

Seller's Guide

For over twenty years, we have been blessed with success as consistent multi-million dollar producers in the residential luxury home market.

Our goal was and remains, to create a team of professionals who, like us, truly care for people, are talented and provide the very best real estate service possible.

At *The Peggy Rauch Group* our goal is to help people through one of the biggest financial and emotional experiences in their lives.

We provide a level of education, service and support that only successful, experienced and knowledgeable real estate professionals can provide.

We work as a close-knit team to help our clients, and we are very proud of the fact that once people work with us, they continue to let us help them with their real estate needs.

This book typifies our commitment to help you understand and feel comfortable about the process you will be going through.

The following information outlines the entire process of selling your property. It includes all the steps, forms, processes and other real estate services that will be a part of this transaction.

After you have had a chance to look through it, please let us know if you have any questions or concerns. And don't forget . . . We'll be with you every step of the way.



THE
Peggy Rauch
GROUP

REAL ESTATE PROFESSIONALS

RESIDENTIAL • LAND • COMMERCIAL • INVESTMENT

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We have put together this book to help you better understand the process we will be going through to sell your home.

Whether or not this will be the first property you are selling, the process is an exacting one that includes many forms and deadlines, which must be understood and complied with. This book is designed to be a resource for you throughout the process.

We have organized this guide under the following key areas:

- ✎ Selecting an Agent
- ✎ Showing Your Home
- ✎ The Purchase Contract
- ✎ The Loan Process
- ✎ The Escrow Process
- ✎ Closing Costs
- ✎ Inspections & Warranties
- ✎ Taxes & Miscellaneous
- ✎ Glossary of Real Estate Terms

It is our goal to make this an enjoyable and profitable experience for you and we will work diligently on your behalf with all the resources at our disposal. We look forward to working with you throughout the process and answering any questions you have after reviewing this information

Sincerely,

Peggy & Michael

We are honored to have the privilege of representing you in this transaction. For many, this is one of the most significant business and personal transactions of their lives.

The agent in a real estate transaction takes on a significant responsibility upon which hundreds and thousands of dollars are at stake. To assume this responsibility without training, current knowledge and immediate access to the market in a given area is to operate at a distinct disadvantage. This is why a Real Estate Professional is crucial to a successful and equitable transaction.

A Real Estate Professional is licensed only after demonstrating to the State Board of Realtors his/her knowledge of the laws, contracts and accepted practices related to the sale and purchase of real estate in Arizona. To keep their license current, realtors must maintain a schedule of continuing education in areas required by the State.

As active realtors, through education, access to listings through the Multiple Listing Service (MLS) and as agents for many other sellers and buyers, we have an intimate knowledge of the inventory, pricing, history and current trends in this marketplace. This knowledge and expertise will enable you to achieve optimal success in your own impending transaction.

We look forward to working with you, representing your interests and making this a satisfying experience for you.

Peggy & Michael

• **24 YEARS OF EXCELLENCE IN LUXURY PROPERTY SALES**

2009

- Top 1% of Scottsdale Realtors
- SAAR Board of Directors
- SAAR RMS Tour Co-Chair
- AAR Professional Standards Committee

2008

- Double Diamond Award
- Top 1% of Scottsdale Realtors
- Top 20 of Valley Realtors
- SAAR RMS Tour Chair
- Luxury Home Magazine Profile
- Premier Marketing Group
- Resort & Second Home Designation
- GREEN Certified
- Senior Real Estate Specialist Designation
- Certified Luxury Marketing Specialist
- ADRE Ethics Committee

2007

- Double Diamond Award
- Top 1% Scottsdale Realtors
- Top 20 Valley Realtor
- Certified Luxury Marketing Specialist
- ADRE Ethics Committee

2006

- Double Diamond Award
- Top 10 Scottsdale Realtors
- Top 25 Valley Realtor
- Real Estate Executive Profile
- Scottsdale Food Profile
- Arizona Republic Profile

2005

- Platinum Club Member
- Top 1% of US Prudential Agents
- SAAR RMS Tour Chair
- Top 10-Prudential SW Region

2004

- Platinum Club Member
- Top 1% of US Prudential Agents
- Scottsdale Luxury Home Tour Chair
- Top 10-Prudential SW Region

2003

- #1 Individual REMAX Sales Agents
- REMAX Hall of Fame Award
- Chairman's Club Inductee
- Top 10-REMAX Southwest Region
- Top 300 Transactions for Arizona
- Dream Home Tour Chairman
- Broker Agent Magazine Profile

