

# BUYER HANDBOOK



*Please call me with all of your real estate needs and referrals!*

*I AM ALWAYS AVAILABLE TO HELP.*



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Psalm 146:2

**DR REALTY**

# DEAR HOME BUYER,

Thank you for giving me the opportunity to help guide you through your home buying process.

Please be assured you will receive my very best service incorporating all my experience and training to make a committed effort to have this process understandable, hassle free and a pleasure for all involved.

The information in this handbook will educate and assist you with the following:

- Home shopping
- The buying process
- The purchase contract
- The loan process
- Explaining the escrow and title process
- Physical inspection process
- Home warranties

I look forward to working with you during your entire home buying process.

I welcome any questions you may have after reading this information.

Please feel free to contact me at any time.

Sincerely,

## **Advice on Being a Successful Home Buyer**

So what is a successful home buyer? That is easy—the person that finds the home of their dreams at a price they can afford. The next piece is trickier, how was the process? Were any lives lost during the home buying process?

The purchasing process is arduous whether you are a first time home buyer or a seasoned veteran. I have found that successful buyers follow a common set of steps. Here is my advice.

### **Tip #1- Get pre-qualified for a loan**

This is obvious advice right. You can't buy without money. It is critical to know what you can afford to buy before you start to search. Why get frustrated looking at homes you can't afford? In Arizona you cannot submit an offer without a pre-qualification form....well an offer that will be considered. You need to provide proof of cash in a bank for a cash offer and proof of qualification for an offer with a loan. The seller will not select an offer without a pre-qualification form.

Clearly step one in the home buying process is find a good lender. If you don't know one, ask your agent for some recommendations. Interview one or two and pick one. You want to stick to one lender thru the entire home buying process. There is too much stress involved in changing horses midstream. You want a lender you are comfortable with, one that answers your questions clearly, one that helps you understand the difference between what you qualify for and what you can reasonably make payments for.

The real estate purchase is processed by a team of experts. Pick your team wisely.

### **Tip #2-- Decide upon your needs, wants and not haves**

The next step in the home buying process is to look within yourself to determine what you really need. “You can’t always get what you want, you can’t always get what you want....but if you try sometime you find, you get what you need”....the Rolling Stones know what they are talking about. You need to know what you really **need**. And what you really **can’t live with** (this may be more important than the needs). What do you need to avoid. (Is that no pool or not in a certain part of town.) The easy part is determining what you **would like** in a house. That list is long. It is necessary to study that list and see what the priorities are. This will take some soul searching. Don’t worry if you don’t know now. Your agent will work with you. You will look at homes with different features and develop your requirements.

This is an important step. Without this step you can wander aimlessly looking at way too many homes. This will waste your time and the time of your team. Once this decision is made you can search in a systematic fashion. My advice is **do not** skip this step.

### **Tip #3- Be judicious**

Once you have a list of must haves, like to haves and can’t live withs evaluate each house you view with flexibility. This step in the home buying process is analytical. Unless you have a custom house built you will never get everything you want in a house. You may hate the carpet or the paint color but that can be changed. If you **need** (or is it want) vaulted ceilings and a house has 8’-0” ceilings that cannot change. Look at the features with a practical eye. My advice is look for ‘good bones’. ‘Good bones’ is the location, the floor plan, the neighborhood. These things cannot be changed. You can always dress the house up. Some basic elements must exist in the house; other elements can be added or changed later.

### **Tip #4- Have realistic expectations**

This step in the home buying process is education based. Expectations are developed from your peer group and your circle of influence. People/the internet may profess some ridiculous things to be true.

What you can get for a certain price is one of the biggest myths. You need to be realistic. The 3000 SF house in Scottsdale with granite countertops, custom tile floors and pool with a waterfall does not cost \$100,000. It does not exist. You need to be realistic.

Bank owned property does not sell at pennies on the dollar. The market drives the price. The seller (whether it is a bank or individual) knows that. Be realistic.

Some things don't exist or rarely exist. You won't find a home built since 2010 in Gilbert with no HOA under \$700,000. You probably won't find a house built before 1950 with vaulted ceilings. Be realistic.

Discuss these things with your real estate agent or lender. There are state statistics you can review. Check your sources. You need to understand what is feasible.

You need to be realistic about the negotiation with the seller as well. Don't expect the seller to fix every flaw in the house. Don't expect to find a house that has no problems to report from the home inspector. **Every** house has something to report. Brand new houses have items to be addressed by the home inspector. It is their job to find things. Don't nit-pick your seller. This could kill the deal. Be realistic.

My advice is talk to your real estate agent about expectations. Discuss the things you would like and listen. This will keep you grounded.

### **Tip #5- Understand the home buying process**

I really believe that knowledge is power. The better you understand the home buying process the more you can have realistic expectations. With realistic expectations you will reduce your frustration level. A reduced frustration level reduces stress. Less stress makes a more enjoyable buying process. My advice is ask questions and pay attention. Trust the experts.

Read your purchase contract. You are entering into a legal contract. There are timelines that must be adhered to. Ask your real estate agent

questions. It is their job to walk you through this process. Your real estate agent, your lender, your title company, the appraiser are all **your** team. They are working to complete this transaction. Ask them questions. This way you will not have surprises. Do not assume!

You need to understand your purchase contract, the escrow process, and the lending process. These three processes need to be completed to purchase a home.

### **Tip #6- Be responsible and be involved**

There will be many things that your real estate agent will do for you to choreograph the home buying process. That said, you are still ultimately responsible for the purchase. My advice is be proactive.

There is a time period that is provided for you in the contract to investigate the property. This is your responsibility. Your agent will prod you to do this as thoroughly as possible within the allowed time frame. But it is your choice to do so. My advice is use the buyers guide and research the house and neighborhood. This is a big investment, do your homework.

The loan process can make or break a deal. Listen to your lender. Don't quit your job or make a major purchase while the loan is in process. Actually don't make any purchases without checking with your lender. This can disqualify you for your loan. I have seen it happen.

### **Tip #7- Have fun!**

My biggest piece of advice is--**have fun**. Buying a house is an important decision, but it should also be fun. You want a home in which you will raise your family, share your life with someone, and maybe even retire.

I want to be a part of this momentous event. Along with the DPR team I have the knowledge and experience to guide you through the process and have some fun. Let's start searching! Please contact [me](#) with any questions or concerns. You can call me at 480 721-1195. If you want to start looking at properties on line use my [website](#).

## The 10 Commandments of a Buyer

1. *Thou shalt not* change jobs, become self-employed or quit your job.
2. *Thou shalt not* buy a car, truck or van (or you may be living in it)!
3. *Thou shalt not* use charge cards excessively or let your accounts fall behind.
4. *Thou shalt not* spend money you have set aside for closing.
5. *Thou shalt not* omit debts or liabilities from your loan application
6. *Thou shalt not* buy furniture.
7. *Thou shalt not* originate any inquiries into your credit.
8. *Thou shalt not* make large deposits without first checking with your loan officer.
9. *Thou shalt not* change bank accounts.
10. *Thou shalt not* co-sign a loan for anyone.

# ATTENTION HOMEBUYERS!

## DON'T MAKE A MOVE WITHOUT A REALTOR®

*“Finding a home without a REALTOR® is like finding a needle in a haystack.”*

As members of the National Association of REALTORS®, Real Estate Agents are bound by a strict Code of Ethics. Here's why working with a REALTOR® works for you in terms of your interests, convenience, budget and your peace of mind throughout the entire buying process.

- REALTORS® have the most information in one place about what is “on the market,” including homes listed by other REALTORS®. You won't waste time looking at homes that don't fit your needs.
- REALTORS® help you determine what you can afford and what financing options may be open to you.
- REALTORS® help you find the home best suited to your needs – size, style, features, location and accessibility to amenities that are important to you.
- REALTORS® can supply information on real estate values, taxes, utility costs, municipal services and facilities.
- REALTORS® have no emotional ties to a home, can be objective about it and can point out its disadvantages.
- REALTORS® will handle all the negotiations, offers and counter offers with the seller until an agreement is reached, and they will help you through the escrow process.

REPRODUCED WITH PERMISSION OF THE ARIZONA ASSOCIATION OF REALTORS®

# WORKING WITH YOUR REALTOR®

REALTOR®s make their business to provide every service connected with your home search, from expert advice in the early stages through careful monitoring of your closing escrow. The more closely you work with one REALTOR®, the better your needs are known and more effectively you can be served, saving your time and possible grief.

It's a good idea to let your REALTOR® help you look for financing before you start your home search. Sellers will favor an offer from a buyer who has a loan status report (LSR), which includes the lender pre-qualification section completed by a lender with the AAR residential resale real estate purchase contract above a buyer who has only provided the buyer's loan information portion of the LSR. In addition, knowing where you stand concerning how much money a lender will lend you (based on your income and credit rating) put you in a good bargaining position. Be open with your lender about financial information-you are their client and they will keep information confidential.

Whenever you are out looking for a house always ask your REALTOR® to accompany you, whether you are looking at a resale home listed in the Multiple Listing Service (MLS), a "new" home, a "spec" home, or a "For Sale By Owner". Remember, your REALTOR® works for you and will handle the negotiations, protect your interest, and get the best deal possible for you, their boss.

When you have a comfortable fit with your REALTOR®, you may want to secure that relationship with a written agreement. You can accomplish this by completion of an AAR buyer-broker exclusive employment agreement. In this agreement you authorize your broker to accept compensation from the seller or the seller's broker even though your broker represents you!

# CHOOSING YOUR NEXT HOME

Rate the features of each home on a scale of 1 - 5 or N/A (1=Poor 2=Average 3=Good 4=Very Good 5=Excellent)

|                |             |             |              |             |                  |              |
|----------------|-------------|-------------|--------------|-------------|------------------|--------------|
| Address        |             |             | Asking Price | Sq. Ft.     | No. Bdrms/Baths  | Neighborhood |
| Features       | Landscaping | Exterior    | Living Room  | Family Room | Dining Room      | Great Room   |
|                | Bathroom(s) | Master Bdrm | Master Bath  | Other Bdrms | Fireplace        | Pool         |
| Most Memorable |             |             |              |             | First Impression |              |
| Notes          |             |             |              |             |                  | Revisit?     |

|                |             |             |              |             |                  |              |
|----------------|-------------|-------------|--------------|-------------|------------------|--------------|
| Address        |             |             | Asking Price | Sq. Ft.     | No. Bdrms/Baths  | Neighborhood |
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| Most Memorable |             |             |              |             | First Impression |              |
| Notes          |             |             |              |             |                  | Revisit?     |

# THE HOME BUYING PROCESS

## THE HOMEBUYER'S OVERVIEW

**SELECT A LICENSED, QUALIFIED, REAL ESTATE AGENT**

**PRE-QUALIFICATION BY A LENDING INSTITUTION**

**PROPERTY SELECTION**

Resale  
New Construction

**OFFER TO PURCHASE**

**PRESENT OFFER TO SELLER**

Possible counter offer from Seller  
Possible rejection from Seller

**CONTRACT ACCEPTANCE BY SELLER**

Earnest money deposit  
Inspection of property  
Possible contingency after inspection

**MORTGAGE APPLICATION**

Credit report  
Appraisal of property by lender  
Verification of employment and financial background

**UNDERWRITING**

Approval of mortgage application  
Possible rejection of mortgage application

**TITLE COMPANY**

Conducts title search on property  
Reviews and prepares documents for close of escrow

**WALK-THRU**

**CLOSE OF ESCROW**

Signing of mortgage papers  
Recording of documents  
Keys – it's finally yours...CONGRATULATIONS!

# OVERVIEW OF THE LOAN PROCESS

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## **PRE-QUALIFICATION/INTERVIEW**

Application interview and lender obtains all pertinent documentation.

## **ORDER DOCUMENTS**

Order credit report, appraisal on property, verifications of employment, mortgage and/or rent, and funds to close, landlord ratings, and commitment of title insurance.

## **LOAN SUBMISSION**

The entire loan package is assembled and submitted to the underwriter for approval.

## **DOCUMENTATION**

All supporting documents are gathered. Lender checks on any problems. Requests for any additional items are made.

## **LOAN APPROVAL**

Parties are notified of loan approval and conditions.

## **DOCUMENTS ARE DRAWN**

Loan documents are completed and sent to Empire West Title Agency. Borrowers come into Empire West Title Agency for final signatures.

## **FUNDING**

Lender reviews the loan package. Funds are transferred by wire or check to Empire West Title Agency.

## **RECORDING**

Empire West Title Agency records the deed of trust at the Maricopa County Recorder's Office. The recording process officially closes the escrow.

# SELECTING YOUR LENDER

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**The following information will assist you in selecting the lender that best suits your needs:**

## **Researching Your Lender's Qualifications**

- Do ask your lender how long they have been in your specific marketplace.
- Do ask your lender how long they have been in business.
- Does this lender provide a broad package of loans and options?
- How many loans does your lender close within a year?
- What is the lender's reputation within the community it serves?
- How quickly will your lender lock in the rate that is quoted?
- How long will this rate remain locked?

## **The "Do Not"s in the Selection Process**

- Do not assume that interest rates quoted yesterday will be the same tomorrow.
- Do not base your decision to select a loan program on a telephone quote.
- Do not assume that a lending institution has only one loan program to meet your criteria. Lenders can offer many different programs to fit a variety of loan scenarios.

# TYPES OF LOANS

**ADJUSTABLE RATE MORTGAGE:** Adjustable rate mortgages have an interest rate that is adjusted at certain intervals based on a specific index during the life of the loan.

**BALLOON PAYMENT LOAN:** A fixed rate loan that is amortized over 30 years but becomes due and payable at the end of a certain term. May be extendable or may roll-over into another type of loan.

**BUY-DOWN LOAN:** Buy-Down loans are fixed rate loans where the interest rate and the payment are reduced for a specific period of time by paying the interest up front to subsidize the lower payment.

**COMMUNITY HOMEBUYER'S PROGRAM:** A fixed rate loan for the first time buyers with a low down payment (usually 3 to 5%), no cash reserve requirement, and easier qualifying ratios. This loan is subject to the borrower meeting income limits and attending a four-hour training course on home ownership.

**CONVENTIONAL LOAN:** Conventional loans are sometimes more lenient with the appraisal and condition of the property. Conventional loans are not government insured and usually have higher down payment requirements.

**FHA LOANS:** FHA loans are insured by the Federal Housing Administration under H.U.D. They offer a low down payment and are easier to qualify for than conventional loans. Appraisal and property condition rules will be applied and loan amounts limited.

**FIXED RATE LOAN:** A fixed rate loan has one interest rate constant throughout the life of the loan.

**GRADUATED PAYMENT MORTGAGE:** A fixed rate loan that has payments starting lower than a standard fixed rate loan, which then increases by a predetermined amount each year for a set of number of years.

**NON-QUALIFYING LOAN (ASSUMABLE):** Non-qualifying loans are preexisting loans, which can be assumed by a buyer from the seller of a property without going through the qualifying process. The buyer pays the seller for their equity and then starts making payments.

**VA LOAN:** VA loans are guaranteed by the Veterans Administration. A veteran must have served 180 days active service.

# LOAN INFORMATION

## The following information will be needed at your loan application:

- Copy of accepted earnest money contract.
- Residence addresses for the past 2 years (landlord addresses if applicable).
- Name and address of employers for past 2 years with W-2's, 1099's, etc.
- Pay stubs showing gross monthly salary and all deductions, for 1 month period.
- Names, addresses, account numbers, and balances of all checking and savings accounts.
- Last 2 statements on all checking, savings, investments, IRAs, etc., accounts.
- Names, addresses, account numbers, balances, and monthly payments on all open charge accounts.
- Addresses, loan information, and lease agreements on all other real estate owned.
- Estimated value on all furniture, clothing, jewelry, and other personal property.
- Face value and cash value of life insurance, retirement accounts, and profit sharing accounts.
- Certificate of eligibility and/or DD214 for VA loans.
- Money for credit report and appraisal.
- If self-employed, 2 years tax receipts with all schedules, YTD P&L statement with balance prepared by a CPA.
- If incorporated, 2 years corporate tax returns.
- Divorce decree, if applicable.
- Complete bankruptcy papers, if applicable.

# BUYER ATTACHMENT

Document updated:  
February 2011



*This attachment should be given to the Buyer prior to the submission of any offer and is not part of the Residential Resale Real Estate Purchase Contract's terms.*



## ATTENTION BUYER!

*You are entering into a legally binding agreement.*

- 1. Read the entire contract *before* you sign it.
- 2. Review the Residential Seller's Property Disclosure Statement (See Section 4a).
  - This information comes directly from the Seller.
  - Investigate any blank spaces, unclear answers or any other information that is important to you.
- 3. Review the Inspection Paragraph (see Section 6a).

If important to you, hire a qualified:

  - Mold inspector
  - Roof inspector
  - Pest inspector
  - Pool inspector
  - Heating/cooling inspector

Verify square footage (see Section 6b)  
Verify the property is on sewer or septic (see Section 6f)
- 4. Confirm your ability to obtain insurance and insurability of the property during the inspection period with your insurance agent (see Sections 6a and 6e).
- 5. Apply for your home loan now, if you have not done so already, and provide your lender with all requested information (see Section 2f).

It is your responsibility to make sure that you and your lender deliver the necessary funds to escrow in sufficient time to allow escrow to close on the agreed upon date. Otherwise, the Seller may cancel the contract.
- 6. Read the title commitment within five days of receipt (see Section 3c).
- 7. Read the CC&R's and all other governing documents within five days of receipt (see Section 3c), especially if the home is in a homeowner's association.
- 8. Conduct a thorough final walkthrough (see Section 6m). If the property is unacceptable, speak up. After the closing may be too late.

You can obtain information through the Buyer's Advisory at <http://www.aaronline.com>.

