



BUYER ORIENTATION GUIDE

We are pleased that you have chosen Keynote Realty, Inc. to assist you with your real estate needs.

This guide is intended to assist and familiarize you with the home buying process. We created this guide in hopes of aiding you in the understanding of some of the roles and relationships that exist within the world of real estate. It was also created to provide you with brief and simple definitions of language and terms you will hear throughout the home purchasing process and to give you some useful information associated with the purchase of a home.

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THE FOUR MAIN REASONS PEOPLE PURCHASE HOMES ARE:

- **Family.** Purchasing a home is a wonderful way to ensure our family with a safe, secure and comfortable environment to grow and flourish in.
- **Landlord's Mortgage.** It simply makes no sense to pay *someone else's* mortgage, to help *them* get the tax advantages and to increase *their* financial well being when we can do these things for ourselves.
- **Investment Potential.** The biggest investment most people make is the purchase of a home. In the long run, investment in a home far outpaces inflation. Homeowners build equity and, in most states, can borrow against it.
- **Tax Advantages:** The property taxes and qualified interest a homeowner pays throughout the year are deductible on Schedule A, for itemized deductions.

DECISIONS DECISIONS

Choosing the right agent is the first step to take when either purchasing or selling a home. You need to know you can trust your agent to have only your best interests in mind.

You need to know that your agent has the necessary knowledge about the real estate market in order to help you to find the best home for you. You need to be assured that he or she has the skill and dedication required to guide you through the process to the very end.

THE ADVANTAGES OF WORKING WITH ONE AGENT

- Your agent becomes familiar with your needs;
- You become confident in your agent's abilities to serve you;
- You and your agent develop a special rapport which facilitates communication;
and
- You can see the commitment, time and effort your agent makes on your behalf.

KEYNOTE REALTY OFFERS YOU

- **Active Effort:** Keynote Realty agents and staff take pride in our commitment to researching and locating a home that is right for you and your family.
- **Communication:** As with any relationship, communication is vital to keeping the relationship beneficial to both parties. At Keynote we are dedicated to knowing our clients' particular likes and dislikes, wants and needs, goals and dreams. Understanding these things will help us to help you.
- **Tools:** Keynote Realty has its own website which was designed with the needs of our clients as its foundation. A few of the features on our website include: user friendly home searches; a mortgage calculator; immediate access to an abundance of statistical information; and the search engine is tied to Google maps. We urge and encourage you to visit us frequently at: www.keynoterealty.net.
- **Expertise and Resources:** Keynote Realty agents have unlimited access to the Multiple Listing Service ("MLS"). Among many other things, the MLS allows us to customize searches that fit your particular needs. The MLS is explained in further detail on page seven of this guide.
- **Financial Information:** Keynote Realty has relationships with various lending institutions that will help you to find the right loan for your particular needs. We are pleased to help you contact loan officers who will assist you in securing a loan that is appropriate for your financial circumstances. A select list of contact information is on page 14 of this guide.
- **Comparative Market Analysis ("CMA"):** This is a written report designed to determine a realistic price for the property you are considering purchasing. This report includes information regarding the recent sales history for similar properties in the neighborhood you are interested in, and the prices of homes currently on the market in that neighborhood. This report assures you that you are getting the most for your money.
- **Smarter Agent:** Coming in June of 2009, Keynote will be able to offer you a service called Smarter Agent. Once you have logged onto our website, you can download the software to your cell phone. This service instantaneously forwards property information to your cellular telephone. For more information go to www.smarteragent.com.

MUTUAL AGREEMENT

Keynote Realty agrees to:

- Put forth our best efforts to find you the home or investment that meets your needs;
- Incur all costs and commit our resources including: time, administrative expenses, office equipment, skills, transportation, professional contacts, knowledge and experience to finding you exactly what you want;
- Communicate with you often and honestly about the process and progress we are undertaking together; and
- Work diligently with you, and for you, until the right house is found.

We would like you to agree to:

- Keep us informed of your plans;
- Let us know if you see a house that you would like to look at including newly constructed homes and those that are for sale by owner;
- Tell us what you like and dislike about the homes we tour; and.
- Communicate with us about your concerns regarding the process.

DEFINITIONS OF WORKING RELATIONSHIPS

Whether the client is the buyer or the seller of a property, several different client-broker relationships can exist. For the purpose of this disclosure, seller can also mean “landlord” (which can include sublandlord) and buyer can also mean “tenant” (which can include subtenant).

