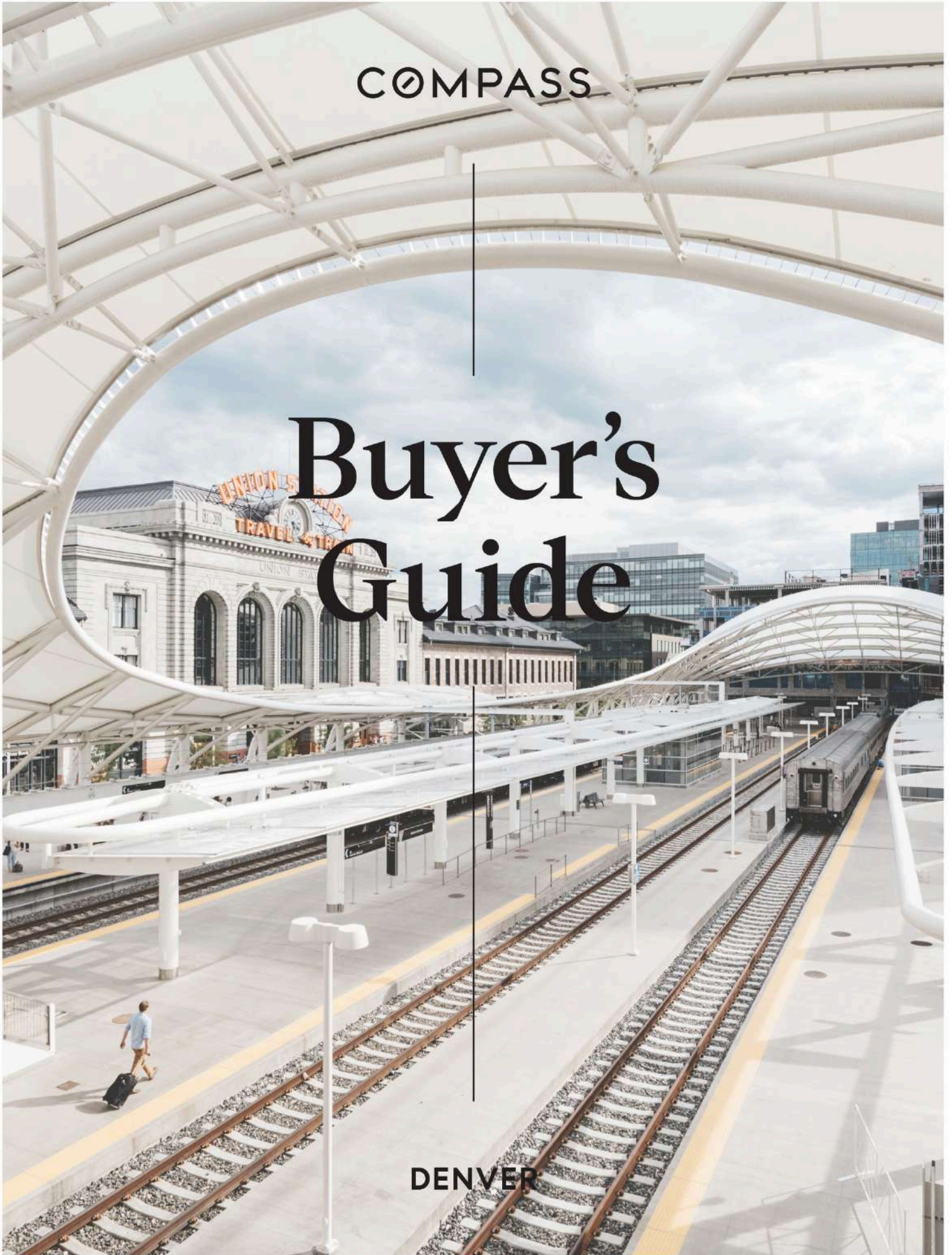


COMPASS

Buyer's Guide

DENVER





A message from our founder

My earliest inspiration for Compass came from someone I greatly admire who is now an agent at Compass: my mother. Growing up, it inspired me to see how hard she worked and how much she cared about the people she served.

Today, the thousands of incredible entrepreneurs who make up our coast-to-coast community of real estate agents continue to inspire me and guide our vision for an industry reimagined at Compass.

We invite only the most talented, highest-integrity professionals in the country to join Compass and then we give them what my mother never had: the same incredibly high level of support, care, and expertise that they provide to sellers like you.

Partnering with top technology, business, and marketing leaders, we've developed a fleet of these world-class entrepreneurs to ensure every step of your experience is seamless. As you'll find in the pages that follow, we've made it our mission to invest in our agents so that they can invest in you, from granting buyers an exclusive first look at your home to empowering you with interest-free loans to make improvements to your property for a faster, more lucrative sale.

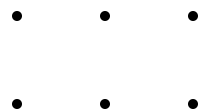
Like you, I understand the importance of choosing an advisor with the utmost integrity and skill. Buying or selling a home is often the most important financial decision a person will make in their lifetime; it can help make the future you imagine for yourself and your family possible. But it's also about finding a property, a neighborhood, a community that makes you feel like you truly belong — which is why at Compass, we know that the key to selling your home is to help its next owner fall in love with it, the same way you did.

The agents of Compass inspire me daily, but the community we've built together is wholly inspired by you. I want to thank you for providing this opportunity to the agent in front of you, and by extension, to all of us at Compass. Your trust is something we don't take lightly and I am personally committed to providing every resource at our disposal to achieve your goals. Our mission is to help everyone find their place in the world and we're honored to help you embark on your next chapter, wherever it may lead.

