

# ARIZONA BUYERS GUIDE



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REALTOR®

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REALTY

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# QUICK REFERENCE

Complete the following information as it becomes available.

Utility companies may ask for your Escrow Number and the name of your Title Company.

**IMPORTANT:** Do not cancel your current home insurance or disconnect utilities prior to the close of escrow

|                |  |
|----------------|--|
| Escrow Number  |  |
| New Address    |  |
| City/State/Zip |  |



## REALTOR

|                    |  |
|--------------------|--|
| Name               |  |
| Other Team Members |  |
| Company            |  |
| Address            |  |
| City/State/Zip     |  |
| Phone              |  |
| Cell               |  |
| Fax                |  |
| Email              |  |
| Website            |  |



## INSURANCE

|                   |  |
|-------------------|--|
| Agent             |  |
| Phone             |  |
| Policy Number     |  |
| <b>Stop</b> Date  |  |
| Agent             |  |
| Phone             |  |
| Policy Number     |  |
| <b>Start</b> Date |  |
| Home Warranty     |  |
| Plan Number       |  |
| Policy Number     |  |
| Website           |  |



## GAS

|                   |  |
|-------------------|--|
| Southwest Gas     |  |
| Other             |  |
| <b>Start</b> Date |  |



## ELECTRIC

|                    |                               |
|--------------------|-------------------------------|
| Salt River Project | 602.236.8888 - www.srpnet.com |
| APS                | 602.371.7171 - www.aps.com    |
| <b>Start</b> Date  |                               |



## COMMUNICATIONS

INTERNET AND TELEVISION SERVICE

|                   |                                           |
|-------------------|-------------------------------------------|
| COX               | 602.277.1000 - www.cox.com                |
| Direct TV         | 1.888.777.2454 - www.directtv.com         |
| Dish Network      | 1.800.823.4929 - www.dishnetwork.com      |
| Western Broadband | 1.800.998.8040 - www.westernbroadband.net |
| Century Link      | 1.800.366.8201 - www.centurylink.com      |
| <b>Start</b> Date |                                           |



## COMMUNICATIONS

PHONE SERVICE

|                  |                                           |
|------------------|-------------------------------------------|
| AT&T             | 1.800.222.0300 - www.att.com              |
| Verizon          | 1.877.300.4498 - www.connecttoverizon.com |
| New Phone Number |                                           |



## NEWSPAPERS

|                  |                                  |
|------------------|----------------------------------|
| Arizona Republic | 602.444.1000 - www.azcentral.com |
| The Tribune      | 480.898.6500 - www.tribune.com   |



## MAIL

|                       |              |
|-----------------------|--------------|
| United Postal Service | www.usps.com |
|-----------------------|--------------|



## SECURITY TITLE AGENCY

|                  |  |
|------------------|--|
| Escrow Officer   |  |
| Phone            |  |
| Fax              |  |
| Email            |  |
| Escrow Assistant |  |
| Phone            |  |
| Email            |  |
| Address          |  |
| City/State/Zip   |  |



“To give real service, you must add something which cannot be bought or measured with money, and that is sincerity and integrity.”

DOUGLAS ADAMS

**SECURITY TITLE AGENCY**  
**REDUCED** RATE CERTIFICATE

This certificate entitles you to reduced rates for an Owner's Policy should you sell your property within three (3) years from the date the sale was recorded.

Owner: \_\_\_\_\_

Policy No.: \_\_\_\_\_

Real Estate Agent: \_\_\_\_\_

Recorded Sales Date: \_\_\_\_\_

The offer is applicable only if the policy is issued by Security Title. To ensure your discount, present this certificate to your real estate agent when you list your home for sale. Three Year Reduced Rate offer expires on \_\_\_\_\_

Note: If you decide to sell your home in the future, new title insurance will be needed to protect your Buyer for the time prior to and during your ownership for any defects that may have occurred. See Security Title's short-term, reduced-rate certificate.



## SECURITY TITLE



We at **Security Title** are proud to be able to provide this helpful guide to understanding the title and escrow process when buying a home in Arizona

With over 160 years of history in the title industry, Security Title and our FNF family of title companies offers you the financial strength, experience and expertise needed to close your transactions with confidence and peace of mind.

This booklet has been prepared to give you an overview of the general process involved during the purchase of a home and explain the various roles that we will play in helping to close your transaction.

We hope you find this information beneficial in making your transaction and experience a smooth and positive one!







## BENEFITS FROM A PROFESSIONAL REALTOR®

### CONGRATULATIONS ON YOUR DECISION TO BUY A HOME!

It's a challenging project, and there are many ways a professional can help. Here are some of the many ways you may benefit from working with a REALTOR®.

### MANY MORE HOME CHOICES

Your REALTOR® will make a commitment to spend valuable hours finding the right home for you: researching listings, previewing properties, visiting homes with you, and negotiating your contract. Honor that commitment by staying with the REALTOR® you've selected until you purchase your home. Be sure your REALTOR® accompanies you on your first visit to all new homes and open houses.

### A NUMBER OF TRANSACTIONS "FALL OUT"

Unfortunately, it's true. Some transactions fall apart before closing. An experienced REALTOR® can resolve problems and may be able to see your transaction through to a successful closing.

### KNOWLEDGE OF NEW HOME SUBDIVISIONS

New home subdivisions will welcome you and your REALTOR®. If you're interested in buying a new home, take your agent with you on your first visit to each subdivision. Your professional REALTOR® is an important source of information who can supply background on the builder, nearby subdivisions, and the local community.

### HELP WITH FSBO'S

If you are considering a "For Sale By Owner," take your REALTOR® along to help negotiate the contract. The owner may not only agree to your terms, but may also agree to pay the agent's commission.

### LESS LIABILITY

You will have more protection from legal and financial liability, especially as real estate transactions become more complicated.

### THE PAPERWORK

Your experienced REALTOR® will negotiate and prepare the purchase contract for you and assist you throughout the escrow process.





# HOME COMPARISON

The following home comparison chart is designed to help you remember the homes you visit and what you liked best and least about each one. Remembering each home you tour would appear easy, but it can quickly become confusing. Which home was near the school? Which one had the great pool? Did it have a family room? And how many bathrooms? This will make it easier for you to recall the property later and refer to a specific address.

**Good luck with your search, and enjoy your house hunting adventure!**

| ITEM                    | PRIORITY | HOUSE A | HOUSE B | HOUSE C | HOUSE D |
|-------------------------|----------|---------|---------|---------|---------|
| ASKING PRICE            |          |         |         |         |         |
| NO. BEDROOMS/BATHS      |          |         |         |         |         |
| SQUARE FOOTAGE          |          |         |         |         |         |
| FIRST IMPRESSION        |          |         |         |         |         |
| LOCATION                |          |         |         |         |         |
| NEIGHBORHOOD            |          |         |         |         |         |
| APPEALING STYLE         |          |         |         |         |         |
| LIVING ROOM             |          |         |         |         |         |
| DINING ROOM             |          |         |         |         |         |
| GREAT ROOM              |          |         |         |         |         |
| KITCHEN                 |          |         |         |         |         |
| FAMILY ROOM             |          |         |         |         |         |
| BATHROOM                |          |         |         |         |         |
| MASTER BEDROOM          |          |         |         |         |         |
| MASTER BATH             |          |         |         |         |         |
| BEDROOMS                |          |         |         |         |         |
| FLOOR PLAN              |          |         |         |         |         |
| PATIO                   |          |         |         |         |         |
| POOL                    |          |         |         |         |         |
| LANDSCAPING             |          |         |         |         |         |
| GARAGE OR CARPORT       |          |         |         |         |         |
| SOMETHING MEMORABLE     |          |         |         |         |         |
| DOES IT FEEL LIKE HOME? |          |         |         |         |         |







# LOAN APPLICATION REQUIREMENTS

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***Be prepared to provide some or all of these items to your loan officer***

- Addresses of residences for last two years
- Social Security Number
- Drivers License or other valid ID
- Names and addresses of employers for last two years
- Two recent pay stubs showing year-to-date earnings
- Federal tax returns for last two years
- W-2's for last two years
- Last two monthly statements for all checking and savings accounts
- Loans: Names, addresses, account numbers, and payment amounts on all loans, including real estate loans
- Credit cards: Names, addresses, account numbers, and payment amounts on all credit cards
- Addresses and values of other real estate owned
- Value of personal property. Your best estimate of the value of all of your personal property (autos, boats, furniture, jewelry, televisions, stereos, computers, other electronics, etc.)
- For a VA loan, Certificate of Eligibility or DD214s
- Divorce decree if applicable
- Funds to pay upfront for the credit report and appraisal
- Letters of Explanation regarding credit inquiries or special circumstances





# LOAN PROCESS

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## 1 Application

Your loan process should go smoothly if you complete your loan application properly and provide all necessary documentation to your loan consultant at the time of application.

## 2 Ordering Documentation

Your loan consultant will order the necessary documentation for the loan. Any verifications will be mailed, and the credit report and appraisal will be ordered. You will also receive a Closing Disclosure of your costs and details of your loan.

## 3 Awaiting Documentation

Within approximately two weeks, all necessary documents should be received from your loan consultant. Each item is reviewed carefully to ascertain if additional items are needed from you to resolve any questions or problems.

## 4 Loan Submission

Submitting your loan is a critical part of the process. All of the necessary documentation will be sent to the lender, along with your credit report and appraisal.

## 5 Loan Approval

Loan approval may be obtained in stages. Usually within one to three business days, your loan consultant should have pre-approval from the lender. If the loan requires mortgage insurance, or if an investor needs to review the file, final approval could take additional time. You do not have final loan approval until ALL of the necessary parties have underwritten the loan.

## 6 Lender Preparation of Documents.

As soon as the loan is approved and all requirements of the lender have been met, the loan documents will be prepared. These documents will be sent to the escrow officer, and you will be asked to sign the documents. Your lender may require an impound account for taxes or insurance payments, depending on the type of loan.

## 7 Funding

Once you have signed the documents and they have been returned to the lender, the lender will review them and make sure that all conditions have been met and all of the documents have been signed correctly. When this is completed, they will "fund" your loan. ("Fund" means that the lender will give the title company the money by wire.)

## 8 Recordation

When the loan has been funded, the title company will record the Deed of Trust with the county in which the property is located (usually by the next day). Upon receipt of confirmation of the deed of trust being recorded, your escrow officer will then disburse monies to the appropriate parties. At this time, in most cases, your loan is considered complete.





# PMI “Private Mortgage Insurance” FAQs

## What is PMI?

Buying a home is easier than ever, thanks to the availability of private mortgage insurance, or PMI. Private mortgage insurance has made it possible for qualifying buyers to obtain mortgages with a down payment as low as 3%. Such mortgages are increasingly in demand in today's home market because potential homeowners, especially first time home buyers, are unable to accumulate the 20% down payment that would be required without private mortgage insurance.

## Definition of PMI

PMI is a type of insurance required by the lender that helps protect lenders against losses due to foreclosure. This protection is provided by private mortgage insurance companies and enables lenders to accept lower down payments than would normally be allowed.

## Why do I need to carry PMI?

If you make a down payment less than 20% of the home sales price, your lender will require you carry PMI. This will protect the lender from a potential loss if you default on your low down-payment loan.

## How long am I required to carry PMI?

PMI can usually be canceled by the home buyer when they have at least 20% equity in the home, either due to payment of the principal or the appreciation of the property. When you believe your home has achieved 20% equity, contact your lender. Usually lenders will require an appraisal on the property to verify the equity.

## How much is PMI going to cost me?

The House Banking Committee has estimated that the average cost of PMI is between \$300 and \$900 a year. Premiums are based on the amount and terms of the mortgage and will vary according to loan-to-value ratio, type of loan and the amount of coverage required by the lender.

## What are the payment options for PMI?

PMI can be paid on either an annual, monthly, or single premium plan.







## WHAT TO AVOID DURING THE LOAN PROCESS

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### **DO NOT CHANGE JOBS**

A job change may result in your loan being denied, particularly if you are taking a lower paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.

### **DON'T PAY OFF EXISTING ACCOUNTS UNLESS THE LENDER REQUESTS IT**

If your Loan Officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.

### **AVOID SWITCHING BANKS OR MOVING YOUR MONEY TO ANOTHER INSTITUTION**

After the lender has verified your funds at one or more institutions, the money should remain there until your escrow closes.

### **DON'T MAKE ANY LARGE PURCHASES**

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your failing to qualify for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.





# TYPES OF LOANS

## ADJUSTABLE RATE LOAN

Adjustable or variable rate refers to the fluctuating interest rate you'll pay over the life of the loan. The rate is adjusted periodically to coincide with changes in the index on which the rate is based. The minimum and maximum amounts of adjustment, as well as the frequency of adjustment, are specified in the loan terms. An adjustable rate mortgage may allow you to qualify for a higher loan amount but maximums, caps and time frames should be considered before deciding on this type of loan.

## ASSUMABLE LOAN

A true assumable loan is rare today! This loan used to enable a buyer to pay the seller for the equity in the home and take over the payments without meeting any requirements. Assumables these days generally require standard income, credit and funds verification by the lender before the loan can be transferred to the buyer.

## BALLOON PAYMENT LOAN

A balloon loan is amortized over a long period but the balance is due and payable much sooner, such as amortized over thirty years but due in five years. The loan also may be extendable or it may roll into a different type of loan. This could be an option if you expect to refinance before the loan is due or you plan to sell before that date. Discuss this option carefully with your loan consultant before accepting this type of loan.

## BUY-DOWN LOAN

If you have cash to spare, you can pay a portion of the interest upfront to reduce your monthly payments.

## COMMUNITY HOMEBUYER'S PROGRAM

This program is designed to assist first-time buyers by offering a fixed rate and a low downpayment, such as 3% to 5% down. The program doesn't require cash reserves, and qualifying ratios are more lenient; however, the buyer's income must fall within a certain range and a training course may be necessary if required by the program. Ask your loan consultant if this program is available in your community and whether or not you might qualify.

## CONVENTIONAL LOAN

A loan that is not obtained under any government-insured program. It could be any type: fixed rate, adjustable, balloon, etc.

## FHA LOAN

This program is beneficial for buyers who don't have large downpayments. The loan is insured by the Federal Housing Administration under Housing and Urban Development (HUD) and offers easier qualifying with less cash needed upfront but the condition of the property is strictly regulated. The Seller can pay a portion of the closing costs that would typically be paid by the buyer in a conventional loan program.

## FIXED RATE LOAN

This loan has one interest rate that is constant throughout the loan.

## GRADUATED PAYMENTS

This is a mortgage that has lower payments in the beginning that increase a determined amount (not based on current rate fluctuations as with an adjustable) usually on an annual schedule for a specific number of years.

## NO-QUALIFYING

A no-qualifying loan may be an option for those who can afford a larger downpayment, generally 25% to 30% or more. Since the risk for the lender is virtually eliminated, the borrower doesn't have to meet normal lender requirements such as proof of income.

## VA LOAN

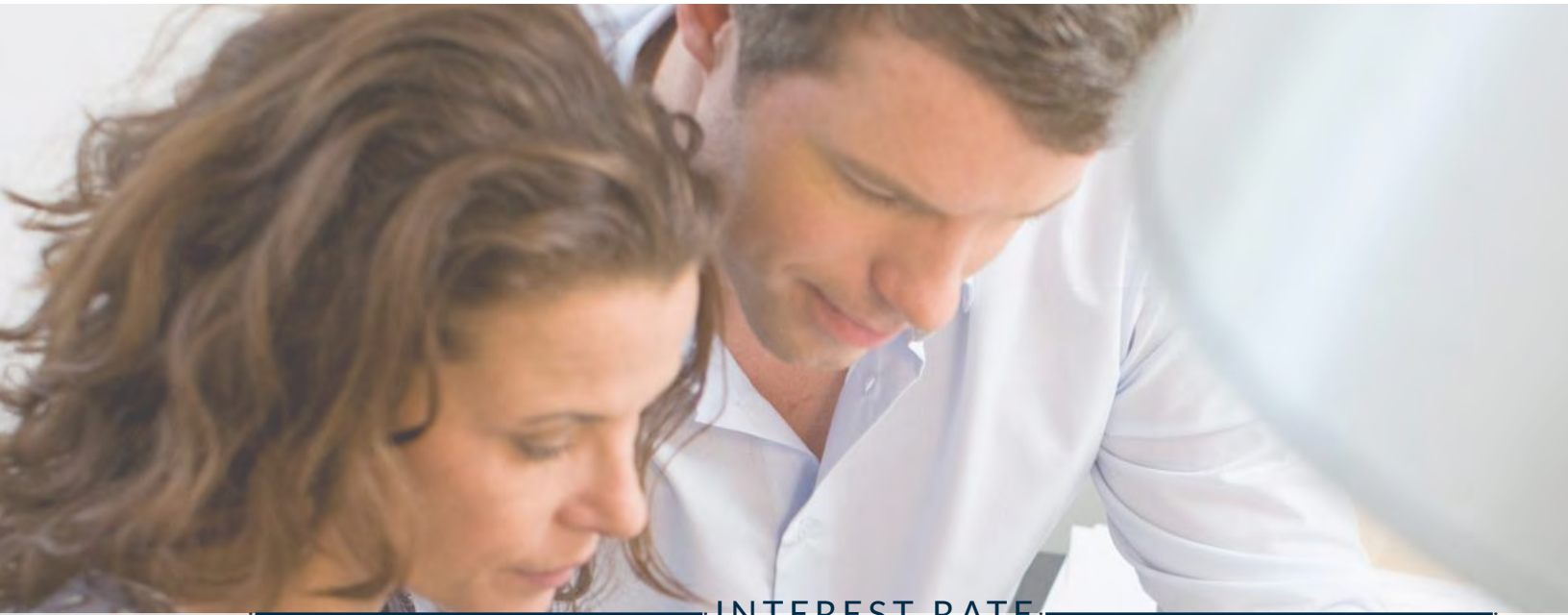
People who have served in the U.S. armed forces can apply for a VA loan which covers up to 100% of the purchase price and requires little or no downpayment. The seller pays much of the closing costs but those fees are added to the sales price of the home.





