette	(303) 665-5588
Gunbarrel/Niwot	(303) 443-2036
Longmont	(303) 651-8664
Drivers License Bureau:	
Boulder	(303) 442-3006
Longmont	(303) 776-4073
Motor Vehicle Division:	
Boulder	(303) 441-3510
Louisville	(303) 666-4080
Longmont	(303) 678-6120

Schools:	Boulder Valley	(303) 447-1010
	St. Vrain Valley	(303) 776-6200
Hospitals:	Boulder Community	(303) 440-2723
	Avista (Louisville)	(303) 673-1000
	Longmont United	(303) 651-5111
RTD (Bus):	Boulder	(303) 299-6000
	Longmont	(303) 776-4141
Taxicabs:	Boulder	(303) 442-2277
	Longmont	(303) 776-3066

CHECKLIST FOR MOVING

BEFORE YOU LEAVE:

Address Change

- Post Office: Give forwarding address, 4 to 6 weeks.
- Charge Accounts, Credit Cards.
- Subscriptions: Notice Required 6 to 8 weeks.
- Friends and Relatives.

Bank

- Transfer funds, arrange check cashing in new city.
- Arrange credit references.

Insurance

- Notify company of new locations for coverages: Life, Health, Fire and Auto.

Utility Companies

- Gas, light, water, telephone, fuel, and garbage.
- Get refunds on any deposits made.

Delivery Services

- Laundry, newspaper, changeover of services.

Medical, Dental, Prescription Histories

- Ask doctor and dentist for referrals, transfer needed prescriptions, eyeglasses, X-rays.
Obtain birth records, medical records, etc.

Pets

- Inquire about regulations for licenses, vaccinations, tags, etc.

AND DON'T FORGET TO:

- ___ Empty freezer: plan use of foods.
- ___ Defrost freezer and clean refrigerator. Place charcoal to dispel odors.
- ___ Have appliances serviced for moving.
- ___ Remember arrangements for TV and cable.
- ___ Clean rugs or clothing before moving and have them moving wrapped.
- ___ Check with your Moving Counselor: insurance coverage, packing and unpacking labor, arrival day, various shipping papers, method and time of expected payment.
- ___ Plan for special care needs of infants or pets.
- ___ Check with the Agriculture dept. of new state to see if they have any restrictions on plants.

ON MOVING DAY:

- ___ Carry enough cash or travelers checks to cover cost of moving services and expenses until you make banking connections in new city.
- ___ Carry jewelry and documents yourself; or use registered mail.
- ___ Plan for transporting pets: they are poor traveling companions if they are unhappy.
- ___ Let close friends or relatives know route and schedule you will travel including overnight stops: use him or her as message headquarters.
- ___ Double check closets, drawers and shelves to make sure they are empty.
- ___ Leave old keys, garage door openers, broiler pans, landscape/house plans and instruction manuals needed by new owner in the home on kitchen counter.

AT YOUR NEW ADDRESS:

- Obtain certified check or cashier's check necessary for closing Real Estate Transaction (Check escrow/title company for details).
- Check on service of telephone, gas, electricity, water and garbage.
- Check pilot light on water heater, furnace and stove. Have appliances checked.
- Ask mailman for mail he may be holding for your arrival.
- Have new address recorded on driver's license.
- Visit city offices and register for voting.
- Register car within 5 days after arrival in state or a penalty may have to be paid when getting new license plates.
- Obtain inspection sticker and transfer motor club membership.
- Apply for state driver's license.
- Register family in your new place of worship.
- Register children in school.
- Arrange for medical services: Doctor, Dentist, Veterinarian, etc.

***Bob provides Service Evaluations after closing in all of his transactions.
This is what some of his satisfied Buyers are saying:***

“Bob’s customer service was outstanding! His follow-up on our calls and questions was excellent. We will continue to refer friends to him.”

***Pat and Kathy Benner
1500 S. Proctor Court***

“Bob, you did a good job of learning what we were looking for (which evolved during our search). By the time we were ready to make an offer, you had us looking only at houses that were truly of interest to us.”

***Doug and Karen Demmel
2409 Ginny Way
(Former Illinois Residents)***

“Bob, you did a great job helping us find a home and were comfortable and pleasant to work with.”

***Gary and Shirley Bergard
4224 Tamarack Court***

“Bob was very patient and willing to help us find just the right thing. He was very accommodating to our schedule.”

***Jeff and Wendy Mortmer
960 St. Andrews Lane
(Former North Carolina Residents)***

“Bob definitely knows the area and how to deal with mortgage lenders. We really enjoyed working with Bob and would strongly recommend him to anyone planning to buy or sell real estate.”

***Steve Hellerman
866 9th Street***

"Bob is very pleasant and informative, but best of all he is very responsive and trustworthy. Service was excellent."

***Brad and Marlene Saathoff
8000 Fox Hill Drive
(Former Illinois Residents)***

"Timely, helpful, fun, and straight-forward to deal with. Excellent at keeping up-to-date and in constant contact."

Barbara Rosenthal
3647 Larkwood Court

"Bob, you did a great job of keeping us informed of new homes as they came on the market. It was a real pleasure to work with you. You did a great job for us."

Dave and Judy Green
2387 High Lonesome Trail

"Bob is a very direct, honest guy. We really appreciated the lack of pressure."

Mike and Shivaun Black
885 Rainlily Lane
(Former Oregon Residents)

"Bob, you were extremely patient and sensitive to our needs. You never wasted time showing property that wouldn't work for us. Overall, excellent service!"

Steve and Janet Cates
5260 Sunshine Canyon Drive
(Former Florida Residents)

"Bob was knowledgeable and helpful, but not pushy. He even provided follow-up service."

Arnie and Marlene Lund
972 St. Andrews Lane

"Bob was an absolute pleasure to do business with. He kept us well informed and explained all the details and attributes of the area."

Richard and Mary Macomber
2673 Jarett Drive

"Bob, we will be happy to recommend you to friends and neighbors."

Kevin and Christina Aronson
177 Zenith Avenue

"Bob is knowledgeable and patient. He was there when I needed him."

Jeff Frant
1161 James Circle

Some background information on Bob Luhr

- B.S./M.S. Industrial Engineering
University of Illinois at Urbana
- Boulder resident since 1975
- Former IBM Engineer/Programmer (19 years)
- New construction experience on three personal residences
- CRS (Certified Residential Specialist) and GRI (Graduate REALTOR Institute) designations
- Eagle Scout
- Long-time council member and trip leader for Colorado Mountain Club
- Married with two children