Sincerely,

A handwritten signature in black ink that reads "Robert Reffkin". The signature is written in a cursive, slightly slanted style.

Robert Reffkin
Founder & CEO





About

How my expertise will optimize
your buyer experience



Kevin Merlander

Broker Associate
720.571.4499
kevin.merlander@compass.com

As a Bay Area native growing up just outside of San Francisco, Kevin was exposed to the Real Estate industry from a young age. He grew up in a family of Real Estate agents, commercial investors and property managers. This would inevitably jumpstart his career as a successful Real Estate agent in the greater Bay Area.

After earning a B.A. in Business Entrepreneurship with an emphasis in Marketing, Kevin decided to follow the family path. In early 2012 he began his career in the world of residential and commercial appraisals. Naturally, this experience provided a valuable foundation for a career as an agent, as he quickly learned how to analyze and evaluate real property. For Kevin, being able to provide an accurate market value is a critical tool for his clients. By the end of 2012 Kevin was a licensed Real Estate agent, selling and appraising property in San Francisco. By fully immersing himself in the industry, Kevin quickly realized that his true passion was servicing buyers and sellers to the best of his ability. The driving principle was to build lasting relationships, far beyond the real estate transaction.

Over the years, Kevin has demonstrated the importance of honesty, integrity and ethics in his business. He brings those same principles with him to his operations in the Denver Metro Market. Today Kevin holds both his Colorado Brokers License, as well as his California Real Estate license. As a constant student of industry, Kevin has found that his diverse career path has helped him achieve success for his clients in any competitive market. Kevin feels as though he has found himself at home right here in Denver.

Stats

\$80M

Total sales
to date

80+

Transactions
to date

10

Collective years
in real estate

About

Compass Denver

RiNo Team

Now with the support of the RiNo Team (powered by Compass), Kevin has found himself right at home in the Denver Metro and surrounding areas. The RiNo Team has decades of experience with buyers, sellers, investors and developers. With an unparalleled culture and team dynamic, the RiNo Team is ranked in the top 5 of Compass Colorado teams (of more than 5 agents).



Our Stats

12

Members

50+

Combined years of experience

1000+

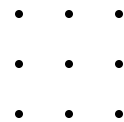
Transactions to date

1000+

Hours of fun

1000+

Happy clients



Testimonials

"Kevin was the most professional Realtor that I have ever worked with. He did a great job getting us top dollar for our condo and worked diligently to get it closed on time. Kevin took the time to assist us in getting the little bit of required work completed timely and under budget. I believe Kevin even fixed a few of the issues himself saving us money! If you are looking for a professional realtor, one that can be trusted assisting in the sale or helping you buy your next home, Kevin Merlander is your guy!"

- Brett Rolf



"Kevin Merlander is AMAZING! He exceeded every one of my expectations. He is not afraid to get up at 7am to see a house before work, write offers on everything I liked, and give great advice when it comes to where I should land on offer price. I really enjoyed working with him! In the end, we only had to make TWO offers before I found my dream home... he's that good! I believe his negotiation skills and the relationship he developed with the seller's agent really sealed the deal to get me my dream home! I'll be calling him when I'm ready to sell!"

- Ian Morich



Our mission is to help everyone find their place in the world.



COMPASS



01

Find an Agent

Look for a licensed Compass real estate agent who is knowledgeable about the neighborhoods you're considering and can help guide your search.

- • •
- • •

02

Get Pre-Qualified

Before beginning your search, your first step is to get pre-approved for a mortgage loan (unless you will be paying in cash for the full price of your home). Your Compass agent can connect you to qualified mortgage brokers. Based on your income and credit history, the mortgage broker will determine how much the bank will lend you, which will help you determine the price range for your search.

03

Visit Properties

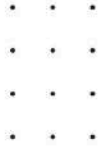
Attend viewings and open houses spanning a range of areas and property types. Now is the time to consider your ideal home's location and amenities.

04

Negotiate

Once you have seen a home you like, you can work with your Compass agent to draft and submit a Contract to Buy and Sell Real Estate, which the seller can either accept, reject, or counter. Your agent can guide you through the negotiation process, and once both parties come to an agreement and sign, you are under contract to purchase the property (with potential contingencies, such as inspection and financing). After the contract is signed by all parties, you will have a limited number of days to deliver your Earnest Money Deposit to the title company, which is money put down up front as collateral.





07

Closing is Scheduled

The title company will work together with the buyer, seller, and their agents to coordinate closing for the day reflecting in the Contract to Buy and Sell.

05

Inspection Period

You are given a limited time period during which to conduct optional/ encouraged inspections, including but not limited to a general inspection, sewer scope, radon test, and structural inspection. If something of concern is discovered during this timeframe, you will have the chance to re-open negotiations on price and terms of the sale, or even cancel the sale and have your Earnest Money Deposit returned to you.

06

Complete Loan Process

Once you are under contract and through your inspection timeframe, your loan officer may require additional documentation, and an appraisal will be ordered and completed. Once the loan officer receives all required documents and conducts a successful appraisal, they will be able to issue a clearance to close, meaning you are fully approved for the loan and the bank is ready to execute your mortgage upon successful closing.

08

Final Walk-Through

A final walk-through of the property is performed just prior to closing. The walk-through confirms that no damage has been done to the home since the time of the inspection and that the major systems and appliances are in working order.