# SAMPLE MORTGAGE PAYMENT

## 30-YEAR LOAN / PRINCIPAL & INTEREST ONLY



### INTEREST RATE

| LOAN AMOUNT | 5.5%     | 5.75%    | 6%       | 6.25%    | 6.5%     | 6.75%    | 7%       | 7.25%    |
|-------------|----------|----------|----------|----------|----------|----------|----------|----------|
| \$220,000   | 1,249.14 | 1,283.86 | 1,319.01 | 1,354.58 | 1,390.55 | 1,426.92 | 1,463.66 | 1,500.79 |
| \$240,000   | 1,362.69 | 1,400.58 | 1,438.92 | 1,477.72 | 1,516.96 | 1,556.72 | 1,596.72 | 1,637.22 |
| \$260,000   | 1,426.75 | 1,495.00 | 1,558.83 | 1,600.86 | 1,643.38 | 1,686.35 | 1,729.79 | 1,773.66 |
| \$280,000   | 1,589.81 | 1,634.00 | 1,678.74 | 1,724.01 | 1,769.78 | 1,816.07 | 1,862.18 | 1,910.09 |
| \$300,000   | 1,703.37 | 1,750.72 | 1,798.65 | 1,847.15 | 1,896.20 | 1,945.79 | 1,995.91 | 2,046.53 |
| \$320,000   | 1,816.92 | 1,867.43 | 1,918.56 | 1,970.29 | 2,022.62 | 2,075.51 | 2,128.97 | 2,182.96 |
| \$340,000   | 1,930.48 | 1,984.15 | 2,038.47 | 2,093.44 | 2,149.03 | 2,205.23 | 2,262.03 | 2,319.40 |
| \$360,000   | 2,044.04 | 2,100.86 | 2,158.38 | 2,216.58 | 2,275.44 | 2,334.95 | 2,395.09 | 2,455.83 |
| \$380,000   | 2,157.60 | 2,217.58 | 2,278.29 | 2,339.72 | 2,401.86 | 2,464.67 | 2,528.15 | 2,592.27 |
| \$400,000   | 2,271.16 | 2,334.29 | 2,398.20 | 2,462.87 | 2,528.27 | 2,594.39 | 2,661.21 | 2,728.70 |
| \$420,000   | 2,384.71 | 2,451.01 | 2,518.11 | 2,586.01 | 2,654.69 | 2,724.11 | 2,794.27 | 2,864.14 |
| \$440,000   | 2,498.27 | 2,567.72 | 2,638.02 | 2,709.15 | 2,781.10 | 2,853.83 | 2,927.33 | 3,001.57 |

### THIS FORMULA IS ONLY A GUIDE AND NOT TO BE CONSTRUED AS ACTUAL LENDING CALCULATIONS

Contact your loan consultant to determine more accurately what price range you should consider. Lenders abide by certain ratios when calculating the loan amount their customers can qualify for and the ratios vary by lender and loan program. Many use 28% of your gross monthly income as the maximum allowed for your mortgage payment (principal/interest/taxes/insurance or PITI); for your total monthly debt, the ratio is 36%. Total monthly expenses means PITI plus long-term debt (such as auto loans) and revolving/credit-card debt. Do not include other expenses such as groceries, utilities, clothing, tuition, etc., to calculate this ratio.

HOW MUCH  
**HOME**  
CAN YOU AFFORD?







# RENT vs BUY

## WHY PAY RENT...when you could build equity in a home.

Have you ever considered how much you pay in rent over an extended period of time? It is probably a lot more than you realize. The amount you spend for rent each month could be applied to a mortgage, not only building equity in your own property, but—in most cases—substantially reducing the Federal and State income taxes you pay each year. And what happens to your rent money? It's gone! There's no interest, no equity, no return.

**To determine your home-buying ability, call your real estate agent or lender. The consultation is free with no strings attached so make the call today!**

| MONTHLY | AFTER 1 YEAR | AFTER 3 YEARS | AFTER 5 YEARS | AFTER 10 YEARS | AFTER 15 YEARS | YOUR RETURN |
|---------|--------------|---------------|---------------|----------------|----------------|-------------|
| \$400   | \$4,800      | \$14,400      | \$24,000      | \$48,000       | \$72,000       | \$0         |
| \$500   | \$6,000      | \$18,000      | \$30,000      | \$60,000       | \$90,000       | \$0         |
| \$600   | \$7,200      | \$21,600      | \$36,000      | \$72,000       | \$108,000      | \$0         |
| \$700   | \$8,400      | \$25,200      | \$42,000      | \$84,000       | \$126,000      | \$0         |
| \$800   | \$9,600      | \$28,800      | \$48,000      | \$96,000       | \$144,000      | \$0         |
| \$900   | \$10,800     | \$32,400      | \$54,000      | \$108,000      | \$162,000      | \$0         |
| \$1,000 | \$12,000     | \$36,000      | \$60,000      | \$120,000      | \$180,000      | \$0         |
| \$1,100 | \$13,200     | \$39,600      | \$66,000      | \$132,000      | \$198,000      | \$0         |
| \$1,200 | \$14,400     | \$43,200      | \$72,000      | \$144,000      | \$216,000      | \$0         |
| \$1,300 | \$15,600     | \$46,800      | \$78,000      | \$156,000      | \$234,000      | \$0         |
| \$1,400 | \$16,800     | \$50,400      | \$84,000      | \$168,000      | \$252,000      | \$0         |
| \$1,500 | \$18,000     | \$54,000      | \$90,000      | \$180,000      | \$270,000      | \$0         |
| \$1,750 | \$21,000     | \$63,000      | \$105,000     | \$210,000      | \$315,000      | \$0         |
| \$2,000 | \$24,000     | \$72,000      | \$120,000     | \$240,000      | \$360,000      | \$0         |
| \$2,500 | \$30,000     | \$90,000      | \$150,000     | \$300,000      | \$450,000      | \$0         |





# THE LOAN PROCESS

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*Below is an overview of the types of closing costs you may incur on your loan. Some are one-time fees while others recur over the life of the loan.*

## **APPRAISAL FEE**

This is a one-time fee that pays for an appraisal, a statement of property value required on most loans. The appraisal is made by an independent appraiser.

## **CREDIT REPORT FEE**

This one-time fee covers the cost of a credit report processed by an independent credit reporting agency.

## **DOCUMENT PREPARATION FEE**

There may be a separate, one-time fee that covers preparation of the final legal papers, including the note and deed of trust.

## **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. One point is equal to 1% of the loan amount.

## **LOAN ORIGATION FEE**

This fee covers the Lender's administrative costs in processing the loan. It is a one-time fee and is generally expressed as a percentage of the loan amount.

## **MISCELLANEOUS TITLE CHARGES**

The title company may charge fees for a title search, title examination, document preparation, notary fees, recording fees, and a settlement or closing fee. These are all one-time charges.

## **MORTGAGE INSURANCE PREMIUM**

Depending on the amount of your down payment, you may be required to pay a fee or mortgage insurance (which protects the Lender against loss due to foreclosure). You may also be required to put a certain amount for mortgage insurance into a special reserve account (called an impound account) held by the Lender.

## **PREPAID INTEREST**

Depending on the day of the month your loan closes, this charge may vary from a full month to just a few days interest. If your loan closes at the beginning of the month, you will probably have to pay the maximum amount. If your loan closes near the end of the month, you will only have to pay a few days interest. Your first payment will usually be 30 days after the date pre-paid interest is paid through.

## **TAXES AND HAZARD INSURANCE**

Based on the month you close, property taxes will be prorated between you and the Seller. You will also need to pay an entire years hazard insurance premium upfront (Homeowner's Insurance). In addition, you may be required to put a certain amount for taxes and insurance into a special reserve account (impound account) held by the Lender.

## **TITLE INSURANCE FEES**

There are two title policies; a Buyer's title policy (which protects the new homeowner) and a Lender's title policy (which protects the Lender against loss due to a defect in the title). These are both one-time fees.





# THE ESCROW PROCESS

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## WHAT IS AN ESCROW

An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with a neutral third party until certain conditions are fulfilled. In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer gives the funds to an escrow company who, acting as an intermediary, verifies that title to the property is clear and all written instructions in the contract have been met. Then the company transfers the ownership of the property to the Buyer through recordation and pays the Seller. This process protects all parties involved.

The State of Arizona licenses and regulates all title and escrow companies. The Department of Insurance and the Department of Financial Institutions can inspect a company's records at any time, providing further oversight of the company's management and qualification to act as an impartial third party to the transaction.

In Arizona, escrow services are generally provided by a title insurance company instead of an attorney. The stability, reliability and performance of your title and escrow company are vital to protect the interests of all parties to the transaction.

## HOW IS AN ESCROW OPENED?

Once you have completed the contract (or Purchase Agreement), and the Seller has accepted the offer, your REALTOR® will open escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, Security Title can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer); Security Title cannot otherwise alter the contract or create instructions, and that protects all parties to the transaction.

## HOW TO HOLD TITLE

You should inform your escrow officer and lender as soon as possible of how you wish to hold title to your home and exactly how your name(s) will appear on all documents. This allows your lender and Security Title to prepare all documents correctly. Changes later, such as adding or deleting an initial in your name, can delay your closing. You may wish to consult an attorney, accountant or other professional before deciding how to hold title.

## WHAT HAPPENS AT SECURITY TITLE

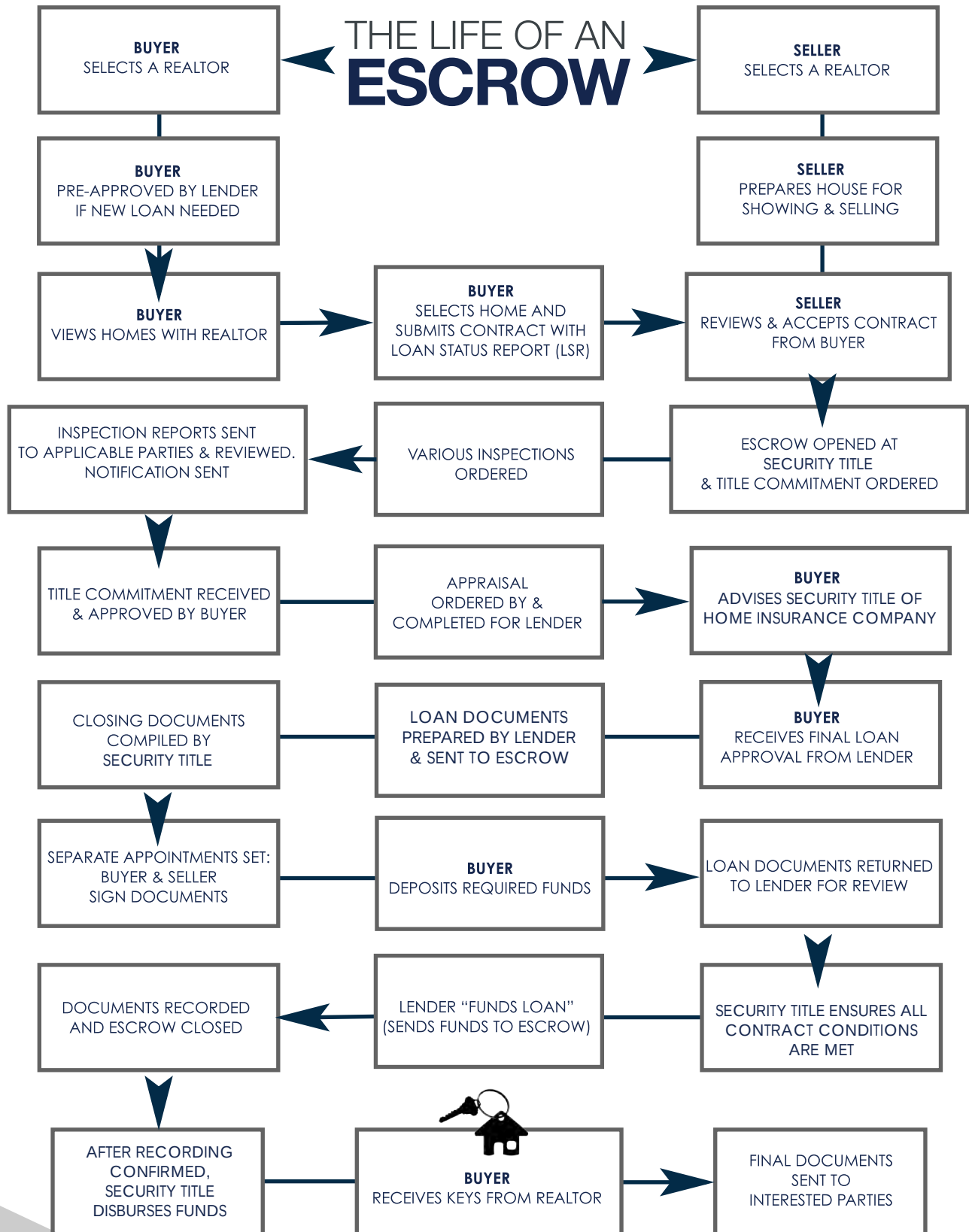
During the escrow period, our title department begins researching and examining all historical records pertaining to the subject property. Barring any unusual circumstances, a commitment for title insurance is issued, indicating a clear title or listing any items which must be cleared prior to closing. The commitment is sent to you for review. Your escrow officer follows the instructions on your contract, coordinates deadlines, and gathers all necessary paperwork. For example, written requests for payoff information (called "demands") are sent to the Seller's mortgage company and any other lien holders.







# THE ESCROW PROCESS



## AS PART OF OUR SERVICE, SECURITY TITLE WILL:

**OPEN** escrow and deposit your earnest money in a separate escrow account.

**CONDUCT** a title search to determine ownership and status of the subject property.

**ISSUE** a title commitment and begin the process to delete or record items to provide clear title to the property.

**ASK** you to complete a beneficiary's statement if you are assuming the Seller's loan.

**MEET** all deadlines as specified in the contract.

**REQUEST** payoff information for the Seller's loans, other liens, homeowners association fees, etc.

**PRORATE** fees, such as property taxes, per the contract, and prepare the settlement statement.

**SET** separate appointments: Seller will sign documents; you will sign documents and deposit funds.

**REVIEW** documents ensuring all conditions and legal requirements are fulfilled; request funds from lender.

When all funds are deposited, **RECORD** documents at the County Recorder to transfer the subject property to you.

After recordation is confirmed, **CLOSE** escrow and disburse funds, including Seller's proceeds, loan payoffs, REALTORS®' commissions, related fees for recording, etc.

**PREPARE** and send final documents to parties involved.





# OTHER PARTIES IN AN ESCROW TRANSACTION

In addition to the buyer, seller, lender and real estate agent(s), Escrow may involve several other parties providing these services: Home Inspection, Termite/Pest Inspection, Appraisal and Home Warranty.