2002

- Platinum Club Member
- Top Income Producer
- Top Listing Agent
- Top 500 Agents in Arizona
- President's Club
- Gold Circle (Top 3% Worldwide)

2001

- Platinum Club Member
- Top Income Producer
- Top Listing Agent
- Top Sales Agent
- President's Club
- Gold Circle (Top 3% Worldwide)

2000

- Platinum Club Member
- Top Income Producer
- Top Listing Top Sales Agent
- President's Club
- Gold Circle (Top 3% Worldwide)

1999

- Gold Circle (Top 3% Worldwide)
- President's Club/Multi-Million Dollar Club

1998

- International President's Circle
- Gold Circle (Top 3% Worldwide)
- Multi-Million Dollar Club

1997

- Broker Agent Magazine Profile
- Gold Circle (Top 3% Worldwide)
- President's Club
- Multi-Million Dollar Club

1996

- #12 Producer in Arizona
- President's Circle/Multi-Million Dollar Club

1995

- President's Circle/Multi-Million Dollar Club

1994

- President's Circle/Multi-Million Dollar Club

1993

- President's Circle/Multi-Million Dollar Club

1992

- President's Circle/Multi-Million Dollar Club

1991

- President's Circle/Multi-Million Dollar Club

1990

- President's Circle/Multi-Million Dollar Club

1989

- President's Roundtable
- Certified Relocation Specialist

1988

- President's Roundtable
- Fine Homes Specialist
- Multi-Million Dollar Producer

1987

- Rookie of the Year
- Multi-Million Dollar Producer

Experience

Since 1987 the members of this group have worked full time as real estate professionals in the Paradise Valley, Scottsdale and other markets in the valley of the Sun. When we sit down to determine the listing price, discuss marketing strategies or evaluate an offer, you can rely on our knowledge and expertise.

Our knowledge of the activity that has taken place in this particular market during the past twenty three years is first hand, and we will use every bit of our expertise to your best advantage.

Commitment

We are committed to our work and to our clients. Our goal is to make every client's transaction a successful and enjoyable experience. We will work tirelessly on your behalf and over the years we have developed a network of other talented professionals in this industry who we can count on to assist us in reaching this goal.

At the close of this transaction, we want to keep you as a client and be the realtors you refer your friends and acquaintances to.

When selecting your real estate professional it is strongly recommended that you make certain they are properly credentialed, educated and experienced in the type of transaction you will be undertaking, so they will be the effective and valuable resource you need.

Since 1987 The Peggy Rauch Group has provided the knowledge and market experience to achieve successful results for our clients' transactions for single family homes, condominiums, land, commercial property, custom homes, golf course properties, waterfront luxury homes and investment real estate. We've been able to achieve this on behalf of our clients because we stay on top of the Valley's ever changing market—*day in and day out!!*

We listen well, provide knowledgeable market experience and data, and then work tirelessly to achieve your real estate goals -- always *Working for YOU!!!*

Active as Professional Brokers/Realtors in local associations and organizations and fully accredited in our discipline we network, network and then network some more on behalf of our clients.

Below are our real estate affiliations and accreditations . . .



Members in the National Association of Realtors® (NAR), we adhere to its strict Code of Ethics in representing our clients. Through the NAR networking, publications, regional and national meetings we stay current with real estate practices, market trends and changes in practice to best represent the interests of our clients.

The Scottsdale Area Association of Realtors (SAAR) is the largest trade association in Scottsdale with more than 8,100 Realtors. We actively participate on SAAR committees including the Realtor Marketing Sessions, Hutch Fund and Strategic Planning Committees. We are both graduates of the SAAR Leadership Program, an invitation only program providing Realtors with advanced leadership/ community training to better serve clients and the real estate community.



The Arizona Association of REALTORS® (AAR) is the largest trade association in Arizona, representing over 52,298 Arizona REALTORS®. We are actively involved in the AAR Committee Structure and use the AAR to stay current with issues and practices affecting real estate in Arizona. Our AAR membership assures our clients we are current on real estate and related issues that can affect them when purchasing property in Arizona. *Peggy currently serves on the Professional Standards Committee*

As CNE designees we are part of the less than 1% of Realtors in the entire country with this designation. A real estate transaction is a series of negotiations from start to finish. As trained negotiators we make certain that in every phase of the purchase or sale process our representation results in superior results for our clients.