09

Closing

Once all the conditions of the contract have been satisfied, the closing is held. The closing documents are signed, payment is exchanged, and the buyer receives the keys to their new home!

Chapter 1

Financing Your Purchase

Why Get Pre-Approved?

The Home Loan Process

Things NOT to do when applying for a Home Loan

• • •

The Underwriter Reviews Your Loan

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• • •

Components of a Mortgage

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How do Lenders Qualify Buyers?

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Why get pre-approved

Pre-approval is different from pre-qualifying, as it is a full loan approval instead of an opinion letter. It is recommended to get pre-approval before looking at homes. Finding out what you qualify for will help you look in the right price range.

Determining How Much You Can Afford

The lender will determine your purchasing power, which gives you a guideline as to what you can afford before you begin the process. They will show you a variety of different types of financing (fixed, adjustables, etc.), and will determine how much you qualify for with each type. Based on your desired payment level and type of financing with which you feel comfortable, we can determine your purchasing power.

Know What Your Down Payment Will Be and Provide Financing Options

You need to choose a home based on what funds you have available, the lender will design a loan that will work for your individual situation.

Know What Your Monthly Payments Will Be

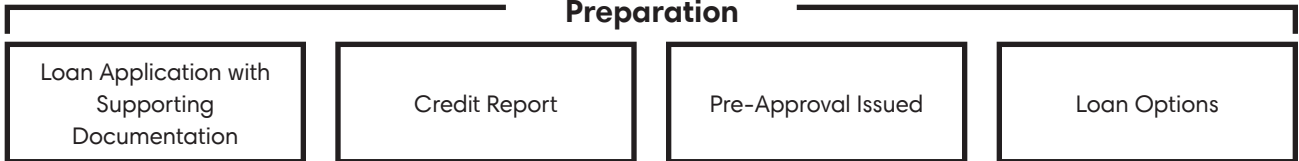
Before picking a price range, you should make sure you are comfortable with your total monthly payment: Principle, Taxes, Interest, Insurance (and Mortgage Insurance, if necessary).

Turns You Into a Cash Buyer

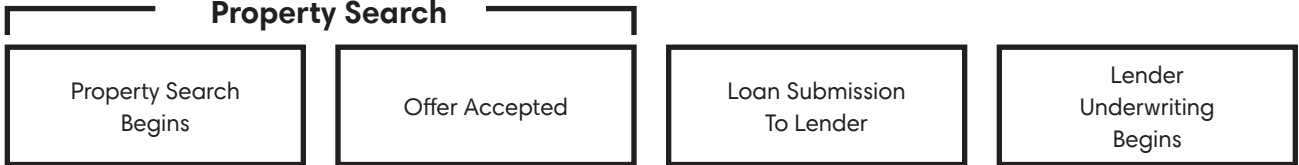
In today's market, buyers are not the only parties concerned about financing. Sellers are equally concerned. In cases where there are multiple offers for homes, the buyers must put themselves in the best possible position to have their offers accepted. Getting pre-approved also puts the buyer into a better negotiating position, as the Seller knows the buyer is ready, willing and able to buy, and that financing is not in question. Buyers who are not pre-approved have less chance of obtaining an accepted offer on the house they wish to buy.

The home loan process

Preparation



Property Search



Escrow Period



Things you should NOT do when applying for a home loan

Below are a list of things to steer clear of when seeking to obtain financing for a home. The following items may be detrimental when trying to move forward with the loan process.

DON'T buy or lease an auto before you apply for a home loan

Lenders look carefully at your debt-to-income ratio. A large payment such as a car lease or purchase can greatly impact those ratios and prevent you from qualifying for a home loan.

DON'T move assets from one bank account to another

These transfers show up as new deposits and complicate the application process, as you must then disclose and document the source of funds for each new account. The lender can verify each account as it currently exists. You can consolidate your accounts later if you need to.

DON'T change jobs

A new job may involve a probation period, which must be satisfied before income from the new job can be considered for qualifying purposes.

DON'T buy new furniture or major appliances for your new home

If the new purchases increase the amount of debt you are responsible for, there is the possibility this may disqualify you from getting the loan, or cut down on the available funds you need to meet the closing costs.

DON'T run a credit report on yourself

This will show as an inquiry on your lender's credit report. Inquiries must be explained in writing.

DON'T attempt to consolidate bills before speaking with your lender

The lender can advise you if this needs to be done.

DON'T pack or ship information needed for the loan application

Important paperwork such as W-2 forms, divorce decrees, and tax returns should not be sent with your household goods. Duplicate copies take weeks to obtain, and could stall the closing date on your transaction.

The underwriter reviews your loan

1. Credit

It is important that credit has been established with a good payment history. Any derogatory credit must have a good explanation. Outstanding collection accounts, judgements, or liens must be paid through escrow. The credit report will also list a credit score – a mathematical calculation of your overall credit rating.

2. Job Stability

A consistent job history with the same company is ideal; however if changes have been made for advancement, it is acceptable. Schooling completed in preparation for a specific vocation is considered to be a part of your job history.

3. Income and Ratios

Your gross monthly income (before taxes) is computed. Bonuses, over-time, part-time, or self-employment income is averaged over the last two years. The principal, interest, taxes, and insurance (PITI) on the new loan (plus mortgage insurance, if applicable) is divided by the gross monthly income to get the “top” ratio. P.I.T.I and all debts are divided by the income to get the “bottom” ratio.

Ratios are ideally 33 over 38 for an 80% loan and lower for a 90% , 95% or 97% loan. If other components are strong, higher ratios may be permitted.