**Remember, you are urged to consult with an attorney, inspectors, and experts of your choice in any area of interest or concern in the transaction.** Be cautious about verbal representations, advertising claims, and information contained in a listing. *Verify anything important to you.*

Buyer's Check List

# RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated:  
February 2011



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



## 1. PROPERTY

- 1a. 1. **BUYER:** \_\_\_\_\_ **SAMPLE** \_\_\_\_\_  
BUYER'S NAME(S)
2. **SELLER:** \_\_\_\_\_ **SAMPLE** \_\_\_\_\_ or  as identified in section 9c.  
SELLER'S NAME(S)
3. Buyer agrees to buy and Seller agrees to sell the real property with all improvements, fixtures, and appurtenances thereon  
4. or incidental thereto, plus the personal property described herein (collectively the "Premises").
- 1b. 5. Premises Address: \_\_\_\_\_ Assessor's #: \_\_\_\_\_  
6. City: \_\_\_\_\_ County: \_\_\_\_\_ AZ, Zip Code: \_\_\_\_\_  
7. Legal Description: \_\_\_\_\_
- 1c. 8. \$ \_\_\_\_\_ Full Purchase Price, paid as outlined below  
9. \$ \_\_\_\_\_ Earnest money  
10. \$ \_\_\_\_\_  
11. \$ \_\_\_\_\_  
12. \_\_\_\_\_  
13. \_\_\_\_\_  
14. \_\_\_\_\_
- 1d. 15. **Close of Escrow:** Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office. Buyer  
16. and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow Company all closing documents,  
17. and perform all other acts necessary in sufficient time to allow COE to occur on  
18. \_\_\_\_\_, 20\_\_\_\_ ("COE Date"). If Escrow Company or recorder's office is closed on COE Date,  
MONTH DAY YEAR  
19. COE shall occur on the next day that both are open for business.  
20. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down  
21. payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds to  
22. Escrow Company, in a sufficient amount and in sufficient time to allow COE to occur on COE Date.
- 1e. 23. **Possession:** Seller shall deliver possession, occupancy, existing keys and/or means to operate all locks, mailbox, security  
24. system/alarms, and all common area facilities to Buyer at COE or  \_\_\_\_\_.  
25. Broker(s) recommend that the parties seek appropriate counsel from insurance, legal, tax, and accounting professionals regarding  
26. the risks of pre-possession or post-possession of the Premises.
- 1f. 27. **Addenda Incorporated:**  AS IS  Additional Clause  Assumption and Carryback  Buyer Contingency  Domestic Water Well  
28.  H.O.A.  Lead-Based Paint Disclosure  On-site Wastewater Treatment Facility  Short Sale  
29.  Other: \_\_\_\_\_
- 1g. 30. **Fixtures and Personal Property:** Seller agrees that all existing fixtures on the Premises, and any existing personal property  
31. specified herein, shall be included in this sale, including the following:  
32. • free-standing range/oven • light fixtures • draperies and other window coverings  
33. • ceiling fans • towel, curtain and drapery rods • shutters and awnings  
34. • attached floor coverings • flush-mounted speakers • water-misting systems  
35. • window and door screens, sun screens • storm windows and doors • solar systems  
36. • garage door openers and controls • attached media antennas/ • mailbox  
37. • outdoor landscaping, fountains, and lighting • satellite dishes • central vacuum, hose, and attachments  
38. • pellet, wood-burning or gas-log stoves • attached fireplace equipment • built-in appliances  
39. • storage sheds • timers

>>

**SAMPLE**  
SELLER SELLER

<Initials

Initials>

**SAMPLE**  
BUYER BUYER

**Residential Resale Real Estate Purchase Contract >>**

40. If owned by the Seller, the following items also are included in this sale:
41. • pool and spa equipment (including any mechanical or other cleaning systems)
42. • security and/or fire systems and/or alarms
43. • water softeners
44. • water purification systems
45. **Additional existing personal property included in this sale** (if checked):  refrigerator  washer  dryer as described:
46. \_\_\_\_\_
47. \_\_\_\_\_
48.  Other: \_\_\_\_\_
49. \_\_\_\_\_
50. Additional existing personal property included shall not be considered part of the Premises and shall be transferred with no monetary value, and free and clear of all liens or encumbrances.
51. \_\_\_\_\_
52. Fixtures and leased items NOT included: \_\_\_\_\_
53. **IF THIS IS AN ALL CASH SALE, GO TO SECTION 3.**

**2. FINANCING**

- 2a. 54. **Pre-Qualification:** A completed AAR Pre-Qualification Form  is  is not attached hereto and incorporated herein by reference.
- 2b. 55. **Loan Contingency:** Buyer's obligation to complete this sale is contingent upon Buyer obtaining loan approval for the loan described in the AAR Loan Status Update ("LSU") form without Prior to Document ("PTD") conditions no later than three (3) days prior to the COE Date. If Buyer is unable to obtain loan approval without PTD conditions, Buyer shall deliver a notice of the inability to obtain loan approval without PTD conditions to Seller or Escrow Company no later than three (3) days prior to the COE Date.
- 2c. 59. **Unfulfilled Loan Contingency:** This Contract shall be cancelled and Buyer shall be entitled to a return of the Earnest Money if after diligent and good faith effort, Buyer is unable to obtain loan approval without PTD conditions no later than three (3) days prior to the COE Date. Buyer acknowledges that prepaid items paid separately from earnest money are not refundable.
- 2d. 62. **Interest Rate / Necessary Funds:** Buyer agrees that (i) the inability to obtain loan approval due to the failure to lock the interest rate and "points" by separate written agreement with the lender during the Inspection Period or (ii) the failure to have the down payment or other funds due from Buyer necessary to obtain the loan approval without conditions and close this transaction is not an unfulfilled loan contingency.
- 2e. 66. **Loan Status Update:** Buyer shall deliver to Seller the LSU with at a minimum lines 1-40 completed describing the current status of the Buyer's proposed loan within five (5) days after Contract acceptance and instruct lender to provide an updated LSU to Broker(s) and Seller upon request.
- 2f. 69. **Loan Application:** Unless previously completed, during the Inspection Period, Buyer shall (i) complete, sign and deliver to the lender a loan application and grant lender permission to access Buyer's Trimerged Residential Credit Report; and (ii) provide to lender all initial requested signed disclosures and **Initial Requested Documentation** listed in the LSU on lines 32-35.
- 2g. 72. **Loan Processing During Escrow:** Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with all additional documentation required. **Buyer shall sign all loan documents no later than three (3) days prior to the COE Date.**
- 2h. 74. **Type of Financing:**  Conventional  FHA  VA  USDA  Assumption  Seller Carryback  \_\_\_\_\_  
75. (If financing is to be other than new financing, see attached addendum.)
- 2i. 76. **Loan Costs:** All costs of obtaining the loan shall be paid by the Buyer, unless otherwise provided for herein.
- 2j. 77. **Seller Concessions (If Any):** In addition to the other costs Seller has agreed to pay herein, Seller agrees to pay up to \_\_\_\_\_% of the Purchase Price or \$ \_\_\_\_\_ for Buyer's loan costs including pre-pays, impounds and Buyer's title / escrow closing costs.
- 2k. 79. **VA Loan Costs:** In the event of a VA loan, Seller agrees to pay the escrow fee and up to \$ \_\_\_\_\_ of loan costs not permitted to be paid by the Buyer, in addition to the other costs Seller has agreed to pay herein, including Seller's Concessions.
- 2l. 81. **Changes:** Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in the Pre-Qualification Form if attached hereto or LSU provided within five (5) days after Contract acceptance and shall only make any such changes without the prior written consent of Seller if such changes do not adversely affect Buyer's ability to obtain loan approval without PTD conditions, increase Seller's closing costs, or delay COE.
- 2m. 85. **Appraisal Contingency:** Buyer's obligation to complete this sale is contingent upon an appraisal of the Premises acceptable to lender for at least the purchase price. If the Premises fail to appraise for the purchase price in any appraisal required by lender, Buyer has five (5) days after notice of the appraised value to cancel this Contract and receive a refund of the Earnest Money or the appraisal contingency shall be waived.
- 2n. 89. **Appraisal Fee(s):** Appraisal Fee(s), when required by lender, shall be paid by  Buyer  Seller  Other \_\_\_\_\_  
90. Appraisal Fee(s)  are  are not included in Seller Concessions, if applicable.

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**Residential Resale Real Estate Purchase Contract >>****3. TITLE AND ESCROW**

- 3a. 91. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the  
92. terms of this Contract shall be:
93. \_\_\_\_\_  
"ESCROW/TITLE COMPANY"
94. \_\_\_\_\_  
ADDRESS CITY STATE ZIP
95. \_\_\_\_\_  
EMAIL PHONE FAX
- 3b. 96. **Title and Vesting:** Buyer will take title as determined before COE. Taking title may have significant legal, estate planning and tax  
97. consequences. Buyer should obtain legal and tax advice.
- 3c. 98. **Title Commitment and Title Insurance:** Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller directly,  
99. addressed pursuant to 8t and 9c or as otherwise provided, a Commitment for Title Insurance together with complete and legible copies  
100. of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title Commitment"), including but not limited to  
101. Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and easements. Buyer shall have five (5) days after receipt of the  
102. Title Commitment and after receipt of notice of any subsequent exceptions to provide notice to Seller of any items disapproved. Seller  
103. shall convey title by warranty deed, subject to existing taxes, assessments, covenants, conditions, restrictions, rights of way, easements  
104. and all other matters of record. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's  
105. Title Insurance Policy, or if not available, an ALTA Residential Title Insurance Policy ("Plain Language"/"1-4 units") or, if not available, a  
106. Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire extended coverage at Buyer's own additional  
107. expense. If applicable, Buyer shall pay the cost of obtaining the ALTA Lender Title Insurance Policy.
- 3d. 108. **Additional Instructions:** (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and address of the  
109. Buyer to any homeowner's association in which the Premises is located. (ii) If the Escrow Company is also acting as the title agency  
110. but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to the Buyer and Seller, upon deposit of  
111. funds, a closing protection letter from the title insurer indemnifying the Buyer and Seller for any losses due to fraudulent acts or breach  
112. of escrow instructions by the Escrow Company. (iii) All documents necessary to close this transaction shall be executed promptly by  
113. Seller and Buyer in the standard form used by Escrow Company. Escrow Company shall modify such documents to the extent  
114. necessary to be consistent with this Contract. (iv) Escrow Company fees, unless otherwise stated herein, shall be allocated equally  
115. between Seller and Buyer. (v) Escrow Company shall send to all parties and Broker(s) copies of all notices and communications  
116. directed to Seller, Buyer and Broker(s). (vi) Escrow Company shall provide Broker(s) access to escrowed materials and information  
117. regarding the escrow. (vii) If an Affidavit of Disclosure is provided, Escrow Company shall record the Affidavit at COE.
- 3e. 118. **Tax Prorations:** Real property taxes payable by the Seller shall be prorated to COE based upon the latest tax information available.
- 3f. 119. **Release of Earnest Money:** In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with  
120. Escrow Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of  
121. this Contract in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against  
122. any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or  
123. relating in any way to the release of Earnest Money.
- 3g. 124. **Prorations of Assessments and Fees:** All assessments and fees that are not a lien as of the COE, including homeowner's  
125. association fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on encumbrances,  
126. and service contracts, shall be prorated as of COE or  Other: \_\_\_\_\_
- 3h. 127. **Assessment Liens:** The amount of any assessment, other than homeowner's association assessments, that is a lien as of the  
128. COE, shall be  paid in full by Seller  prorated and assumed by Buyer. Any assessment that becomes a lien after COE is  
129. the Buyer's responsibility.
- 3i. 130. **IRS and FIRPTA Reporting:** Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to complete, sign,  
131. and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident alien pursuant to the  
132. Foreign Investment in Real Property Tax Act ("FIRPTA"). Buyer and Seller acknowledge that if the Seller is a foreign person, the  
133. Buyer must withhold a tax equal to 10% of the purchase price, unless an exemption applies.

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| BUYER         | BUYER |





**Residential Resale Real Estate Purchase Contract >>**

- 6j. 236. **Buyer Disapproval:** If Buyer, in Buyer's sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller notice  
 237. of the items disapproved and state in the notice that Buyer elects to either:  
 238. (1) immediately cancel this Contract and all Earnest Money shall be released to Buyer, or  
 239. (2) provide the Seller an opportunity to correct the items disapproved, in which case:
240. (a) Seller shall respond in writing within five (5) days or \_\_\_\_\_ days after delivery to Seller of Buyer's notice of items  
 241. disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall conclusively be deemed  
 242. Seller's refusal to correct any of the items disapproved.
243. (b) **If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any repairs in a**  
 244. **workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3) days**  
 245. **or \_\_\_\_\_ days prior to COE Date.**
246. (c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel this Contract within five (5) days  
 247. after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs first, and all  
 248. Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as provided,  
 249. Buyer shall close escrow without correction of those items that Seller has not agreed in writing to correct.
250. VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS. Only a written agreement signed by both parties will extend  
 251. response times or cancellation rights.
252. BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN THE  
 253. SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE  
 254. TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.
- 6k. 255. **Notice of Non-Working Warranted Items:** Buyer shall provide Seller with notice of any non-working warranted item(s) of which  
 256. Buyer becomes aware during the Inspection Period or the Seller warranty for that item(s) shall be waived. Delivery of such notice  
 257. shall not affect Seller's obligation to maintain or repair the warranted item(s).
- 6l. 258. **Home Warranty Plan:** Buyer and Seller are advised to investigate the various home warranty plans available for purchase. The  
 259. parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service fees and  
 260. most plans exclude pre-existing conditions.
261.  A Home Warranty Plan will be ordered by  Buyer or  Seller with the following optional coverage  
 262. \_\_\_\_\_, to be issued by \_\_\_\_\_ at a cost not  
 263. to exceed \$ \_\_\_\_\_, to be paid for by  Buyer  Seller  
 264.  Buyer declines the purchase of a Home Warranty Plan.
- 6m. 265. **Walkthrough(s):** Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct walkthrough(s) of the Premises for the  
 266. purpose of satisfying Buyer that any corrections or repairs agreed to by the Seller have been completed, warranted items are in  
 267. working condition and that the Premises is in substantially the same condition as of the date of Contract acceptance. If Buyer does  
 268. not conduct such walkthrough(s), Buyer releases Seller and Broker(s) from liability for any defects that could have been discovered.
- 6n. 269. **Seller's Responsibility Regarding Inspections and Walkthrough(s):** Seller shall make the Premises available for all inspections  
 270. and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on, including any propane,  
 271. until COE to enable Buyer to conduct these inspections and walkthrough(s).

**7. REMEDIES**

- 7a. 272. **Cure Period:** A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any provision  
 273. of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the non-  
 274. compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become a  
 275. breach of Contract.
- 7b. 276. **Breach:** In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the breaching  
 277. party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative Dispute Resolution  
 278. obligations set forth herein. In the case of the Seller, because it would be difficult to fix actual damages in the event of Buyer's  
 279. breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at Seller's option, accept the  
 280. Earnest Money as Seller's sole right to damages; and in the event of Buyer's breach arising from Buyer's failure to deliver the notice  
 281. required by Section 2b, or Buyer's inability to obtain loan approval due to the waiver of the appraisal contingency pursuant to Section  
 282. 2m, Seller shall exercise this option and accept the Earnest Money as Seller's sole right to damages. An unfulfilled contingency is not  
 283. a breach of Contract. The parties expressly agree that the failure of any party to comply with the terms and conditions of Section 1d  
 284. to allow COE to occur on the COE Date, if not cured after a cure notice is delivered pursuant to Section 7a, will constitute a material  
 285. breach of this Contract, rendering the Contract subject to cancellation.

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**Residential Resale Real Estate Purchase Contract >>**

- 7c. 286. **Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this  
 287. Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid  
 288. equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be  
 289. submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an  
 290. arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration  
 291. Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be  
 292. final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction.  
 293. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the  
 294. mediation conference by notice to the other and in such event either party shall have the right to resort to court action.
  
- 7d. 295. **Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought in the  
 296. Small Claims Division of an Arizona Justice Court (up to \$2,500) so long as the matter is not thereafter transferred or removed from  
 297. the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or  
 298. agreement for sale; (iii) an unlawful entry or detainer action; (iv) the filing or enforcement of a mechanic's lien; or (v) any matter that is  
 299. within the jurisdiction of a probate court. Further, the filing of a judicial action to enable the recording of a notice of pending action ("lis  
 300. pendens"), or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the  
 301. obligation to submit the claim to ADR, nor shall such action constitute a breach of the duty to mediate or arbitrate.
  
- 7e. 302. **Attorney Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this  
 303. Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert  
 304. witness fees, fees paid to investigators, and arbitration costs.

**8. ADDITIONAL TERMS AND CONDITIONS**

- 8a. 305. \_\_\_\_\_
- 306. \_\_\_\_\_
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# Buyer Advisory



ARIZONA  
association of  
REALTORS®  
REAL SOLUTIONS. REALTOR® SUCCESS.



## *A Resource for Real Estate Consumers*

*Provided by the Arizona Association of REALTORS®  
and the Arizona Department of Real Estate*

**A real estate agent is vital to the purchase of real property and can provide a variety of services in locating a property, negotiating the sale, and advising the buyer.**

**A real estate agent is generally not qualified to discover defects or evaluate the physical condition of property; however, a real estate agent can assist a buyer in finding qualified inspectors and provide the buyer with documents and other resources containing vital information about a prospective property.**

This Advisory is designed to make the purchase of real property as smooth as possible. Some of the more common issues that a buyer may decide to

investigate or verify concerning a property purchase are summarized in this Advisory. Included in this Advisory are:

1. Common documents a buyer should review;
2. Physical conditions in the property the buyer should investigate; and
3. Conditions affecting the surrounding area that the buyer should investigate.

In addition, a buyer must communicate to the real estate agents in the transaction any special concerns the buyer may have about the property or surrounding area, whether or not those issues are addressed in this Advisory.

### **REMINDER:**

*This Advisory is supplemental to obtaining professional property inspections. Professional property inspections are absolutely essential: there is no practical substitute for a professional inspection as a measure to discover and investigate defects or shortcomings in a property.*

## Table of Contents

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### SECTION 1

#### COMMON DOCUMENTS A BUYER SHOULD REVIEW

|   |   |   |   |   |  |
|---|---|---|---|---|--|
| 3 | Purchase Contract                                 | 4 | Homeowner's Association (HOA) Governing Documents | 5 | Lead-Based Paint Disclosure Form                         |
| 3 | MLS Printout                                      |   |   | 5 | Professional Inspection Report                           |
| 3 | The Subdivision Disclosure Report (Public Report) | 4 | HOA Disclosures                                   | 5 | County Assessors/Tax Records                             |
| 3 | Seller's Property Disclosure Statement (SPDS)     | 4 | Community Facilities District                     | 5 | Termites and Other Wood Destroying Insects and Organisms |
| 3 | Covenants, Conditions and Restrictions (CC&Rs)    | 4 | Title Report or Title Commitment                  | 5 | Foreign Investment in Real Property Tax Act (FIRPTA)     |
|   |   | 4 | Loan Information & Documents                      |   |  |
|   |   | 4 | Home Warranty Policy                              |   |  |
|   |   | 5 | Affidavit of Disclosure                           |   |  |

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### SECTION 2

#### COMMON PHYSICAL CONDITIONS IN THE PROPERTY A BUYER SHOULD INVESTIGATE

|   |  |   |   |   |  |
|---|--|---|---|---|--|
| 6 | Repairs, Remodeling and New Construction                 | 7 | Water/Well Issues (Adjudications, CAGRDs)                       | 8 | Indoor Environmental Concerns (Mold, Chinese Drywall, Radon Gas & Carbon Monoxide, Drug labs, Other) |
| 6 | Square Footage   | 7 | Soil Problems   | 8 | Property Boundaries  |
| 6 | Roof   | 7 | Previous Fire/Flood   | 9 | Flood Insurance / Flood Plain Status   |
| 6 | Swimming Pools and Spas (Barriers)                       | 7 | Pests (Scorpions, Bed bugs, Roof Rats, Termites & Bark Beetles) | 9 | Insurance (Claims History)   |
| 6 | Septic and Other On-Site Wastewater Treatment Facilities | 8 | Endangered & Threatened Species                                 | 9 | Other Property Conditions (Plumbing, Cooling/Heating, Electrical systems)                            |
| 6 | Sewer  | 8 | Deaths & Felonies on the Property                               |   |  |

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### SECTION 3

#### CONDITIONS AFFECTING THE AREA SURROUNDING THE PROPERTY THE BUYER SHOULD INVESTIGATE

|    |   |    |   |    |  |
|----|---|----|---|----|--|
| 9  | Environmental Concerns (Environmentally Sensitive Land Ordinance) | 10 | Freeway Construction & Traffic Conditions | 10 | Military and Public Airports           |
| 10 | Electromagnetic Fields  | 10 | Crime Statistics                          | 11 | Zoning/Planning/ Neighborhood Services |
| 10 | Superfund Sites   | 10 | Sex Offenders                             | 11 | Schools                                |
|    |   | 10 | Forested Areas                            | 11 | City Profile Report                    |

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### SECTION 4

#### OTHER METHODS TO GETTING INFORMATION ABOUT A PROPERTY

|    |                       |    |                               |
|----|-----------------------|----|-------------------------------|
| 11 | Talk to the Neighbors | 11 | Drive around the Neighborhood |
|----|-----------------------|----|-------------------------------|

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### SECTION 5

#### RESOURCES

|    |                                |    |   |
|----|--------------------------------|----|---|
| 11 | Market Conditions Advisory     | 12 | Additional Information Services: NATIONAL ASSOCIATION OF REALTORS®, Arizona Government, Arizona Department of Real Estate, and Arizona Association of REALTORS® |
| 12 | Fair Housing & Disability Laws |    |   |

#### BUYER ACKNOWLEDGMENT p.13

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## Section 1

# COMMON DOCUMENTS A BUYER SHOULD REVIEW

*The documents listed below may not be relevant in every transaction, nor is the list exhaustive. Unless otherwise stated, the real estate agent has not independently verified the information contained in these documents.*

## 1 Purchase Contract

Buyers should protect themselves by taking the time to read the real estate purchase contract and understand their legal rights and obligations before they submit an offer to buy a property.