Recognized as the mark of accomplishment in luxury markets around the world, the Certified Luxury Home Marketing Specialist (CLHMS) designation assures affluent buyers and sellers that the agents who have earned it have the knowledge, experience, competence, and confidence they require. Members of The Institute who hold the CLHMS designation have **documented performance in the TOP 10%** of their markets.



Resort & Second-Home Property Specialist (RSPS) certification is a crucial skill for buyers and sellers to have at their disposal - particularly in a market like Arizona. Buyers and Sellers working with RSPS designated Realtors can be assured that they are working with a professional who has a demonstrable understanding of the market, financing, title, investment and tax issues that are unique to resort and second home ownership.

Commercial Sales Specialist program requires completion of 15 separate courses focused on commercial real estate skills to receive the CCSS designation. Commercial real estate is a complex proposition and requires the resources of a trained professional in order to achieve the best possible outcome from negotiations.



The Arizona Regional Multiple Listing Service (ARMLS) was one of the first regional multiple listing companies in the United States. It has consolidated the many boards across the Valley into a single system to provide Realtors with real-time, accurate information on listed and sold properties in Arizona.

The Real Estate Buyers' Agent Council is the largest association of real estate professionals focusing on all aspects of buyer representation. ABR® designees must complete the REBAC course, pass the test and provided documentation of significant buyer agency experience before being allowed to join this network of professionals trained specifically to represent buyers.





Only 5% of all REALTORS in the U.S. can call themselves Certified Residential Specialists. Just one in twenty has the extensive experience, the unique

commitment and the hours of advanced training necessary for the CRS designation.

Senior Real Estate Specialist (SRES) Council Designees have demonstrated an understanding that the 50 plus demographic has very specialized needs when it comes to purchasing and selling property. SRES Designees have formidable resources and experience working with this particular market segment and are constantly improving their knowledge base and skills as this market evolves.



Many feel the built environment is consuming energy and resources beyond those sustainable by the planet. GREEN designees are familiar with the building practices and concepts that will help to evolve the built environment into one that is more healthy and sustainable. GREEN Realtors can help provide innovative, eco-friendly solutions to residential and commercial projects regardless of the budget size.

The REALTOR® Marketing Sessions & Home Tours Committee promotes fellowship, educational opportunities, networking, touting/touring, and includes a program format to help Members be more knowledgeable and professional in their dealings with the public and each other. We serve as Co-Chairs for this tour in addition to overseeing the other tours of the Scottsdale Area Association of Realtors



The NATIONAL ASSOCIATION OF REALTORS®, is the first major trade group to offer certification for online professionalism. e-Pro is not about technology - it's about how leveraging people-skills, into doing more business on the Internet on behalf of clients. e-Pro certified Realtors use

the technology now available to provide their clients with information and services on a timely basis and when needed.

Showing Your Home

First impressions are the most powerful sales tools. Emotion plays a tremendous part in creating an interest in your home from a potential buyer. Make certain your home puts its "best foot forward" and that you follow the time-tested rules and behavior that will enhance the likelihood of a sale.

Outside Entry - The front door should be clean, fresh and inviting. Make sure the landscaping is maintained.

Windows – Clean windows make a home seem bigger and brighter and add tremendously to a home's "show ability."

Lights - Make certain all your light fixtures are working and turn all the lights on when showing the home (day or night). It makes the home much more welcoming.

Closets – Neat closets appear larger and keep buyers from even wondering if they might be too small.

Bathrooms sell homes!! - Each one will be closely inspected. Repair caulking, fix leaks and make sure everything sparkles and smells clean.

Bedrooms – Remove excess furniture and decorations and use attractive, freshly laundered bedspreads and window coverings to make these rooms more inviting.

Minor repairs – Creaking doors, loose handles, sticking windows, dirty wallpaper, worn woodwork, faded walls all reduce buyer appeal. A little money spent in fixing these things will keep you from trying to convince the buyer how good it could actually look, and result in a quicker sale at a higher price.

Floors– Keep the carpets vacuumed, the floors washed and remove any clutter from the floors and stairways. Your home will show better and there will be no unfortunate accidents.

Pets – Keep them out of the way, outside is best.

Background – Loud music or blaring televisions detract from everything you have done to make your home inviting. Allow the agent and buyer to talk without competition.

Assisting the Potential Buyer – Don't have too many people present during a showing, it makes a potential buyer feel like an intruder and hurry through the house. Be courteous but don't force conversation with the potential buyer. They want to inspect your home, not make friends. If they have questions, they will ask.