(PITI / Gross Monthly income = Top Ratio) (Total Debt / Gross Monthly income = Bottom Ratio)

4. Down Payment, Closing Costs and Cash Reserves

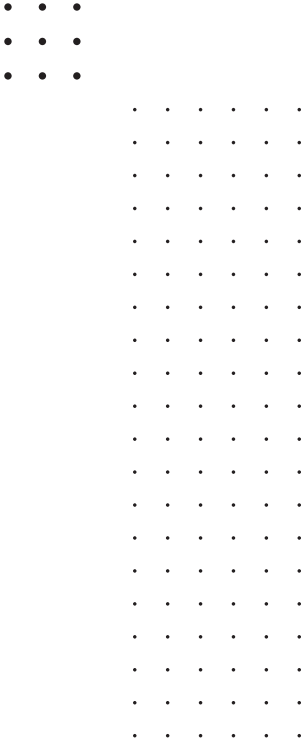
To be considered, your funds must have been verified as having been yours for 3 months. A 5% minimum down payment MUST be from your own funds; however, the remainder of the down payment, closing costs, and the 2 to 3 months of reserves may be gifted by a relative who provides a letter and bank statement showing the ability to give.

5. Property

The property is the security for the loan. The lender will require an appraisal by a certified fee appraiser to assure that there is sufficient collateral. The underwriter will review the appraisal to verify the marketability, condition, and value of your home. The lender will also review the title report and require title insurance on the property for your protection as well as theirs.

*If you don't fall within these guidelines, don't panic! Lenders work with various investors that offer loan products to fit all situations.

Components of a mortgage



P.I.T.I.

Principle, Interest, Taxes and Insurance

Insurance

Homeowner's Insurance, Mortgage Insurance, Homeowner's Dues

Formula 1

Formula for Property Taxes

$$\frac{\text{Purchase price} \times .55\% \text{ +/-}}{12 \text{ months}} = \text{Monthly Property Taxes}$$

Formula 2

Formula for Home Owners Insurance:

CALL INSURANCE AGENCY

$$\frac{\text{Loan Amount} \times}{12 \text{ months}} = \text{Monthly Homeowners Insurance}$$