<http://bit.ly/1piCoUF>

(AAR Sample Residential Resale Purchase Contract)

## 2 MLS Printout

A listing is a contractual agreement between the seller and the listing broker and may authorize the broker to submit information to the Multiple Listing Service (MLS). The MLS printout is similar to an advertisement. Neither the listing agreement nor the printout is a part of the purchase contract between the buyer and seller. The information in the MLS printout was probably secured from the seller, the builder, or a governmental agency, and could be inaccurate, incomplete or an approximation. Therefore, the buyer should verify any important information contained in the MLS.

## 3 The Subdivision Disclosure Report (Public Report)

A Subdivision Disclosure Report (Public Report) is intended to point out material information about a subdivision. Subdividers (any person who offers for sale or lease six or more lots in a subdivision or who causes land to be divided into a subdivision) are required to give buyers a Public Report. Read the Public Report before signing any contract to purchase property in a subdivision. Although some of the information may become outdated, subsequent buyers can also benefit from reviewing the Public Report. Public Reports dating from January 1, 1997, are available on the Arizona Department of Real Estate (ADRE) website.

<http://services.azre.gov/publicdatabase/SearchDevelopments.aspx>  
(ADRE Search Developments)

<http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx>  
(ADRE Property Buyer's Checklist)

ADRE does not verify the information in the Public Report. Therefore, the Report could be inaccurate so it should be verified by buyer.

## 4 Seller's Property Disclosure Statement (SPDS)

Most sellers provide a SPDS. This document poses a variety of questions for the seller to answer about the property and its condition. The real estate broker is not responsible for verifying the accuracy of the items on the SPDS; therefore, a buyer should carefully review the SPDS and verify those statements of concern.

<http://bit.ly/1AkzsL5> (AAR Sample SPDS)

<http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx>  
(ADRE Property Buyer's Checklist)

## 5 Covenants, Conditions and Restrictions (CC&Rs)

The CC&Rs are recorded against the property and generally empower a homeowner's association to control certain aspects of property use within the development. By purchasing a property in such a development, the buyer agrees to be bound by the CC&Rs. The association, the property owners as a whole, and individual property owners can enforce the contract. It is essential that the buyer review and agree to these restrictions prior to purchasing a property.

<http://www.realtor.com/BASICS/condos/ccr.asp>  
(NATIONAL ASSOCIATION OF REALTORS®)

<http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx>  
(ADRE Property Buyer's Checklist)

## ADRE ADVISES:

*“Read the deed restrictions, also called CC&Rs (covenants, conditions and restrictions). You might find some of the CC&Rs are very strict.”*

*Buyers should consult legal counsel if uncertain of the application of particular provisions in the CC&Rs.*

## 6 Homeowners Association (HOA) Governing Documents

In addition to CC&Rs, HOAs may be governed by Articles of Incorporation, Bylaws, Rules and Regulations, and often architectural control standards. Read and understand these documents. Also, be aware that some HOAs impose fees that must be paid when the property is sold, so ask if the purchase of the property will result in any fees. Condominium and planned community HOAs are regulated by Arizona statutes. They are not under the jurisdiction of the Department of Real Estate.

<http://bit.ly/1mSfOOn>

(Chapter 16 and 18 of the Arizona Revised Statutes—Title 33)

<http://bit.ly/1rCq9kd> (ADRE HOA Information)

## 7 HOA Disclosures

If purchasing a resale home in a condominium or planned community, the seller (if fewer than 50 units in the community) or the HOA (if there are 50 or more units) must provide the buyer with a disclosure containing a variety of information.

<http://www.azleg.state.az.us/ars/33/01260.htm>

<http://www.azleg.state.az.us/ars/33/01806.htm>

(Arizona Revised Statutes)

## 8 Community Facilities District

The Arizona Community Facilities District Act allows for the formation of a community facilities district (CFD) by a municipality or county for the purpose of constructing or acquiring a public infrastructure. It is important when purchasing property to determine whether it falls within the boundaries of a CFD as this may result in an additional tax burden upon the owner. While the presence of a CFD may be noted on the Residential Seller’s Property Disclosure Statement, prospective buyers can further investigate the issue by contacting the treasurer’s office or assessor’s office for the county in which the property is located.

## 9 Title Report or Title Commitment

The title report or commitment contains important information and is provided to the buyer by the title/escrow company or agent. This report or commitment lists documents that are exceptions to the title insurance (Schedule B Exceptions). Schedule B Exceptions may include encumbrances, easements, and liens against the property, some of which may affect the use of the property, such as a future addition or swimming pool. Make sure you receive and review all of the listed documents. Questions about the title commitment and Schedule B documents may be answered by the title or escrow officer, legal counsel, or a surveyor.

[www.alta.org/consumer/questions.cfm](http://www.alta.org/consumer/questions.cfm)

(American Land Title Association)

<http://www.azinsurance.gov/>

(Arizona Department of Insurance)

## 10 Loan Information and Documents

Unless a buyer is paying cash, the buyer must qualify for a loan in order to complete the purchase. A buyer should complete a loan application with a lender before making an offer on a property if at all possible and, if not, immediately after making an offer. It will be the buyer’s responsibility to deposit any down payment and ensure that the buyer’s lender deposits the remainder of the purchase price into escrow prior to the close of escrow date. Therefore, make sure you get all requested documentation to your lender as soon as possible.

<http://1.usa.gov/1tfzFvP> (Ginnie Mae Consumer Information)

<http://1.usa.gov/1uNYamL> (HUD)

<http://www.homeloanlearningcenter.com/default.htm>

(Mortgage Bankers Association)

[http://www.namb.org/namb/Home\\_Buyers\\_Home.asp](http://www.namb.org/namb/Home_Buyers_Home.asp)

(National Association of Mortgage Brokers)

## 11 Home Warranty Policy

A home warranty [policy] is a service contract that typically covers the repair and/or replacement costs of home appliances and major systems such as heating, cooling, plumbing, and possibly other components of a home that fail due to normal usage and age. Coverage varies depending on the policy. Be aware that pre-existing property conditions are generally not covered. A home warranty may be part of the sale of the home. If so, buyers should

thoroughly read the home warranty contract to understand coverage, limitations, exclusions, and costs associated with the policy.

## 12 Affidavit of Disclosure

If the buyer is purchasing five or fewer parcels of land (whether improved or vacant), other than subdivided land, in an unincorporated area of a county, the seller must furnish the buyer with an Affidavit of Disclosure.

<http://bit.ly/1p6CjDO>  
(AAR Sample Affidavit of Disclosure)

## 13 Lead-Based Paint Disclosure Form

If the home was built prior to 1978, the seller must provide the buyer with a lead-based paint disclosure form. Buyer is further advised to use certified contractors to perform renovation, repair or painting projects that disturb lead-based paint in residential properties built before 1978 and to follow specific work practices to prevent lead contamination.

<http://www2.epa.gov/lead>, <http://1.usa.gov/1uO5wGS> (EPA)  
<http://bit.ly/1rCq9kd> (ADRE Lead Based Paint Information)

## 14 Professional Inspection Report

The importance of having a property inspected by a professional inspector cannot be over-emphasized. An inspection is a visual physical examination, performed for a fee, designed to identify material defects in the property. The inspector will generally provide the buyer with a report detailing information about the property's condition. The buyer should carefully review this report with the inspector and ask the inspector about any item of concern. Pay attention to the scope of the inspection and any portions of the property excluded from the inspection.

[www.btr.state.az.us](http://www.btr.state.az.us) (BTR – List of Certified Inspectors)  
<http://www.azashi.com/articles> (Additional Information)  
<http://bit.ly/XvwS2X> (NAR – Guidance for Hiring an Inspector)

## 15 County Assessors/Tax Records

The county assessor's records contain a variety of valuable information, including the assessed value of the property for tax purposes and some of the physical aspects of the property, such as the reported square footage. The date built information in the assessor's records can be either the actual or effective/weighted age if the

residence has been remodeled. All information on the site should be verified for accuracy.

|  |  |
|--|--|
| Apache:<br><a href="http://bit.ly/1AsrXSi">http://bit.ly/1AsrXSi</a>         | Cochise:<br><a href="http://bit.ly/1oUS7ok">http://bit.ly/1oUS7ok</a>        |
| Coconino:<br><a href="http://1.usa.gov/1n2zoY0">http://1.usa.gov/1n2zoY0</a> | Gila:<br><a href="http://bit.ly/Yq3bV9">http://bit.ly/Yq3bV9</a>             |
| Graham:<br><a href="http://1.usa.gov/1oUTsLP">http://1.usa.gov/1oUTsLP</a>   | Greenlee:<br><a href="http://bit.ly/1md668Y">http://bit.ly/1md668Y</a>       |
| La Paz:<br><a href="http://bit.ly/1BuxdWY">http://bit.ly/1BuxdWY</a>         | Maricopa:<br><a href="http://1.usa.gov/1pWx1tF">http://1.usa.gov/1pWx1tF</a> |
| Mohave:<br><a href="http://bit.ly/Yq6nAj">http://bit.ly/Yq6nAj</a>           | Navajo:<br><a href="http://bit.ly/1pWxgVA">http://bit.ly/1pWxgVA</a>         |
| Pima:<br><a href="http://1.usa.gov/1oUUVeF">http://1.usa.gov/1oUUVeF</a>     | Pinal:<br><a href="http://1.usa.gov/1rOIQ8r">http://1.usa.gov/1rOIQ8r</a>    |
| Santa Cruz:<br><a href="http://bit.ly/1yRYwXl">http://bit.ly/1yRYwXl</a>     | Yavapai:<br><a href="http://bit.ly/1AsANj5">http://bit.ly/1AsANj5</a>        |
| Yuma:<br><a href="http://bit.ly/1tgCImE">http://bit.ly/1tgCImE</a>           |  |

## 16 Termites and Other Wood Destroying Insects and Organisms

Termites are commonly found in some parts of Arizona. The Office of Pest Management (OPM) regulates pest inspectors and can provide the buyer with information regarding past termite treatments on a property.

<http://opm.azda.gov> (Office of Pest Management)  
<http://tarf.sb.state.az.us>  
(Obtain a Termite History Report on a Property)  
[www.sb.state.az.us/Termitelnspphp](http://www.sb.state.az.us/Termitelnspphp) (What You Should Know about Wood-Destroying Insect Inspection Reports)  
[www.sb.state.az.us/index.php](http://www.sb.state.az.us/index.php)  
(Additional Information on Pest Management)

## 17 Foreign Investment in Real Property Tax Act (FIRPTA)

Foreign Investment in Real Property Tax Act (FIRPTA) may impact the purchase of property if the legal owner(s) of the property are foreign persons or non-resident aliens pursuant to FIRPTA. If so, consult a tax advisor as mandatory withholding may apply.

<http://1.usa.gov/1ldMdnq> (I.R.S. FIRPTA Definitions)  
[www.irs.gov/Individuals/International-Taxpayers/FIRPTA-Withholding](http://www.irs.gov/Individuals/International-Taxpayers/FIRPTA-Withholding)  
(I.R.S. FIRPTA Information)

## Section 2

# COMMON PHYSICAL CONDITIONS IN THE PROPERTY A BUYER SHOULD INVESTIGATE

*Because every buyer and every property is different, the physical property conditions requiring investigation will vary.*

### 1 Repairs, Remodeling and New Construction

The seller may have made repairs or added a room to the property. The buyer should feel comfortable that the work was properly done or have an expert evaluate the work. Request copies of permits, invoices or other documentation regarding the work performed.

<http://www.azroc.gov/Acrobat/News/homeownersinfo.pdf>  
(10 Tips for Hiring a Contractor)

[www.greaterphoenixnari.org](http://www.greaterphoenixnari.org) (National Association of Remodeling Industry – Phoenix Chapter)

<http://www.nariofsouthernarizona.memberlodge.com/>  
(National Association of Remodeling Industry – Southern Arizona Chapter)

<https://apps-secure.phoenix.gov/PDD/Search/Permits>  
(City of Phoenix – Building Permit Records)

### 2 Square Footage

Square footage on the MLS printout or as listed by the county assessor's records is often only an estimate and generally should not be relied upon for the exact square footage in a property. An appraiser or architect can measure the property's size to verify the square footage. If the square footage is important, you should have it confirmed by one of these experts during the inspection period in a resale transaction and prior to executing a contract in a new home transaction.

<https://boa.az.gov/directories/appraiser>  
(Arizona Board of Appraisals – List of Appraisers)

[www.btr.state.az.us](http://www.btr.state.az.us)  
(Board of Technical Registration – List of Appraisers)

### 3 Roof

If the roof is 10 years old or older, a roof inspection by a licensed roofing contractor is highly recommended.

[www.azroofing.org](http://www.azroofing.org)  
(Arizona Roofing Contractors Association)

[www.azroc.gov/Acrobat/News/homeownersinfo.pdf](http://www.azroc.gov/Acrobat/News/homeownersinfo.pdf)  
(Hiring a Licensed Contractor)

### 4 Swimming Pools and Spas

If the property has a pool or a spa, the home inspector may exclude the pool or spa from the general inspection so an inspection by a pool or spa company may be necessary.

**Barriers:** Further, each city and county has its own swimming pool barrier ordinance.

[www.aaronline.com/documents/pool\\_contacts.aspx](http://www.aaronline.com/documents/pool_contacts.aspx) (AAR)

[http://azdh.gov/phs/oe/pool\\_rules.htm](http://azdh.gov/phs/oe/pool_rules.htm)  
(Arizona Department of Health Services)

[www.azleg.state.az.us/ars/36/01681.htm](http://www.azleg.state.az.us/ars/36/01681.htm)  
(Arizona Revised Statutes)

### 5 Septic and Other On-Site Wastewater Treatment Facilities

If the home is not connected to a public sewer, it is probably served by an on-site wastewater treatment facility (septic or alternative system). A qualified inspector must inspect any such facility within six months prior to transfer of ownership. For information on current inspection and transfer of ownership requirements, contact the specific county environmental/health agency where the property is located or the Arizona Department Environmental Quality (ADEQ).

<http://bit.ly/1DnuAr7> (ADEQ)

<http://az.gov/app/own/home.xhtml>  
(File a Notice of Transfer Online)

### 6 Sewer

Even if the listing or SPDS indicates that the property is connected to the city sewer, a plumber, home inspector, or other professional should verify it. Some counties and cities can perform this test as well.

## 7 Water/Well Issues

You should investigate the availability and quality of the water to the property.

<http://bit.ly/1rj4DFW> or <http://bit.ly/VAuDO8>  
(Wells & Assured/Adequate Water Information)

**Adjudications:** Arizona is undertaking several Stream Adjudications, which are court proceedings to determine the extent and priority of water rights in an entire river system.

For information regarding water uses and watersheds affected by these adjudications, and the forms upon sale of the property, visit the Department of Water Resources online.

<http://bit.ly/1AsX14w>  
(Department of Water Resources – Adjudications)

Additionally, the Verde Valley Water Users assists members in matters pertaining to the Gila River System Adjudication.

[www.verdevalleywaterusers.org](http://www.verdevalleywaterusers.org) (Verde Valley Water Users Association)

**CAGRDs:** The Central Arizona Groundwater Replenishment District (CAGRD) functions to replenish groundwater used by its members, individual subdivisions (“member lands”) and service areas of member water providers (“member service areas”). Homeowners in a CAGRD pay an annual assessment fee which is collected through the county property tax process based on the amount of groundwater served to member homes.

[www.cagrd.com](http://www.cagrd.com)  
(Central Arizona Ground Water Replenishment District)

## 8 Soil Problems

The soil in some areas of Arizona has “clay-like” tendencies, sometimes referred to as “expansive soil.”

Other areas are subject to fissure, subsidence and other soil conditions.

Properties built on such soils may experience significant movement causing a major problem. If it has been disclosed that the property is subject to any such soil conditions or if the buyer has any concerns about the soil condition or observes evidence of cracking, the buyer should secure an

independent assessment of the property and its structural integrity by a licensed, bonded, and insured professional engineer.

<http://www.re.state.az.us/PublicInfo/Fissures.aspx>  
(ADRE – Overview of Arizona Soils)

[http://www.azgs.az.gov/hazards\\_problemsoils.shtml](http://www.azgs.az.gov/hazards_problemsoils.shtml)  
(Arizona’s Swelling & Shrinking Soils)

<http://azgs.az.gov/efmaps.shtml> (Area Maps)

<http://bit.ly/XvZEE0> (Information on Land Subsidence & Earth Fissures)

[www.btr.state.az.us](http://www.btr.state.az.us) (State Certified Engineers & Firms)

## 9 Previous Fire/Flood

If it is disclosed there has been a fire or flood on the property, a qualified inspector should be hired to advise you regarding any possible future problems as a result of the fire or flood damage and/or any subsequent repairs. For example, if the property was not properly cleaned after a flood, mold issues may result. Your insurance agent may be able to assist you in obtaining information regarding fire, flood, or other past damage to the property.

## 10 Pests

Cockroaches, rattlesnakes, black widow spiders, scorpions, termites and other pests are common in parts of Arizona. Fortunately, most pests can be controlled with pesticides.

**Scorpions:** Scorpions, on the other hand, may be difficult to eliminate. If the buyer has any concerns or if the SPDS indicates the seller has seen scorpions or other pests on the property, seek the advice of a pest control company.