## HOME INSPECTIONS

A home inspection is another component of the escrow process. It is a physical examination to identify material defects in the systems, structure and components of a building, such as foundations, basements and under-floor areas, exteriors, roof coverings, attic areas and roof framing, plumbing, electrical systems, heating and cooling systems, fireplaces and chimneys, and building exteriors.

### Is Your Home Inspector Insured?

They should have: Professional Liability Insurance Coverage, General Liability and Workers Compensation.

### How the Seller Should Prepare for a Home Inspection

The seller should have the property fully accessible, including elimination of stored objects that may prevent the inspector from accessing key components of the home. Areas of special concern are attics, crawlspaces, electric panels, closets, garages, gates/yards, furnaces and water heaters. All utilities should be on, with functioning pilots lit.

### Inspector's Responsibility to the Homeowner

Respect the property. Leave the property as they found it. Answer questions about the report after the inspection is completed. Provide a copy of the report on site.



## TERMITE/PEST INSPECTION

This report is prepared by a State Certified Inspector as evidence of the existence or absence of wood destroying organisms or pests which were visible and accessible on the date the inspection was made. In addition to looking for subterranean termites, the inspector is also looking for signs of activity from other wood organisms such as:

- Carpenter ants
- Carpenter bees
- Wood destroying fungus
- Dry wood termites

These conditions are easy to spot and in most cases are simple and inexpensive to correct.

If you aren't certain about the condition of your property, seek assistance from a State-Certified Termite Inspector.





# OTHER PARTIES IN AN ESCROW TRANSACTION

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## APPRAISAL

If the buyer is securing a new loan for the purchase, an appraisal will be required by the lender. An appraiser will:

- Research the subject property as to year built, bedrooms, baths, lot size and square footage.
- Compare data of recent sales in the subject's neighborhood, typically within a one mile radius. The appraiser usually locates at least three (and preferably more) similar homes that have sold within the past six months. These homes are considered the "Comparable Properties" or "Comps" for short.
- Field inspection is conducted in two parts:
  - (1) the inspection of the subject property, and
  - (2) the exterior inspection of the comparable properties.

The subject property inspection includes taking photos of the front and rear of the home (that may include portions of the yard) and photos of the street scene. The appraiser also makes an interior inspection for features and conditions which may detract from or add to the value of the home. A floor plan of the home is drawn and included while doing the inspection.

## HOME WARRANTY

Home warranties offer advantages to both the buyer and seller. This policy protects the buyer by paying for certain repairs and costs of major mechanical systems and major appliances in the home such as heating and air conditioning. There are a variety of plans available.

### Benefits of Home Warranty Coverage to the Seller

- Home may sell faster and at a higher price
- Optional coverage during the listing period
- Protection from legal disputes that occur after the sale increases the marketability of home

### Benefits of Home Warranty Coverage to the Buyer

- Warranty coverage for major systems and built-in appliances
- Protects cash flow
- Puts a complete network of qualified service technicians at the Buyer's service
- Low deductible

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to the escrow company and it becomes part of the seller's closing costs. FNF offers Home Warranty coverage at [www.HomeWarranty.com](http://www.HomeWarranty.com) or 1.800.862.6837







# CLOSING COSTS: WHO PAYS WHAT

|                                                                    | CASH    | CTM     | FHA     | VA      | CONV    |
|--------------------------------------------------------------------|---------|---------|---------|---------|---------|
| 1. Downpayment                                                     | BUYER   | BUYER   | BUYER   | BUYER   | BUYER   |
| 2. Termite (Wood Infestation) Inspection (negotiable except on VA) |         |         |         | SELLER  |         |
| 3. Property Inspection (If requested by Buyer)                     | BUYER   | BUYER   | BUYER   | BUYER   | BUYER   |
| 4. Property Repairs, if any (negotiable)                           | SELLER  | SELLER  | SELLER  | SELLER  | SELLER  |
| 5. New Loan Origination Fee (negotiable)                           |         |         | BUYER   | BUYER   | BUYER   |
| 6. Discount Points (negotiable)                                    |         |         | BUYER   | SELLER  | BUYER   |
| 7. Document Preparation Fee (Charge Selling on FHA/VA)             |         |         | SELLER  | SELLER  | BUYER   |
| 8. Credit Report                                                   |         | BUYER   | BUYER   | BUYER   | BUYER   |
| 9. Appraisal or Extension Fee (negotiable)                         |         |         | BUYER   | BUYER   | BUYER   |
| 10. Interest Proration on Seller's Existing Loan                   |         | SELLER  |         |         |         |
| 11. Existing Loan Payoff                                           | SELLER  |         | SELLER  | SELLER  | SELLER  |
| 12. Existing Loan Payoff Demand                                    | SELLER  |         | SELLER  | SELLER  | SELLER  |
| 13. Loan Prepayment Penalty (if any)                               | SELLER  |         | SELLER  | SELLER  | SELLER  |
| 14. Next Month's PITI Payment                                      |         | BUYER   | BUYER   | BUYER   | BUYER   |
| 15. Prepaid Interest (approx. 30 days)                             |         |         | BUYER   | BUYER   | BUYER   |
| 16. Mortgage Transfer Fee                                          |         | SPLIT   |         |         |         |
| 17. Reserve Account Balance (Credit Seller / Charge Buyer)         |         | PRORATE | PRORATE | PRORATE | PRORATE |
| 18. FHA MIP, VA Funding Fee, PMI Premium                           |         | PRORATE | BUYER   | BUYER   | BUYER   |
| 19. Assessments payoff or proration (sewer, paving, etc.)          | SELLER  | SELLER  |         |         |         |
| 20. Taxes                                                          | PRORATE | PRORATE | PRORATE | PRORATE | PRORATE |
| 21. Tax Impounds                                                   |         |         | BUYER   | BUYER   | BUYER   |
| 22. Tax Service Contract                                           |         |         | SELLER  | SELLER  | BUYER   |
| 23. Fire/Hazard Insurance                                          | BUYER   | BUYER   | BUYER   | BUYER   | BUYER   |
| 24. Flood Insurance                                                |         |         | BUYER   | BUYER   | BUYER   |
| 25. Homeowners Association (HOA) Transfer Fee                      | SPLIT   | SPLIT   | SPLIT   | SELLER  | SPLIT   |
| 26. HOA/Disclosure Fee                                             | SELLER  | SELLER  | SELLER  | SELLER  | SELLER  |
| 27. Current HOA Payment                                            | PRORATE | PRORATE | PRORATE | PRORATE | PRORATE |
| 28. Next Month's HOA Payment                                       | BUYER   | BUYER   | BUYER   | BUYER   | BUYER   |
| 29. Home Warranty Premium (negotiable)                             |         |         |         |         |         |
| 30. Home Title Policy                                              | SELLER  | SELLER  | SELLER  | SELLER  | SELLER  |
| 31. Lenders Title Policy and Endorsements                          |         |         | BUYER   | BUYER   | BUYER   |
| 32. Account Servicing Set-up Fee (negotiable)                      |         | SPLIT   |         |         |         |
| 33. Escrow Fee (Note: Charge Seller on VA Loan)                    | SPLIT   | SPLIT   | SPLIT   | SELLER  | SPLIT   |
| 34. Recording Fees (Flat Rate)                                     | SPLIT   | SPLIT   | SPLIT   | SPLIT   | SPLIT   |
| 35. Reconveyance/Satisfaction Fee                                  | SELLER  |         | SELLER  | SELLER  | SELLER  |
| 36. Courier/Express Mail Fees                                      | SPLIT   | SPLIT   | SPLIT   | SELLER  | SPLIT   |
| 37. Wire Fees                                                      | SPLIT   | SPLIT   | SPLIT   | SELLER  | SPLIT   |
| 38. Email Loan Documents                                           |         |         | BUYER   | SELLER  | BUYER   |

Note: Prorated items will appear on Closing Statement as charges for one and credits for the other





# CLOSING YOUR ESCROW

## WHAT TO DO BEFORE THE CLOSING APPOINTMENT

Your escrow officer will contact you to schedule your closing appointment and inform you of the funds required for closing. The preferred method is a wire transfer, which you will need to arrange with your escrow officer.

### Good Funds Law

Security Title is required by law to have funds deposited and available before escrow funds can be dispersed.

## DON'T FORGET YOUR IDENTIFICATION

You will need valid identification with your photo; a driver's license is preferred. This is necessary so that your identity can be sworn to by a notary public. It's a routine step, but it's important for your protection.

## WHAT HAPPENS NEXT?

During your closing appointment at Security Title, you will sign loan documents and instructions to transfer the title of the home you are purchasing and you will present your identification so the documents can be notarized. You will review the settlement statement.

The signed loan documents will be returned to the lender for review. Security Title will confirm that all contract conditions have been met and ask the lender to "fund the loan." If the loan documents are satisfactory, the lender will send the wire directly to Security Title. When the loan funds are received, Security Title will verify that all necessary funds have been received. We will then record the deed at the County Recorder's Office and disburse escrow funds. At this time, your escrow is closed!

## YOU GET THE KEYS

After the escrow is closed, we will notify your Builder and/or REALTOR® who will give you the good news and arrange for you to receive the keys to your new home.

## AFTER THE CLOSING

*We recommend you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance and improvement records.*

**LOAN PAYMENTS AND IMPOUNDS.** You should receive your loan coupon book or statement before your first payment is due. If you have not been notified or if you have questions about your tax and insurance impounds, contact your lender.

**HOME WARRANTY/REPAIRS.** If you have a builder home warranty call your builder customer care department directly for repairs.

**RECORDED DEED.** The original deed to your home will be mailed directly to you by the County Recorder.

**TITLE INSURANCE POLICY.** Security Title will mail your policy to you.

**PROPERTY TAXES.** You may not receive a tax statement for the current year on the home you buy; however, it is your obligation to make sure the taxes are paid when due. Check with your lender to find out if taxes are included with your payment.

## IMPORTANT PROPERTY TAX DATES

**Taxes for the first half of current year,  
January 1 through June 30:**

Due on: October 1 of current year

Delinquent on: November 1 current year

**Taxes for the second half of current year,  
July 1 through December 31:**

Due on: March 1 of following year

Delinquent on: May 1 of following year

**NOTE:** YOU ARE RESPONSIBLE FOR PAYING THE PROPERTY TAXES ON YOUR HOME EVEN IF YOU DON'T RECEIVE A TAX BILL!





# ARIZONA'S GOOD FUNDS LAW

**ARF 6-834** requires that "escrow agents not distribute money from an escrow account until funds related to the transaction have been deposited and available." The legislation specifies which forms of payments are acceptable for deposit.

All availability dates are based on funds deposited in our bank, and the days are considered business days. A business day is defined as a calendar day other than Saturday or Sunday, and also excluding most major holidays.

## Same DAY:

Cash: Special requirements may need to be met if necessary to accept cash.

Electronic Payment/Transfer or Wire: This is the preferred method for loan proceeds.

## Next DAY:

Official Checks: Must be In-State checks drawn on FDIC insured Institution.

Cashiers, Certified and Tellers Checks.

U.S. Treasury Checks.

Postal Money Orders (other Money Orders, see "Fifth Day").

Federal Reserve, Federal Credit Union and Federal Home Loan Bank Checks.

State and Local Government Checks: Must be In-State.

"On-Us" (Security Title) Checks\*\*: Must be Local or In-State.\*\*\*

## Second DAY: see caution:

Other Checks: Personal, Corporate, Credit Union, Money Market, and Travelers Checks - Must be Local.\*\*

## Fifth DAY: see caution:

Official Checks: Out-of-State and/or Not Drawn on FDIC-Insured Institution.

Money Orders (except Postal Money Orders-see "Next Day").

State and Local Government Checks: Non-Local.

Other Checks: Personal, Corporate, Credit Union, Money Market, and Travelers Checks - Non Local, Other.

## Caution:

Because of the length of time it takes for us to receive notice from the banks on NSF and returned items - regardless of the information shown here - when disbursing funds from escrow based on a deposit of a personal check, if 10 days has not elapsed since the funds were deposited, telephone verification from the customer's bank that the check has paid is required. Money Orders: Be extremely cautious when receiving money orders as they are known to be easily altered.

## Local Check (Processing Region):

A check is considered "Local" when it is drawn against a bank located in the same processing region as our depository bank. In Arizona, any ABA number beginning with a 12 (i.e., 1210, 1211) or 32 (i.e., 3221, 3222) is in our processing region.

## Drafts:

No disbursements can be made against a draft until it has been submitted for collection to our depository bank, and we have confirmation that a final payment been received and credited to our account.

## Third Party Checks:

It is company policy not to accept any third party checks: such as, any check drawn on a non-financial institution account, payable to a payee other than Security Title and subsequently endorsed over to Security Title.

## Foreign Checks:

It is the policy of this company NOT to accept foreign checks into escrow.





# WHAT IS TITLE INSURANCE & FAQ'S

## What is Title Search?

Before issuing a policy of title insurance, the title company must review the numerous public records concerning the property being sold or financed. The purpose of this title search is to identify and clear all problems before the new owner takes title or the lender loans money.

Our research helps us to determine if there are any rights or claims that may have an impact upon the title such as unpaid taxes, unsatisfied mortgages, judgments, tax liens against the current or past owners, easements, restrictions and court actions. These recorded defects, liens, and encumbrances are reported in a "preliminary report" to applicable parties. Once reported, these matters can be accepted, resolved or extinguished prior to the closing of the transaction. In addition, you are protected against any recorded defects, liens or encumbrances upon the title that are unreported to you and which are within the coverage of the particular policy issued in the transaction.



## What is Title Insurance?

The purchase of a home is often the single largest investment people will make in a lifetime; the importance of fully protecting such an investment cannot be over stressed. Title insurance is protection which assures that the rights and interests to the property are as expected, that the transfer of ownership is smoothly completed and that the new owner receives protection from future claims against the property. It is the most effective, most accepted and least expensive way to protect property ownership rights.

Because land endures over generations, many people may develop rights and claims to a particular property. The current owner's rights—which often involve family and heirs—may be obscure. There may be other parties (such as government agencies, public utilities, lenders or private contractors) who also have "rights" to the property. These interests limit the "title" of any buyer.

## Why Do You Need a Title Insurance Policy?

If title insurance companies work to eliminate risks and prevent losses caused by defects in the title before the closing, why do you need a title insurance policy? The title to the property could be seriously threatened or lost completely by hazards which are considered hidden risks—"those matters, rights or claims that are not shown by the public records and, therefore, are not discoverable by a search and examination of the those public records." Matters such as forgery, incompetency or incapacity of the parties, fraudulent impersonation, and unknown errors in the records are examples of "hidden risks" which could provide a basis for a claim after the property has been purchased.

Title insurance isn't just for a homeowner. Subdividers need it when planning a new tract of homes or a commercial strip center. Attorneys use it for clients who are investing in shopping centers, hotels, office buildings and countless other projects. Builders need it in order to obtain construction loans from their lenders. Everyone wants to have peace of mind when investing their hard-earned money. The title insurance company will help protect these important investments, no matter how large or small, with its own reputation and financial strength.







# WHAT IS TITLE INSURANCE & FAQ'S

## Why Does the Lender Need a Policy on My Property

For the lender, a title policy is a guarantee that it has a valid and enforceable lien (loan or deed of trust) secured by the property, that no one else other than those listed on the policy has a prior claim (or loan, etc.) and that the party to whom they are making the loan does own the property being used as security for the loan. This protection remains in effect as long as the loan remains unpaid.

The existence of a lender's title policy encourages lenders such as banks, savings and loan associations, commercial banks, life insurance companies, etc., to loan money. They must be concerned with safety should the borrower not make their payments. The title company insures that the title to the property is marketable in the event of foreclosure and the guarantee is backed by the integrity and solvency of the title company. Of course, this benefits everyone—from the single-family homeowner to the owner of a high-rise building

## What Types of Policies Are There?

Protection against flaws and other claims is provided by the title insurance policy which is issued after your transaction is complete. Two types of policies are routinely issued at this time: An "owner's policy" which covers the home buyer for the full amount paid for the property; and a "lender's policy" which covers the lending institution over the life of the loan. When purchased at the same time, a substantial discount is given in the combined cost of the two policies. Unlike other forms of insurance, the title insurance policy requires only one moderate premium for a policy to protect you or your heirs for as long as you own the property. There are no renewal premiums or expiration date.

## How is Title Insurance Different Than Other Types of Insurance?

With other types of casualty insurance such as auto, home, health, and life, a person thinks of insurance in terms of future loss due to the occurrence of some future event. For instance, a party obtains automobile insurance in order to pay for future loss occasioned by a future "fender bender" or theft of the car.