Chapter 2

Buying Process

Flow of a Real Estate Transaction

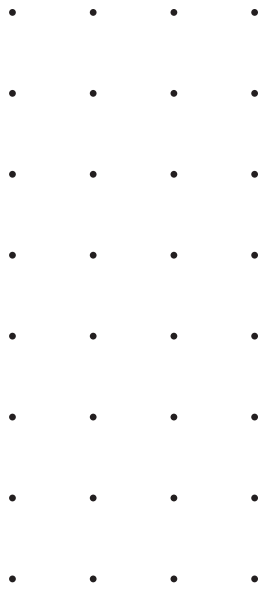
Your Property Search

Types of Ownership/Vesting

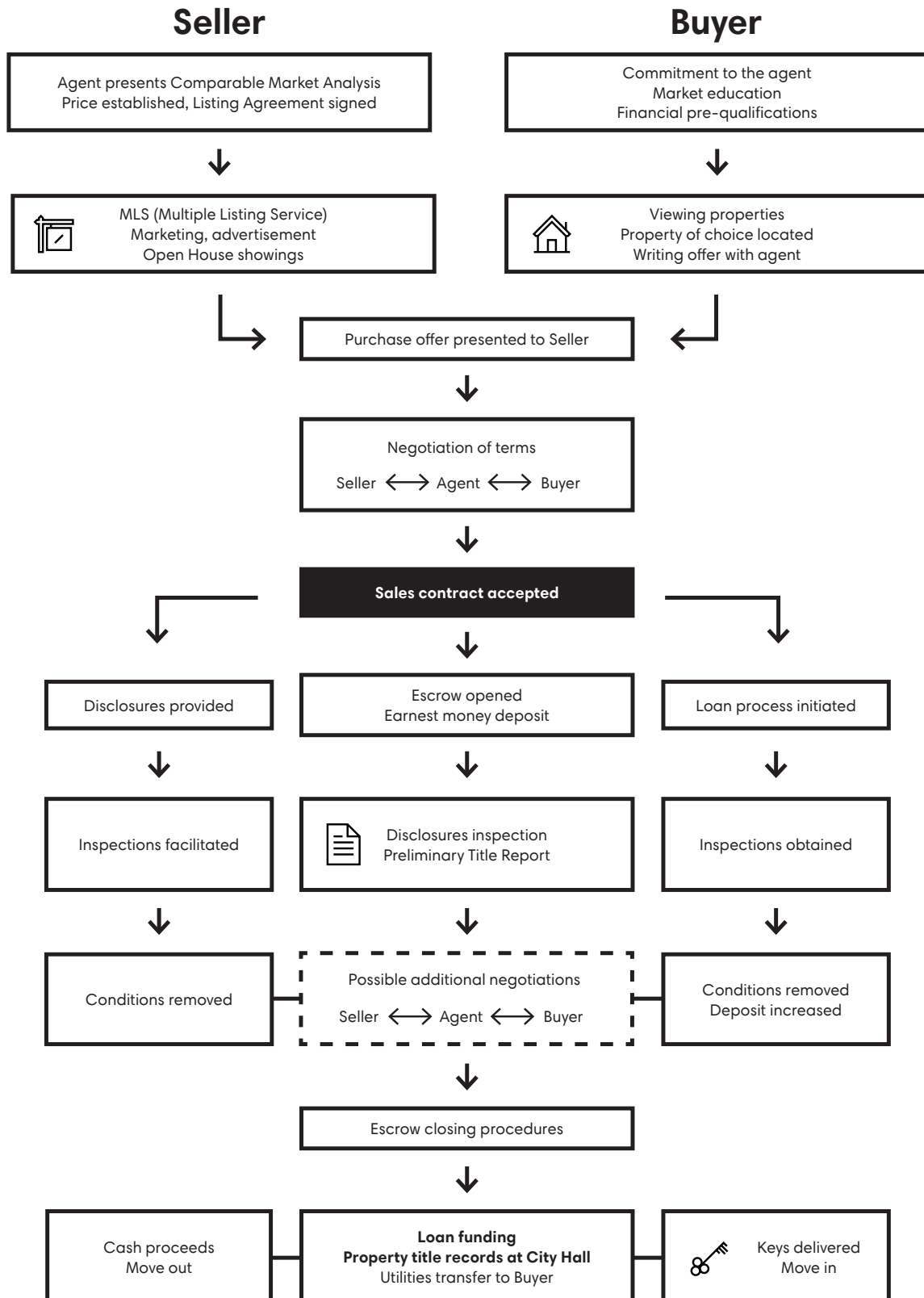
Disclosures

Making the Offer

Escrow



The flow of a real estate transaction



Making the offer

Q: What is a good offer?

A: A good offer depends on multiple factors: the market, the neighborhood, the seller needs and the list price. It is your agent's job to provide you with the best information on these factors to help you make a decision. Is the list price low or high compared to the market? Is your offer the only one or are there several you are up against? Are properties in general selling above or below the asking price in the neighborhood?

Q: How do you win in a multiple bid situation?

A: Primarily by understanding the strategy and motivation of the sellers. It is important to know how many other offers have been placed, the state of the market, and the goals of the seller. An offer is more than a purchase price – a good offer is drafted carefully with overall terms that will appeal to the seller.

Q: Is it beneficial to provide a personal letter or enclose photos, etc. with the offer?

A: **DEPENDS:** Sellers want to know who is buying their house. Whether you are buying from a developer or individual seller, a solid offer package with a personalized cover letter shows that you are a serious purchaser.

Q. How long will it take to know if my offer has been accepted?

A: It is preferable to allow 24 hours for the seller to respond. In some cases the seller requests more time, but usually no more than a couple days.

Q: What is the counter offer? How does it work?

A: When you submit an offer, the seller has four choices:

1. They can **ACCEPT** it as written, and you are ratified—meaning you are “in contract” to buy it.
2. They can **REJECT** it.
3. They can offer you a “**BACK-UP**” position—in the case that they have accepted another offer, this will put you in first position to ratify if the first offer cancels or falls through.
4. They can **COUNTER** your offer. They can counter you on the purchase price, the length of escrow, contingency periods, or any other terms. Once you receive their counter you can then 1) Accept 2) Reject or 3) Counter their counter. This can go back and forth several times until both sides come to an agreement. As soon as one party agrees to the other's counter, you are ratified.

Q: What is a Multiple Counter Offer?

A: If a seller receives more than one offer, they can counter all of them or a select few. In this scenario, the offer is not ratified when you respond to their counter. The seller has the final say, therefore you are not ratified until the seller accepts your counter.

Escrow

Escrow: What is it?

Escrow is the period of time between your offer being accepted and closing escrow. Escrow is a deposit of funds, a deed or other instrument by one party for the delivery to another party upon completion of a particular condition or event.

Why Do I Need an Escrow?

Whether you are the buyer, seller, lender or borrower, you want assurance that no funds or property will change hands until ALL of the instructions in the transaction have been followed. The escrow holder has the obligation to safeguard the funds and/or documents while they are in the possession of the escrow holder, and to disburse funds and/or convey title only when all provisions of the escrow have been complied with. The escrow officer is a neutral third party and does not represent any one party.

How Does Escrow Work?

The principals to the escrow—buyer, seller, lender, agents—cause escrow instructions, most usually in writing, to be created, signed and delivered to the escrow officer. If a broker is involved, he will normally provide the escrow officer with the information necessary for the preparation of your escrow instructions and documents. The escrow officer will process the escrow, in accordance with the escrow instructions, and when all conditions required in the escrow can be met or achieved, the escrow will be “closed.” The duties of an escrow holder include: following the instructions given by the principals and parties to the transaction in a timely manner; handling the funds and/or documents in accordance with the instruction; paying all bills as authorized; responding to authorized requests from the principals; closing the escrow only when all terms funds in accordance with instructions and provide an accounting for same : the Closing or Settlement Statement. The escrow officer can ONLY take instructions from all parties in agreement. No one party in the transaction can solely give instructions. The escrow officer does not represent any one party—they are a neutral 3rd party in the transaction.

How Long Does Escrow Last?

This is determined on a case by case basis and will be written into the offer. Generally 30-40 days is common. However, in some cases, you (or the seller) may need more time. In some cases, it is shorter, for example with an all cash deal.

What Happens During Escrow?

The escrow period gives all parties involved the time needed to comply with the terms of the offer and prepare to transfer title from the seller to the buyer. During this period, you do several things, all of which your agent will help you with:

1.

You put down a refundable deposit of 3% of the purchase price which is held by the title company

4.

You do your due diligence on the property, and remove your contingencies by the deadlines you requested in your offer

7.

You sign all loan and title documents when they are ready

2.

Your lender processes your loan and will ask you for various information needed to approve you

5.

