

# Guide to Avoiding Pitfalls When Purchasing Property in the Crested Butte Area

By Frank Konsella

Imagine, for a moment, that you are under contract to buy your dream home in Crested Butte or Gunnison. You are picking out paint colors, artwork, and other decorating items in anticipation of your closing date. You are inviting your friends and relatives to take a ski vacation with you next winter, or mountain biking next summer at your new place. Then suddenly, the deal starts falling apart and all those dreams may be gone before you know it.

Purchasing a home or a second home in the Crested Butte area doesn't need to be difficult, though it can be. Too often, buyers can be caught off-guard when trying to buy a new home, especially in a resort town with unique property considerations such as Crested Butte. This guide seeks to educate buyers about some of the common pitfalls that can prevent a buyer from purchasing their piece of paradise. Understanding some of the potential problems before they even occur can go a long way towards preventing them. As the saying goes, "An ounce of protection is worth a pound of cure".

## **Find the Right Realtor**

The right REALTOR® will help guide you through the home-buying process from start to finish. This includes advice on selecting the right lender, finding the perfect home, and guidance throughout the length of the contract, such as finding a good home inspector. A good REALTOR® has a passion for the business, knows the area better than anyone, and offers sound advice at all times. A good REALTOR® will help their clients see past easily fixable property characteristics such as paint color, while also pointing out problems that might not be obvious to the homebuyer. A first-rate REALTOR®, acting on your behalf throughout the home-buying process, is the key to avoiding real estate pitfalls.

## **Find a Local Lender**

The Crested Butte area is filled with unique properties that may prove too difficult for an out of town lender to explain to their underwriters. A local lender with a multitude of

lending options can mean the difference between buying your dream home, or seeing that dream fall apart. Also, listen to your lender's advice with regards to changes in your personal finances, employment, etc.

### *Condos*

Many condos in this area are considered "non-warrantable", meaning the loan cannot be sold to Fannie Mae or Freddie Mac. For condo purchases of this type, buyers will need to go through a lender that offers "in-house" or portfolio loans. These loans typically do not have terms as good as the terms that can be found on a warrantable property, though they can often be very competitive nonetheless.

What makes a condo building non-warrantable? Common examples include condos with hotel-like characteristics (often called "condo-tels"), such as the Grand Lodge. Another example is when one entity has more than 10% of the units (for example, an investor buys 2 units in a 10 unit complex). More commonly, lenders can't make warrantable loans when a large number of condos in the complex are short-term vacation rentals, which is obviously a common occurrence in the Crested Butte area. In all of these cases, the buyer's best bet is to use a local lender's in-house lending options.

### *Seasonal Properties*

Properties that cannot be reached except by snowmobile in winter will also require a local lender with an in-house loan program. From a lender's perspective, these properties are higher risk due to difficult access.

## **Understand Home Inspections**

Every buyer should get a home inspection once they are under contract. When a major problem is found, such as a leaky roof or cracked failing foundation, a homebuyer should expect to have the problem fixed or compensated in some way. For minor problems, buyers may also ask to have the defects fixed or compensated. Buyers may also use the results of the home inspection as a bargaining chip for other contract negotiations. Buyers should also be prepared to accept the fact that an older home may not be perfect, and barring any major problems, a home inspection report shouldn't kill the deal.

## **Be Prepared for the Appraisal**

When an appraisal comes up short of the agreed-upon price, homebuyers are left with a dilemma, especially if it means they will need to come to closing with more money. Sometimes, a low appraisal can be a good thing, if the seller is willing to reduce the price to the amount of the appraisal. Otherwise, a homebuyer's other option may be to try a new lender in the hopes of getting a new appraisal. After all, an appraisal is only an opinion, so every appraisal will not be the same.

## **Smooth, Stress-Free Transactions are my Goal**

It is my sincere hope that this information will prove helpful. When the time comes to buy a home, I look forward to serving your needs, and guiding you through the transaction. I can be reached at [Frank@cbproperty.com](mailto:Frank@cbproperty.com), (970) 596-7990, or [crestedbutterealestateagent.com](http://crestedbutterealestateagent.com).