Title insurance is a unique form of insurance which provides coverage for future claims or losses due to title defects which are created by some past event (i.e. events prior to the acquisition of the property).

Another difference is that most other types of insurance charge ongoing fees (premiums) for continued coverage. With title insurance, the original premium is the only cost as long as the owner or heirs own the property. There are no annual payments to keep the Owner's Title Insurance Policy in force. Title insurance is extremely reasonable considering the policy could last a lifetime.



## How Does a Title Insurance Policy Protect Against Claims?

If a claim is made against the owner or lender, the title insurance company protects the insured by:

1. Defending the title, in court if necessary, at no cost to owner/lender, and
2. Bearing the cost of settling the case, if it proves valid, in order to protect your title and maintain possession of the property.

Each policy is a contract of "indemnity." It agrees to assume the responsibility for legal defense of title for any defect covered under the policy's terms and to reimburse for actual financial losses up to the policy limits.





# WHY YOU NEED TITLE INSURANCE 21 REASONS

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## We Hope You Never Have a Title Claim

*With home ownership comes the need to protect the property against the past, as well as the future. Each successive owner brings the possibility of title challenges to the property. Title insurance protects a policyholder against challenges to rightful ownership of real property, challenges that arise from circumstances of past ownerships*

## Here are 21 Reasons for Title Insurance:

- 1 A defective title may take away not only the house but also the land on which it stands. Title insurance protects you (as specified in the policy) against such loss.
- 2 A deed or mortgage in the chain of title may be a forgery.
- 3 A deed or a mortgage may have been signed by a person under age.
- 4 A deed or a mortgage may have been made by an incapacitated person or one otherwise incompetent.
- 5 A deed or a mortgage may have been made under a power of attorney after its termination and would, therefore, be void.
- 6 A deed or a mortgage may have been made by a person other than the owner, but with the same name as the owner.
- 7 The testator of a will might have had a child born after the execution of the will, a fact that would entitle the child to claim his or her share of the property.
- 8 A deed or mortgage may have been procured by fraud or duress.
- 9 Title transferred by an heir may be subject to a federal estate tax lien.
- 10 An heir or other person presumed dead may appear and recover the property or an interest therein.
- 11 A judgment or levy upon which the title is dependent may be void or voidable on account of some defect in the proceeding.
- 12 Title insurance covers attorneys' fees and court costs.
- 13 Title insurance helps speed negotiations when you're ready to sell or obtain a loan.
- 14 A deed or mortgage may be voidable because it was signed while the grantor was in bankruptcy.
- 15 There may be a defect in the recording of a document upon which your title is dependent.
- 16 Claims constantly arise due to marital status and validity of divorces. Only title insurance protects against claims made by non-existent or divorced "wives" or "husbands."
- 17 Many lawyers, in giving an opinion on a title, protect their clients as well as themselves, by procuring title insurance.
- 18 By insuring the title, you can eliminate delays and technicalities when passing your title on to someone else.
- 19 Title insurance reimburses you for the amount of your covered losses.
- 20 Each title insurance policy we write is paid up, in full, by the first premium for as long as you or your heirs own the property.
- 21 Over the last 24 years, claims have risen dramatically





# TITLE POLICY CHART

| Compare Coverage                                                                                                     | Standard | ALTA Plain Language | Homeowners Policy |
|----------------------------------------------------------------------------------------------------------------------|----------|---------------------|-------------------|
| Someone else owns an interest in your title                                                                          | •        | •                   | *                 |
| A document is not properly signed                                                                                    | •        | •                   | *                 |
| Forgery, Fraud, Duress                                                                                               | •        | •                   | *                 |
| Defective recording of any document                                                                                  | •        | •                   | *                 |
| There are no restrictive covenants                                                                                   | •        | •                   | *                 |
| There is a lien on your title because there is:                                                                      |          |                     |                   |
| a) a deed of trust                                                                                                   | •        | •                   | *                 |
| b) a judgement, tax, or special assessment                                                                           | •        | •                   | *                 |
| c) a charge by the homeowner's assoc.                                                                                | •        | •                   | *                 |
| Title is unmarketable                                                                                                | •        | •                   | *                 |
| Mechanic's lien protection                                                                                           |          | •                   | *                 |
| Forced removal of structure because it:                                                                              |          |                     |                   |
| a) extends on to other land or on to an easement                                                                     |          | •                   | *                 |
| b) violates a restriction on Schedule B                                                                              |          | •                   | *                 |
| c) violates an existing zoning law                                                                                   |          | •                   | *                 |
| Can't use land for single family dwelling because the use violates a restriction in Schedule B or a zoning ordinance |          | •                   | *                 |
| Pays rent for substitute land of facilities                                                                          |          | •                   | *                 |
| Unrecorded lien by a homeowner's association                                                                         |          | •                   | *                 |
| Unrecorded easements                                                                                                 |          | •                   | *                 |
| Rights under unrecorded leases                                                                                       |          | •                   | *                 |
| Plain language                                                                                                       |          | •                   | *                 |
| Building permit violations                                                                                           |          |                     | *                 |
| Subdivision compliance                                                                                               |          |                     | *                 |
| Restrictive covenants violations                                                                                     |          |                     | *                 |
| Post policy forgery                                                                                                  |          |                     | *                 |
| Post policy encroachment                                                                                             |          |                     | *                 |
| Post policy structural damage from minerals extraction                                                               |          |                     | *                 |
| Post policy Living Trust coverage                                                                                    |          |                     | *                 |
| Enhanced Access - vehicular and pedestrian                                                                           |          |                     | *                 |
| Map not consistent with legal description                                                                            |          |                     | *                 |
| Automatic Inflation Protection (5 years)                                                                             |          |                     | *                 |
| Supplemental Tax Lien Coverage                                                                                       |          |                     | *                 |
| Enhanced Encroachment Protection (Public Utility Easements)                                                          |          |                     | *                 |
| Water Rights Extraction Coverage                                                                                     |          |                     | *                 |

## Coverage is for 1-4 family residences

This chart is intended for comparison purposes only and is not a full explanation of policy coverage. Policy coverages are subject to the terms, exclusions, exceptions and deductibles shown in the policy

\* Subject to deductible and maximum liability, which is less than the policy amount.





# WAYS TO TAKE TITLE IN ARIZONA

| COMMUNITY PROPERTY                                                                                  | JOINT TENANCY WITH RIGHT OF SURVIVORSHIP                                                  | COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP                            | TENANCY IN COMMON                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Requires a valid marriage between two persons.                                                      | Parties need not be married; may be more than two joint tenants.                          | Requires a valid marriage between two persons.                           | Parties need not be married; may be more than two tenants in common.                                                                                        |
| Each spouse holds an undivided one-half interest in the estate.                                     | Each joint tenant holds an equal and undivided interest in the estate, unity of interest. | Each spouse holds an undivided one-half interest in the estate.          | Each tenant in common holds an undivided fractional interest in the estate. Can be disproportionate, e.g., 20% and 80%; 60% and 40%; 20%, 20% and 40%; etc. |
| One spouse cannot partition the property by selling his or her interest.                            | One joint tenant can partition the property by selling his or her joint interest.         | One spouse cannot partition the property by selling his or her interest. | Each tenant's share can be conveyed, mortgaged or devised to a third party.                                                                                 |
| Requires signatures of both spouses to convey or encumber.                                          | Requires signatures of all joint tenants to convey or encumber the whole.                 | Requires signatures of both spouses to convey or encumber.               | Requires signatures of all tenants to convey or encumber the whole.                                                                                         |
| Each spouse can devise (will) one-half of the community property.                                   | Estate passes to surviving joint tenants outside of probate.                              | Estate passes to the surviving spouse outside of probate.                | Upon death the tenant's proportionate share passes to his or her heirs by will or intestacy.                                                                |
| Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication. | No court action required to "clear" title upon the death of joint tenant(s).              | No court action required to "clear" title upon the first death.          | Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication.                                                         |

**Note:** Arizona is a community property state. Property acquired by a husband and wife is presumed to be community property unless legally specified otherwise. Title may be held as "Sole and Separate." If a married person acquires title as sole and separate, his or her spouse must execute a disclaimer deed to avoid the presumption of community property. Parties may choose to hold title in the name of an entity, e.g., a corporation; a limited liability company; a partnership (general or limited), or a trust. Each method of taking title has certain significant legal and tax consequences; therefore, you are encouraged to obtain advice from an attorney or other qualified professional.







# HOMEOWNER'S POLICY OF TITLE INSURANCE

*Coverage for 1- 4 Family Residences*



## **Provide the Best for Homeowners**

Homeowners depend upon the strength and stability of a reputable title insurer to back their policies for years to come. We have a long and proud history of providing homeowners with the most innovative title and escrow products in the industry. Homeowners can enjoy peace of mind knowing they are insured by one of the industry's premier title insurers. With the Homeowner's Policy, you'll have even more peace of mind knowing you have the best policy available.

## **Providing the Best to REALTORS®**

The superior coverage of the Homeowner's Policy of Title Insurance, backed by the nation's strongest title insurer, provides outstanding benefits to REALTORS® as well.

- Reduces REALTOR'S® exposure in a transaction regarding certain regulatory matters
- Increases the client's satisfaction and confidence by providing the finest protection available
- Helps ensure the client's ability to resell the home in the future, free of potentially damaging title problems
- Gives the REALTOR® and client peace of mind in the increasingly complex world of real estate

Informing clients about title insurance such as the Homeowner's Policy makes good business sense. With superior title coverage issued through a strong and reputable title insurer, REALTORS® and clients benefit from two critical layers of protection.

## **Superior All-Inclusive Benefits With the Homeowner's Policy**

The Homeowner's Policy includes the following basic coverage:

- False impersonation of the true owner of the property
- Forged deeds, releases or wills
- Undisclosed or missing heirs
- Instruments executed under invalid or expired powers of attorney
- Mistakes in recording legal documents
- Misinterpretation of wills
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid estate, inheritance, income or gift taxes
- Fraud





# HOMEOWNER'S POLICY ADDITIONAL BENEFITS

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## Pre and Post Policy Protections

The Homeowner's Policy coverage protects homeowners against claims arising both before and after the policy date. The homeowner is covered if someone else has an interest in or claims to have rights affecting title, or the title is defective. Post-policy protection also includes coverage for forgery, impersonation, easements, use limitations and structural encroachments built by neighbors (except for boundary walls or fences) after the policy date.

## Expanded Access Coverage

The Homeowner's Policy provides homeowners with expanded access protection for right of access to and from the property. Traditional title policies do not define the type of access a homeowner has to the property, but the Homeowner's Policy specifically insures both actual pedestrian and vehicular access, based on a legal right.

## Restrictive Covenant Violations

The Homeowner's Policy protects homeowners against the loss of title to property because of a violation of a restrictive covenant that occurred before the insured acquired title.

## Building Permit Violations

The Homeowner's Policy covers homeowners if they must remove or remedy an existing structure (except for boundary walls and fences) because it was built without a building permit from the proper government office. This coverage is subject to deductible amounts and maximum limits of liability.

## Subdivision Law Violations

The Homeowner's Policy protects homeowners if they can't sell the property or get a building permit because of a violation of an existing subdivision law. Homeowners are also protected if they are forced to correct or remove the violation. This coverage is subject to deductible amounts and maximum limits of liability.

## Zoning Law Violations

The Homeowner's Policy protects homeowners if they must remove or remedy existing structures because they violate existing zoning laws or regulations (subject to the deductible amounts and maximum limit of liability). Homeowners are also protected if they can't use the land for a single-family residence due to the way the land is zoned.

## Encroachment Protection

The Homeowner's Policy covers homeowners if forced to remove an existing structure because it encroaches on a neighbor's land (coverage for encroachments of boundary walls or fences is subject to deductible amounts and maximum limit of liability). It also covers homeowners when someone else has a legal right to, and does, refuse to perform a contract to purchase the homeowner's land, lease it or make a mortgage loan on it because a neighbor's existing structures encroach onto the land.

## Water and Mineral Rights Damage

The Homeowner's Policy provides coverage if a homeowner's existing improvements, including lawns, shrubbery and trees, are damaged because someone exercised a right to use the surface of the land for extraction of minerals or water.

## Supplemental Tax Lien

The Homeowner's Policy protects homeowners if a supplemental tax lien is filed and assessed against the property because of new construction or a change of ownership prior to the policy date.





# HOMEOWNER'S POLICY ADDITIONAL BENEFITS

## Map Inconsistencies

The Homeowner's Policy provides coverage if the map attached to the homeowner's policy does not show the correct location of the land, according to public records.

## Continuous Coverage

The Homeowner's Policy covers homeowners forever, even if they no longer own the property. The policy insures anyone who inherits the title because of the homeowner's death and the spouse who receives the title after dissolution of marriage. The Homeowner's Policy also allows homeowners to transfer their home into a trust after the policy date and receive uninterrupted coverage, at no extra cost.

## Value-Added Protection

Traditional title policies don't increase their coverage as the value of a home increases. Not so with the Homeowner's Policy. The policy amount automatically increases by ten percent per year for five years, up to 150% over the original policy amount. This automatic increase in coverage is included at no extra cost.

## How to Offer Homeowner's Policy Coverage

This information is a general overview of the coverages and protections the Policy provides. It should not be construed as a full statement of coverage or policy provisions. This policy has been adopted by both LTAA and the American Land Title Association (ALTA).

Your company representative can provide you and your clients with information about the Homeowner's Policy coverage in simple, easy to understand language. Your representative is also available to meet with your clients personally to explain the Homeowner's Policy or any other title or escrow related product we offer. Simply request information about the Homeowner's Policy when opening an escrow! It's that easy!

## Conditions, Stipulations and Further Information

Call your local representative for more information or specifics about policy language pertaining to this and other products. The Homeowner's Policy Coverage has certain deductibles, liability limitations, exceptions and exclusions which apply to some coverage items.







# THE INTERIM BINDER

*Security Title Can Save Your Investors Hundreds of Dollars*

## **Saving Short-Term Investors Money**

Investors who plan to sell their properties within a short period of time should consider the Interim Binder for substantial savings on title insurance premiums

The Interim Binder is not, in itself, a policy of title insurance but is an interim binder issued on the property. When issued, however, it binds Security Title to issue a policy of title insurance within two years. The fee is a mere 10% of the basic policy fee to the requesting party.

When the deed of the final purchase is recorded, the Interim Binder is exercised and a policy of title insurance is issued to the final purchaser. The only additional fee at the time would be a liability charge based upon the difference between the original selling price and the selling price to the final buyer. Let's look at an example, assuming that the seller is paying for the owner's insurance in favor of the buyer in both cases:

## **FACTS**

- Property was last insured 4 1/2 years ago
- Mr. A sells the property to Mr. B for \$500,000.00
- In less than 2 years, Mr. B sells to Mr. C for \$600,000.00

### **WITHOUT AN INTERIM BINDER:**

|                        |              |
|------------------------|--------------|
| Original Sales Price:  | \$500,000.00 |
| Homeowner's Title Fee: | \$1,509.00   |
| Sells within 2 Years:  | \$600,000.00 |
| Homeowner's Title Fee: | \$1,683.00   |

**Mr. B pays \$1,683.00 to resell his property**

### **WITH AN INTERIM BINDER:**

|                                   |              |
|-----------------------------------|--------------|
| Original Sales Price:             | \$500,000.00 |
| Homeowner's Title Fee:            | \$1,509.00   |
| Buyer Pays Additional 10%         | \$150.90     |
| Sells within 2 Years:             | \$600,000.00 |
| Homeowner's Title Fee:            | \$1,683.00   |
| Less the Original Fee:            | \$1,509.00   |
| Interim Binder Fee of Conversion: | \$174.00     |

**Mr. B pays \$324.90 to resell his property (\$150.90 + \$174.00)**

If the buyer decides to hold the property for more than 2 years, he can extend the already active Interim Binder for another 2 years for an additional 10% (\$150.90) if he elects to do so before it expires.

**\$1,358.10 SAVINGS**







# PRELIMINARY “TITLE” REPORT WHAT IS IT?

***The Security Title Preliminary Title Report is an offer to issue a policy of title insurance covering a particular estate or interest in land subject to stated exceptions.***

Since these exceptions may point to potential problems with an intended purchase, it is important for all parties to review the report once it is received.

A Preliminary Title Report provides a list of the matters which will be shown as exceptions to coverage in a designated policy or policies of title insurance, if issued concurrently, covering a particular estate or interest in land. It is intended to facilitate the issuance of the designated policy or policies. It is normally prepared after application (order) for such policies of title insurance on behalf of the principals to a real property transaction.