You have any inspections you wrote into your offer done

8.

You sign all loan and title documents when they are ready

3.

You review and sign disclosures

6.

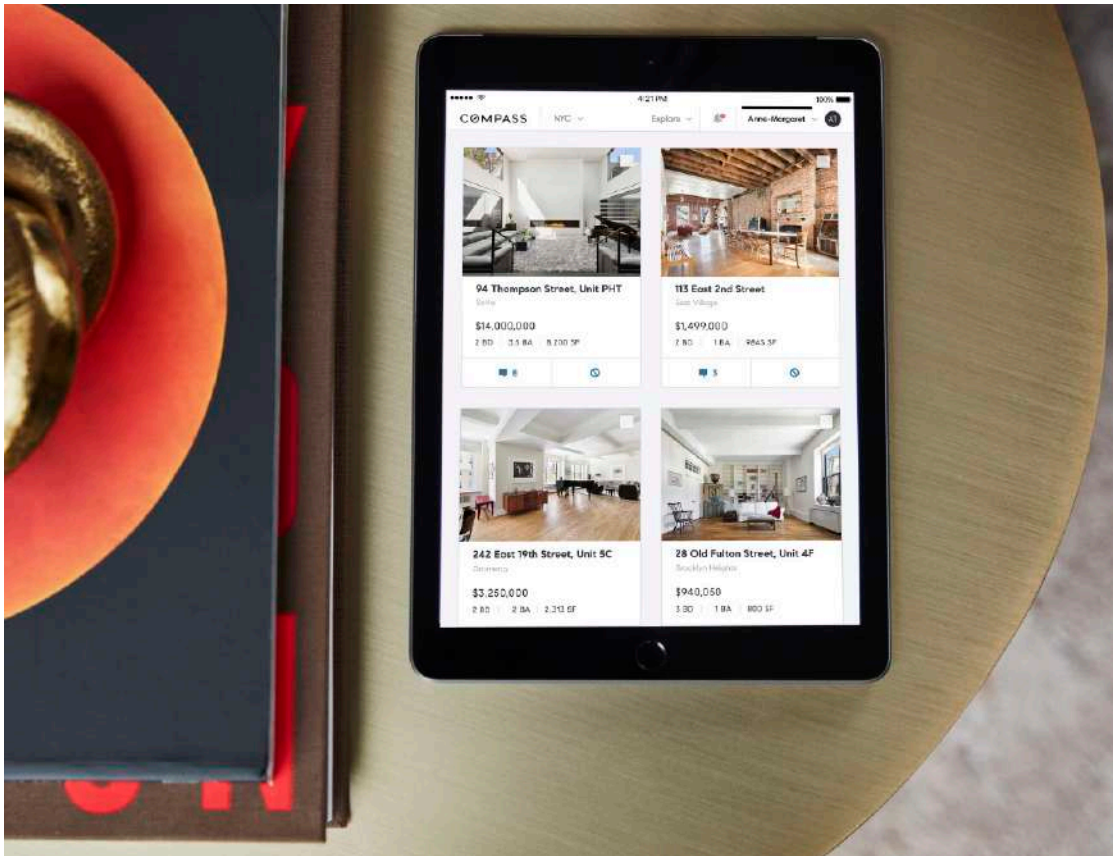
The lender orders an appraisal for the property

9.

Closing happens a couple days after you sign documents

Monitoring the market

Called the Pinterest of real estate, Collections allows us to track the local landscape for the duration of your search in a centralized, visual space.



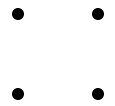
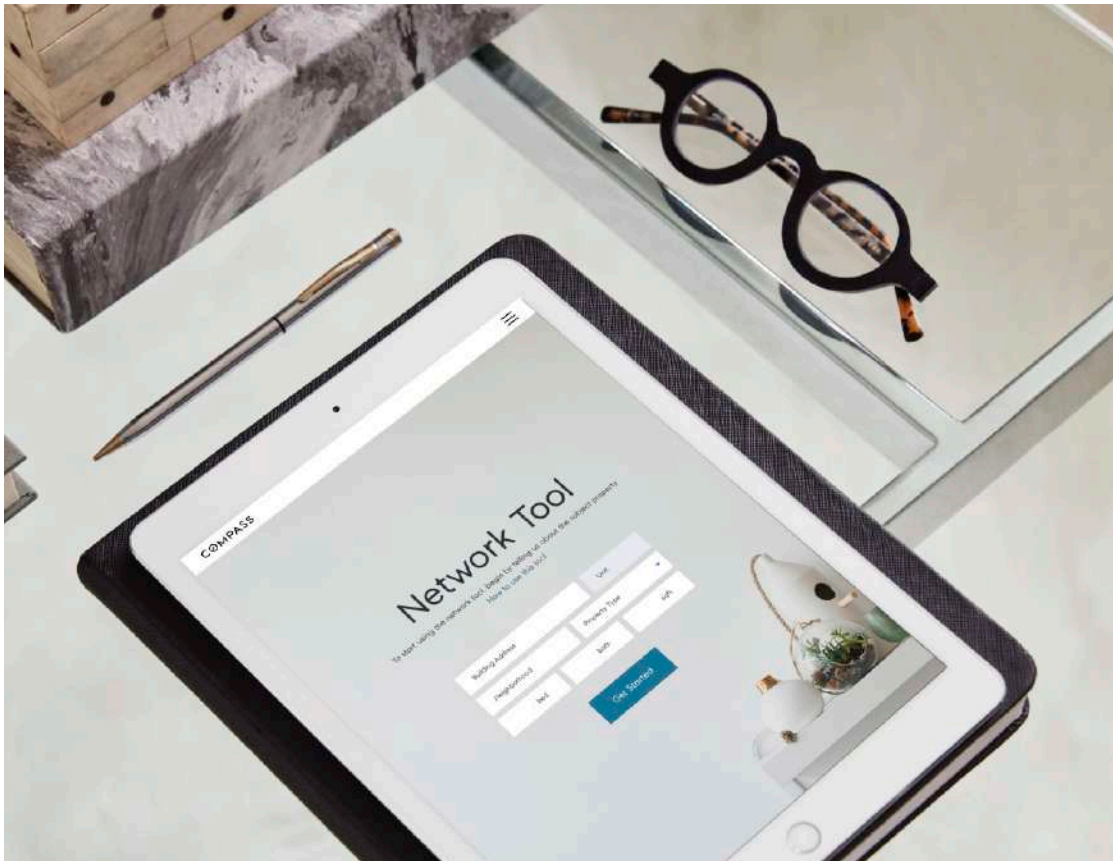
Collections

