

You're Under Contract — Now What Should You Do & Expect?

Getting under contract is the beginning of a process that imposes different demands on the seller and buyer.

If you're the seller, the property disclosures you filled out at listing time need to be delivered to the buyer, but mostly you'll be responding to actions by the buyer.

First up, you'll probably need to respond to an Inspection Objection Notice submitted by the buyer. Here are some "big ticket" inspection items that you might face: 1) cleaning and servicing of your forced air furnace or, worst case, replacement if the inspector detects carbon monoxide emissions from a cracked heat exchanger. 2) mitigation of radon, if a radon test produced an average reading over the EPA action level of 4.0 pCi/L. 3)

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By JIM SMITH, Realtor®

cleaning or repair of your sewer line if the sewer scope shows root intrusion or, worse, collapse of your sewer line. The buyer may ask you to reduce the purchase price or pay some of his closing costs as an alternative to making the requested repairs.

Furnace replacement can cost \$3,000 and up, radon mitigation \$800 and up, and sewer replacement can cost several thousand dollars — you'll want to view the sewer scope and get your own quotes before your listing agent prepares an "Inspection Resolution" in which both parties agree to what the seller will do or pay for.

There are other opportunities for the buyer to make demands of the seller or terminate the contract — title problems, HOA documents, etc.

— but the only one you're likely to face is the Appraisal Objection if the home fails to appraise for the contract price. This is when you want a good Realtor on your side, because you could well hold firm and get the buyer to pay full price anyway. (I've been quite successful at this.)

If you're the buyer, here are your big to-do's:

1) deliver the earnest money to the listing brokerage or title company, as spelled out in the contract. Your check will be deposited immediately and credited toward your cash at closing.

2) select and schedule a good inspector. Your buyer's agent will give you several proven inspectors to choose from. Your inspector can probably handle the radon test, but you'll need to schedule a separate sewer scope. I suggest \$99 Rooter.

3) attend the inspection to learn first-hand as much as you can about

the house you expect to own. Your agent needn't attend, but he'll receive a PDF of the inspector's report and work with you to prepare your inspection demands. Note: the inspector will detail every little and big thing he finds wrong with the house. Resist the temptation to demand that all those things be fixed by the seller! Ideally you can expect that every "health & safety" item be handled — radon, electrical, plumbing, sewer, cracked heat exchanger on furnace, etc. — but the seller has no obligation to do anything. If he has a better offer in back-up position, he may well refuse to fix anything, hoping you'll terminate the contract. Again, having a skilled agent on your side helps.

Lastly, do **NOT** do anything to change your credit score, such as buying new furniture on credit.

This column is abbreviated due to space limitations. I've written much more at www.JimSmithBlog.com.

Preparing for Your Closing

If you're the seller, you'll want to make sure you've completed any repairs agreed to in the Inspection Resolution. On the day of closing (or the day before), call your electric and gas utility to tell them you've sold the home and to give them final meter readings. They will apply your final meter readings as the starting readings for your buyer after he calls them to identify himself. Since the utility will not turn off the gas and electrical service, he can do this anytime in the next week or so. The title company will order the final water meter reading and pay the final bill from the few hundred dollars they escrowed from your proceeds at closing, then send you the balance. Remember to call your other providers — cable TV, satellite TV, phone and Internet. Until you've done that, the buyer may not be able to order new service. Right after closing, call your homeowner's insurance provider and tell them to cancel your policy and send you a return premium. If your mortgage company was escrowing mortgage and insurance money, you'll receive a check for the escrow balance within 30 days after closing.

If you're the buyer, make sure your "cash at closing" is either wired to the title company the day before or bring a cashier's check with you. It's better to bring too big a check than too little. The closer will give you a check for the overpayment at closing.

This Week's Featured New Listing

Affordable Home Near Costco & Echter's Garden Center

Broker associate Mark Spencer has just listed this affordable home at 9480 W. 52nd Avenue, a few blocks west of Garrison Street and east of Kipling. This 1960 brick ranch has so much that is new, it will surprise you. Among the items that are brand new are the composition shingle roof, the concrete driveway and walkway to the front door, refrigerator, stove, microwave, and counter-tops. Newer windows & insulated walls, too! The main floor is all hardwood, and the basement and stairs have all new carpeting. There is RV parking both inside and outside the fenced yard, and an 8'x12' storage shed. Call Mark Spencer at 303-842-4480. Open this Sunday, 1-4 pm.



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