The Preliminary Title Report states on its face that it is made solely to facilitate the subsequent issuance of a title insurance policy and that the insurer assumes no liability for errors in the report. Accordingly, any claim arising from a defect in title must be made under the title policy and not the Preliminary Title Report.



If a title policy is not contemplated, a Preliminary Title Report should not be ordered. Instead, consideration should be given to requesting a Condition of Title Report or other similar title product.

After a title order has been placed, matters relative to the title policy coverage on the subject property are assembled in a title search package and examined by skilled technicians. This is when the Preliminary Title Report is prepared and sent to the customer. The report contains relevant information so that the parties to the transaction will become aware of matters which will not be insured against by the title company. This report is issued before the title policy, hence the name Preliminary Title Report.





# RED FLAGS IN THE ESCROW/TITLE PROCESS

A **"RED FLAG"** is a signal to pay attention! Below are some of the items which may cause delay or other problems within a transaction and must be addressed well before the closing.

- Bankruptcies
- Business trusts
- Clearing liens and judgments, including child or spousal support liens
- Encroachments or off record easements
- Establishing fact of death— joint tenancy, trusts
- Foreclosures
- Physical inspection results— Encroachments, or off-record easements
- Probates
- Power of Attorney—Use of, proper execution
- Proper execution of documents
- Proper jurats, notary seals
- Recent construction
- Transfers or loans involving corporations or partnerships
- Last minute change in buyers
- Last minute change in type of title insurance coverage

## RED FLAGS EXAMPLES

**CC&R'S:** These are standard. The CC&R's should be provided to the buyer by escrow. The buyer should read these thoroughly, especially if improvements to the property are contemplated.

**RED FLAG:** Some CC&R's prohibit certain types of improvements.

**EASEMENTS:** These are also standard. Most easements in newer subdivisions (20 years or less) are contained in the streets. Some subdivisions have nonexclusive easements over portions of the property for such things as maintenance of side yards, access to common areas (like golf courses), etc.

**RED FLAG:** If improvements are contemplated (such as construction of a pool or spa) the buyer should request the easements be plotted on a map to determine if there will not be any interference to contemplated improvements. Easements are very difficult to get removed and your client may be better off with another property if an easement interferes with his future plans for the property.

**AGREEMENTS:** These commonly take the form of road maintenance agreements, mutual easement agreements (like a shared driveway) or improvement agreements, and will bind the owner to certain actions. A copy of the agreement should be requested from title and provided to the buyer. It is the buyer's responsibility to contact their own counsel if they do not understand how the agreement would affect them.

**TRUST DEEDS:** These are common. Escrow will order a demand from the lender(s) which will allow the title company to pay off existing loan(s) using the proceeds from the new buyer's loan (or proceeds if all cash).

**RED FLAG:** Watch out for old deeds of trust from a previous owner (or sometimes the current owner if he has refinanced). If you find a deed of trust listed that has already been paid, or that looks like it was taken out by a previous owner, call your escrow officer immediately. Your escrow officer will research the deed of trust, and take the necessary steps to either remove it from the public record or by acquiring an "indemnity" from the title company who paid off the old loan. Old deeds of trust with private party beneficiaries (an individual acting as lender, such as an old seller carry-back) are difficult to get removed, especially if several years have gone by since the loan has been paid off.



## RED FLAGS EXAMPLES

**ENCROACHMENTS:** Sometimes a structure (commonly a fence or driveway) encroaches upon a property. This usually means that a client will have to take the property subject to the encroachment. Contact your title officer if you see encroachment language in your prelim.

**RED FLAG:** The lender will usually not want to lend on a property where encroachments exist. In some circumstances, an endorsement to the lender's policy (usually with an extra charge) can allow the lender to close. These are determined on a case-by-case basis. Again, contact your escrow officer.

**NOTICE OF VIOLATION:** These will sometimes be recorded by the fire department, the health department or the local zoning enforcement division in situations where the property violates a local statute.

**RED FLAG:** These are always a red flag. The lender will not accept these conditions. The violation will have to be eliminated and the local enforcement agency will have to issue a release before closing. The seller or the seller's representative will have to deal directly with the appropriate agency to resolve these types of issues.



**COURT ORDERS/JUDGMENTS:** These are not a standard item. The most common type are support judgments. These are issued by the courts when child/spousal support is owed by the party named.

**RED FLAG:** Any order/judgment is a red flag. If you see an order or judgment, contact escrow immediately to verify that the demand has been ordered.

**BANKRUPTCY:** While not unusual, bankruptcies are not standard.

**RED FLAG:** All open bankruptcies require the debtor to get permission from the court to sell or encumber an asset (the home) or to take on new debt. Chapter 7 and 13 bankruptcies against the seller are the most common found in a sale situation. A letter from the bankruptcy trustee will be required to close escrow. The trustee will sometimes require that a payment be made to the court at close. We sometimes find a Chapter 13 against a buyer, which will also require a letter from the trustee allowing the debtor to take on more debt. An open Chapter 7 against the buyer is rare, and the buyer probably cannot get a loan as long as he is in a Chapter 7. NOTE: Chapter 7 is a complete washout of dischargeable debt, Chapter 13 is a reorganization of debt and Chapter 11 is a reorganization of debt for a company or corporation.

**NOTICE OF PENDING ACTION:** This is also known as a "lis pendens."

**RED FLAG:** This is a big red flag. This means that someone has a lawsuit pending that may affect the title to the property. These are often found in acrimonious divorce situations. A demand (the aggressing party usually wants money before releasing) and dismissal of the case and (a "withdrawal of lis pendens") will be required before closing.







# RED FLAGS IN THE ESCROW/TITLE PROCESS

## STATEMENT OF INFORMATION:

Also known as a statement of facts, statement of identity, or an SI. This required document will be provided to the parties by escrow. It asks for information about the parties such as social security number, residence history, marital history, job history, aliases, etc. Please fill this out as completely as possible. The SI allows the company to eliminate things recorded in the GI (General Index) against the name (as opposed to the property) such as tax liens, judgments, welfare liens, support liens and lawsuits that may be filed against people that have the same name as you. These types of liens may attach to any real property owned by the debtor, and therefore make the property liable for any payment due under the lien.

**RED FLAG:** If you have a common name (for example: Smith, Johnson, Garcia, Martinez, Lee, etc) it is important that the company receive the completed SI promptly in order to “clear” these items. Sometimes you may be unaware that a lien exists. More often, you may have resolved the situation but had never gotten the proper release documents recorded in order to remove it from the public record. We cannot close a file with unresolved liens against a seller. Contact your escrow officer if you find that this situation exists.



**NOTE:** If you obtain a judgement against a party that awards money damages if you, it may be wise to record the judgement in any county where the debtor owns or may own property. Consult your attorney.

If you find something on your prelim that is not listed here, it is probably a red flag and you should contact your escrow officer. He (or she) will be happy to provide you with copies of recorded documents and advise you as to what is needed in order to remove the item (if necessary). Sometimes, though, removing an item is so time consuming, or costly, or both, that the buyer may elect to cancel a transaction. We cannot advise you regarding the risk in making such a decision. You should contact your own counsel if you have only concerns.





# ? TERMS YOU SHOULD KNOW

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**AMORTIZED LOAN** A loan that is paid off—both interest and principal—by regular payments that are equal or nearly equal.

**AMENDMENT** A change—either to alter, add to, or correct—part of an agreement without changing the principal idea or essence.

**APPRAISAL** An estimate of value of property resulting from analysis of facts about the property; an opinion of value.

**ASSUMPTION** Taking over another person's financial obligation; taking title to a property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the property.

**BENEFICIARY** The recipient of benefits, often from a deed of trust; usually the lender. CLOSE OF

**ESCROW** The date the documents are recorded and title passes from Seller to Buyer. On this date, the Buyer becomes the legal owner, and title insurance becomes effective.

**CLOUD ON TITLE** A claim, encumbrance, or condition that impairs the title to real property until removed or eliminated through such means as a quitclaim deed or a quiet title legal action.

**COMPARABLE SALES** Sales that have similar characteristics as the subject property, used for analysis in the appraisal. Commonly called "comps."

**CONVEYANCE** An instrument in writing, such as a deed used to transfer (convey) title to property from one person to another.

**DEED OF TRUST** An instrument used in many states in place of a mortgage. A written instrument by which title to an interest in land is transferred by the trustor to a trustee for a loan or other obligation.

**DEED RESTRICTIONS** Limitations in the deed to a property that dictate certain uses that may or may not be made of the property.

**EARNEST MONEY DEPOSIT** Down payment made by a purchaser of real estate as evidence of good faith; a deposit or partial payment.

**EASEMENT** A right, privilege or interest limited to a specific purpose that one party has in the land of another.

**HAZARD INSURANCE** Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended coverage for personal property.

**IMPOUNDS** A trust type of account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

**LEGAL DESCRIPTION** A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire piece of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.

**LIEN** A form of encumbrance that usually makes a specific property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.



# ? TERMS YOU SHOULD KNOW

**MORTGAGE** An instrument by which real property is pledged as security for repayment of a loan. of title.

**PITI** A payment that combines Principal, Interest, Taxes and Insurance. **POWER OF ATTORNEY.** A written instrument whereby a principal gives authority to an agent to perform sepcified actions. The agent acting under such a grant is sometimes called an "Attorney-in-Fact."

**PURCHASE AGREEMENT** The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by the Buyer and Seller.

**QUITCLAIM DEED** A deed that passes any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title by the grantor.

**RECORDING** Filing documents affecting real property with the County Recorder as a matter of public record.

**WARRANTY DEED** A deed used to convey fee title to real property from the grantor (usually the Seller) to the grantee (usually the Buyer) with warranties of the validity of title.





# DIRECTORY OF SERVICES

## UTILITIES

|                             |              |
|-----------------------------|--------------|
| APS                         | 602.371.7171 |
| Century Link                | 800.244.1111 |
| Cox Cable                   | 602.277.1000 |
| Garbage & Trash             | 623.974.4791 |
| Rural Metro Fire Department | 480.627.6200 |
| Salt River Project (SRP)    | 602.236.8888 |
| Southwest Gas               | 877.860.6020 |

## APACHE JUNCTION

|                                   |              |
|-----------------------------------|--------------|
| Fire Administration               | 480.982.4440 |
| Police Department (Non-Emergency) | 480.982.8260 |
| Water Utilities                   | 480.982.6030 |
| City Website                      | ajcity.net   |

## AVONDALE

|                                   |              |
|-----------------------------------|--------------|
| Fire Administration               | 623.333.6000 |
| Police Department (Non-Emergency) | 623.333.7000 |
| Water Utilities                   | 623.333.2005 |
| City Website                      | avondale.org |

## BUCKEYE

|                                   |               |
|-----------------------------------|---------------|
| Fire Administration               | 623.349.6700  |
| Police Department (Non-Emergency) | 623.349.6400  |
| Water Utilities                   | 623.349.8700  |
| City Website                      | buckeyeaz.gov |

## CHANDLER

|                                   |                |
|-----------------------------------|----------------|
| Fire Administration               | 480.782.2120   |
| Police Department (Non-Emergency) | 480.782.4130   |
| Water Utilities                   | 480.782.3700   |
| City Website                      | chandleraz.gov |

## GILBERT

|                                   |               |
|-----------------------------------|---------------|
| Fire Administration               | 480.503.6300  |
| Police Department (Non-Emergency) | 480.503.6500  |
| Water Utilities                   | 480.503.6800  |
| City Website                      | gilbertaz.gov |

## GLENDALE

|                                   |                |
|-----------------------------------|----------------|
| Fire Administration               | 623.930.4400   |
| Police Department (Non-Emergency) | 623.930.3000   |
| Water Utilities                   | 623.930.3190   |
| City Website                      | glendaleaz.gov |

## GOODYEAR

|                                   |                |
|-----------------------------------|----------------|
| Fire Administration               | 623.932.2300   |
| Police Department (Non-Emergency) | 623.932.1220   |
| Water Utilities                   | 623.932.3010   |
| City Website                      | goodyearaz.gov |

## LITCHFIELD

|                                   |                     |
|-----------------------------------|---------------------|
| Fire Administration               | 623.932.2300        |
| Police Department (Non-Emergency) | 602.876.1011        |
| Water Utilities                   | 623.935.9367        |
| City Website                      | litchfield-park.org |

## MARICOPA

|                                   |                 |
|-----------------------------------|-----------------|
| Fire Administration               | 520.568.3333    |
| Police Department (Non-Emergency) | 520.316.6800    |
| Water Utilities                   | 520.568.4452    |
| City Website                      | maricopa-az.gov |





# DIRECTORY OF SERVICES

## MESA

|                                   |              |
|-----------------------------------|--------------|
| Fire Administration               | 480.644.2101 |
| Police Department (Non-Emergency) | 480.644.2030 |
| Water Utilities                   | 480.644.4444 |
| City Website                      | mesaaz.gov   |

## PARADISE VALLEY

|                                   |              |
|-----------------------------------|--------------|
| Fire Administration               | 480.348.3631 |
| Police Department (Non-Emergency) | 480.948.7418 |

### Water Utilities

|                          |                          |
|--------------------------|--------------------------|
| • City of Phoenix        | 602.262.6251             |
| • Arizona American Water | 800.383.0834             |
| • Berneil Water          | 480.966.5804             |
| City Website             | ci.paradise-valley.az.us |

## PEORIA

|                                   |              |
|-----------------------------------|--------------|
| Fire Administration               | 623.773.7279 |
| Police Department (Non-Emergency) | 623.773.8311 |
| Water Utilities                   | 623.773.7286 |
| City Website                      | peoriaaz.gov |

## PHOENIX

|                                   |              |
|-----------------------------------|--------------|
| Fire Administration               | 602.495.5555 |
| Police Department (Non-Emergency) | 602.262.6151 |
| Water Utilities                   | 602.262.6251 |
| City Website                      | phoenix.gov  |

## QUEEN CREEK

|                                   |                |
|-----------------------------------|----------------|
| Fire Administration               | 480.644.2400   |
| Police Department (Non-Emergency) | 602.876.1011   |
| Water Utilities                   | 480.358.3450   |
| City Website                      | queencreek.org |

## SAN TAN VALLEY

|                                      |                  |
|--------------------------------------|------------------|
| Fire Administration                  | 480.627.6200     |
| Pinal County Sheriff (Non-Emergency) | 480.420.8689     |
| Water/Johnson Utilities              | 480.987.9870     |
| City Website                         | santanvalley.com |

## SCOTTSDALE

|                                   |                  |
|-----------------------------------|------------------|
| Fire Administration               | 480.312.8000     |
| Police Department (Non-Emergency) | 480.312.5000     |
| Water Utilities                   | 480.312.2461     |
| City Website                      | scottsdaleaz.gov |

## SUN CITY

|                                   |               |
|-----------------------------------|---------------|
| Fire Administration               | 623.974.5321  |
| Police Department (Non-Emergency) | 623.584.5808  |
| Water Utilities                   | 480.895.2965  |
| City Website                      | suncityaz.org |

## SURPRISE

|                                   |                |
|-----------------------------------|----------------|
| Fire Administration               | 623.222.5000   |
| Police Department (Non-Emergency) | 623.222.4000   |
| Water Utilities                   | 623.222.6000   |
| City Website                      | surpriseaz.gov |

## TEMPE

|                                   |              |
|-----------------------------------|--------------|
| Fire Administration               | 480.858.7200 |
| Police Department (Non-Emergency) | 480.350.8311 |
| Water Utilities                   | 480.350.8361 |
| City Website                      | tempe.gov    |





# PLANNING YOUR MOVE

## ABOUT 2 MONTHS BEFORE YOU MOVE

- ☐ Research your new city through the Chamber of Commerce and the city websites.
- ☐ Start cleaning closets and storage areas and decide what goes with you, what goes to a charitable organization or garage sale, and what goes in the trash.
- ☐ Talk with your accountant or an IRS advisor about any moving expenses that might be tax deductible and require records.
- ☐ Contact moving companies for services and estimates.
- ☐ Start a list of everyone you want to notify about your move. Keep it handy because names will pop into your mind unexpectedly. Along with friends and relatives, include schools, doctors, dentists, creditors, attorney, accountant, broker, and any recurring services such as maid, lawn, exterminator, water softener, diaper, internet provider, magazine subscriptions, etc.