**Bed bugs:** Infestations are on the rise in Arizona and nationally.

**Roof Rats:** Roof Rats have been reported in some areas by Maricopa County Environmental Services.

**Termites:** Consumer Information available from the Office of Pest Management (OPM).

**Bark Beetles:** OPM reports bark beetles have been reported in some forested areas.

[www.desertusa.com/oct96/du\\_scorpion.html](http://www.desertusa.com/oct96/du_scorpion.html)  
(Information on Scorpions)

<http://1.usa.gov/1p7xLx6> (Information on Bed Bugs)

<http://www.cdc.gov/parasites/bedbugs/> (FAQ's)

<http://www2.epa.gov/bedbugs>

(Bed Bugs: Get Them Out and Keep Them Out)

<http://1.usa.gov/1ldZKLP> (Maricopa County Roof Rats)

<http://www.sb.state.az.us/ReTermites.php> (Termite Information)

<http://www.sb.state.az.us/BarkBeetles.php>

(Bark Beetle Information)

## 11 Endangered & Threatened Species

Certain areas in the state may have issues related to federally listed endangered or threatened species that may affect land uses. Further information may be obtained on the U.S. Fish and Wildlife website or by contacting the appropriate planning/development service department.

<http://www.fws.gov/southwest/es/arizona/> (Arizona Ecological Services)

<http://www.fws.gov/endangered/map/state/AZ.html>

(Arizona Endangered Species)

## 12 Deaths and Felonies on the Properties

Arizona law states that sellers and real estate licensees have no liability for failure to disclose to a buyer that the property was ever the site of a natural death, suicide, murder or felony.

This information is often difficult to uncover; however, the local law enforcement agency may be able to identify calls made to a property address.

[www.azleg.state.az.us/ars/32/02156.htm](http://www.azleg.state.az.us/ars/32/02156.htm) (Arizona Revised Statutes)

## 13 Indoor Environmental Concerns

**Mold:** Mold has always been with us, and it is a rare property that does not have some mold. However, over the past few years a certain kind of mold has been identified as a possible contributor to illnesses. Allergic individuals may experience symptoms related to mold.

**The Arizona Department of Health Services, Office of Environmental Health, states:**

*"If you can see mold, or if there is an earthy or musty odor, you can assume you have a mold problem."*

**Chinese Drywall:** There have been a few reports of Chinese Drywall used in Arizona homes. Visit the Consumer Product Safety Commission website for more information.

**Radon Gas and Carbon Monoxide:** Radon gas and carbon monoxide poisoning are two of the more common and potentially serious indoor air quality (IAQ) concerns. Both of these concerns can be addressed by the home inspector, usually for an additional fee. For information on radon levels in the state, visit Arizona Radiation Regulatory Agency online.

**Drug labs:** Unremediated meth labs and other dangerous drug labs must be disclosed to buyers by Arizona law. A list of unremediated properties and a list of registered drug laboratory site remediation firms can be found online.

**Other:** For information on other indoor environmental concerns, the EPA has a host of resource materials and pamphlets online.

<http://1.usa.gov/XylGgu> (Indoor Air Quality Info Sheet)

[www.epa.gov/mold](http://www.epa.gov/mold) (EPA)

<http://www.epa.gov/iaq/pubs/index.html>  
(Publications & Resources)

[www.cdc.gov/mold](http://www.cdc.gov/mold) (Mold Information)

<http://www.cpssc.gov/info/drywall/where.html>  
(Drywall Information Center)

[www.azrra.gov/radon/index.html](http://www.azrra.gov/radon/index.html) (About Radon)

<http://www2.epa.gov/asbestos> (Asbestos Information)

<https://btr.az.gov/drug-lab-site-clean>

(Unremediated - Search Public List and for Remediation Firms)

## 14 Property Boundaries

If the property boundaries are of concern, a survey may be warranted. For example, a survey may be advisable if there is an obvious use of property by others (i.e., a well-worn path across a property and/or parked cars on the property) or fences or structures of adjacent property owners that appear to be built on the property. For more information, visit the Arizona Professional Land Surveyors online. A list of surveyors may be obtained online from the Board of Technical Registration.

<http://www.azpls.org/> (AZ Professional Land Surveyors)

[www.btr.state.az.us](http://www.btr.state.az.us) (AZ Land Surveyors)

## 15 Flood Insurance/Flood Plain Status

Your mortgage lender may require you to purchase flood insurance in connection with your purchase of the property. The National Flood Insurance Program provides for the availability of flood insurance and established flood insurance policy premiums based on the risk of flooding in the area where properties are located. Changes to the federal law (The Biggert-Waters Flood Insurance Reform Act of 2012 and the Homeowner Flood Insurance Affordability Act of 2014, in particular) will result in changes to flood insurance premiums that are likely to be higher, and in the future may be substantially higher, than premiums paid for flood insurance prior to or at the time of sale of the property. As a result, purchasers of property should not rely on the premiums paid for flood insurance on the property previously as an indication of the premiums that will apply after completion of the purchase. In considering purchase of the property you should consult with one or more carriers of flood insurance for a better understanding of flood insurance coverage, current and anticipated future flood insurance premiums, whether the prior owner's policy may be assumed by a subsequent purchase of the property, and other matters related to the purchase of flood insurance for the property. You may also wish to contact the Federal Emergency Management Agency (FEMA) for more information about flood insurance as it relates to the property.

<http://www.coconino.az.gov/index.aspx?nid=641> (Flood Advisory)

<http://coconino.az.gov/index.aspx?NID=976> (Flood Preparedness)

<http://www.fcd.maricopa.gov/index.aspx> (Maricopa County)

<http://www.fcd.maricopa.gov/Floodplain/zone.aspx>  
(Floodplain Information -Maricopa County)

<http://pdsd.tucsonaz.gov/pdsd/floodplain-information>  
(Tucson Flood Information)

<http://az-santacruzcounty.civicplus.com/238/Flood-Control>  
(Santa Cruz County Flood Control Information)

**Other Arizona Counties:** Consult County Websites.

[www.azgs.az.gov/hazards\\_flood.shtml](http://www.azgs.az.gov/hazards_flood.shtml) (Floods & Debris Flow)

<https://msc.fema.gov/portal> (Flood Map Service Center)

[www.floodsmart.gov](http://www.floodsmart.gov) (National Insurance Program)

## 16 Insurance (Claims History)

Many factors affect the availability and cost of homeowner's insurance. Property owners may request a five year claims history from their insurance company, an insurance support organization or consumer reporting agency.

<http://www.azinsurance.gov/consumeratohome.html>  
(AZ Department of Insurance)

<http://bit.ly/VDP15E> (Home Seller's Disclosure Report)

## 17 Other Property Conditions

**Plumbing:** Check functionality.

**Cooling/Heating:** Make sure the cooling and heating systems are adequate.

[www.acca-az.org](http://www.acca-az.org)

(Air Conditioning Contractors of America – AZ State Chapter)

**Electrical systems:** Check for function and safety.

## Section 3

# CONDITIONS AFFECTING THE AREA SURROUNDING THE PROPERTY THE BUYER SHOULD INVESTIGATE

*Every property is unique; therefore, important conditions vary.*

## 1 Environmental Concerns

It is often very difficult to identify environmental hazards. The Arizona Department of Environmental Quality (ADEQ) website contains environmental information regarding the locations of open and closed landfills (Solid Waste Facilities), wildfire

information, as well as air and water quality information (and more).

[www.adeq.state.az.us](http://www.adeq.state.az.us) (ADEQ)

<http://www.azdeq.gov/environ/waste/solid/index.html>  
(ADEQ-Solid Waste Facilities)

[www.azdeq.gov/function/programs/wildfire.html](http://www.azdeq.gov/function/programs/wildfire.html)  
(Wildfire Information)

### **Environmentally Sensitive Land Ordinance:**

Approximately two-thirds of the City of Scottsdale is affected by the Environmentally Sensitive Land Ordinance (ESLO), which requires some areas on private property be retained in their natural state and designated as National Area Open Space (NAOS).

<http://www.scottsdaleaz.gov/codes/eslo>  
(Environmentally Sensitive Land Ordinance)

<http://www.scottsdaleaz.gov/codes/eslo/naos>  
(Natural Area Open Space)

## **2 Electromagnetic Fields**

For information on electromagnetic fields, and whether they pose a health risk to you or your family, visit the National Institute of Environmental Health Sciences website.

[www.niehs.nih.gov/health/topics/agents/emf/](http://www.niehs.nih.gov/health/topics/agents/emf/)  
(National Institute of Environmental Health Sciences)

## **3 Superfund Sites**

There are numerous sites in Arizona where the soil and groundwater have been contaminated by improper disposal of contaminants. Maps may be viewed on ADEQ's website to see if a property is in an area designated by the ADEQ as requiring cleanup.

[www.epa.gov/superfund/](http://www.epa.gov/superfund/) (EPA), <http://1.usa.gov/1u7YI72> (Spanish)  
<http://www.azdeq.gov/> (ADEQ)

## **4 Freeway Construction and Traffic Conditions**

Although the existence of a freeway near the property may provide highly desirable access, sometimes it contributes to undesirable noise. To search for roadway construction and planning, visit the Arizona Department of Transportation (ADOT) website.

[www.azdot.gov](http://www.azdot.gov) (ADOT)

[www.azdot.gov/Highways](http://www.azdot.gov/Highways) (Statewide Projects)

[www.az511.com](http://www.az511.com) (Traffic Conditions – Alerts)

## **5 Crime Statistics**

Crime statistics, an imperfect measurement at best, provide some indication of the level of criminal activity in an area.

<http://1.usa.gov/1kSEpHc> (Phoenix Crime Statistics)

<http://tpdinternet.tucsonaz.gov/Stats/> (Tucson Crime Stats)

[www.leagueaz.org/lcd](http://www.leagueaz.org/lcd) (Crime Statistics All Arizona Cities)

## **6 Sex Offenders**

Since June 1996, Arizona has maintained a registry and community notification program for convicted sex offenders. Prior to June 1996, registration was not required, and only the higher-risk sex offenders are on the website. The presence of a sex offender in the vicinity of the property is not a fact that the seller or real estate agent is required to disclose.

[www.azdps.gov/Services/Sex\\_Offender/](http://www.azdps.gov/Services/Sex_Offender/)  
(Convicted Sex Offenders – Registry & Community Program Notification)

<http://www.nsopw.gov/en> (National Sex Offender Public Site)

## **7 Forested Areas**

Life in a forested area has unique benefits and concerns. Contact county/city fire authority for more information on issues particular to a community.

[www.azsf.az.gov](http://www.azsf.az.gov) or [www.firewise.org](http://www.firewise.org)  
(Protecting Your Property from Wildfire)

<http://cals.arizona.edu/firewise>  
(Arizona Fire Wise Communities)

## **8 Military and Public Airports**

The legislature has mandated the identification of areas in the immediate vicinity of military and public airports that are susceptible to a certain level of noise from aircraft. The boundaries of these areas have been plotted on maps that are useful in determining if a property falls within one of these areas. The maps for military and public airports may be accessed on the Arizona Department of Real Estate (ADRE) website. Additionally, the boundaries of military and public airports in Maricopa County may be viewed on the county website. These maps are intended to show the area subject to a preponderance of airport-related noise from a given airport. Periodic over-flights that may contribute to noise cannot usually be determined from these maps.

Vacant land or lots may be for sale within areas of high noise or accident potential zones. Because the zoning of these lots may conflict with the buyer's ability to develop the property, the buyer should verify whether development is prohibited.

Zoning regulations for these areas, may be found at A.R.S. §28-8481.

<http://www.re.state.az.us/AirportMaps/MilitaryAirports.aspx>  
(ADRE - Maps of Military Airports & Boundaries)

[www.re.state.az.us/AirportMaps/PublicAirports.aspx](http://www.re.state.az.us/AirportMaps/PublicAirports.aspx)  
(ADRE - Maps of Public Airports & Boundaries)

## 9 Zoning/Planning/Neighborhood Services

Information may be found on community websites.

<http://phoenix.gov/business/zoning> (Phoenix)

[www.ci.tucson.az.us/planning.html](http://www.ci.tucson.az.us/planning.html) (Tucson)

[www.azleague.org](http://www.azleague.org) (Other Cities and Towns)

## 10 Schools

Although there is no substitute for an on-site visit to the school to talk with principals and teachers, there is a significant amount of information about Arizona's schools on the Internet. Visit the Arizona Department of Education website for more information.

<http://www.azed.gov/> (Arizona Department of Education)

### ADRE ADVISES:

*"Call the school district serving the subdivision to determine whether nearby schools are accepting new students. Some school districts, especially in the northwest part of the greater Phoenix area, have placed a cap on enrollment. You may find that your children cannot attend the school nearest you and may even be transported to another community."*

[www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx](http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx) (ADRE)

## 11 City Profile Report

Information on demographics, finances and other factors are drawn from an array of sources, such as U.S. Census Bureau, Bureau of Labor, Internal Revenue Service, Federal Bureau of Investigation, and the National Oceanic and Atmospheric Administration and may be viewed on Homefair's Website.

<http://www.homefair.com/real-estate/city-profile/index.asp>  
(City Profile Report)

## Section 4

# OTHER METHODS OF GETTING INFORMATION ABOUT A PROPERTY

### Talk to the Neighbors

Neighbors can provide a wealth of information. Buyers should always talk to the surrounding residents about the neighborhood and the history of the property the buyer is considering for purchase.

### Drive around the Neighborhood

Buyers should always drive around the neighborhood, preferably on different days at several different times of the day and evening, to investigate the surrounding area.

## Section 5

# RESOURCES

### Market Conditions Advisory

The real estate market is cyclical and real estate values go up and down. The financial market also changes, affecting the terms on which a lender will agree to loan money on real property. It is impossible

to accurately predict what the real estate or financial market conditions will be at any given time.

The ultimate decision on the price a buyer is willing to pay and the price a seller is willing to accept for a specific property rests solely with the individual buyer or seller. The parties to a real estate transaction must

decide on what price and terms they are willing to buy or sell in light of market conditions, their own financial resources and their own unique circumstances.

The parties must, upon careful deliberation, decide how much risk they are willing to assume in a transaction. Any waiver of contingencies, rights or warranties in the Contract may have adverse consequences. Buyer and seller acknowledge that they understand these risks.

Buyer and Seller assume all responsibility should the return on investment, tax consequences, credit effects, or financing terms not meet their expectations. The parties understand and agree that the Broker(s) do not provide advice on property as an investment. Broker(s) are not qualified to provide financial, legal, or tax advice regarding a real estate transaction. Therefore, Broker(s) make no representation regarding the above items. Buyer and seller are advised to obtain professional tax and legal advice regarding the advisability of entering into this transaction.

<http://bit.ly/1sTprj> (AAR - Sample Forms)

## Fair Housing & Disability Laws

The Fair Housing Act prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with people securing custody of children under the age of 18), and handicap (disability).

<http://1.usa.gov/1pbD5iW> (US Government – HUD)

<http://www.ada.gov/pubs/ada.htm>  
(Americans with Disabilities Act)

## Additional Information

**NATIONAL ASSOCIATION OF REALTORS® (NAR)**

[www.realtor.org](http://www.realtor.org)

**NAR'S Ten Steps To Homeownership**

<http://bit.ly/YweGug>

**Home Closing 101**

[www.homeclosing101.org](http://www.homeclosing101.org)

## Information About Arizona Government, State Agencies, City & County Websites

**Geographic Information System (GIS)**

**Maps and Information**

[www.azgs.az.gov/publications.shtml](http://www.azgs.az.gov/publications.shtml)

**Arizona Department of Real Estate  
Consumer Information**

[www.azre.gov/InfoFor/Consumers.aspx](http://www.azre.gov/InfoFor/Consumers.aspx)

**Arizona Association of REALTORS®**

[www.aaronline.com](http://www.aaronline.com)

## BUYER ACKNOWLEDGMENT

Buyer acknowledges receipt of all 13 pages of this Advisory.

Buyer further acknowledges that there may be other disclosure issues of concern not listed in this Advisory. Buyer is responsible for making all necessary inquiries and consulting the appropriate persons or entities prior to the purchase of any property.

The information in this Advisory is provided with the understanding that it is not intended as legal or other professional services or advice. These materials have been prepared for general informational purposes only. The information and links contained herein may not be updated or revised for accuracy. If you have any additional questions or need advice, please contact your own lawyer or other professional representative.

\_\_\_\_\_  
^ BUYER SIGNATURE

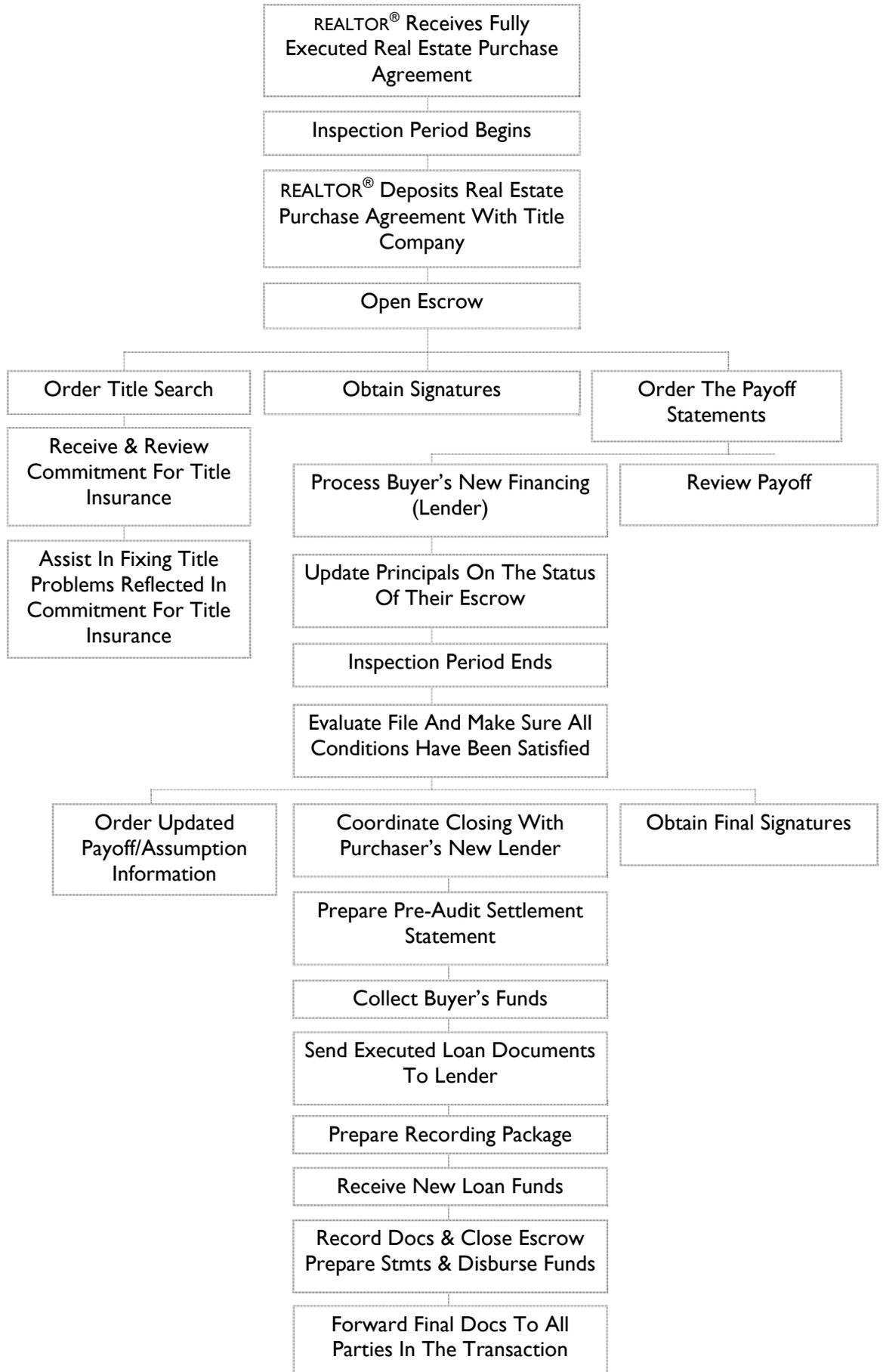
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DATE

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DATE



# THE ESCROW PROCESS



# OPENING ESCROW

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## WHAT IS “ESCROW”?