Assisting Your Realtor – Show your home to prospective buyers by appointment through your agent. Sales close more quickly this way. Let your realtor discuss price, terms, possession and the other details with the buyer. Your realtor has negotiated many, many contracts. Allow him/her to use their expertise to get the most favorable conclusion to negotiations on your behalf. If you are needed, your realtor will bring you in.

The Purchase Contract

PURCHASE CONTRACT & ADDENDUM

The Purchase Contract and Addendum(s) is a lengthy but important document. It is the legal written document that details the specific agreement by which this transaction will take place. It is the only written record of your agreement and will serve as the sole resource document for all parties involved. It is a crucial document, of which you should have an understanding.

Let your Real Estate Professional guide you through the Purchase Contract. Knowing the specifics of your situation your realtor can show you what portions of the contract will be of primary importance to you in achieving a successful transaction.

DISCLOSURES & CONTINGENCIES

Disclosures: The law now requires you to complete a Seller's Property Disclosure Statement. This is a document that informs the buyer of any significant facts about the condition of the property, based on the best of your knowledge.

Contingencies: There will be various contingency dates in your Purchase Contract. Be aware of these and make certain that actions required are performed within the time agreed. Stay closely in touch with your real estate agent regarding these important dates.



BUYER ATTACHMENT

This attachment should be given to the Buyer prior to the submission of any offer and is not a 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 Seller's Property Disclosure Statement (See Section 4a).
 - This information comes directly from the Seller.
 - Investigate any blank spaces, unclear answers or any other information that is important to you.
3. Review the Inspection Paragraph (see Section 6a).

If important to you, hire a qualified:

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

Verify square footage (see Section 6b)
Verify the property is on sewer or septic (see Section 6f)
4. Confirm your ability to obtain insurance and insurability of the property during the inspection period with your insurance agent (see Sections 6a and 6e).
5. Apply for your home loan now if you have not done so already, and provide your lender with all requested information (see Section 2e). It is your responsibility to make sure that you and your lender deliver the necessary funds to escrow in sufficient time to allow escrow to close on the agreed upon date. Otherwise, the Seller may cancel the contract.
6. Read the title commitment within five days of receipt (see Section 3c).
7. Read the CC&R's and all other governing documents within five days of receipt (see Section 3c), especially if the home is in a homeowner's association.
8. Conduct a thorough final walkthrough (see Section 6m). If the property is unacceptable, speak up. After the closing may be too late.

You can obtain information through the Buyer's Advisory at <http://www.aaronline.com>. Remember, you are urged to consult with an attorney, inspectors, and experts of your choice in any area of interest or concern in the transaction. Be cautious about verbal representations, advertising claims, and information contained in a listing. Verify anything important to you.



RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

The printed portion of this contract has been approved by the Arizona Association of REALTORS® (AAR). This is intended to be a binding contract. No representation is made as to the legal validity or adequacy of any provision or the tax consequences thereof. If you desire legal, tax or other professional advice, consult your attorney, tax advisor, insurance agent 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 or incidental thereto, plus the personal property described herein (collectively the "Premises").
- 1b. 5. Premises Address: _____ Assessor's #: _____
6. City: _____ County: _____ AZ. Zip Code: _____
7. Legal Description: _____
- 1c. 8. \$ _____ Full Purchase Price, paid as outlined below
9. \$ _____ Earnest money
10. \$ _____
11. \$ _____
12. _____
- 1d. 13. Close of Escrow: Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office.
14. Buyer and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow Company all closing documents, and perform all other acts necessary in sufficient time to allow COE to occur on
15. _____ ("COE Date"). If Escrow Company or recorder's office is closed on
16. _____
17. COE Date, COE shall occur on the next day that both are open for business.
18. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds to Escrow Company, in a sufficient amount and in sufficient time to allow COE to occur on COE Date.
- 1e. 21. Possession: Seller shall deliver possession, occupancy, access to keys and/or means to operate all locks, mailbox, security system/alarms, and all common area facilities to Buyer at COE or _____
23. Broker(s) recommend that the parties seek appropriate counsel from insurance, legal, tax, and accounting professionals regarding the risks of pre-possession or post-possession of the Premises.
- 1f. 25. Addenda Incorporated: Assumption and Carryback Buyer Contingency Domestic Water Well HUD forms
26. H.O.A. Lead-Based Paint Disclosure Additional Clause On-site Wastewater Treatment Facility
27. Other: _____
- 1g. 28. Fixtures and Personal Property: Seller agrees that all existing fixtures on the Premises, and any existing personal property specified herein, shall be included in this sale, including the following:
- | | | |
|--------------------------------------------|-----------------------------------------------|------------------------------------------------|
| 30. • free-standing range/oven | • flush-mounted speakers | • outdoor landscaping, fountains, and lighting |
| 31. • built-in appliances | • attached fireplace equipment | • water-misting systems |
| 32. • light fixtures | • window and door screens, sun screens | • solar systems |
| 33. • ceiling fans | • storm windows and doors | • pellet, wood-burning or gas-log stoves |
| 34. • towel, curtain and drapery rods | • shutters and awnings | • timers |
| 35. • draperies and other window coverings | • garage door openers and controls | • mailbox |
| 36. • attached floor coverings | • attached TV/media antennas/satellite dishes | • storage sheds |