Together, we can keep a close eye on homes similar to yours, keeping tabs on the competition in order to make strategic decisions based on price and status updates.



Networking Capabilities

Aided by state-of-the-art Compass technology, I'm strategically connected to the market's entire brokerage community.



Unprecedented reach

- • Using the Network tool, I can analyze each property across 350+ parameters to determine similar sold listings, identify the right brokers, and correspond with ideal listings through a series of email campaigns and targeted outreach.
- •
- •
- •
- •



Open House Events and Property Tours

There's no better way for buyers to experience a home's merits than in person. Our seamless, integrated technology ensures you don't miss an opportunity connect with the space.



45%

The percentage of buyers who attend open houses over the course of their search process

- •
- •

Bridge Loan Services

A simple solution to bridge the gap between the home you have and the home you want.

With Compass Bridge Loan Services, you can access bridge loans from industry-leading lenders without the burden of out-of-pocket costs. Enjoy competitive rates and dedicated service, with the exclusive option to get up to six months of your loan payments fronted when you sell your home with me.

Already working with a lender you love? No problem. This unique offering lets you choose the provider that works best for you.



How it Works

- 01**
Work with me to find your next dream home.
- 02**
Apply and get approved for a bridge loan with the lender of your choice.
- 03**
Work with me to get the first six months of your bridge loan payments fronted.*
- 04**
Move into your new home while I work to sell your current home faster and for more money.
- 05**
When your old home sells, simply use the proceeds to pay back the bridge loan and any fronted monthly payments.

Learn more at compass.com/bridge-loan-services

COMPASS
BRIDGE LOAN
SERVICES

*This exclusive offering for Compass clients is a loan provided by Notable Finance, LLC, NMLS# 1824748 and is available to all eligible Compass clients working with the Bridge Loan lender of their choice. Loan eligibility is not guaranteed and all loans are subject to credit approval and underwriting by Notable Finance. Loans made or arranged pursuant to a California Finance Lenders Law license. Compass is not a lender and is not providing loans as part of the Compass Bridge Loan Services.



Discovering Compass

How we're building the first modern
real estate platform

The Compass Advantage

Compass takes a tech-driven, personalized approach, combining a collaborative agent community, in-house creative agency, and the industry's most tenured leadership team.



Our leaders hail from the world's most innovative companies:



Google

facebook.

Microsoft

CONDÉ NAST

L'ORÉAL

ROLEX

Neiman Marcus

TIFFANY & CO.

#1

Our rank as the nation's largest independent brokerage

1.9M+

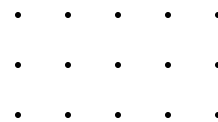
Average monthly page views on Compass.com