Seller’s Agent:

A seller’s agent (or listing agent) works solely on behalf of the seller to promote the interests of the seller exercising the utmost good faith, loyalty and fidelity. The agent negotiates on behalf of and acts as an advocate for the seller. The seller’s agent must disclose to potential buyers all adverse material facts actually known by the agent about the property. A separate written listing agreement is required to set forth the duties and obligations of the broker and the seller.

Buyer’s Agent:

A buyer’s agent works solely on behalf of the buyer to promote the interests of the buyer exercising the utmost good faith, loyalty and fidelity. The agent negotiates on behalf of and acts as an advocate for the buyer. The buyer’s agent must disclose all adverse material facts actually known by the buyer’s agent including the buyer’s financial ability to perform the terms of the transaction and if a residential property, whether the buyer intends to occupy the property. A separate written buyer agency agreement is required which sets for the duties and obligations of the broker and the buyer.

Transaction-Broker:

A transaction-broker assists the buyer or seller or both throughout a real estate transaction by performing terms of any written or oral agreement, fully informing the parties, presenting all offers and assisting the parties with any contracts, including the closing of the transaction without being an agent or advocate for any of the parties. A transaction-broker must use reasonable skill and care in the performance of any oral or written agreement, and must make the

same disclosures as agents about all adverse material facts actually known by the transaction-broker concerning a property or a buyer's financial ability to perform the terms of a transaction and, if a residential property, whether the buyer intends to occupy the property. No written agreement is required.

Customer:

A customer is a party to a real estate transaction with whom the broker has no brokerage relationship because such party has not engaged or employed the broker, either as a party's agent or as the party's transaction-broker.

BUYER-AGENCY RELATIONSHIP

You have the option to elect to create a Buyer-Agency Relationship. As a buyer's agent Keynote Realty will represent you and your interests in the purchase of a home. A Buyer-Agency Relationship is a legal and binding mutual agreement between you and Keynote Realty.

If entered into, the agreement would establish a relationship that entitles you to fiduciary client services that include:

- Loyalty. The agent must act in the best interest of you, the buyer;
- Disclosure of all material facts including, but not limited to:
 - Existing relationships between the agent and other parties;
 - Existence of all offers;
 - Status of earnest money
 - Seller's financial condition;
 - True value of the property;
 - Commission agreements with other brokers; and
 - Legal affect of contract provisions.
- Obedience. The agent must obey all instructions mandated by law;
- Confidentiality. Any discussions, facts or information that may jeopardize a client's position with regard to the purchase of a property are held in the strictest confidence and will not, under any circumstances be disclosed to other parties.
- Accounting. The agent must report to the client the location of any monies held by the agent on behalf of the client.
- Reasonable skill and care will be diligently exercised to insure:
 - The discovery of material facts and disclosure of those facts to the client;
 - The investigation of material facts related to sale of a property; and
 - Arriving at a reasonable purchase price.

If you are interested in establishing a Buyer-Agency Relationship, a written agreement that explains the duties and responsibilities of both parties should be completed and signed.

MULTIPLE LISTING SERVICE (“MLS”)

The Multiple Listing Service (“MLS”) is the primary service through which homes being sold are, among other things, displayed and monitored.

The Pikes Peak Association of Realtors (“PPAR”) monitors and records all home sales and purchases in El Paso County, Colorado. The public has access, through the PPAR website, to some information provided on the MLS. However, the public’s access is very limited. This is due to the strict laws and ethical considerations governing real estate transactions and real estate agents.

As a member of the PPAR, Keynote Realty, Inc. has unlimited access to all of the information provided on the MLS. This allows our agents to thoroughly research all available properties being sold in our area and ensures our ability to provide the best service possible to our clients.

We are able to customize searches to fit your specific needs that can include such obvious things as price, location, number of bedrooms and bathrooms. Our searches can become so specific that we could find a house with a swimming pool or eight car garage or 60 acres of land; or perhaps all three.

With the help of the MLS and our customized searches, you can be sent listings, via email, that fit your criteria. This is a valuable tool that lets you take an active role in the home shopping process. You will be able to view all the homes that fit your criteria; view their amenities; and then select the ones you are interested in your Keynote agent taking you to see.

There is no home for sale in this community that our agents do not have access to.