Webster’s vest pocket dictionary defines ESCROW as:

“Deposit to be delivered upon fulfillment of a condition.”

As an escrow holder, Empire West Title Agency, LLC’s duty is to act as the neutral third party. We hold all documents and all funds, pursuant to the purchase contract and escrow instructions, until all terms have been met and the property is in insurable condition; then, we record the final documents. We do not work for the seller or for the buyer; however, we are employed by ALL parties and act only upon MUTUAL WRITTEN INSTRUCTION.

“Opening Escrow” occurs when your REALTOR® brings in a fully signed contract with your earnest money deposit. We will accept the contract with the final signatures of a party to be forthcoming.

Your escrow officer reviews the contract, receipts in the earnest money, orders the Commitment for the Title Insurance, and prepares the documents required to close escrow. All of the documents are double checked by your escrow officer; however, it is the final responsibility of your REALTOR® to review the documents, explain them to you, and make any necessary changes or submit approval.

# YOUR ESCROW CLOSING APPOINTMENT

Your escrow officer will call you to make an appointment for you to sign your lender's package as well as your deed, affidavit, and all other required documents. You should allow a minimum of 60 minutes for the process. If you would like, ask your REALTOR® and/or your loan officer to be present in case you should have questions.

Bring the following items to your appointment.:

## **IDENTIFICATION**

There are several acceptable forms of identification, which may be used during the escrow process. The following forms of identification may be presented:

- ◆ A current or non-expired state issued driver's license
- ◆ A state issued identification card
- ◆ U.S. Passport

Please note: If the Lender requires, you may be asked to present your Social Security Card. Identification must be present in order for your signatures to be notarized. If you are not a U. S. citizen, it is preferable to have an Alien Resident Card and a state issued identification card. Please check with Empire West Title Agency, LLC to confirm their specific requirements.

## **GOOD FUNDS**

Please plan ahead so that the necessary funds will be available at the time of the closing. Your escrow officer will prepare a pre-audit for you prior to your signing, which will indicate the amount of funds required by you to close. The law requires us to have GOOD FUNDS, which consist of a CASHIERS CHECK drawn on an Arizona banking or Savings institution or WIRE TRANSFER.

## **INSURANCE**

Order your insurance before the loan is approved, and be certain that the policy complies with your lender's requirements. Proof of homeowner's insurance on the property must be provided for your lender. Bring in the name, company, address and phone number of your insurance agent.

## **LENDER'S REQUIREMENTS**

Make sure you have satisfied your lender's requirements before coming to Empire West Title Agency, LLC to sign your mortgage and escrow documents.

# TITLE INSURANCE

## WHAT IS TITLE INSURANCE?

**DEFINITION:** A contract where by the insurer for valuable consideration agrees to indemnify the insured in a specified amount against loss through defect of title to real estate wherein the latter has an interest either as a purchaser or otherwise.

**PURPOSE:** The Title Insurance services of Empire West Title Agency, LLC are designed to afford real property owners, lenders, and others with interest in real estate, the maximum degree of protection from adverse title claims or risks. The financial assurance offered by a Title Insurance Policy from Empire West Title Agency, LLC is, of course, the primary aspect of title protection. The Policy affords protection both in satisfying valid claims against the title as insured and in defraying the expenses incurred in defending such claims.

## THE TITLE SEARCH

Title companies work to eliminate risks by performing a search of the public records or through the title company's own plant. The search consists of public records, laws and court decisions pertaining to the property to determine the current recorded ownership, any recorded liens or encumbrances or any other matters of record which could affect the title to the property. When a title search is complete, Empire West Title Agency, LLC issues a Commitment for Title Insurance (pre-lim) detailing the current status of title.

# WHY TITLE INSURANCE?

## WHY TITLE INSURANCE?

In every real estate transfer the matter of a title examination invariably arises. The home buyer often questions whether title insurance is really necessary, particularly when an examination of the title has been completed by an experienced title examiner, or Real Estate Attorney, and the examination of all available title records shows no adverse information which question the marketability of the title. But . . . does an examination of title records necessarily remove all concern for title problems eventually surfacing?

The answer is NO . . . and that is why title insurance exists and why it plays such an important role in protecting the real estate interests and equity of policyholders.

## WHAT ARE THE RISKS?

There are many title troubles that can arise to cause the loss of your property or mortgage investment. Hidden risks, which are title troubles that are not disclosed even by the most careful search of public records, are the most dangerous. Hidden risks can make your title worthless. Your attorney's examination may be the finest that skill, experience and legal knowledge can produce, but your title may be fatally defective.

Here are some title troubles that frequently occur. You may not discover them when you buy real estate, but months or years later, they can result in the loss of your property or an expensive lawsuit:

- Deeds by persons of unsound mind
- Deeds to or from defunct Corporations
- Defective acknowledgments
- Duress in execution of instruments
- Erroneous reports furnished by tax officials
- False personation of the true owner of land
- Forged documents, i.e., deeds, releases, etc.
- Misrepresentation of wills
- Mistakes in recording legal documents
- Surviving children omitted from a will
- Errors in indexing
- Capacity of foreign fiduciaries
- Birth or adoption of children after date of will
- Deeds delivered after death of grantor/grantee, without consent of grantor
- Marital rights of spouse purportedly, but not legally, divorced
- Undisclosed divorce of spouse who conveys as consort's heir
- Deeds from a bigamous couple
- Deeds by minors
- Deeds in lieu of foreclosure given under duress
- Deeds by persons supposedly single, but married
- Administration of estate of persons absent but not deceased
- Inadequate descriptions on conveyances
- Claims of creditors against property sold by heirs or devisees
- Federal condemnation without filing of notice
- Deed of community property recited to be separate property
- Falsification of records
- Undisclosed or missing heirs
- Instruments executed under fabricated or expired Power of Attorney

# TITLE INSURANCE

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## TWO KINDS OF POLICIES

*It is important to know that there are two kinds of title insurance.*

**LENDER'S TITLE INSURANCE** protects only the interest of the lender. Lenders, knowing the many things that can snarl title to real property usually – and rightly – insist upon lenders title insurance to protect their stockholders and/or investors.

**OWNER'S TITLE INSURANCE** protects the interests of the buyer. Both kinds of title insurance are available in most areas in a single, low cost “package” that protects both lender and buyer for as long as they or their heirs have any interest in the property.

The title insurer, without expense to you, will defend you against insured claim upon the title to your property. The one-time premium is small. The protection is great.

# COMMON WAYS TO HOLD TITLE

## HOLDING TITLE TO REAL ESTATE IN ARIZONA

### COMMUNITY PROPERTY

Because Arizona is a community property state, there is a statutory presumption that all property acquired by husband and wife during the marriage except property acquired by gift, devise or descent, is community property. Community property is an estate of co-ownership between married persons only. Neither spouse, acting individually, may transfer or encumber real estate that is vested as community property. Upon death of one of the spouses, the descendant's interest will pass by will (if one exists) or intestate succession (if no will exists).

### COMMUNITY PROPERTY WITH RIGHT TO SURVIVORSHIP

A community property estate between married persons that vests the title to real property in the surviving spouse provided it is expressly declared in the deed. This vesting has the tax benefits of holding title as "community property" and the ability to avoid probate through "survivorship rights." If a married couple acquires title as community property with right of survivorship they must specifically accept the community property with right of survivorship to avoid the presumption of community property.

### JOINT TENANCY WITH RIGHT OF SURVIVORSHIP

Joint tenancy with right of survivorship is a method of co-ownership that gives title to the real property to the surviving tenant(s) upon death of a joint tenant owner. Title to real property can be held in joint tenancy by two or more individuals either married or unmarried. If a married couple acquires title as joint tenants with the right of survivorship they must specifically accept the joint tenancy to avoid the presumption of community property.

### TENANCY IN COMMON

Tenancy in common is co-ownership where parties do not have survivorship rights and each owns a specific undivided interest in the entire title.

### SOLE AND SEPARATE

Sole and separate property is real property owned by a spouse before marriage or any acquired after marriage by gift, descent or specific intent to hold the title separate from the marital community. If a married person acquires title as sole and separate property, his or her spouse must execute a disclaimer deed.

# TITLE COMMITMENT

This explanation may help you understand the contents of the title commitment you receive from Empire West Title Agency, LLC .

**SCHEDULE A:** This is the information submitted to our title department by the escrow officer. It contains the basic information given to us by the buyer or REALTOR<sup>®</sup>, such as the legal description of the property, sales price, loan amount, lender, name and marital status of buyer and seller.

**SCHEDULE B:** The schedule B "exceptions" are items which are tied to the subject property. These include Covenants, Conditions and Restrictions (CC&R'S), easements, homeowners association bylaws, leases and other items which will remain of record and transfer with the property. They are referred to as "exceptions" because the buyer will receive a clear title "except" the buyers right will be subject to conditions in the CC&R's, recorded easements, etc. The buyer is asked to sign a receipt for the Schedule B documents which states the buyer has read and accepts the contents.

**REQUIREMENTS:** These are items that Empire West Title Agency, LLC needs to delete and or record in order to provide a clear title to the property. Items that need to be addressed include:

- Current property tax status
- Any assessments that are owed such as those for a homeowners association
- Any encumbrances (or liens) on the property

Sometimes items show up against a property because another person has a name similar to an involved party. This is one reason we ask for an identity statement, to determine if items are inaccurate and can be deleted.

*If you have any questions about the commitment or how to read it, contact your REALTOR<sup>®</sup> or your escrow officer!*

# CLOSING COSTS

*Any questions pertaining to loan fees and charges should be directed to your loan officer.*

*Your escrow officer will review and explain your settlement statement at closing. The following is designed to help you understand some of the costs associated with closing and to show you cost saving policies offered through Empire West Title Agency, LLC.*

## **SOME TYPICAL CLOSING COSTS**

### **TITLE INSURANCE PREMIUM**

Fee paid by an individual to insure the buyer has a marketable title and the lender is in first lien position.

### **REAL ESTATE COMMISSION**

Fee paid to real estate broker for services rendered in listing, showing, selling, and consummating the transfer of property.

### **TRANSFER/ASSUMPTION CHARGES**

Fee charged by the lender to allow a new purchaser to assume the existing loan. Recording fees are assessed by the County Recorder's Office to record documents of a real estate transaction.

### **LOAN FEES**

Fees charged by a lender in connection with the processing of a new loan. These may include points, origination fee, credit report, appraisal, etc.

### **ESCROW FEES**

Fees charged by an escrow agent for services rendered in preparing documents and collecting/disbursing funds necessary to consummate a real estate transaction.

### **ADDITIONAL SETTLEMENT CHARGES**

Taxes, insurance, impounds and interest prorations, termite inspection fee, home warranty, Homeowners Association transfer, etc.

## **RESALE RATE**

Resale by an owner insured by Empire West Title Agency, LLC within two years from the sale of the owners policy: 25% of the basic rate based on the amount of the prior policy if the prior policy and new policy are both standard coverage.

Resale of residential transactions under a standard/residential policy of title insurance issued by any company within prior five years covering the identical property and new policy to be issued is standard or residential policy: 80% of the basic rate based on the amount of the prior policy ...Insurance in excess of the prior policy shall be charged at 100% of the applicable rate of the new policy to be issued.

## **THIRD PARTY TRANSACTION**

This rate is available in cases where the applicant is taking title to the property with the intention of conveying the same to a third party. The title policy may be held and issued to the ultimate purchaser with 24 months.

**CHARGE:** 125% of the applicable insurance rate for the type of policy coverage requested which charge shall be paid upon first acquisition. If the amount of the resale is greater than the first acquisition, then an increased liability charge shall be made at the applicable per unit rate for the amount of the increase. Hold open policy may be extended after 24 months at the rate of 15% of the applicable rate per unit.

# WHAT DO I PAY FOR?

Your contract and any applicable government regulations determine who pays which closing costs. Your REALTOR® and/or loan officer can explain these costs to you.

## **The Buyer Generally Will Pay:**

- Lenders title policy premium, if new loan
- Escrow fee, one half (except seller pays all on VA)
- Document preparation, if applicable
- Notary fees, if applicable
- Recording charges for all documents in buyers' names
- Homeowners association transfer fee, per contract
- Two months homeowners association fee
- All new loan charges (except those lender requires seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption/change of records fees for takeover of existing loan
- Beneficiary statement fee for assumption of existing loan
- Home warranty premium per contract
- Hazard insurance premium for first year
- All prepaid items, such as interest, or funds for an escrow account
- Courier fees if applicable
- Professional home inspection
- Add termite inspection per contract

## **The Seller Generally Will Pay:**

- Owner's title insurance premium
- Realtor's commission
- Escrow fee, one half (except seller pays all on VA)
- Any loan fees required by buyer's lender, i.e., FHA, VA
- All loans in seller's name (unless buyer assumes existing loan)
- Interest accrued on loan being paid off, statement fees, reconveyance fees, prepayment penalties
- Home warranty premium per contract
- Homeowners association transfer fee, per contract
- Homeowners association disclosure Fee
- Any unpaid homeowners association dues
- Any judgments, tax liens, etc., against seller
- Recording charges to clear all documents of record against seller
- Property taxes: pro-rated to the date the title is transferred plus any delinquent taxes
- Any bonds or assessments per contract
- Courier fee if applicable
- Septic fees per contract
- Any repairs per contract

# CLOSING COSTS... AN EXPLANATION

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## **APPRAISAL FEE**

This charge, which may vary significantly from transaction to transaction, pays for a statement of property value for the lender. The appraisal is performed by an independent appraiser or by a member of the lender's staff. In the event you fail to repay the loan according to the provisions of your mortgage contract, the lender must determine whether the value of the property is sufficient to secure the loan. Please note that failure to repay your loan may result in foreclosure by the lender. The appraiser inspects the house and the neighborhood, and considers sales prices of comparable houses and other factors in determining the value. The appraisal report contains photos and other information of value. It provides the factual data upon which the appraiser bases the appraisal value. The appraisal neither gives rights to the purchaser nor necessarily detects disclosure defects in the property or title to the property. While most reasonable lenders are willing to furnish you a copy of the appraisal upon request, they are not required to do so unless State law requires it. Therefore, it is important that you reach an understanding with your lender if you wish to see the appraisal report, preferably at the time of payment of the appraisal fee.

The appraisal fee may be paid by either the buyer or the seller, as agreed in the sales contract. In some cases, this charge is included in the mortgage insurance application fee.

## **CITY/COUNTY PROPERTY TAX**

The lender may require a regular monthly payment to the reserve account for property taxes.

## **CREDIT REPORT FEE**

This fee covers the cost of the credit report, which shows how you have handled other credit transactions. The lender uses this report in conjunction with information you submitted with the application regarding your income, outstanding bills, and employment to determine whether you are an acceptable credit risk and to help determine how much money to lend you.

Whenever you encounter credit-reporting problems, you have protection under the fair credit laws.

# CLOSING COSTS... AN EXPLANATION

## **HAZARD INSURANCE**

This type of insurance protects you and the lender against loss due to fire, windstorm and natural hazards. Coverage may be included in a Homeowner's Policy, which insures against additional risks that may include personal liability and theft.

A hazard insurance or homeowner's policy may not protect you against loss caused by flooding. If your mortgage is Federally insured and your property is within a "special flood hazard area," identified by FEMA, you may be required by Federal law to carry flood insurance on your home. Such insurance may be purchased in participating communities under the National Flood Insurance Act.

## **HAZARD INSURANCE PREMIUM**

The lender determines the amount of money that must be placed in the reserve in order to pay the first insurance premium, when due. Lenders often require payment of the first year's premium at settlement.

## **INTEREST**

Lenders usually require that borrowers pay, at settlement, the interest that accrues on the mortgage from the date of the settlement to the beginning of the period covered by the first monthly payment. For example, suppose your settlement takes place on June 16, and your first regular monthly payment will be due on August 1, with interest charges for the month of July. On the settlement date, the lender will collect interest for the period from June 16 to July 1.

## **ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE**

You may be required to prepay certain items such as: accrued interest, mortgage insurance and hazard insurance premiums, at the time of settlement.

# CLOSING COSTS... AN EXPLANATION

## **LENDER INSPECTION FEES**

This charge covers inspections, often of newly constructed housing, made by personnel of the lending institution or an outside inspector.

## **LOAN DISCOUNT**

Often called “points,” a loan discount is a one-time charge used to adjust the yield on the loan to what market conditions demand. It is used to offset the constraints placed on the yield by State or Federal regulations. Each “point” is equal to one percent of the mortgage amount. For example, if a lender charges four points on a \$60,000 loan, this amounts to a charge of \$2,400.

## **MORTGAGE INSURANCE APPLICATION FEE**

This fee covers processing costs of the application for private mortgage insurance, which may be required on certain loans. It may also cover both the appraisal and application fee.

## **MORTGAGE INSURANCE PREMIUM**

Mortgage insurance protects the lender from loss due to payment default by the borrower. The lender may require you to pay your first premium or a lump sum premium covering the life of the loan in advance on the day of settlement. The premium may cover a specific number of months, a year in advance, or the total amount. With this insurance protection, the Lender is willing to make a larger loan, thus reducing your down payment requirements. This type of insurance should not be confused with mortgage life, term or disability insurance designed to pay off a mortgage in the event of physical disability or death of the borrower.

## **RESERVES DEPOSITED WITH LENDERS**

Reserves (sometimes called “escrow” or “impound” accounts) are funds held in an account by the lender to assure future payment for reoccurring items such as real estate taxes and hazard insurance.

Normally, a setup fee is required to establish a reserve account at the time of settlement. A portion of your regular monthly payments will be added to the reserve account. RESPA places limitations on the amount of reserve funds, which may be required by the lender.

# INSPECTIONS

The AAR contract provides a multi-tiered inspection period. Numerous items may be inspected, such as the property itself, the title report and the CC&Rs, and the seller properly disclosure. If within the allowed inspection period/periods the buyer, for a reason, does not approve any inspected item, the buyer may follow the remedies provided on the contract.