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BUYER BUYER

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

2. FINANCING

- 2a. 50. Loan Contingency: Buyer's obligation to complete this sale is contingent upon Buyer obtaining loan approval for the loan described in the AAR Loan Status Report without conditions no later than COE Date. If Buyer is unable to obtain loan approval without conditions by COE Date, Buyer shall deliver a notice of the inability to obtain loan approval without conditions to Seller or Escrow Company no later than COE Date.
- 2b. 54. Unfulfilled Loan Contingency: This Contract shall be cancelled and Buyer shall be entitled to a return of the Earnest Money if after diligent and good faith effort, Buyer is unable to obtain loan approval without conditions by COE Date. Buyer is aware that failure to have the down payment or other funds due from Buyer necessary to obtain the loan approval without conditions and close this transaction is not an unfulfilled loan contingency. Buyer acknowledges that prepaid items paid separately from earnest money are not refundable.
- 2c. 59. Appraisal Contingency: Buyer's obligation to complete this sale is contingent upon an appraisal of the Premises by an appraiser acceptable to lender for at least the sales price. If the Premises fails to appraise for the sales price, Buyer has five (5) days after notice of the appraised value to cancel this Contract and receive a refund of the Earnest Money or the appraisal contingency shall be waived.
- 2d. 62. Loan Status Report: The AAR Loan Status Report ("LSR") with, at a minimum, the Buyer's Loan Information section completed, describing the current status of the Buyer's proposed loan, is attached hereto and incorporated herein by reference.
- 2e. 64. Loan Application: Unless previously completed within five (5) days, after Contract acceptance, Buyer shall: (i) complete, sign and deliver to the lender a loan application with requested disclosures and documentation, (ii) grant lender permission to access Buyer's Trimeragd Residential Credit Report; and (iii) pay all required loan application fees.
- 2f. 67. Loan Processing During Escrow: Buyer agrees to diligently work to obtain the loan and will promptly provide the lender with all additional documentation required. Buyer instructs the lender to provide loan status updates to Broker(s) and Seller. Buyer shall sign all loan documents no later than three (3) days prior to the COE Date.
- 2g. 70. Type of Financing: Conventional FHA VA Assumption Seller Carryback _____
(If financing is to be other than new financing, see attached addendum.)
- 2h. 72. Loan Costs: Private Mortgage Insurance is required for certain types of loans and shall be paid by Buyer at COE in a manner acceptable to lender. The following may be paid by either party:
74. Discount points shall be paid by: Buyer Seller Other _____
75. Discount points shall not exceed: _____ total points (Does not include loan origination fee)
76. A.L.T.A. Lender Title Insurance Policy shall be paid by Buyer Seller
77. Loan Origination Fee (Not to exceed _____ % of loan amount) shall be paid by Buyer Seller
78. Appraisal Fee, when required by lender, shall be paid by Buyer Seller Other _____
- 2i. 79. Other Loan Costs: In the event of an FHA or VA loan, Seller agrees to pay up to \$ _____ of loan costs not permitted to be paid by the Buyer, in addition to the other costs Seller has agreed to pay herein. In addition, for VA loans, Seller agrees to pay the escrow fee. All other costs of obtaining the loan shall be paid by the Buyer.