\$6.4B

Our company valuation, with \$1.5B in financing raised

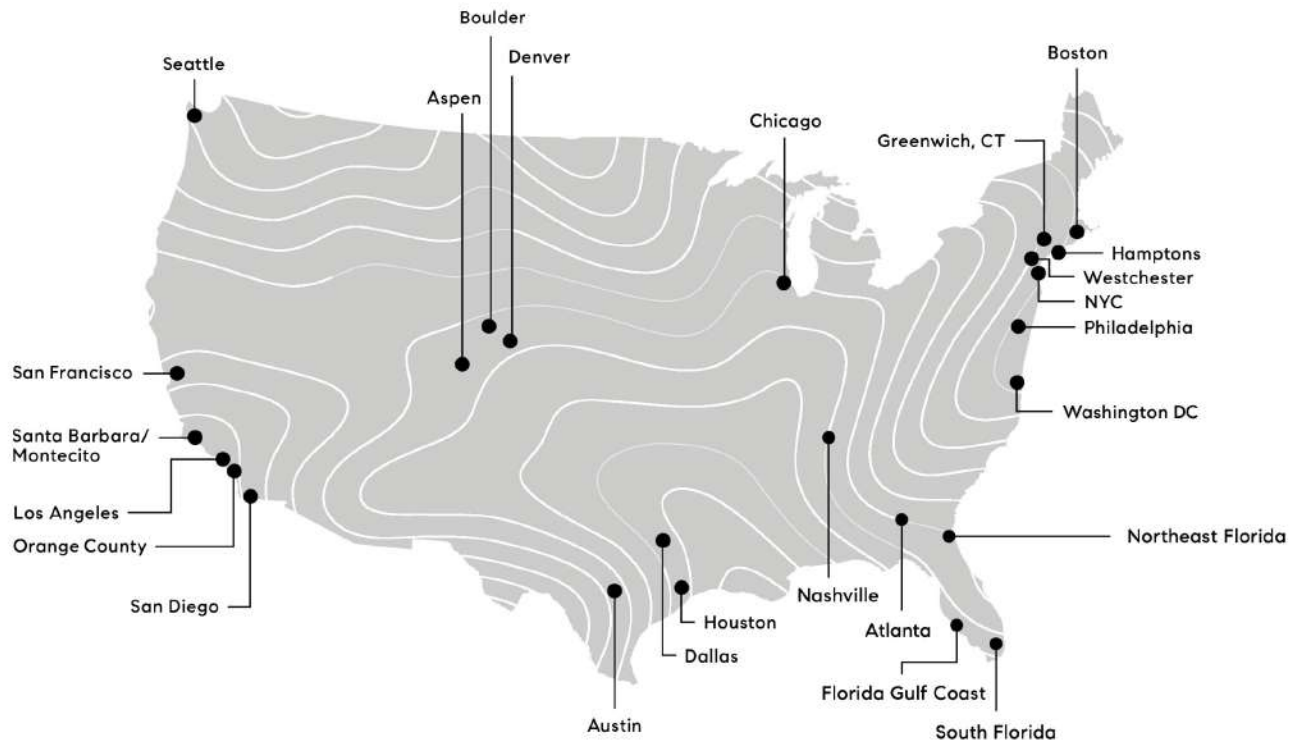
100K+

Transactions closed across the country in 2019



A Nationwide Network

Since our launch in 2012, we've been simplifying the real estate process one community at a time. Today, we have more than 300 offices extending from coast to coast.



15k+

Compass agents nationwide

130+

Compass cities

300+

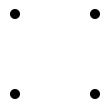
Compass offices

\$88B+

Total sales volume in 2019

National Rank

In just six years, Compass has swiftly ascended to become the nation's #3 brokerage by volume and the #1 largest independently owned brokerage.*



Rank	Company	Sales Volume
01	NRT LLC	\$176B+
02	HomeServices of America, Inc.	\$135B+
03	Compass	\$88B+
04	Douglas Elliman Real Estate	\$28B+
05	eXp Realty	\$19B+
06	Hanna Holdings	\$16B+
07	HomeSmart	\$12B+
08	William Raveis Real Estate, Mortgage, and Insurance	\$11B+
09	Keller Williams Realty, GO Management Offices	\$9B+
10	@properties	\$9B+

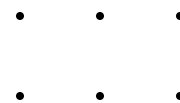
#1

Largest Independent real estate brokerage*

#3

Real estate brokerage in the nation

*Compass 2019 sales volume is reflective of partnership with Pacific Union and Alain Pinel. Source: REAL Trends 2019





Compass Denver

2019 Year In Review

Compass launched in Denver in January 2019.

The official office opened in Cherry Creek at 200 Columbine Street in September 2019, and now has over 350 agents.

Within just one year, Compass grew to be the #1 brokerage by sales volume in Denver with 200+ agents (DMAR).

Compass Denver Stats

\$2.8B

Annual
Sales

10x

Agent
Growth

#8

Brokerage
in Denver

Compass Cares

Service is the heart of who we are and what we do at Compass — whether we're serving agents, buyers and sellers, or our communities.



Compass Cares is our way of empowering agents and employees to give back to local communities with our time, resources and skills — because no one knows a community better than the agents and employees who serve it.

Through Compass Cares, 100% of our transactions lead to a donation back to the communities we serve. We turn local knowledge into local impact by supporting meaningful local causes. Compass Cares

connects the generosity and compassion of our people to a giving platform of over 1 million nonprofits to create a regional and national community of givers. Because here at Compass, we believe it's our responsibility to make the world a little better, one place at a time.

COMPASS
CARES

Key Terms

Appraisal Assessment of the property's market value, for the purpose of obtaining a mortgage and performed by a licensed appraiser.

Assessed Value Value placed upon property for property tax purposes by the Tax Collector.

Closing Costs Expenses incidental to a sale of real estate, such as loan fees, appraisal fees, title insurance and escrow fees.

Closing Statement The statement which lists the financial settlement between Buyer and Seller, and the costs each must pay.

Contingency Certain criteria that have to be met in order to finalize the sale.

Conventional Mortgage A mortgage or Deed of Trust not obtained under a government insured program such as FHA or VA.

Credit Money given to a buyer from a seller through escrow at closing.

Escrow A neutral third party that handles the transfer of any money during the sale of a home from initial deposit to final funding and closing.

Earnest Money Deposit Buyers in Colorado usually deposit 3% of the purchase price to show that the buyer is serious about purchasing the home. It is usually refundable in the event a contingency in the sales contract cannot be met.

Fixed Rate Mortgage A loan on which the interest rate and monthly payment do not change.

Home Warranty A policy that covers certain repairs (e.g. plumbing/heating) of a newly purchased home for a period of time, typically one year.

Preliminary Title Report A report showing the condition of title before a sale or loan transaction. After completion of the transaction, a new title insurance policy will be issued.

Title Insurance Insurance to protect the buyer and lender against losses arising from disputes over the ownership of a property.

Recording Fees Money paid to the lender for recording a home sale with the local authorities, thereby making it part of the public records.



Kevin Merlander

Broker Associate
720.571.4499
kevin.merlander@compass.com



COMPASS