## 1 MONTH OUT

- ☐ Notify the post office of the move, and pick up a supply of change of address cards.
- ☐ If possible, open bank accounts at the new location now so your checks can be printed, and you won't have to rely on temporary checks which are not accepted everywhere.
- ☐ Get serious about cleaning out the house; start accumulating boxes and begin packing.
- ☐ Contact your insurance companies (health, auto, homeowners, renters) and discuss coverage at the new location.
- ☐ Contact utility companies and arrange to disconnect/connect at your current home and at your new home.
- ☐ Driving? Flying? How will you, your family, your pets, your plants, extra cars, get to the new city? Arrange for that now.
- ☐ Take pets to your veterinarian for check up and regular immunizations before the trip.

## 2 WEEKS BEFORE

- ☐ Contact your bank about closing your existing accounts when you move.
- ☐ If you're driving your car, have it serviced.
- ☐ Find out what you need to do to transfer records for doctors, dentists, veterinarians, etc. Be sure to get permanent records from schools, not copies. Get prescriptions for new pharmacies.

## 1 WEEK LEFT

- ☐ Contact your local trash collector about proper disposal.
- ☐ Gather odds and ends: dry cleaning, safe deposit box items, prescriptions, anything you've loaned.
- ☐ Return library books, anything borrowed.

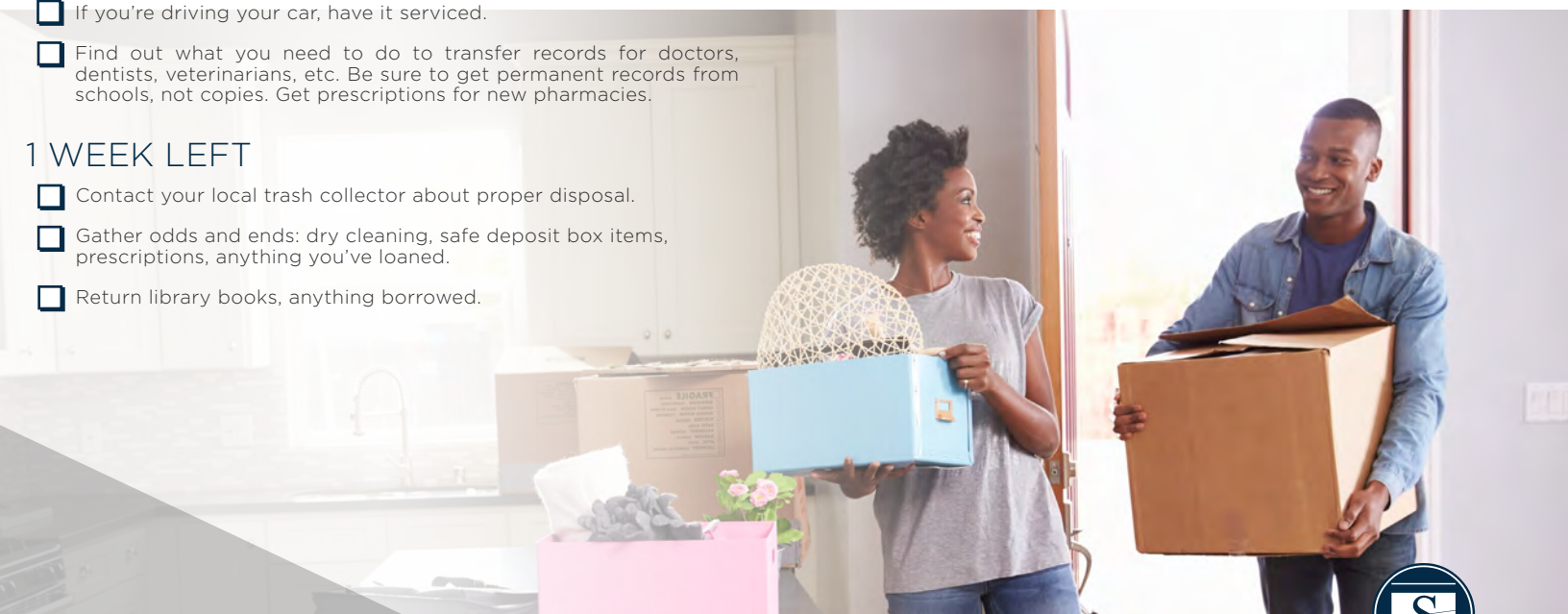
## A COUPLE OF DAYS

- ☐ Give away plants you're not taking.
- ☐ Defrost the refrigerator and freezer.
- ☐ Write out clear instructions—sketch a map, too, if you can—of your new home, and include your itinerary and emergency numbers.
- ☐ Keep a copy yourself, and give copies to the moving company and your family or friends.
- ☐ Complete packing. Be sure to set aside the items you want to take with you so the mover doesn't accidentally load them onto the truck.
- ☐ Pack local phone books. You'll be glad you did.
- ☐ Check with the utility companies to verify connect and disconnect dates after escrow closes.
- ☐ Contact your REALTOR® and verify when and where keys to your new home will be available.
- ☐ Disconnect appliances.

## THE BIG DAY

- ☐ If you can't be there when the movers arrive, arrange for someone to meet them.
- ☐ Check the movers' bill of lading and inventory carefully before signing.
- ☐ Keep papers with you in a safe place. Make one last trip through the house, double-checking closets, drawers and cabinets. Lock the windows.
- ☐ Leave the garage remote control for the new owners.
- ☐ Turn off all the lights, close and lock the door, and leave the keys as prearranged with your REALTOR® or new owner.

**GOOD LUCK,  
AND ENJOY YOUR NEW HOME!**  
This is general advice and is not intended for any specific circumstances.





*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:

  - General home inspector
  - Heating/cooling inspector
  - Mold inspector
  - Pest inspector
  - Pool inspector
  - Roof 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 follow the timeline requirements in Section 2, and 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 and you may be liable for damages.
- ☐ 6. **Read the title commitment within five (5) days of receipt (see Section 3c).**
- ☐ 7. **Read the CC&R's and all other governing documents within five (5) days of receipt (see Section 3c), especially if the home is in a homeowner's association.**
- ☐ 8. **Conduct a thorough pre-closing walkthrough (see Section 6l). If the property is unacceptable, speak up. After the closing may be too late.**

You can obtain information through the Buyer's Advisory at [www.aaronline.com/manage-risk/buyer-advisory-3/](http://www.aaronline.com/manage-risk/buyer-advisory-3/).

**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.**

## WARNING: \*WIRE TRANSFER FRAUD\*

Beware of wiring instructions sent via email. Cyber criminals may hack email accounts and send emails with fake wiring instructions. **Always independently confirm wiring instructions prior to wiring any money.** Do not email or transmit documents that show bank account numbers or personal identification information.

☒ **Buyer's Check List**

# RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated:  
August 2024



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:** \_\_\_\_\_  
BUYER'S NAME(S)
2. **SELLER:** \_\_\_\_\_ 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: \_\_\_\_\_  
8. \_\_\_\_\_  
9. \_\_\_\_\_
- 1c.** 10. \$ \_\_\_\_\_ Full Purchase Price, paid as outlined below  
11. \$ \_\_\_\_\_ Earnest Money \_\_\_\_\_  
12. \$ \_\_\_\_\_  
13. \$ \_\_\_\_\_  
14. \_\_\_\_\_  
15. \_\_\_\_\_  
16. \_\_\_\_\_
17. Earnest Money is in the form of: ☐ Personal Check ☐ Wire Transfer ☐ Other \_\_\_\_\_  
18. Upon acceptance of this offer, the Earnest Money, if any, will be deposited with: ☐ Escrow Company ☐ Broker's Trust Account.  
19. **IF THIS IS AN ALL CASH SALE:** A Letter of Credit or a source of funds from a financial institution documenting the availability of  
20. funds to close escrow is attached hereto.
- 1d.** 21. **Close of Escrow:** Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office.  
22. Buyer and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow Company all closing  
23. documents, and perform all other acts necessary in sufficient time to allow COE to occur on  
24. \_\_\_\_\_, 20\_\_\_\_ ("COE Date"). If Escrow Company or recorder's office is closed on the COE Date,  
MONTH DAY YEAR  
25. COE shall occur on the next day that both are open for business.  
26. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down  
27. payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds to  
28. Escrow Company, in a sufficient amount and in sufficient time to allow COE to occur on the COE Date.  
29. Buyer acknowledges that failure to pay the required closing funds by the scheduled COE, if not cured after a cure notice is delivered  
30. pursuant to Section 7a, shall be construed as a material breach of this Contract and the Earnest Money shall be subject to forfeiture.  
31. All funds are to be in U.S. currency.
- 1e.** 32. **Possession:** Seller shall deliver possession, occupancy, existing keys and/or means to operate all locks, mailbox, security  
33. system/alarms, and all common area facilities to Buyer at COE or ☐ \_\_\_\_\_.  
34. Broker(s) recommend that the parties seek independent counsel from insurance, legal, tax, and accounting professionals regarding  
35. the risks of pre-possession or post-possession of the Premises.
- 1f.** 36. **Addenda Incorporated:** ☐ Additional Clause ☐ Buyer Contingency ☐ Domestic Water Well ☐ H.O.A.  
37. ☐ Lead-Based Paint Disclosure ☐ Loan Assumption ☐ On-site Wastewater Treatment Facility ☐ Seller Compensation  
38. ☐ Seller Financing ☐ Short Sale ☐ Solar Addendum ☐ Other: \_\_\_\_\_

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SELLER SELLER

BUYER BUYER



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

- 1g. 39. Fixtures and Personal Property:** For purposes of this Contract, fixtures shall mean property attached/affixed to the Premises.
40. Seller agrees that all existing: fixtures on the Premises, personal property specified herein, and means to operate fixtures and
41. property (i.e., remote controls) shall convey in this sale. Including the following:
- |                                                     |                                                                                                         |                                                         |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| 42. • built-in appliances, ceiling fans and remotes | • media antennas/satellite dishes (affixed)                                                             | • storage sheds                                         |
| 43. • central vacuum, hose, and attachments         | • outdoor fountains and lighting                                                                        | • storm windows and doors                               |
| 44. • draperies and other window coverings          | • outdoor landscaping (i.e., shrubbery, trees and unpotted plants)                                      | • stoves: gas-log, pellet, wood-burning                 |
| 45. • fireplace equipment (affixed)                 | • shutters and awnings                                                                                  | • timers (affixed)                                      |
| 46. • floor coverings (affixed)                     | • smart home devices, access to which shall be transferred (i.e., video doorbell, automated thermostat) | • towel, curtain and drapery rods                       |
| 47. • free-standing range/oven                      | • speakers (flush-mounted)                                                                              | • wall mounted TV brackets and hardware (excluding TVs) |
| 48. • garage door openers and remotes               |                                                                                                         | • water-misting systems                                 |
| 49. • light fixtures                                |                                                                                                         | • window and door screens, sun shades                   |
| 50. • mailbox                                       |                                                                                                         |                                                         |
51. If owned by Seller, the following items also are included in this sale:
- |                                                                          |                                                                                                            |                                              |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 52. • affixed alternate power systems serving the Premises (i.e., solar) | • in-ground pool and spa/hot tub equipment and covers (including any mechanical or other cleaning systems) | • security and/or fire systems and/or alarms |
| 53.                                                                      |                                                                                                            | • water purification systems                 |
| 54.                                                                      |                                                                                                            | • water softeners                            |
55. **Additional existing personal property included in this sale** (if checked):
56. ☐ refrigerator (description): \_\_\_\_\_
57. ☐ washer (description): \_\_\_\_\_
58. ☐ dryer (description): \_\_\_\_\_
59. ☐ above-ground spa/hot tub including equipment, covers, and any mechanical or other cleaning systems (description): \_\_\_\_\_
60. \_\_\_\_\_
61. ☐ other personal property not otherwise addressed (description): \_\_\_\_\_
62. ☐ other personal property not otherwise addressed (description): \_\_\_\_\_
63. **Additional existing personal property included shall not be considered part of the Premises and shall be transferred with no**
64. **monetary value, and free and clear of all liens or encumbrances.**
65. Leased items shall **NOT** be included in this sale. Seller shall deliver notice of all leased items within three (3) days after Contract
66. acceptance. Buyer shall provide notice of any leased items disapproved within the Inspection Period or five (5) days after receipt of the
67. notice, whichever is later.
68. **IF THIS IS AN ALL CASH SALE:** Section 2 does not apply - go to Section 3.

**2. FINANCING**

- 2a. 69. Pre-Qualification:** An AAR Pre-Qualification Form **is** attached hereto and incorporated herein by reference.
- 2b. 70. Loan Contingency:** Buyer's obligation to complete this sale is contingent upon Buyer obtaining loan approval without Prior to
71. Document ("PTD") conditions no later than three (3) days prior to the COE Date for the loan described in the AAR Loan Status
72. Update ("LSU") form or the AAR Pre-Qualification Form, whichever is delivered later. **No later than three (3) days prior to the**
73. **COE Date, Buyer shall either: (i) sign all loan documents; or (ii) deliver to Seller or Escrow Company notice of loan**
74. **approval without PTD conditions AND date(s) of receipt of Closing Disclosure(s) from Lender; or (iii) deliver to Seller or**
75. **Escrow Company notice of inability to obtain loan approval without PTD conditions.**
- 2c. 76. Unfulfilled Loan Contingency:** This Contract shall be cancelled and Buyer shall be entitled to a return of the Earnest Money if
77. after diligent and good faith effort, Buyer is unable to obtain loan approval without PTD conditions and delivers notice of inability
78. to obtain loan approval no later than three (3) days prior to the COE Date. If Buyer fails to deliver such notice, Seller may issue a
79. cure notice to Buyer as required by Section 7a and, in the event of Buyer's breach, Seller shall be entitled to the Earnest Money
80. pursuant to Section 7b. If, prior to expiration of any Cure Period, Buyer delivers notice of inability to obtain loan approval, Buyer
81. shall be entitled to a return of the Earnest Money. Buyer acknowledges that prepaid items paid separately from the Earnest Money
82. are not refundable.
- 2d. 83. Interest Rate / Necessary Funds:** Buyer agrees that (i) the inability to obtain loan approval due to the failure to lock the interest
84. rate and "points" by separate written agreement with the lender; or (ii) the failure to have the down payment or other funds
85. due from Buyer necessary to obtain the loan approval without conditions and close this transaction is not an unfulfilled loan
86. contingency.
- 2e. 87. Loan Status Update:** Buyer shall deliver to Seller the LSU, with at a minimum lines 1-40 completed, describing the current status
88. of the Buyer's proposed loan within ten (10) days after Contract acceptance and instruct lender to provide an updated LSU to
89. Broker(s) and Seller upon request.

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SELLER SELLER

BUYER BUYER



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- 2f. 90. **Loan Application:** Unless previously completed, within three (3) days after Contract acceptance Buyer shall (i) provide lender with Buyer's name, income, social security number, Premises address, estimate of value of the Premises, and mortgage loan amount sought; and (ii) grant lender permission to access Buyer's Trimerged Residential Credit Report.
- 2g. 93. **Loan Processing During Escrow:** Within ten (10) days after receipt of the **Loan Estimate** Buyer shall (i) provide lender with notice of intent to proceed with the loan transaction in a manner satisfactory to lender; and (ii) provide to lender all requested signed disclosures and the documentation listed in the LSU at lines 32-35. Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with all additional documentation requested.
- 2h. 97. **Type of Financing:** ☐ Conventional ☐ FHA ☐ VA ☐ USDA ☐ Assumption ☐ Seller Carryback ☐ \_\_\_\_\_  
98. (If financing is to be other than new financing, see attached addendum.)
- 2i. 99. **Loan Costs:** All costs of obtaining the loan shall be paid by Buyer, unless otherwise provided for herein.
- 2j. 100. **Seller Concessions (if any):** In addition to the other costs Seller has agreed to pay herein, Seller will credit Buyer \_\_\_\_\_% of the Purchase Price **OR** \$ \_\_\_\_\_ (Seller Concessions). The Seller Concessions may be used for any Buyer fee, cost, charge, or expenditure to the extent allowed by Buyer's lender.
- 2k. 103. **Changes:** Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in the Pre-Qualification Form attached hereto or LSU provided within ten (10) 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.
- 2l. 107. **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 return of the Earnest Money or the appraisal contingency shall be waived, unless otherwise prohibited by federal law.
- 2m. 111. **Appraisal Cost(s):** Initial appraisal fee shall be paid by ☐ Buyer ☐ Seller ☐ Other \_\_\_\_\_  
112. at the time payment is required by lender and is non-refundable. If Seller is paying the initial appraisal fee, the fee ☐ will ☐ will not be applied against Seller's Concessions at COE, if applicable. If Buyer's lender requires an updated appraisal prior to COE, it will be performed at Buyer's expense. Any appraiser/lender required inspection cost(s) shall be paid for by Buyer.