FOR SALE BY OWNER

Usually when a homeowner is trying to sell their own home, he or she is doing so in the hope of saving money by not paying a real estate agent's commission. This is certainly understandable.

Some homeowners trying to sell their own homes do actually work with an agent. However, they do not have the agent list the home on the MLS; this decision limits the homeowner's ability to market the home effectively. Even though the home may not currently listed as active on the MLS, your Keynote agent can, most likely, still find out a great deal of information about the property's history.

If you should see a home that is for sale by owner, do not let that fact scare you away from at least researching and, perhaps, seeing the home more closely. We encourage you to let us set an appointment for a showing on any home that is being sold by the owner.

NEWLY CONSTRUCTED HOMES

Because Keynote agents have established working relationships with many homebuilders, we are able to help you obtain all the information you need in order to make a decision as to whether or not to purchase a newly constructed home.

You will need to be accompanied by an agent on your initial visit. When you let us assist you with the homebuilders, you receive all of the services Keynote Realty offers as well as the services of the builder.

IN YOUR BEST INTERESTS

APPRAISAL:

The majority of lenders require an appraisal of the subject property be conducted before they will issue funds for a loan. The lender does this to assure that the property meets certain minimum standards, that the property is marketable, and in order to obtain an estimated value of the property.

HOME INSPECTION:

A provision is typically included in the sales contract that gives the buyer the right to inspect the structural components of the property prior to purchase. A home inspection report provides much more detail than an appraisal.

There are several inspection companies that provide these services. A small list of companies that serve our area is provided on page 14 of this guide.

You have the right to accompany the inspector while he or she is doing the inspection. You also have the right to ask questions during the inspection.

The inspector will evaluate the physical condition of the property to include its structure, construction and mechanical systems. The inspector will also estimate the value and life-remaining in the home's major systems including plumbing, electrical, heating, insulation, ventilation and air conditioning.

The inspector will provide you with a written report detailing any concerns he or she may have regarding the property. If repairs are necessary, you have the right to request that the seller make the repairs in accordance with the provisions of the sales contract.

HOME PROTECTION PLAN:

As an added incentive, and benefit, some sellers provide a home protection plan to the buyers. Typically, this coverage is good for 12 to 14 months on selected items such as: (i) the central heating system; (ii) the interior plumbing; and (iii) the built-in appliances.

If the seller of the home you are purchasing does not offer a home protection plan, you can acquire the coverage yourself.

THINGS YOU SHOULD DO

To help ensure that the home buying process goes as smoothly as possible, you, as the buyer, owe it to yourself to take responsibility for many tasks. Your Keynote agent recommends that you review the following list frequently to avoid some potential hazardous outcomes:

- Be aware of your financial circumstances;
- Pre-qualify for a loan before you start home shopping; and keep your pre-approval letter with you.
- Understand the terms of your loan;
- If you currently own a home and purchase of a new home is contingent on the sale of your existing home, it is advantageous to get your present home under contract before proceeding with the purchase of a new home.
- Be prepared for costs such as earnest money, appraisals and inspections;
- Research and interview home inspectors to find the one right for you;
- Research and choose the right home owner's insurance policy if you wish to have one and the seller is not providing;
- Review the purchase contract carefully; and
- Ask questions of all of the professionals working for you when you don't understand terms used.

THINGS YOU SHOULD NOT DO

- Do not change your job or quit your job;
- Do not make any major purchases before closing on your home;
- Do not deposit any large unexplained funds into any of your accounts;
- Do not do anything that might harm your credit rating;
- Do not tell any secrets to the seller or to the seller's agent; and
- Do not order any improvements to the property you are purchasing before the closing papers are signed.

HOW TO PREPARE FOR

CREDIT APPLICATIONS

As painful as it is, at one time or another we all need to apply for credit. The process doesn't have to be as dreaded as we make it out to be as long as we are fully prepared. Prior to seeing any lender or credit agency, have the required documents and information ready. The most common items needed to apply for credit are:

INCOME CONSIDERATIONS:

- Your physical address(s) for the past two years;
- Your gross monthly income;
- W-2s for the last two years (if available);
- Proof of any and all income including: employment, pensions, retirement, disability, Social Security; rental income, investment income; and
- Proof of child support and/or domestic support payments you receive.
- If self-employed: the past two years 1040 tax returns and a current year profit and loss statement.

