

## Revised contracts benefit homebuyers



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The Colorado Real Estate Contracts have been revised, and I'm happy to report that many of the changes benefit homebuyers. The new contracts were required to be used in October. Following is a brief summary of some of the modifications that those who are purchasing homes can feel good about.

As insurance companies are getting more and more squeamish about offering homeowners insurance due to the onslaught of floods, hurricanes and fires, buyers sometimes find that they cannot obtain insurance for their new home, or that the rates are exorbitant. There is now a Property Insurance Objection Deadline. The contract is now contingent on the buyer's satisfaction "in Buyer's subjective discretion, with the availability, terms, conditions and premium for property insurance." To take advantage of this protection, the homebuyer should begin seeking an insurance commitment soon after getting the home under contract, in order to meet this deadline.

Another new deadline in the contract is the Survey Objection Deadline. If the buyer conducts a survey and an unsatisfactory condition is noted on the survey, the buyer may object. The objection is handled like a title objection, and the contract now states that if unsatisfactory title conditions are "not corrected to Buyer's satisfaction on or before closing," the buyer can terminate the contract without penalty.

Many purchasers are choosing to split their loan and get both a first and second mortgage in order to avoid mortgage insurance or jumbo loans. A section addressing second loans has been added to the contract. Also, some purchasers may want to shop loans while they're under purchase contract to seek the best terms. The contract has added a clause stating, "Buyer may obtain different financing provided Seller incurs no additional delay, cost or expense, and provided Buyer is approved for such substitute loan." This affords the buyer more flexibility in their loan choices.

For those purchasing homes in communities that have Homeowners Associations, the contract now requires the seller to provide additional HOA information. Among the list of documents the seller has to provide is "minutes of the most recent annual owners' meeting and minutes of any directors' meetings during the six month period immediately preceding the Title Deadline." These minutes are a great source of information about major issues and concerns within the subdivision, such as special assessments or lawsuits. If there are unacceptable HOA problems or conditions, the buyer may terminate the contract without penalty.

With the growth of Buyer Agency, and particularly Exclusive Buyer Agency, the caveat of "Buyer Beware" has been shifting and buyers have been granted increased protections and flexibility in their purchase process. As buyer advocates continue lobbying for buyer's rights, the future for homebuyers looks brighter and brighter.

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