**3. TITLE AND ESCROW**

- 3a. 115. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the terms of this Contract shall be:  
117. \_\_\_\_\_  
ESCROW/TITLE COMPANY  
118. \_\_\_\_\_  
ADDRESS CITY STATE ZIP  
119. \_\_\_\_\_  
EMAIL PHONE FAX
- 3b. 120. **Title and Vesting:** Buyer will take title as determined before COE. If Buyer is married and intends to take title as his/her sole and separate property, a disclaimer deed may be required. Taking title may have significant legal, estate planning and tax consequences. Buyer should obtain independent legal and tax advice.
- 3c. 123. **Title Commitment and Title Insurance:** Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller directly, addressed pursuant to 8s and 9c or as otherwise provided, a Commitment for Title Insurance together with complete and legible copies of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title Commitment"), including but not limited to Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and easements. Buyer shall have five (5) days after receipt of the Title Commitment and after receipt of notice of any subsequent exceptions to provide notice to Seller of any items disapproved. Seller shall convey title by warranty deed, subject to existing taxes, assessments, covenants, conditions, restrictions, rights of way, easements and all other matters of record. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's Title Insurance Policy or, if not available, a Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire extended coverage at Buyer's own additional expense. If applicable, Buyer shall pay the cost of obtaining the ALTA Lender Title Insurance Policy.

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BUYER BUYER

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

- 3d. 133. Additional Instructions:** (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and address of Buyer to any homeowner's association(s) in which the Premises are located. (ii) If Escrow Company is also acting as the title agency but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to Buyer and Seller, upon deposit of funds, a closing protection letter from the title insurer indemnifying Buyer and Seller for any losses due to fraudulent acts or breach of escrow instructions by Escrow Company. (iii) All documents necessary to close this transaction shall be executed promptly by Seller and Buyer in the standard form used by Escrow Company. Escrow Company shall modify such documents to the extent necessary to be consistent with this Contract. (iv) Escrow Company fees, unless otherwise stated herein, shall be allocated equally between Seller and Buyer. (v) Escrow Company shall send to all parties and Broker(s) copies of all notices and communications directed to Seller, Buyer and Broker(s). (vi) Escrow Company shall provide Broker(s) access to escrowed materials and information regarding the escrow. (vii) If an Affidavit of Disclosure is provided, Escrow Company shall record the Affidavit at COE.
- 3e. 143. Tax Prorations:** Real property taxes payable by Seller shall be prorated to COE based upon the latest tax information available.
- 3f. 144. Release of Earnest Money:** In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with Escrow Company, Buyer and Seller authorize Escrow Company to release the Earnest Money pursuant to the terms and conditions of this Contract in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or relating in any way to the release of the Earnest Money.
- 3g. 149. Prorations of Assessments and Fees:** All assessments and fees that are not a lien as of COE, including homeowner's association fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on encumbrances, and service contracts, shall be prorated as of COE or ☐ Other: \_\_\_\_\_
- 3h. 152. Assessment Liens:** The amount of any assessment lien or bond including those charged by a special taxing district, such as a Community Facilities District, shall be prorated as of COE.

**4. DISCLOSURE**

- 4a. 154. Seller's Property Disclosure Statement ("SPDS"):** Seller shall deliver a completed AAR Residential SPDS form to Buyer within three (3) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Inspection Period or five (5) days after receipt of the SPDS, whichever is later.
- 4b. 157. Insurance Claims History:** Seller shall deliver to Buyer a written five (5) year insurance claims history regarding the Premises (or a claims history for the length of time Seller has owned the Premises if less than five (5) years) from Seller's insurance company or an insurance support organization or consumer reporting agency, or if unavailable from these sources, from Seller, within five (5) days after Contract acceptance. Buyer shall provide notice of any items disapproved within the Inspection Period or five (5) days after receipt of the claims history, whichever is later.
- 4c. 162. Foreign Sellers:** The Foreign Investment in Real Property Tax Act ("FIRPTA") is applicable if Seller is a non-resident alien individual, foreign corporation, foreign partnership, foreign trust, or foreign estate ("Foreign Person"). Seller agrees to complete, sign, and deliver to Escrow Company a certificate indicating whether Seller is a Foreign Person. FIRPTA requires that a foreign seller may have federal income taxes up to 15% of the purchase price withheld, unless an exception applies. Seller is responsible for obtaining independent legal and tax advice.
- 4d. 167. Lead-Based Paint Disclosure:** If the Premises were built prior to 1978, Seller shall: (i) notify Buyer of any known lead-based paint ("LBP") or LBP hazards in the Premises; (ii) provide Buyer with any LBP risk assessments or inspections of the Premises in Seller's possession; (iii) provide Buyer with the Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards, and any report, records, pamphlets, and/or other materials referenced therein, including the pamphlet "Protect Your Family from Lead in Your Home" (collectively "LBP Information"). Buyer shall return a signed copy of the Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards to Seller prior to COE.
173. ☐ LBP Information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct LBP risk assessments or inspections during Inspection Period.
175. ☐ Seller shall provide LBP Information within five (5) days after Contract acceptance. Buyer may within ten (10) days or \_\_\_\_\_ days after receipt of the LBP Information conduct or obtain a risk assessment or inspection of the Premises for the presence of LBP or LBP hazards ("Assessment Period"). Buyer may within five (5) days after receipt of the LBP Information or five (5) days after expiration of the Assessment Period cancel this Contract.
179. 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.
181. If Premises were constructed prior to 1978, **(BUYER'S INITIALS REQUIRED)** \_\_\_\_\_
182. If Premises were constructed in 1978 or later, **(BUYER'S INITIALS REQUIRED)** \_\_\_\_\_

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SELLER SELLER

BUYER BUYER

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

- 4e. 183. **Affidavit of Disclosure:** If the Premises are located in an unincorporated area of the county, and five (5) or fewer parcels of  
 184. property other than subdivided property are being transferred, Seller shall deliver a completed Affidavit of Disclosure in the form  
 185. required by law to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items  
 186. disapproved within the Inspection Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
- 4f. 187. **Changes During Escrow:** Seller shall immediately notify Buyer of any changes in the Premises or disclosures made herein,  
 188. in the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by this  
 189. Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after  
 190. delivery of such notice to provide notice of disapproval to Seller.

**5. WARRANTIES**

- 5a. 191. **Condition of Premises: BUYER AND SELLER AGREE THE PREMISES ARE BEING SOLD IN ITS PRESENT PHYSICAL**  
 192. **CONDITION AS OF THE DATE OF CONTRACT ACCEPTANCE.** Seller makes no warranty to Buyer, either express or implied,  
 193. as to the condition, zoning, or fitness for any particular use or purpose of the Premises. However, Seller shall maintain and repair  
 194. the Premises so that at the earlier of possession or COE: (i) the Premises, including all personal property included in the sale, will  
 195. be in substantially the same condition as on the date of Contract acceptance; and (ii) all personal property not included in the sale  
 196. and debris will be removed from the Premises. Buyer is advised to conduct independent inspections and investigations regarding  
 197. the Premises within the Inspection Period as specified in Section 6a. Buyer and Seller acknowledge and understand they may,  
 198. but are not obligated to, engage in negotiations or address repairs/improvements to the Premises. Any/all agreed upon repairs/  
 199. improvements will be addressed pursuant to Section 6j.
- 5b. 200. **Warranties that Survive Closing:** Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects and  
 201. any information concerning the Premises known to Seller, excluding opinions of value, which materially and adversely affect the  
 202. consideration to be paid by Buyer. Prior to COE, Seller warrants that payment in full will have been made for all labor, professional  
 203. services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding COE in connection with the  
 204. construction, alteration, or repair of any structure on or improvement to the Premises. Seller warrants that the information regarding  
 205. connection to a sewer system or on-site wastewater treatment facility (conventional septic or alternative) is correct to the best of  
 206. Seller's knowledge.
- 5c. 207. **Buyer Warranties:** Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect  
 208. Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of possession of the Premises or COE,  
 209. Buyer warrants to Seller that Buyer has conducted all desired independent inspections and investigations and accepts the Premises.  
 210. **Buyer warrants that Buyer is not relying on any verbal representations concerning the Premises except disclosed as follows:**  
 211. \_\_\_\_\_  
 212. \_\_\_\_\_

**6. DUE DILIGENCE**

- 6a. 213. **Inspection Period:** Buyer's Inspection Period shall be ten (10) days or \_\_\_\_\_ days after Contract acceptance. During the  
 214. Inspection Period Buyer, at Buyer's expense, shall: (i) conduct all desired physical, environmental, and other types of inspections  
 215. and investigations to determine the value and condition of the Premises; (ii) make inquiries and consult government agencies,  
 216. lenders, insurance agents, architects, and other appropriate persons and entities concerning the suitability of the Premises and  
 217. the surrounding area; (iii) investigate applicable building, zoning, fire, health, and safety codes to determine any potential hazards,  
 218. violations or defects in the Premises; and (iv) verify any material multiple listing service ("MLS") information. If the presence of  
 219. sex offenders in the vicinity or the occurrence of a disease, natural death, suicide, homicide or other crime on or in the vicinity is  
 220. a material matter to Buyer, it must be investigated by Buyer during the Inspection Period. Buyer shall keep the Premises free and  
 221. clear of liens, shall indemnify and hold Seller harmless from all liability, claims, demands, damages, and costs, and shall repair all  
 222. damages arising from the inspections. Buyer shall provide Seller and Broker(s) upon receipt, at no cost, copies of all inspection  
 223. reports concerning the Premises obtained by Buyer. Buyer is advised to consult the Arizona Department of Real Estate Buyer  
 224. Advisory to assist in Buyer's due diligence inspections and investigations.
- 6b. 225. **Square Footage: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE PREMISES, BOTH THE**  
 226. **REAL PROPERTY (LAND) AND IMPROVEMENTS THEREON, IS APPROXIMATE. IF SQUARE FOOTAGE IS A MATERIAL**  
 227. **MATTER TO BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION PERIOD.**
- 6c. 228. **Wood-Destroying Organism or Insect Inspection: IF CURRENT OR PAST WOOD-DESTROYING ORGANISMS OR INSECTS**  
 229. **(SUCH AS TERMITES) ARE A MATERIAL MATTER TO BUYER, THESE ISSUES MUST BE INVESTIGATED DURING THE**  
 230. **INSPECTION PERIOD.** Buyer shall order and pay for all wood-destroying organism or insect inspections performed during the  
 231. Inspection Period. If the lender requires an updated Wood-Destroying Organism or Insect Inspection Report prior to COE, it will be  
 232. performed at Buyer's expense.
- 6d. 233. **Flood Hazard: FLOOD HAZARD DESIGNATIONS OR THE COST OF FLOOD HAZARD INSURANCE SHALL BE**  
 234. **DETERMINED BY BUYER DURING THE INSPECTION PERIOD.** If the Premises are situated in an area identified as having  
 235. any special flood hazards by any governmental entity, **THE LENDER MAY REQUIRE THE PURCHASE OF FLOOD HAZARD**  
 236. **INSURANCE.** Special flood hazards may also affect the ability to encumber or improve the Premises.

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SELLER SELLER

BUYER BUYER



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- 6e. 237. **Insurance: IF HOMEOWNER'S INSURANCE IS A MATERIAL MATTER TO BUYER, BUYER SHALL APPLY FOR AND**  
 238. **OBTAIN WRITTEN CONFIRMATION OF THE AVAILABILITY AND COST OF HOMEOWNER'S INSURANCE FOR THE**  
 239. **PREMISES FROM BUYER'S INSURANCE COMPANY DURING THE INSPECTION PERIOD.** Buyer understands that any  
 240. homeowner's, fire, casualty, flood or other insurance desired by Buyer or required by lender should be in place at COE.
- 6f. 241. **Sewer or On-site Wastewater Treatment System:** The Premises are connected to a:  
 242. ☐ sewer system ☐ conventional septic system ☐ alternative system
243. **IF A SEWER CONNECTION IS A MATERIAL MATTER TO BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION**  
 244. **PERIOD.** If the Premises are served by a conventional septic or alternative system, the AAR On-site Wastewater Treatment Facility  
 245. Addendum is incorporated herein by reference.
246. (BUYER'S INITIALS REQUIRED) \_\_\_\_\_ BUYER BUYER
- 6g. 247. **Swimming Pool Barrier Regulations:** During the Inspection Period, Buyer agrees to investigate all applicable state, county, and  
 248. municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance with said regulations prior to  
 249. occupying the Premises, unless otherwise agreed in writing. If the Premises contains a Swimming Pool, Buyer acknowledges receipt  
 250. of the Arizona Department of Health Services approved private pool safety notice.
251. (BUYER'S INITIALS REQUIRED) \_\_\_\_\_ BUYER BUYER
- 6h. 252. **BUYER ACKNOWLEDGMENT: BUYER RECOGNIZES, ACKNOWLEDGES, AND AGREES THAT BROKER(S) ARE NOT**  
 253. **QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PREMISES OR THE SURROUNDING**  
 254. **AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO ASSIST IN BUYER'S**  
 255. **DUE DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PREMISES AND THE**  
 256. **SURROUNDING AREA IS BEYOND THE SCOPE OF BROKER'S EXPERTISE AND LICENSING, BUYER EXPRESSLY**  
 257. **RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY DEFECTS OR CONDITIONS THAT COULD**  
 258. **HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION.**
259. (BUYER'S INITIALS REQUIRED) \_\_\_\_\_ BUYER BUYER
- 6i. 260. **Inspection Period Notice:** Prior to expiration of the Inspection Period, Buyer shall deliver to Seller a signed notice of any items  
 261. disapproved. AAR's Buyer's Inspection Notice and Seller's Response form is available for this purpose. Buyer shall conduct all  
 262. desired inspections and investigations prior to delivering such notice to Seller and all Inspection Period items disapproved shall be  
 263. provided in a single notice.
- 6j. 264. **Buyer Disapproval:** If Buyer, in Buyer's sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller a  
 265. signed notice of the items disapproved and state in the notice that Buyer elects to either:  
 266. (1) Immediately cancel this Contract, in which case:  
 267. (a) If Buyer's notice specifies disapproval of items as allowed herein, the Earnest Money shall be released to Buyer.  
 268. (b) If Buyer's notice fails to specify items disapproved as allowed herein, the cancellation will remain in effect but Buyer has  
 269. failed to comply with a provision of this Contract and Seller may deliver to Buyer a cure notice as required by Section 7a.  
 270. If Buyer fails to cure their non-compliance within three (3) days after delivery of such notice, Buyer shall be in breach and  
 271. Seller shall be entitled to the Earnest Money. If, prior to expiration of the Cure Period, Buyer delivers notice specifying  
 272. items disapproved as allowed herein, Buyer shall be entitled to a return of the Earnest Money.
273. **OR**
274. (2) Provide Seller an opportunity to correct or address the items disapproved, in which case:  
 275. (a) Seller shall respond in writing within five (5) days or \_\_\_\_\_ days after delivery to Seller of Buyer's notice of items  
 276. disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall conclusively be deemed  
 277. Seller's refusal to correct or address any of the items disapproved.  
 278. (b) **If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any repairs in a**  
 279. **workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3) days**  
 280. **or \_\_\_\_\_ days prior to the COE Date.**  
 281. (c) If Seller is unwilling or unable to correct or address any of the items disapproved, Buyer may cancel this Contract within  
 282. five (5) days after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs  
 283. first, and the Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as  
 284. provided, Buyer shall close escrow without those items that Seller has not agreed in writing to correct or address.
285. **VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS.** Only a written agreement signed by both parties will extend  
 286. response times or cancellation rights.
287. **BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN**  
 288. **THE SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE**  
 289. **TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.**

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SELLER SELLER

BUYER BUYER



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

- 6k. 290. Home Warranty Plan:** Buyer and Seller are advised to investigate the various home warranty plans available for purchase. The parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service fees and most plans exclude pre-existing conditions.
293. ☐ A Home Warranty Plan will be ordered by ☐ Buyer or ☐ Seller with the following optional coverage
294. \_\_\_\_\_, to be issued by \_\_\_\_\_ at a cost
295. not to exceed \$ \_\_\_\_\_, to be paid for by ☐ Buyer ☐ Seller ☐ Split evenly between Buyer and Seller
296. ☐ Buyer declines the purchase of a Home Warranty Plan.
297. \_\_\_\_\_
- (BUYER'S INITIALS REQUIRED)** \_\_\_\_\_
- BUYER BUYER
- 6l. 298. Walkthrough(s):** Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct walkthrough(s) of the Premises for the purpose of satisfying Buyer that any corrections or repairs agreed to by Seller have been completed, and the Premises are in substantially the same condition as of the date of Contract acceptance. If Buyer does not conduct such walkthrough(s), Buyer releases Seller and Broker(s) from liability for any defects that could have been discovered.
- 6m. 302. Seller's Responsibility Regarding Inspections and Walkthrough(s):** Seller shall make the Premises available for all inspections and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on, including any propane, until COE to enable Buyer to conduct these inspections and walkthrough(s).
- 6n. 305. IRS and FIRPTA Reporting:** The Foreign Investment in Real Property Tax Act ("FIRPTA") provides that, if a seller is a Foreign Person, a buyer of residential real property must withhold federal income taxes up to 15% of the purchase price, unless an exception applies. If FIRPTA is applicable and Buyer fails to withhold, Buyer may be held liable for the tax. Buyer agrees to perform any acts reasonable or necessary to comply with FIRPTA and IRS reporting requirements and Buyer is responsible for obtaining independent legal and tax advice.