COMPLETE LIST OF ALL CREDITORS:

- Name and address of each creditor;
- Type of account and account number for each creditor;
- Amount of monthly payments and balances owed to each creditor;
- All child support and domestic support obligations.

FINANCIAL INSTITUTIONS:

- Names and addresses of savings institutions including banks, securities, investments, brokerages; and
- Account numbers, current balances and types of accounts held by the various institutions.

MISCELLANEOUS:

- Consider all of your assets including: land, mineral rights, life insurance policies, stocks, bonds, etc.
- Social Security numbers for all parties requesting loan approval;
- If you are a Veteran, provide your Certificate of Eligibility and DD-214; and
- If selling a home provide a copy of the sales contract.

MOVING CHECKLIST

No doubt that moving is a chore. We have created a small list of items that you do not want to forget to address when preparing for a move. Many of these items can be taken care of well in advance of your actual move date; some can be taken care of after the move, but you don't want to forget these tasks.

- Start packing your non-essentials as soon as possible;
- Reserve a moving truck (and a lot of good friends) well in advance of the move;
- Contact the appropriate existing and new utility companies to inform them of the move; be aware that many companies require a deposit for new service;
- Arrange for final trash removal from your existing residence, and research and arrange trash service at your new home;
- Complete a change of address card from the post office;

- Inform your newspaper carrier, cable television provider, telephone company, etc. of the change of address (don't wait for the post office change to occur);
- Change your voter registration, driver's license, and motor vehicle registration; and
- Contact your children's schools to make sure their records are correct and up to date.

PREPARING FOR CLOSING

Though your Keynote agent will be assisting you through the entire process, it is incumbent upon you to be sure that you are prepared for the closing of the purchase of your new home. If you follow up with the items on the list provided below, you have reasonable reassurance that the process will go smoothly.

- Two or three days prior to the closing, ask your agent for a final walk-through of the home you are about to purchase;
- One day prior to closing, review the settlement statement carefully;
- Be sure your financing is in order
- Be sure you know the exact time and location of the closing; and
- Communicate any concerns to your Keynote agent.

HELPFUL PROFESSIONAL CONTACTS

HOME LOANS:

- Mary Thorne (719) 457-1400
AMC Lending
mary.thorne@amclending.net
- Bradley Shaw (719) 550-7071
Ent Federal Credit Union
bshaw@ent.com
- Ken Melchi (719) 227-6306
Chase Lending
Ken.l.melchi@chase.com

HOME INSPECTORS:

- US Inspect (719) 488-0012
- Amerispec (719) 548-1717
- Fred Root (719) 598-2189
- John Wenger (719) 596-0234
- Peak Home Inspections (719) 495-0042

LOCKSMITHS:

- American Lock and Key (179) 632-7588
- J&R Lock and Key (719) 282-0360
- Moss Locksmithing (719) 598-1526

MOVING COMPANIES:

- Johnson Storage & Moving Company (719) 598-6683
- On the Move (719) 533-1155
- Bennett's Moving (719) 268-1188

UTILITY COMPANIES

- Colorado Springs Utilities (719) 448-4800
- Aquila (800) 303-0752
- Intermountain Rural Electric Association (800) 332-9540
- Mountain View Electric Association (719) 495-2283
- San Isabel Electric (719) 738-1401
- Xcel Energy (800) 895-4999
- Fountain Department of Utilities (719) 322-2-10
- Colorado Natural Gas (719) 686-1328
- Academy Water and Sanitation (719) 48100711
- Cascade Metro District (719) 633-5040
- Cherokee Metro District (719) 597-5080
- Colorado Centre Metro District (719) 390-7003

- Donala Water (719) 488-0300
- Falcon Estates (719) 488-3603
- Highland Lakes Water District (719) 687-7937
- Manitou Water & Sewer (719) 685-2579
- Security Water & Sanitation (719) 392-3475
- Stratmoor Hills Water (719) 576-0311
- Tranquil Acres Water Supply (719) 687-1821
- Westwood Lakes Water (719) 687-6488
- Woodland Park (719) 687-0761
- Woodmoor Water & Sanitation (719) 488-2525
- Woodman Hills Metro District (719) 495-2500
- Board of Water Works (719) 584-0203
- Bobcat Meadows Metro District (877) 687-1070
- Widefield Water (719) 390-7111
- Wigwam Mutual Water Company (719) 638-0456