The buyer's inspection process could include any or all of the following inspections as well as those mentioned above.

## **STRUCTURAL PEST CONTROL**

- An inspection to determine the existence, if any, of active infestation by wood destroying organisms.
- Section I, on the report, will reflect items that need immediate attention due to active infestation. The lender will usually require that the work be performed prior to funding the loan.
- Section II, on the report, will reflect items that may cause infestation, and if not corrected, may cause damage.

## **PHYSICAL INSPECTION**

- This inspection encompasses roof, plumbing, electrical, heating and any other accessible area of the structure.
- The home inspection company will provide a written report, with recommendations for repair or further inspection by a specialist. Please note that home inspection charges range from \$150 to \$300, depending on the size of the home.

## **OTHER INSPECTIONS**

- Water Conservation
- Well and Septic
- Seismic
- Hazardous Materials
- Zoning and Building Permit Compliance
- Contractors Home Inspection
- Chimney Inspection
- Heating and Air Conditioning
- Structural Engineering
- Energy Audit

# HOME WARRANTIES

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As a homeowner, or a potential homeowner, it is important to understand the advantages of Home Warranty protection. The Home Warranty policy covers the repair and/or replacement of major mechanical and major appliances, such as plumbing and heating and air conditioning units. Be aware that there are a variety of plans available, and you should select the plan that meets your needs and your budget.

## **BENEFITS OF HOME WARRANTY COVERAGE TO THE SELLER**

Offering a home warranty plan is a great marketing feature when selling your home. A warranty plan may protect you from legal disputes arising from malfunctioning plumbing, appliances, etc. after the sale of your home.

## **BENEFITS OF HOME WARRANTY COVERAGE TO THE BUYER**

A home warranty plan assists in deferring costs that may arise from malfunctioning plumbing, appliances, etc.

Please note that optional coverage is available for swimming pools, washers/dryers, spas and well pumps.

# SAFETY TIPS: PROTECT YOUR HOME

## DAILY SAFETY TIPS

- Keep interior and exterior lights on while you are away.
- Make sure all windows are protected with secure locks.
- Secure windows and Arcadia doors with a steel or wood brace.
- Keep bushes and trees trimmed to prevent possible hiding places.
- Keep emergency numbers near all telephones.
- It is not advisable to leave a key hidden outside of your home. If absolutely necessary, place the key in a very discrete location.
- Don't leave your keys out, whether in your home, office, etc. where someone can steal or duplicate them.
- Make sure you have accessible, working flashlights.
- Leave the television or radio on to give the appearance of someone being at home.
- Keep your garage door closed and the entry door from your garage into your house locked.
- Consider getting a dog; barking dogs usually discourage burglars.
- Install the following safety features:
  - Deadbolt locks on all entry doors
  - Motion detection lights outside
  - Secure entry doors (solid wood or steel)
  - A security system
- Leave your family name off of your door and mailbox. A well-known burglary tactic is to call information to obtain the homeowner's telephone number.

## VACATION TIPS

- Stop mail and newspaper deliveries
- Consider using a house sitter to watch your home.
- Request, "trusted" neighbors to periodically check your home.
- Place all interior lights on a timer to give the illusion of someone being home.
- Leave your normal message on your answering machine; NEVER leave a message announcing your extended absence or vacation plans.
- Never disclose travel plans to someone you do not trust.
- Alert your alarm company of extended absence or vacation for security purposes.

# THE ARIZONA TAX CALENDAR

|                     |   |
|---------------------|---|
| <b>January 1</b>    | Current taxes become a lien not yet payable. First day to file exemption with the Assessor's Office.  |
| <b>February 1</b>   | On or before this date Assessor is required to notify property owners of any increase in taxes or of delinquent taxes for previous years sold at auction. (3 year redemption period.) |
| <b>February 15</b>  | Last day to file an appeal with the Assessor's Office if the property owner feels values are excessive or violate the limitation of increases.  |
| <b>February 28</b>  | Last day to file exemptions   |
| <b>March 1</b>      | Second half taxes for the previous year are now due and payable   |
| <b>May 1</b>        | Second half taxes for the previous year are now delinquent.   |
| <b>July 25</b>      | Tax Roll is certified.  |
| <b>September 15</b> | Tax statements mailed from mid September to October 1st.  |
| <b>October 1</b>    | First half current year taxes are now due and payable (may pay full year).  |
| <b>November 1</b>   | First half current year taxes are now delinquent.   |

# MOVING CHECKLIST

## OLD RESIDENCE

### CHANGING ADDRESS

- Forward address at Post Office
- Credit card accounts
- Publications
- Bank accounts

### UTILITIES TO CANCEL

- Telephone (check for refund)
- Gas & Electric (check for refund)
- Water (check for refund)
- Garbage
- Propane
- Cable (check for refund)

### MOVING PREPARATION

- Defrost refrigerator
- Auto transportation needs
- Pet transportation needs
- Travel cash/checks
- Hand carry valuables
- Leave keys
- Leave garage openers

### MEDICAL SERVICES TO OBTAIN

- Medical records
- Dental records
- Veterinarian records
  
- **School transcripts for kids**

## NEW RESIDENCE

### CHANGING ADDRESS

- Postman to hold mail for arrival

### UTILITIES

- Telephone; new number
- Gas and electric
- Water
- Garage
- Propane
- Cable

### GOVERNMENT LICENSES & SERVICES

- Apply for state driver's license
- Register car
- Update driver's license
- Register to vote
- Register children in school

### MEDICAL SERVICES

- New doctor
- New dentist
- New veterinarian

# IMPORTANT PROPERTY TAX INFORMATION

## ANNUAL TAX STATEMENT

- Annual statements are billed for the calendar year, although they are not issued until the fall of the current year. (September or October)
- Taxes may be paid in two halves:
  - The first installment is due September 1st and delinquent November 1st
  - The second installment is due March 1st of the following year and delinquent May 1st.
- Always check the property description on the tax statements to avoid paying on the wrong property. To assure proper posting of payments and information to your address, please furnish your parcel number when making any payments or inquiries at the Assessors or Treasures office. This number can be found on paperwork supplied to you by Empire West Title Agency, LLC and is usually in the following format: 123-45-678. Sometimes this number is followed by a capital letter.
- The law does not recognize failure to receive a tax statement as reason for waiving interest. The Treasurer must assess interest on all delinquent payments.

## NEW OWNERSHIP

- The transfer of ownership information may take six (6) months or more to process; therefore, new owners may not receive a tax bill for property purchased after November 1st of the previous year. If a tax statement has not been received by October 15th, the new owner MUST contact the Treasure for the statement so that that payment can be made before the first half becomes delinquent. Again, November 1st. The phone number is 602-506-8511.

## VALUE NOTIFICATION

- On or before January 31st of each year, an Assessment Notice is sent from the Assessor to each property owner, at the last known address. The Notice includes information for the new tax year, such a property full cash value, assessed value, classification and assessment ratio.
- During a 45-day period after receipt of assessment notice, valuations can be protested through the County Assessor. For information call the assessors office at 602-506-3406

# MOVING EXPENSES

*When you meet the IRS's definition of a qualifying move, the following items are tax deductible:*

## **TAX DEDUCTIBLE MOVING EXPENSES:**

- The cost of trips to the area of a new job to look for a home. Your home shopping expedition does not have to be successful for the cost to be deductible.
- The cost of having your furniture and other household items shipped, including the cost of packing, insurance, and storage for up to 30 days.
- The cost of getting your family to the new hometown, including food and lodging expenses on the trip.
- The cost of lodging and 80 % of food expenses for up to 30 days in the new hometown, if these temporary living expenses are necessary because you have not yet found your ideal home or it is not ready when you arrive.
- Certain costs associated with the sale of your old home and purchase of the new one. These expenses, including real estate commission, legal fees, state transfer taxes and appraisal and title fees, could be used either to reduce the gain on the sale of the previous home or to boost the basis of the new one. But it's usually beneficial to count them as moving expenses up to the allowable dollar limits, because that gives you an immediate tax benefit.

*Before making any judgments about the deductibility of any moving expense, please contact your accounting professional.*

# USEFUL PHONE NUMBERS

## YOUR REAL ESTATE CONTACTS

REALTOR®: \_\_\_\_\_

Insurance Company: \_\_\_\_\_ Policy No.: \_\_\_\_\_

Home Warranty Company: \_\_\_\_\_ Policy No.: \_\_\_\_\_

Title Insurance Company -- Empire West Title Agency, LLC: \_\_\_\_\_

### EMERGENCY - 911

#### HOSPITALS

|                                  |              |
|----------------------------------|--------------|
| BANNER BAYWOOD-EAST MESA         | 480.321.2000 |
| BANNER BOSWELL-SUN CITY          | 623.977.7211 |
| BANNER DEL E. WEBB-SUN CITY WEST | 623.214.4000 |
| BANNER ESTRELLA                  | 623.327.4000 |
| BANNER GATEWAY-GILBERT           | 480.543.2000 |
| BANNER HEART HOSPITAL-MESA       | 480.854.5000 |
| CHANDLER REGIONAL                | 480.728.3000 |
| BANNER THUNDERBIRD-GLENDALE      | 602.865.5555 |
| BANNER DESERT-WEST MESA          | 480.512.3000 |
| PARADISE VALLEY                  | 602.867.1881 |
| BANNER GOOD SAMARITAN            | 602.239.2000 |
| JOHN C. LINCOLN-NORTH MOUNTAIN   | 602.943.2381 |
| JOHN C. LINCOLN-DEER VALLEY      | 623.879.6100 |
| MERCY GILBERT                    | 480.728.8000 |
| PHOENIX CHILDREN'S               | 602.546.1000 |
| ST. JOSEPH'S                     | 602.406.3000 |
| SCOTTSDALE HEALTHCARE – SHEA     | 480.860.3000 |
| SCOTTSDALE HEALTHCARE – OSBORN   | 480.481.4000 |
| TEMPE ST. LUKE'S                 | 480.784.5500 |
| ARROWHEAD                        | 623.561.1000 |

#### UTILITIES

|                     |              |
|---------------------|--------------|
| SRP                 | 602.236.8888 |
| APS                 | 602.371.7171 |
| COX COMMUNICATIONS  | 602.277.1000 |
| SOUTHWEST GAS       | 602.861.1999 |
| QWEST (Residential) | 800.244.1111 |

# USEFUL PHONE NUMBERS

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## UTILITIES: WATER SERVICES

|                 |              |
|-----------------|--------------|
| Apache Junction | 480.982.6030 |
| Avondale        | 623.932.5610 |
| Black Canyon    | 623.374.9408 |
| Carefree        | 480.488.9100 |
| Cave Creek      | 480.488.3331 |
| Chandler        | 480.782.2280 |
| El Mirage       | 623.933.1228 |
| Fountain Hills  | 480.837.9522 |
| Gilbert         | 480.503.6800 |
| Glendale        | 623.930.3190 |
| Goodyear        | 623.932.3015 |
| Guadalupe       | 480.350.8361 |
| Litchfield Park | 623.935.9367 |
| Mesa            | 480.644.2221 |
| Paradise Valley | 480.947.5044 |
| Peoria          | 623.773.7433 |
| Phoenix         | 602.261.8000 |
| Queen Creek     | 480.987.3240 |
| Scottsdale      | 480.312.2461 |
| Sun City        | 623.876.4020 |
| Surprise        | 623.876.4020 |
| Tempe           | 480.350.8361 |
| Tolleson        | 623.936.8500 |
| Youngtown       | 623.876.4020 |

# USEFUL PHONE NUMBERS

## CITY GOVERNMENT

|                 |              |                 |              |
|-----------------|--------------|-----------------|--------------|
| Apache Junction | 480-982-8002 | Litchfield Park | 623-935-5033 |
| Avondale        | 623-932-2400 | Maricopa County | 602-506-3011 |
| Black Canyon    | 623-374-5512 | Mesa            | 480-644-2011 |
| Buckeye         | 623-386-4691 | Paradise Valley | 480-948-7411 |
| Carefree        | 480-488-3686 | Peoria          | 623-773-7000 |
| Cave Creek      | 480-488-1400 | Phoenix         | 602-262-6011 |
| Chandler        | 480-782-2220 | Queen Creek     | 480-987-9887 |
| El Mirage       | 623-972-8116 | Scottsdale      | 480-312-6500 |
| Fountain Hills  | 480-837-2003 | Sun City        | 623-977-5000 |
| Gilbert         | 480-503-6000 | Surprise        | 623-583-1000 |
| Glendale        | 623-930-2000 | Tempe           | 480-967-2001 |
| Goodyear        | 623-932-3910 | Tolleson        | 623-936-7111 |
| Guadalupe       | 480-730-3080 | Youngtown       | 623-933-8286 |

## CHAMBERS OF COMMERCE

|                 |              |                 |              |
|-----------------|--------------|-----------------|--------------|
| Apache Junction | 480-982-3141 | Litchfield Park | 623-932-2260 |
| Avondale        | 623-932-2260 | Mesa            | 480-969-1307 |
| Black Canyon    | 623-374-9797 | Paradise Valley | 480-948-7411 |
| Buckeye         | 623-386-2727 | Peoria          | 623-979-3601 |
| Carefree        | 480-488-3381 | Phoenix         | 602-254-5521 |
| Cave Creek      | 480-488-3381 | Queen Creek     | 480-720-4040 |
| Chandler        | 480-963-4571 | Scottsdale      | 480-945-8481 |
| El Mirage       | 623-583-0692 | Sun City        | 623-583-0692 |
| Fountain Hills  | 480-837-1654 | Surprise        | 623-583-0692 |
| Gilbert         | 480-892-0056 | Tempe           | 480-967-7891 |
| Glendale        | 623-937-4754 | Tolleson        | 623-932-2260 |
| Goodyear        | 623-932-2260 | Youngtown       | 623-583-0692 |
| Guadalupe       | 480-730-3080 |                 |              |

## MISCELLANEOUS

|                         |              |
|-------------------------|--------------|
| City Bus Transportation | 602-253-5000 |
| Motor Vehicle Dept.     | 602-255-0072 |
| Animal Shelter          | 602-506-7387 |
| Silent Witness          | 602-261-8600 |
| Arizona Republic        | 602-444-8000 |
| Post Office             | 800-275-8777 |

# GLOSSARY

|                      |  |
|----------------------|--|
| Agency               | A legal relationship in which someone (principal) hires someone else (agent) to represent them to a third party.                 |
| Assessed Value       | The value placed on a property by the Central Appraisal District as a basis for taxation.  |
| CC&R's               | Covenants, Conditions, and Restrictions. A document that controls the use, requirements, and restrictions of a property.         |
| Chain of Title       | A history of conveyances and encumbrances affecting the title of real property.  |
| Convey or Conveyance | Process of transferring ownership of property from one person to another.  |
| Courier Fee          | Charges for deliveries   |
| Deed                 | A document which, when properly executed and delivered, conveys title of real property.  |
| Disclosure           | To make known or public. When dealing with real property, all disclosures should be made in writing.                             |
| Earnest Money        | Money deposited by a buyer as evidence of good faith.  |
| Encumbrance          | Anything that affects or limits the ownership of real property, such as liens, mortgages, easements or restrictions of any kind. |

# GLOSSARY

|                          |  |
|--------------------------|--|
| Escrow                   | The deposit of documents and funds with instructions to a neutral third party to carry out the provisions of an agreement or contract. |
| Escrow Fee               | Charges by Empire West Title Agency, LLC to service the transaction and to hold money and documents.                                   |
| Fair Market Value        | The price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure.                   |
| Homeowner's Title Policy | Insures the buyer against loss due to any defect of the title not excepted to or excluded from the policy.                             |
| Principle                | The employer of an agent in an agency relationship.  |
| Recording Fee            | Charge by the County Clerk to record documents in the public records.  |
| Settlement Statement     | The financial disclosure statement that accounts for all the funds received and expected at the closing of the escrow.                 |
| Time is Of The Essence   | Demands punctual performance in a binding contract.  |
| Title                    | In dealing with real property, title means ownership.  |
| Zoning                   | Act of city authorities specifying type of use for   |

# Buyer Advisory

ARIZONA DEPARTMENT OF REAL ESTATE



ARIZONA  
ASSOCIATION OF  
REALTORS®  
REAL SOLUTIONS. REALTOR® SUCCESS.



## The Buyer Advisory is a resource for Real Estate Consumers provided by the Arizona Association of REALTORS®

A real estate agent is vital to the purchase of real property and can provide a variety of services in locating a property, negotiating the sale, and advising the buyer. A real estate agent is generally not qualified to discover defects or evaluate the physical condition of property; however, a real estate agent can assist a buyer in finding qualified inspectors and provide the buyer with documents and other resources containing vital information about a prospective property.

This advisory is designed to make the purchase of real property as smooth as possible. Some of the more common issues that a buyer may decide to investigate or verify concerning a property purchase are summarized in this Advisory. Included in this Advisory are:

- (1) common documents a buyer should review;
- (2) physical conditions in the property the buyer should investigate; and
- (3) conditions affecting the surrounding area that the buyer should investigate. In addition, a buyer must communicate to the real estate agents in the transaction any special concerns the buyer may have about the property or surrounding area, whether or not those issues are addressed in this Advisory.

### REMEMBER:

*This Advisory is supplemental to obtaining professional property inspections. Professional property inspections are absolutely essential: there is no practical substitute for a professional inspection as a measure to discover and investigate defects or shortcomings in a property.*

## COMMON DOCUMENTS A BUYER SHOULD REVIEW

*The documents listed below may not be relevant in every transaction, nor is the list exhaustive. Unless otherwise stated, the real estate agent has not independently verified the information contained in these documents.*

### 1 Purchase Contract

Buyers should protect themselves by taking the time to read the real estate purchase contract and understand their legal rights and obligations before they submit an offer to buy a property. Sample AAR forms are at [www.aaronline.com/manage-risk/sample-forms/residential-resale-transaction-forms/](http://www.aaronline.com/manage-risk/sample-forms/residential-resale-transaction-forms/).

### 2 MLS Printout

A listing is an agreement between the seller and the listing broker and may authorize the broker to submit information to the Multiple Listing Service ("MLS"). The MLS printout is similar to an advertisement. Neither the listing agreement nor the printout is a part of the purchase contract between the buyer and seller. The information in the MLS printout was probably secured from the seller, the builder, or a governmental agency, and could be inaccurate, incomplete or an approximation. Therefore, the buyer should verify any important information contained in the MLS.

### 3 The Subdivision Disclosure Report (Public Report)

A Subdivision Disclosure Report (Public Report) is intended to point out material information about a subdivision. Subdividers (any person who offers for sale or lease six or more lots in a subdivision or who causes land to be divided into a subdivision) are required to give buyers an ADRE Public Report. Read the Public Report before signing any contract to purchase property in a subdivision. Although some of the information may become outdated, subsequent buyers can also benefit from reviewing the Public Report. Public Reports dating from January 1, 1997, are available on the ADRE website at <http://services.azre.gov/publicdatabase/SearchDevelopments.aspx>. The ADRE does not verify the information in the Public Report therefore the Report could be inaccurate so it should be verified. For additional information, go to

[www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx](http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx)

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## COMMON DOCUMENTS A BUYER SHOULD REVIEW (CONTINUED)

### 4 Seller's Property Disclosure Statement ("SPDS")

Most sellers provide a SPDS. This document poses a variety of questions for the seller to answer about the property and its condition. The real estate broker is not responsible for verifying the accuracy of the items on the SPDS; therefore, a buyer should carefully review the SPDS and verify those statements of concern.