**7. REMEDIES**

- 7a. 310. 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 of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become a breach of Contract. If Escrow Company or recorder's office is closed on the last day of the Cure Period, and COE must occur to cure a potential breach, COE shall occur on the next day that both are open for business.
- 7b. 315. Breach:** In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the breaching party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative Dispute Resolution obligations set forth herein. In the case of Seller, because it would be difficult to fix actual damages in the event of Buyer's breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at Seller's option, accept the 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 required by Section 2b, or Buyer's inability to obtain loan approval due to the waiver of the appraisal contingency pursuant to Section 2l, Seller shall exercise this option and accept the Earnest Money as Seller's sole right to damages. An unfulfilled contingency is not a breach of Contract. The parties expressly agree that the failure of any party to comply with the terms and conditions of Section 1d 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 breach of this Contract, rendering the Contract subject to cancellation.
- 7c. 325. Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the mediation conference by notice to the other and, in such event, either party shall have the right to resort to court action.
- 7d. 334. Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought in the Small Claims Division of an Arizona Justice Court (up to \$3,500) so long as the matter is not thereafter transferred or removed from the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or 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 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 pendens"), or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the obligation to submit the claim to ADR, nor shall such action constitute a breach of the duty to mediate or arbitrate.
- 7e. 341. Attorney Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert witness fees, fees paid to investigators, and arbitration costs.

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SELLER SELLER

BUYER BUYER

8. ADDITIONAL TERMS AND CONDITIONS

8a. 344. \_\_\_\_\_

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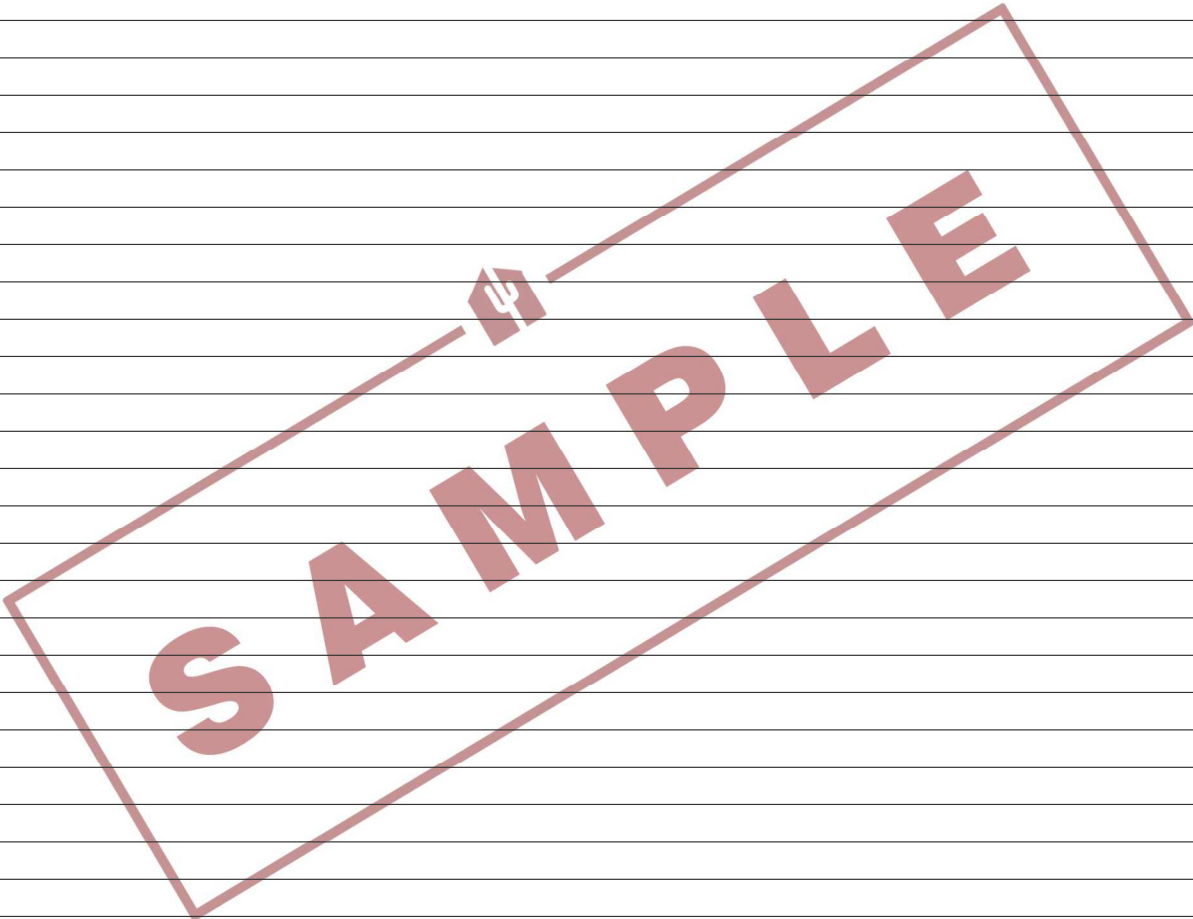
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**Residential Resale Real Estate Purchase Contract >>****8q. 443. Broker on behalf of Buyer:**

444. \_\_\_\_\_  
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

445. \_\_\_\_\_  
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

446. \_\_\_\_\_  
 PRINT FIRM NAME FIRM MLS CODE

447. \_\_\_\_\_  
 FIRM ADDRESS STATE ZIP CODE FIRM STATE LICENSE NO.

448. \_\_\_\_\_  
 PREFERRED TELEPHONE FAX EMAIL

**8r. 449. Agency Confirmation:** Broker named in Section 8q above is the agent of (check one):

450. ☐ Buyer; ☐ Seller; or ☐ both Buyer and Seller

**8s. 451. The undersigned agree to purchase the Premises on the terms and conditions herein stated and acknowledge receipt of a copy hereof including the Buyer Attachment.**

453. \_\_\_\_\_ MO/DA/YR ^ BUYER'S SIGNATURE MO/DA/YR

454. \_\_\_\_\_ ^ BUYER'S NAME PRINTED ^ BUYER'S NAME PRINTED

455. \_\_\_\_\_ ADDRESS ADDRESS

456. \_\_\_\_\_ CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

**9. SELLER ACCEPTANCE****9a. 457. Broker on behalf of Seller:**

458. \_\_\_\_\_  
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

459. \_\_\_\_\_  
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

460. \_\_\_\_\_  
 PRINT FIRM NAME FIRM MLS CODE

461. \_\_\_\_\_  
 FIRM ADDRESS STATE ZIP CODE FIRM STATE LICENSE NO.

462. \_\_\_\_\_  
 PREFERRED TELEPHONE FAX EMAIL

**9b. 463. Agency Confirmation:** Broker named in Section 9a above is the agent of (check one):

464. ☐ Seller; or ☐ both Buyer and Seller

**9c. 465. The undersigned agree to sell the Premises on the terms and conditions herein stated, acknowledge receipt of a copy hereof and grant permission to Broker named in Section 9a to deliver a copy to Buyer.**

467. ☐ Counter Offer is attached, and is incorporated herein by reference. Seller must sign and deliver both this offer and the Counter Offer. If there is a conflict between this offer and the Counter Offer, the provisions of the Counter Offer shall be controlling.

469. \_\_\_\_\_ MO/DA/YR ^ SELLER'S SIGNATURE MO/DA/YR

470. \_\_\_\_\_ ^ SELLER'S NAME PRINTED ^ SELLER'S NAME PRINTED

471. \_\_\_\_\_ ADDRESS ADDRESS

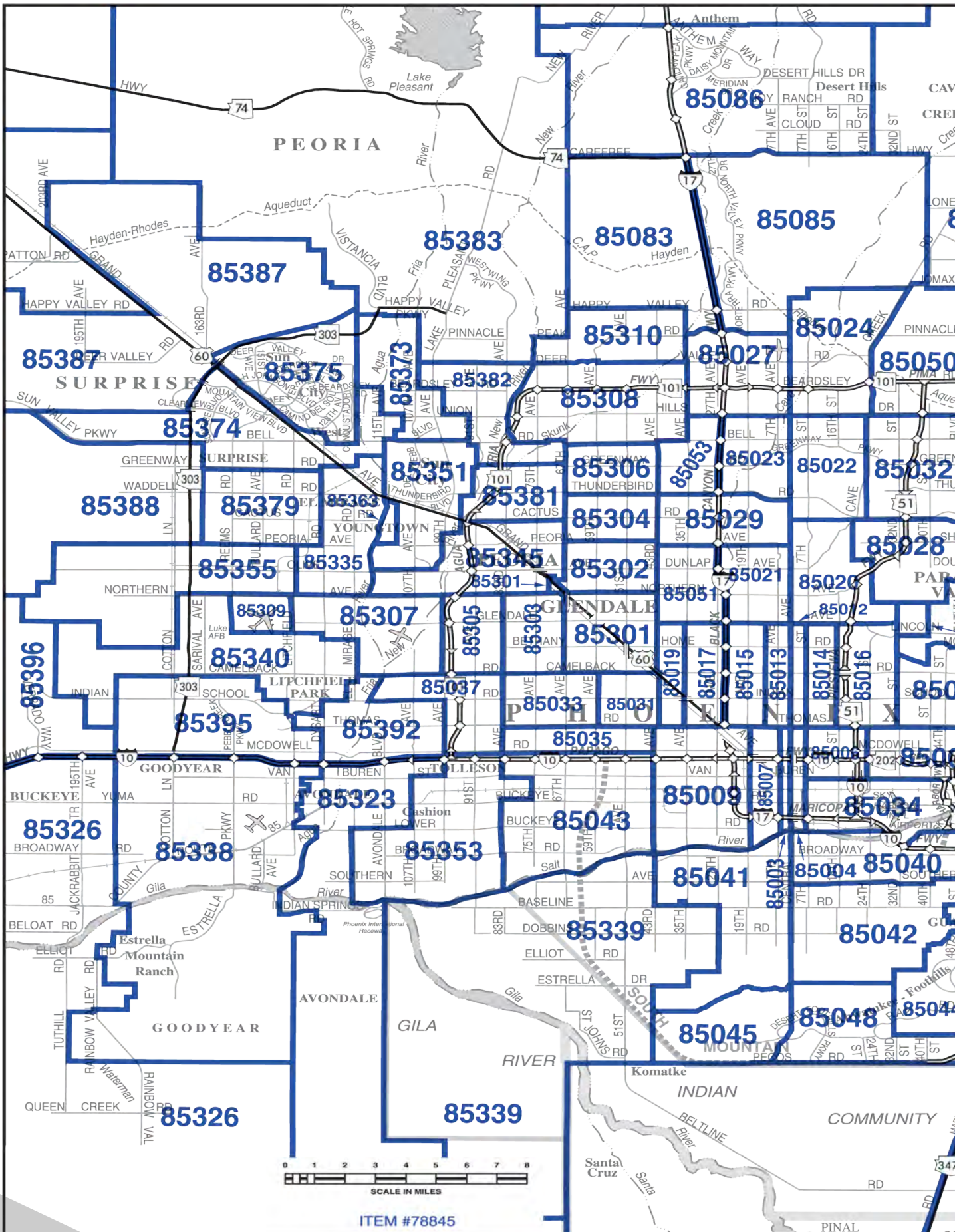
472. \_\_\_\_\_ CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

473. ☐ OFFER REJECTED BY SELLER: \_\_\_\_\_, 20\_\_\_\_  
 MONTH DAY YEAR (SELLER'S INITIALS)

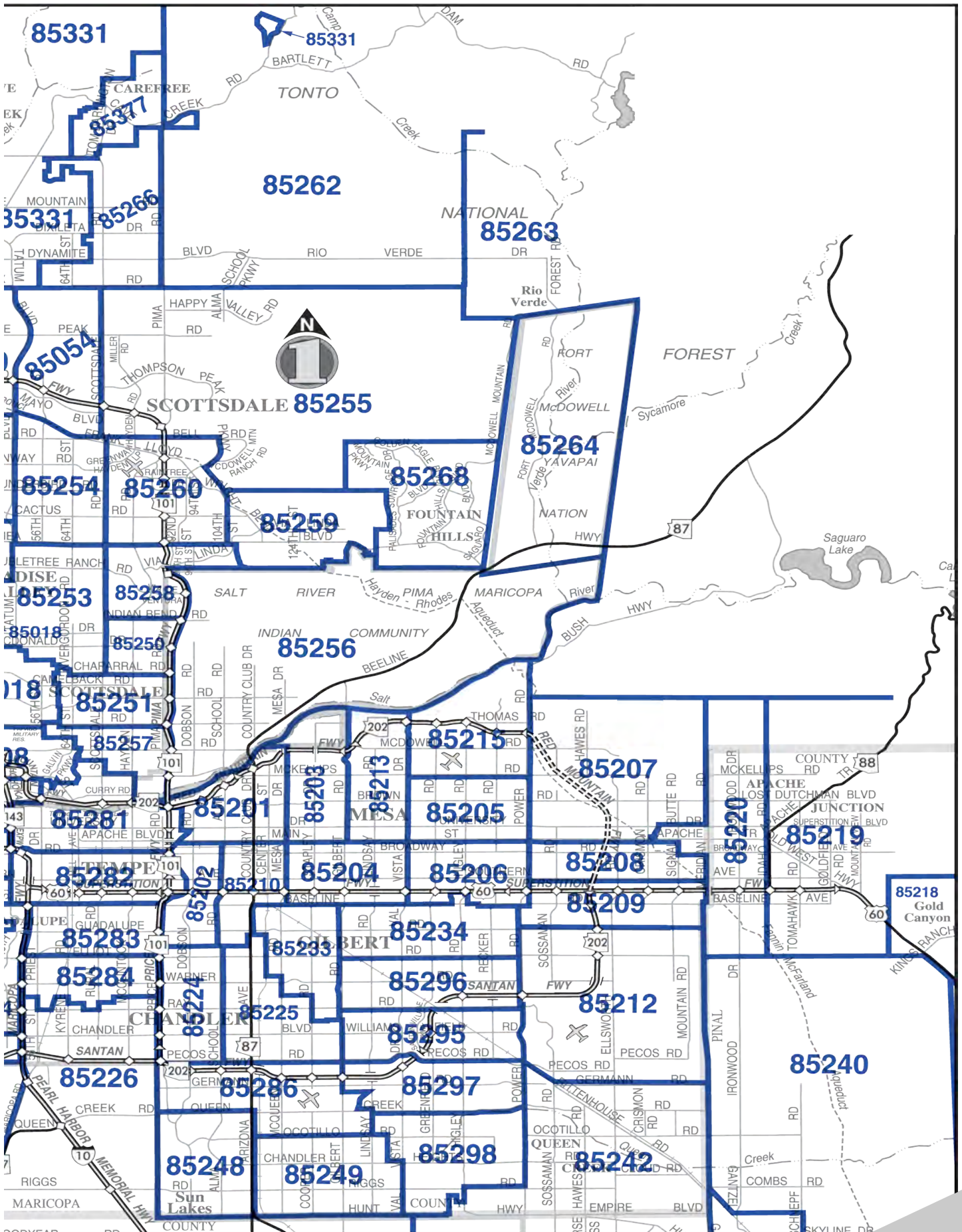
**For Broker Use Only:**

Brokerage File/Log No. \_\_\_\_\_ Manager's Initials \_\_\_\_\_ Broker's Initials \_\_\_\_\_ Date \_\_\_\_\_  
 MO/DA/YR











 NOTES

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