View sample SPDS forms at: [www.aaronline.com/manage-risk/sample-forms/residential-resale-transaction-forms/](http://www.aaronline.com/manage-risk/sample-forms/residential-resale-transaction-forms/).

Also review:

[www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx](http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx)

### 5 Covenants, Conditions and Restrictions ("CC&Rs")

The CC&Rs are recorded against the property and generally empower a homeowner's association to control certain aspects of property use within the development. By purchasing a property in such a development, the buyer agrees to be bound by the CC&Rs. The association, the property owners as a whole, and individual property owners can enforce the contract. It is essential that the buyer review and agree to these restrictions prior to purchasing a property. See [www.realtor.com/BASICS/condos/ccr.asp](http://www.realtor.com/BASICS/condos/ccr.asp). The ADRE advises: "Read the deed restrictions, also called CC&Rs (covenants, conditions and restrictions). You might find some of the CC&Rs are very strict." [www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx](http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx). Buyers should consult legal counsel if uncertain of the application of particular provisions in the CC&Rs.

### 6 Homeowners Association ("HOA") Governing Documents

In addition to CC&Rs, HOAs may be governed by Articles of Incorporation, Bylaws, Rules and Regulations, and often architectural control standards. Read and understand these documents. Also, be aware that some HOAs impose fees that must be paid when the property is sold, so ask if the purchase of the property will result in any fees. Condominium and planned community HOAs are regulated by Arizona statutes; however, they are not under the jurisdiction of the Department of Real Estate. If you have questions about your rights and remedies regarding homeowners associations or community associations, read the information provided at [www.azre.gov/PublicInfo/RealEstateResearchTopics.aspx#LINK11](http://www.azre.gov/PublicInfo/RealEstateResearchTopics.aspx#LINK11) or Chapter 16 and 18 of the Arizona Revised Statutes - Title 33

[www.azleg.state.az.us/ArizonaRevisedStatutes.asp?Title=33](http://www.azleg.state.az.us/ArizonaRevisedStatutes.asp?Title=33)

### 7 HOA Disclosures

If purchasing a resale home in a condominium or planned community, the seller (if fewer than 50 units in the community) or the HOA (if there are 50 or more units) must provide the buyer with a disclosure containing a variety of information. See [www.azleg.state.az.us/ars/33/01260.htm](http://www.azleg.state.az.us/ars/33/01260.htm) and [www.azleg.state.az.us/ars/33/01806.htm](http://www.azleg.state.az.us/ars/33/01806.htm) for the laws detailing these requirements.

### 8 Title Report or Title Commitment

The title report or commitment contains important information and is provided to the buyer by the title/escrow company or agent. This report or commitment lists documents that are exceptions to the title insurance (Schedule B Exceptions). Schedule B Exceptions may include encumbrances, easements, and liens against the property, some of which may affect the use of the property, such as a future addition or swimming pool. Make sure you receive and review all of the listed documents.

Questions about the title commitment and Schedule B documents may be answered by the title or escrow officer, legal counsel, or a surveyor. General information regarding title issues may be found at [www.alta.org/consumer/questions.cfm](http://www.alta.org/consumer/questions.cfm). For information on title insurance, visit the Arizona Department of Insurance website at [www.id.state.az.us/consumerautohome.html#titleresource](http://www.id.state.az.us/consumerautohome.html#titleresource).

### 9 Loan Documents

Unless a buyer is paying cash, the buyer must qualify for a loan in order to complete the purchase. A buyer should complete a loan application with a lender before making an offer on a property if at all possible and, if not, immediately after making an offer. It will be the buyer's responsibility to deposit any down payment and insure that the buyer's lender deposits the remainder of the purchase price into escrow prior to the close of escrow date. Therefore, make sure you get all requested documentation to your lender as soon as possible. For information on loans and the lending process, visit the following websites:

#### Ginnie Mae:

[http://ginniemae.gov/consumer\\_education/Pages/ginnie\\_mae\\_and\\_the\\_consumer.aspx](http://ginniemae.gov/consumer_education/Pages/ginnie_mae_and_the_consumer.aspx)

HUD: [www.hud.gov/](http://www.hud.gov/)

#### Mortgage Bankers Association:

[www.homeloanlearningcenter.com/default.htm](http://www.homeloanlearningcenter.com/default.htm)

#### National Association of Mortgage Brokers:

[www.namb.org/namb/Home\\_Buyers\\_Home.asp?SnID=382338594](http://www.namb.org/namb/Home_Buyers_Home.asp?SnID=382338594)



## COMMON DOCUMENTS A BUYER SHOULD REVIEW (CONTINUED)

### 10 Home Warranty Policy

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A home warranty may be part of the sale of the home. Buyers should read the home warranty document for coverage and limitation information. Be aware that pre-existing property conditions are generally not covered under these policies.

### 11 Affidavit of Disclosure

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If the buyer is purchasing five or fewer parcels of land (whether improved or vacant), other than subdivided land, in an unincorporated area of a county, the seller must furnish the buyer with an Affidavit of Disclosure. A sample form is located at [www.aaronline.com/wp-content/uploads/2012/11/a45.pdf](http://www.aaronline.com/wp-content/uploads/2012/11/a45.pdf).

### 12 Lead-Based Paint Disclosure Form

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If the home was built prior to 1978, the seller must provide the buyer with a lead-based paint disclosure form. Information about lead-based paint may be obtained at [www.azre.gov/PublicInfo/RealEstateResearchTopics.aspx#LINK11](http://www.azre.gov/PublicInfo/RealEstateResearchTopics.aspx#LINK11) or [www.epa.gov/lead/](http://www.epa.gov/lead/). Buyer is further advised to use certified contractors to perform renovation, repair or painting projects that disturb lead-based paint in residential properties built before 1978 and to follow specific work practices to prevent lead contamination. For more information on this new rule, visit [www.epa.gov/lead/pubs/lscp-press.htm](http://www.epa.gov/lead/pubs/lscp-press.htm).

### 13 Professional Inspection Report

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The importance of having a property inspected by a professional inspector cannot be over-emphasized. An inspection is a visual physical examination, performed for a fee, designed to identify material defects in the property. The inspector will generally provide the buyer with a report detailing information about the property's condition. The buyer should carefully review this report with the inspector and ask the inspector about any item of concern. Pay attention to the scope of the inspection and any portions of the property excluded from the inspection. A list of certified home inspectors may be found at the Arizona Board of Technical Registration website [www.btr.state.az.us](http://www.btr.state.az.us). Additional information on inspections may be found at [www.ashi.com](http://www.ashi.com), and guidance on hiring a home inspector may be found at [www.realtor.com/basics/buy/inspnegot/hire.asp?gate=realtor&poe=propertystore](http://www.realtor.com/basics/buy/inspnegot/hire.asp?gate=realtor&poe=propertystore).

### 14 County Assessors/Tax Records

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The county assessor's records contain a variety of valuable information, including the assessed value of the property for tax purposes and some of the physical aspects of the property, such as the reported square footage. The date built information in the assessor's records can be either the actual or effective/weighted age if the residence has been remodeled. All information on the site should be verified for accuracy. Information is available on county websites:

**Coconino:** [www.coconino.az.gov/](http://www.coconino.az.gov/)

**Maricopa:** [www.maricopa.gov/assessor](http://www.maricopa.gov/assessor) or <http://treasurer.maricopa.gov/parcels/>

**Pima:** [www.asr.pima.gov/](http://www.asr.pima.gov/)

**Yavapai:** [www.co.yavapai.az.us/](http://www.co.yavapai.az.us/)

**Other counties:** [http://azstateparks.com/shpo/downloads/SHPO\\_SPT\\_Assessor.pdf](http://azstateparks.com/shpo/downloads/SHPO_SPT_Assessor.pdf)

### 15 Termites and Other Wood Destroying Insects and Organisms

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Termites are commonly found in some parts of Arizona. The Office of Pest Management (OPM) regulates pest inspectors and can provide the buyer with information regarding past termite treatments on a property. To obtain a termite history report on a property, visit the OPM website at <http://tarf.sb.state.az.us/> or call 1-800-223-0618. The OPM publication, What You Should Know about Wood-Destroying Insect Inspection Reports, can be found at [www.sb.state.az.us/TermiteInsp.php](http://www.sb.state.az.us/TermiteInsp.php).

Additional information may be obtained at the OPM website at [www.sb.state.az.us/index.php](http://www.sb.state.az.us/index.php).



## COMMON DOCUMENTS A BUYER SHOULD REVIEW (CONTINUED)

### 16 Foreign Investment in Real Property Tax Act (FIRPTA)

Foreign Investment In Real Property Tax Act (FIRPTA) may impact the purchase of property if the legal owner(s) of the property are foreign persons or non-resident aliens pursuant to FIRPTA. If so, consult a tax advisor as mandatory withholding may apply. For additional information related to FIRPTA, go to: [www.irs.gov/Individuals/International-Taxpayers/Definitions-of-Terms-and-Procedures-Unique-to-FIRPTA](http://www.irs.gov/Individuals/International-Taxpayers/Definitions-of-Terms-and-Procedures-Unique-to-FIRPTA)



## COMMON PHYSICAL CONDITIONS IN THE PROPERTY A BUYER SHOULD INVESTIGATE

*Every buyer and every property is different, so the physical property conditions requiring investigation will vary*

### 1 Repairs and New Construction

The seller may have made repairs or added a room to the property. The buyer should feel comfortable that the work was properly done or have an expert evaluate the work. Request copies of permits, invoices or other documentation regarding the work performed. The Registrar of Contractors' ("ROC") publication, 10 Tips for Hiring a Contractor, is available on the ROC website, [www.azroc.gov/Acrobat/News/homeownersinfo.pdf](http://www.azroc.gov/Acrobat/News/homeownersinfo.pdf). The Arizona chapters of the National Association of the Remodeling Industry may be contacted at [www.greaterphoenixnari.org/](http://www.greaterphoenixnari.org/) for the Phoenix area and [www.nariofsouthernarizona.memberlodge.com/](http://www.nariofsouthernarizona.memberlodge.com/) for Southern Arizona/Tucson. For information regarding permits, contact the city or county building department.

The City of Phoenix records building permit information which can be found on their website [http://phoenix.gov/haht-bin/hsrun/payf/DSDOPPROD/StateId/Qseb7LtaB5a5Cmv5uSTXDmoM3odP3-4P\\_W/HAHTpage/HS\\_PermitSearch](http://phoenix.gov/haht-bin/hsrun/payf/DSDOPPROD/StateId/Qseb7LtaB5a5Cmv5uSTXDmoM3odP3-4P_W/HAHTpage/HS_PermitSearch)

### 2 Square Footage

Square footage on the MLS printout or as listed by the county assessor's records is often only an estimate and generally should not be relied upon for the exact square footage in a property. An appraiser or architect can measure the property's size to verify the square footage. If the square footage is important, you should have it confirmed by one of these experts during the inspection period in a resale transaction and prior to executing a contract in a new home transaction. A list of appraisers may be found at the Arizona Board of Appraisal, [www.appraisal.state.az.us/directory/Default.aspx](http://www.appraisal.state.az.us/directory/Default.aspx). A list of architects may be found at the Board of Technical Registration [www.btr.state.az.us](http://www.btr.state.az.us).

### 3 Roof

If the roof is 10 years old or older, a roof inspection by a licensed roofer is highly recommended. See the ROC information on hiring a licensed contractor online at [www.azroc.gov/Acrobat/News/homeownersinfo.pdf](http://www.azroc.gov/Acrobat/News/homeownersinfo.pdf) or the Arizona Roofing Contractors Association at [www.azroofing.org](http://www.azroofing.org).

### 4 Swimming Pools and Spas

If the property has a pool or a spa, the home inspector may exclude the pool or spa from the general inspection so an inspection by a pool or spa company may be necessary.

**Barriers:** Further, each city and county has its own swimming pool barrier ordinance. Pool barrier contact information for Arizona cities and counties may be found at [www.aaronline.com/documents/pool\\_contacts.aspx](http://www.aaronline.com/documents/pool_contacts.aspx). The Arizona Department of Health Services Private Pool Safety notice may be found at [http://azdhs.gov/phs/oeh/pool\\_rules.htm](http://azdhs.gov/phs/oeh/pool_rules.htm). The state law on swimming pools is located at [www.azleg.state.az.us/ars/36/01681.htm](http://www.azleg.state.az.us/ars/36/01681.htm).

### 5 Septic and Other On-Site Wastewater Treatment Facilities

If the home is not connected to a public sewer, it is probably served by an on-site wastewater treatment facility (septic or alternative system). A qualified inspector must inspect any such facility within six months prior to transfer of ownership. For information on current inspection and transfer of ownership requirements, contact the specific county environmental/health agency where the property is located or the Arizona Department of Environmental Quality at [www.azdeq.gov/environ/water/permits/](http://www.azdeq.gov/environ/water/permits/)



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## COMMON PHYSICAL CONDITIONS IN THE PROPERTY (CONTINUED)

[download/septic tank.pdf](#). To file for a Notice of Transfer online go to <https://az.gov/app/own/home.xhtml>.

### 6 Sewer

Even if the listing or SPDS indicates that the property is connected to the city sewer, a plumber, home inspector, or other professional should verify it. Some counties and cities can perform this test as well.

### 7 Water/Well Issues

You should investigate the availability and quality of the water to the property. For information on wells and assured/adequate water, go to [www.azwater.gov/AzDWR/WaterManagement/Wells/default.htm](http://www.azwater.gov/AzDWR/WaterManagement/Wells/default.htm) or [www.azwater.gov/WaterManagement\\_2005/Content/OAAWS/default.asp](http://www.azwater.gov/WaterManagement_2005/Content/OAAWS/default.asp).

**Adjudications:** Arizona is undertaking several General Stream Adjudications, which are court proceedings to determine the extent and priority of water rights in an entire river system. For information regarding water uses and watersheds affected by these adjudications, and the forms upon sale of the property, contact the Department of Water Resources at [www.azwater.gov/AzDWR/SurfaceWater/Adjudications/default.htm](http://www.azwater.gov/AzDWR/SurfaceWater/Adjudications/default.htm)

Additionally, the Verde Valley Water Users assists members in matters pertaining to the Gila River System Adjudication. [www.verdevalleywaterusers.org/](http://www.verdevalleywaterusers.org/)

**CAGRDs:** The Central Arizona Groundwater Replenishment District (CAGRD) functions to replenish groundwater used by its members, individual subdivisions (“member lands”) and service areas of member water providers (“member service areas”). Homeowners in a CAGRD pay an annual assessment fee which is collected through the county property tax process based on the amount of groundwater served to member homes. To learn more about CAGRD, membership visit [www.cagrd.com](http://www.cagrd.com).

### 8 Soil Problems

The soil in some areas of Arizona has “clay-like” tendencies, sometimes referred to as “expansive soil.” To investigate areas in Arizona where expansive soils exist, go to [www.az.nrcs.usda.gov](http://www.az.nrcs.usda.gov) (search “shrink/swell”) or [www.azgs.az.gov](http://www.azgs.az.gov) (“Geologic Hazards”) and the direct link to the Study Area Maps is [www.azgs.az.gov/efmaps.shtml](http://www.azgs.az.gov/efmaps.shtml). Other areas are subject to fissures, subsidence and other soil conditions. For information on earth fissures, visit [www.azwater.gov/AzDWR/Hydrology/Geophysics/LandSubsidenceInArizona.htm](http://www.azwater.gov/AzDWR/Hydrology/Geophysics/LandSubsidenceInArizona.htm). The ADRE provides earth fissure maps at [www.re.state.az.us/PublicInfo/Fissures.aspx](http://www.re.state.az.us/PublicInfo/Fissures.aspx) or contact the ADRE for printed fissure maps.

Properties built on such soils may experience significant movement causing a major problem. If it has been disclosed that the property is subject to any such soil conditions or if the buyer has any concerns about the soil condition or observes evidence of cracking, the buyer should secure an independent assessment of the property and its structural integrity by a licensed, bonded, and insured professional engineer. A list of state certified professional engineers and firms can be found at [www.btr.state.az.us](http://www.btr.state.az.us).

### 9 Previous Fire/Flood

If it is disclosed there has been a fire or flood on the property, a qualified inspector should be hired to advise you regarding any possible future problems as a result of the fire or flood damage and/or any subsequent repairs. For example, if the property was not properly cleaned after a flood, mold issues may result. Your insurance agent may be able to assist you in obtaining information regarding fire, flood, or other past damage to the property.

### 10 Pests

Cockroaches, rattlesnakes, black widow spiders, scorpions, termites and other pests are common in parts of Arizona. Fortunately, most pests can be controlled with pesticides.

**Scorpions:** Scorpions, on the other hand, may be difficult to eliminate. If the buyer has any concerns or if the SPDS indicates the seller has seen scorpions or other pests on the property, seek the advice of a pest control company. A source of information on scorpions may be found at [www.desertusa.com/oct96/du\\_scorpion.html](http://www.desertusa.com/oct96/du_scorpion.html).

**Bed Bugs:** Bed bug infestations are on the rise in Arizona and nationally, for more information visit the following websites:

[www.azdhs.gov/phs/oids/vector/bedbugs/files/Bed-Bug\\_FAQs.pdf](http://www.azdhs.gov/phs/oids/vector/bedbugs/files/Bed-Bug_FAQs.pdf)

[www.cdc.gov/parasites/bedbugs/](http://www.cdc.gov/parasites/bedbugs/)

[www.epa.gov/bedbugs/](http://www.epa.gov/bedbugs/)

**Roof Rats:** For information on roof rats, which have been reported in some areas, [www.maricopa.gov/EnvSvc/VectorControl/RR/RRInfo.aspx](http://www.maricopa.gov/EnvSvc/VectorControl/RR/RRInfo.aspx).

**Termites and bark beetles:** For information on termites or bark beetles, which have been reported in some forested areas, see [www.sb.state.az.us/](http://www.sb.state.az.us/).



## COMMON PHYSICAL CONDITIONS IN THE PROPERTY (CONTINUED)

### 11 Endangered and Threatened Species

Certain areas in the state may have issues related to federally listed endangered or threatened species that may affect land uses. Further information may be obtained by going to the following U.S. Fish and Wildlife website, [www.fws.gov/southwest/es/arizona/](http://www.fws.gov/southwest/es/arizona/), or contact the appropriate planning/development service department.

### 12 Deaths and Felonies on the Properties

An Arizona law states that sellers and real estate licensees have no liability for failure to disclose to a buyer that the property was ever the site of a natural death, suicide, murder or felony, [www.azleg.state.az.us/ars/32/02156.htm](http://www.azleg.state.az.us/ars/32/02156.htm). This information is often difficult to uncover; however, the local law enforcement agency may be able to identify calls made to the property address.

### 13 Indoor Environmental Concerns

**Mold:** Mold has always been with us, and it is a rare property that does not have some mold. However, over the past few years a certain kind of mold has been identified as a possible contributor to illnesses. Allergic individuals may experience symptoms related to mold. The Arizona Department of Health Services, Office of Environmental Health, states: "If you can see mold, or if there is an earthy or musty odor, you can assume you have a mold problem." [www.azdhs.gov/phs/oeh/children/indoorair/mold/index.php](http://www.azdhs.gov/phs/oeh/children/indoorair/mold/index.php)

The Environmental Protection Agency (EPA) and Centers for Disease Control and Prevention websites also contain valuable information: [www.epa.gov/mold/](http://www.epa.gov/mold/) and [www.cdc.gov/mold/default.htm](http://www.cdc.gov/mold/default.htm).

**Chinese Drywall:** There have been a few reports of Chinese Drywall used in Arizona homes, see [www.cpssc.gov/info/drywall/where.html](http://www.cpssc.gov/info/drywall/where.html) for more information.

**Radon gas and carbon monoxide:** Radon gas and carbon monoxide poisoning are two of the more common and potentially serious indoor air quality ("IAQ") concerns. Both of these concerns can be addressed by the home inspector, usually for an additional fee. For information on radon levels in the state, go to the Arizona Radiation Regulatory Agency's website [www.azrra.gov/radon/index.html](http://www.azrra.gov/radon/index.html).

**Drug labs:** Unremediated meth labs and other dangerous drug labs must be disclosed to buyers by Arizona law. A list of unremediated properties and a list of the registered drug laboratory site remediation firms can be found at [www.azbtr.gov/listings/drug\\_lab\\_site\\_clean\\_up.asp](http://www.azbtr.gov/listings/drug_lab_site_clean_up.asp).

**Other:** For information on other indoor environmental concerns, the EPA has a host of resource materials and pamphlets available at [www.epa.gov/iaq/pubs/index.html](http://www.epa.gov/iaq/pubs/index.html).

### 14 Property Boundaries

If the property boundaries are of concern, a survey may be warranted. For example, a survey may be advisable if there is an obvious use of property by others (i.e., a well-worn path across a property and/or parked cars on the property) or fences or structures of adjacent property owners that appear to be built on the property. For more information, visit the Arizona Professional Land Surveyors website at [www.azpls.org](http://www.azpls.org). A list of surveyors may be obtained from the Board of Technical Registration at [www.btr.state.az.us](http://www.btr.state.az.us).

### 15 Flood Plain Status

If the property is in a flood zone, an additional annual insurance premium of several hundred dollars may be required (check with your insurance agent about cost and coverage). If the property is in an area deemed high risk, the buyer may be required by the lender to obtain flood hazard insurance through the National Flood Insurance Program. Find details on flood plain status at:

**Maricopa County:** [www.fcd.maricopa.gov/](http://www.fcd.maricopa.gov/)

**Coconino County:**  
[www.coconino.az.gov/index.aspx?nid=641](http://www.coconino.az.gov/index.aspx?nid=641)

**Coconino County Flood Preparedness:**  
[www2.coconino.az.gov/schultzfloodinformation.aspx?id=24931](http://www2.coconino.az.gov/schultzfloodinformation.aspx?id=24931)

**Pima County:** [www.rfcd.pima.gov](http://www.rfcd.pima.gov)

**Phoenix:** <http://phoenix.gov/streets/floodplain/>

**Tucson:** [www.tucsonaz.gov/dsd/Site\\_Review/Engineer\\_Flood/Status\\_Requests/status\\_requests.html](http://www.tucsonaz.gov/dsd/Site_Review/Engineer_Flood/Status_Requests/status_requests.html)

**Santa Cruz County:** [www.co.santa-cruz.az.us/public\\_works/flood/index.html](http://www.co.santa-cruz.az.us/public_works/flood/index.html)

**Other parts of the state:**  
[www.azgs.az.gov/hazards\\_floods.shtml](http://www.azgs.az.gov/hazards_floods.shtml)

**FEMA Flood Map Service Center:**  
[www.fema.gov/hazard/flood/index.shtml](http://www.fema.gov/hazard/flood/index.shtml)



## COMMON PHYSICAL CONDITIONS IN THE PROPERTY (CONTINUED)

### 16 Insurance (Claims History)

Many factors affect the availability and cost of homeowner's insurance. Some insurance companies use a database known as the Comprehensive Loss Underwriting Exchange ("C.L.U.E.") in their underwriting practices to track the insurance claim history of a property and of the person applying for insurance coverage. Property owners may request a five year claims history from their insurance agent or purchase a C.L.U.E. report online at <https://personalreports.lexisnexis.com/index.jsp> or by calling 866-527-2600. For additional insurance information, visit the Arizona Department of Insurance website at [www.id.state.az.us/consumer.html](http://www.id.state.az.us/consumer.html).

### 17 Other Property Conditions

**Plumbing:** Check functionality.

**Cooling/Heating:** Make sure the cooling and heating systems are adequate. Arizona State Chapter affiliate of the Air Conditioning Contractors of America: [www.acca-az.org/](http://www.acca-az.org/).

**Electrical systems:** Check for function and safety

## CONDITIONS AFFECTING THE AREA SURROUNDING THE PROPERTY THE BUYER SHOULD INVESTIGATE

*Every property is unique; therefore, important conditions vary.*

### 1 Environmental Concerns

It is often very difficult to identify environmental hazards. For environmental information, search the ADEQ website at [www.adeq.state.az.us](http://www.adeq.state.az.us). The ADEQ website contains information regarding the locations of open and closed landfills (Solid Waste Facilities) at [www.azdeq.gov/environ/waste/solid/map.html](http://www.azdeq.gov/environ/waste/solid/map.html) and wildfire information at [www.azdeq.gov/function/programs/wildfire.html](http://www.azdeq.gov/function/programs/wildfire.html), as well as air quality information, water quality information and more.

**Environmentally Sensitive Land Ordinance:**

Approximately two-thirds of the City of Scottsdale is affected by the Environmentally Sensitive Land Ordinance (ESLO), which requires some areas on private property be retained in their natural state and designated as National Area Open Space (NAOS). For more information about how the ESLO and NAOS may impact affected property, go to [www.scottsdaleaz.gov/codes/ESLO](http://www.scottsdaleaz.gov/codes/ESLO).

### 2 Electromagnetic Fields

For information on electromagnetic fields, and whether they pose a health risk to you or your family, visit the following websites: [www.niehs.nih.gov/health/topics/agents/emf/](http://www.niehs.nih.gov/health/topics/agents/emf/)

### 3 Superfund Sites

There are numerous sites in Arizona where the soil and groundwater have been contaminated by improper disposal of contaminants. To check if a property is in an area designated by the ADEQ as requiring cleanup, see [www.azdeq.gov/environ/waste/sps/phx.html](http://www.azdeq.gov/environ/waste/sps/phx.html) for available maps to view. The EPA also has information on Federal sites at [www.epa.gov/superfund/](http://www.epa.gov/superfund/) and in Spanish at [www.epa.gov/superfund/spanish/index.htm](http://www.epa.gov/superfund/spanish/index.htm).

### 4 Freeway Construction and Traffic Conditions

Although the existence of a freeway near the property may provide highly desirable access, sometimes it contributes to undesirable noise. To search for roadway construction and planning, go to the Arizona Department of Transportation ("ADOT") website at [www.azdot.gov/Highways/](http://www.azdot.gov/Highways/). Check ADOT maps to find the nearest future freeway routes and roads in the area slated for widening. For traffic conditions, visit [www.az511.com/](http://www.az511.com/).



## CONDITIONS AFFECTING THE AREA SURROUNDING THE PROPERTY (CONTINUED)

### 5 Crime Statistics

Crime statistics, an imperfect measurement at best, provide some indication of the level of criminal activity in an area. To check the crime statistics for the city of Phoenix go to <http://phoenix.gov/police/crista1.html>. A visit or phone call to other law enforcement agencies may be required.

For the city of Tucson: <http://tpdinternet.tucsonaz.gov/Stats/>.

For crime statistics in all Arizona cities go to [www.leagueaz.org/lgd/](http://www.leagueaz.org/lgd/) click on the city/town and search for "crime statistics."

### 6 Sex Offenders

Since June 1996, Arizona has had a registry and community notification program for convicted sex offenders. This information may be accessed at [www.azdps.gov/Services/Sex\\_Offender/](http://www.azdps.gov/Services/Sex_Offender/). Prior to June 1996, registration was not required, and only the higher-risk sex offenders are on the website. The presence of a sex offender in the vicinity of the property is not a fact that the seller or real estate agent is required to disclose.

**City of Glendale:** For more information go to [www.glendaleaz.com/police/sexoffenderinfocenter.cfm](http://www.glendaleaz.com/police/sexoffenderinfocenter.cfm).

**National Sex Offender Public Website:** [www.nsopw.gov/Core/Portal.aspx](http://www.nsopw.gov/Core/Portal.aspx)

### 7 Forested Areas

Life in a forested area has unique benefits and concerns. For information on protecting your property from wildfire, go to [www.azsf.az.gov/](http://www.azsf.az.gov/) or [www.firewise.org/](http://www.firewise.org/). See also, Arizona Firewise Communities, <http://cals.arizona.edu/firewise/>. Contact county/city fire authority for information on issues particular to your community.

### 8 Military and Public Airports

The legislature has mandated the identification of areas in the immediate vicinity of military and public airports that are susceptible to a certain level of noise from aircraft. The boundaries of these areas have been plotted on maps that are useful in determining if a property falls within one of these areas. The maps for military airports may be accessed at [www.re.state.az.us/AirportMaps/MilitaryAirports.aspx](http://www.re.state.az.us/AirportMaps/MilitaryAirports.aspx); view maps for many of the public airports at [www.re.state.az.us/AirportMaps/PublicAirports.aspx](http://www.re.state.az.us/AirportMaps/PublicAirports.aspx). These maps are intended to show the areas subject to the preponderance of airport-related noise from a given airport. Periodic over-flights that may contribute to noise cannot usually be determined from these maps.

### 9 Zoning/Planning/Neighborhood Services

**Phoenix:** <http://phoenix.gov/business/zoning/>  
**Scottsdale:** [www.scottsdaleaz.gov/Topics/Planning](http://www.scottsdaleaz.gov/Topics/Planning)  
**Tucson:** [www.ci.tucson.az.us/planning.html](http://www.ci.tucson.az.us/planning.html)  
**Other cities and towns:** [www.azleague.org](http://www.azleague.org)

### 10 Schools

Although there is no substitute for an on-site visit to the school to talk with principals and teachers, there is a significant amount of information about Arizona's schools on the Internet. Visit [www.ade.state.az.us](http://www.ade.state.az.us) for more information. The ADRE advises: "Call the school district serving the subdivision to determine whether nearby schools are accepting new students. Some school districts, especially in the northwest part of the greater Phoenix area, have placed a cap on enrollment. You may find that your children cannot attend the school nearest you and may even be transported to another community." [www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx](http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx)

### 11 City Profile Report

Information on demographics, finances and other factors drawn from an array of sources, such as U.S. Census Bureau, Bureau of Labor, Internal Revenue Service, Federal Bureau of Investigation, and the National Oceanic and Atmospheric Administration. [www.homefair.com/find\\_a\\_place/cityprofile/](http://www.homefair.com/find_a_place/cityprofile/)



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## OTHER METHODS OF GETTING INFORMATION ABOUT A PROPERTY

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### Talk to the Neighbors

Neighbors can provide a wealth of information. Buyers should always talk to the surrounding residents about the neighborhood and the history of the property the buyer is considering for purchase.

### Drive around the Neighborhood

Buyers should always drive around the neighborhood, preferably on different days at several different times of the day and evening, to investigate the surrounding area.

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## MARKET CONDITIONS ADVISORY

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The real estate market is cyclical and real estate values go up and down. The financial market also changes, affecting the terms on which a lender will agree to loan money on real property. It is impossible to accurately predict what the real estate or financial market conditions will be at any given time.

The ultimate decision on the price a Buyer is willing to pay and the price a Seller is willing to accept for a specific property rests solely with the individual Buyer or Seller. The parties to a real estate transaction must decide on what price and terms they are willing to buy or sell in light of market conditions, their own financial resources and their own unique circumstances.

The parties must, upon careful deliberation, decide how much risk they are willing to assume in a transaction. Any waiver of contingencies, rights or warranties in the Contract may have adverse consequences. Buyer and Seller acknowledge that they understand these risks.

Buyer and Seller assume all responsibility should the return on investment, tax consequences, credit effects, or financing terms not meet their expectations. The parties understand and agree that the Broker(s) do not provide advice on property as an investment. Broker(s) are not qualified to provide financial, legal, or tax advice regarding a real estate transaction. Therefore, Broker(s) make no representation regarding the above items. Buyer and Seller are advised to obtain professional tax and legal advice regarding the advisability of entering into this transaction.

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## FAIR HOUSING & DISABILITY LAWS

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The Fair Housing Act prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability). Visit HUD's Fair Housing/Equal Opportunity website at [http://portal.hud.gov/portal/page/portal/HUD/program\\_offices/fair\\_housing\\_equal\\_opp](http://portal.hud.gov/portal/page/portal/HUD/program_offices/fair_housing_equal_opp). For information on the Americans with Disabilities Act, visit [www.usdoj.gov/crt/ada/adahom1.htm](http://www.usdoj.gov/crt/ada/adahom1.htm).

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## ADDITIONAL INFORMATION

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**NATIONAL ASSOCIATION OF REALTORS® (NAR):**  
[www.realtor.org/](http://www.realtor.org/)

**NAR's Ten Steps to Homeownership:**  
[www.realtor.com/home-finance/buyers-basics/guide-how-to-buy-a-home.aspx](http://www.realtor.com/home-finance/buyers-basics/guide-how-to-buy-a-home.aspx)

**Home Closing 101:**  
[www.homeclosing101.org/](http://www.homeclosing101.org/)

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## INFORMATION ABOUT ARIZONA GOVERNMENT

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**Links to state agencies, city and county websites:**  
[www.az.gov](http://www.az.gov)

**Geographic Information System (GIS) – Maps and information:** [www.azgs.az.gov/publications.shtml](http://www.azgs.az.gov/publications.shtml)

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## ARIZONA DEPARTMENT OF REAL ESTATE

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**Consumer Information:**  
[www.azre.gov/InfoFor/Consumers.aspx](http://www.azre.gov/InfoFor/Consumers.aspx)

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## ARIZONA ASSOCIATION OF REALTORS®

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**Find a REALTOR®:** [www.aaronline.com/](http://www.aaronline.com/)



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## BUYER ACKNOWLEDGMENT

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Buyer acknowledges receipt of all nine pages of this Advisory. Buyer further acknowledges that there may be other disclosure issues of concern not listed in this Advisory. Buyer is responsible for making all necessary inquiries and consulting the appropriate persons or entities prior to the purchase of any property.

The information in this Advisory is provided with the understanding that it is not intended as legal or other professional services or advice. These materials have been prepared for general informational purposes only. The information and links contained herein may not be updated or revised for accuracy. If you have any additional questions or need advice, please contact your own lawyer or other professional representative.



### *Buyer Advisory*

*A Resource for  
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# Buyer Advisory

## TABLE OF CONTENTS

### PAGE

|          |   |
|----------|---|
| <b>1</b> | <b>COMMON DOCUMENTS A BUYER SHOULD REVIEW</b>   |
| 1        | Purchase Contract   |
| 1        | MLS Printout  |
| 1        | The Subdivision Disclosure Report (Public Report)   |
| 2        | Seller's Property Disclosure Statement (SPDS)   |
| 2        | Covenants, Conditions and Restrictions (CC&Rs)  |
| 2        | Homeowner's Association (HOA) Governing Documents   |
| 2        | HOA Disclosures   |
| 2        | Title Report or Title Commitment  |
| 2        | Loan Documents  |
| 3        | Home Warranty Policy  |
| 3        | Affidavit of Disclosure   |
| 3        | Lead-Based Paint Disclosure Form  |
| 3        | Professional Inspection Report  |
| 3        | County Assessors/Tax Records  |
| 3        | Termites and Other Wood Destroying Insects and Organisms  |
| 4        | Foreign Investment in Real Property Tax Act (FIRPTA)  |
| <b>4</b> | <b>COMMON PHYSICAL CONDITIONS IN THE PROPERTY A BUYER SHOULD INVESTIGATE</b>                                    |
| 4        | Repairs and New Construction  |
| 4        | Square Footage  |
| 4        | Roof  |
| 4        | Swimming Pools and Spas ( <i>Barriers</i> )   |
| 4        | Septic and Other On-site Wastewater Treatment Facilities  |
| 5        | Sewer   |
| 5        | Water/Well Issues ( <i>Adjudications, CAGRDs</i> )  |
| 5        | Soil Problems   |
| 5        | Previous Fire/Flood   |
| 5        | Pests ( <i>Scorpions, Bed bugs, Roof Rats, Termites &amp; Bark Beetles</i> )                                    |
| 6        | Endangered and Threatened Species   |
| 6        | Deaths and Felonies on the Property   |
| 6        | Indoor Environmental Concerns ( <i>Mold, Chinese Drywall, Radon gas and Carbon monoxide, Drug labs, Other</i> ) |
| 6        | Property Boundaries   |
| 6        | Flood Plain Status  |
| 7        | Insurance (Claims History)  |
| 7        | Other Property Conditions ( <i>Plumbing, Cooling/heating, Electrical systems</i> )                              |

### PAGE

|           |  |
|-----------|--|
| <b>7</b>  | <b>CONDITIONS AFFECTING THE AREA SURROUNDING THE PROPERTY THE BUYER SHOULD INVESTIGATE</b> |
| 7         | Environmental Concerns ( <i>Environmentally Sensitive Land Ordinance</i> )                 |
| 7         | Electromagnetic Fields   |
| 7         | Superfund Sites  |
| 7         | Freeway Construction and Traffic Conditions  |
| 8         | Crime Statistics   |
| 8         | Sex Offenders  |
| 8         | Forested Areas   |
| 8         | Military and Public Airports   |
| 8         | Zoning/Planning/Neighborhood Services  |
| 8         | Schools  |
| 8         | City Profile Report  |
| <b>9</b>  | <b>OTHER METHODS TO GETTING INFORMATION ABOUT A PROPERTY</b>                               |
| 9         | Talk to the Neighbors  |
| 9         | Drive around the Neighborhood  |
| <b>9</b>  | <b>MARKET CONDITIONS ADVISORY</b>  |
| <b>9</b>  | <b>FAIR HOUSING AND DISABILITY LAWS</b>  |
| <b>9</b>  | <b>ADDITIONAL INFORMATION</b>  |
| <b>9</b>  | <b>INFORMATION ABOUT ARIZONA GOVERNMENT</b>  |
| <b>9</b>  | <b>ARIZONA DEPARTMENT OF REAL ESTATE</b>   |
| <b>9</b>  | <b>ARIZONA ASSOCIATION OF REALTORS®</b>  |
| <b>10</b> | <b>BUYER ACKNOWLEDGMENT</b>  |