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SELLER SELLER

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INITIALS: SAMPLE / SAMPLE
BUYER BUYER

4. DISCLOSURES

- 4a. 131. Seller Property Disclosure Statement ("SPDS"): Seller shall deliver a completed AAR SPDS form to the Buyer within five
132. (5) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Inspection Period
133. or five (5) days after receipt of the SPDS, whichever is later.
- 4b. 134. Insurance Claims History: Seller shall deliver to Buyer a written five-year insurance claims history regarding Premises (or
135. a claims history for the length of time Seller has owned the Premises if less than five years) from Seller's insurance
136. company or an insurance support organization or consumer reporting agency, or if unavailable from these sources, from
137. Seller, within five (5) days after Contract acceptance. (Seller may obscure any reference to date of birth or social
138. security number from the document). Buyer shall provide notice of any items disapproved within the Inspection Period or
139. five (5) days after receipt of the claims history, whichever is later.
- 4c. 140. Lead-Based Paint Disclosure: If the Premises were built prior to 1978, the Seller shall: (i) notify the Buyer of any known
141. lead-based paint ("LBP") or LBP hazards in the Premises; (ii) provide the Buyer with any LBP risk assessments or
142. inspections of the Premises in the Seller's possession; (iii) provide the Buyer with the Disclosure of Information on
143. Lead-based Paint and Lead-based Paint Hazards, and any report, records, pamphlets, and/or other materials referenced
144. therein, including the pamphlet "Protect Your Family from Lead in Your Home" (collectively "LBP Information"). Buyer shall return
145. a signed copy of the Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards to Seller prior to COE.
146. LBP Information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct LBP risk
147. assessments or inspections during Inspection Period.
148. Seller shall provide LBP Information within five (5) days after Contract acceptance. Buyer may within ten (10) days or
149. _____ days after receipt of the LBP Information conduct or obtain a risk assessment or inspection of the Premises for
150. the presence of LBP or LBP hazards ("Assessment Period"). Buyer may within five (5) days after receipt of the LBP
151. Information or five (5) days after expiration of the Assessment Period cancel this Contract.
152. If Premises were constructed prior to 1978, BUYER'S INITIALS REQUIRED

SAMPLE	SAMPLE
BUYER	BUYER

153. If Premises were constructed in 1978 or later, BUYER'S INITIALS REQUIRED

SAMPLE	SAMPLE
BUYER	BUYER
- 4d. 154. Affidavit of Disclosure: If the Premises is located in an unincorporated area of the county, and five or fewer parcels of
155. property other than subdivided property are being transferred, the Seller shall deliver a completed Affidavit of Disclosure in
156. the form required by law to the Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit
157. of Disclosure items disapproved within the Inspection Period or five (5) days after receipt of the Affidavit of Disclosure,
158. whichever is later.
- 4e. 159. Changes During Escrow: Seller shall immediately notify Buyer of any changes in the Premises or disclosures made
160. herein in the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already
161. obligated by Section 5a or otherwise by this Contract or any amendments hereto, to correct or repair the changed item
162. disclosed, Buyer shall be allowed five (5) days after delivery of such notice to provide notice of disapproval to Seller.

5. WARRANTIES

- 5a. 163. Seller Warranties: Seller warrants and shall maintain and repair the Premises so that at the earlier of possession or COE: (i) all
164. heating, cooling, mechanical, plumbing, and electrical systems (including swimming pool and/or spa, motors, filter
165. systems, cleaning systems, and heaters, if any), free-standing range/oven, and built-in appliances will be in working
166. condition; (ii) all other agreed upon repairs and corrections will be completed pursuant to Section 6j; (iii) the Premises,
167. including all additional existing personal property included in the sale, will be in substantially the same condition as on the date of
168. Contract acceptance; and (iv) all personal property not included in the sale and all debris will be removed from the Premises.
- 5b. 169. Warranties that Survive Closing: Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects
170. and any information concerning the Premises known to Seller, excluding opinions of value, which materially and adversely
171. affect the consideration to be paid by Buyer. Prior to the COE, Seller warrants that payment in full will have been made for
172. all labor, professional services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding
173. the COE in connection with the construction, alteration, or repair of any structure on or improvement to the Premises. Seller
174. warrants that the information regarding connection to a sewer system or on-site wastewater treatment facility (conventional
175. septic or alternative) is correct to the best of Seller's knowledge.

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SELLER SELLER

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Initials: SAMPLE / SAMPLE
BUYER BUYER

7. REMEDIES

- 7a. 271. **Cure Period:** A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any
272. provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If
273. the non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall
274. become a breach of Contract.
- 7b. 275. **Breach:** In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the
276. breaching party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative
277. Dispute Resolution obligations set forth herein. In the case of the Seller, because it would be difficult to fix actual damages
278. in the event of Buyer's breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at
279. Seller's option, accept the Earnest Money as Seller's sole right to damages; and in the event of Buyer's breach arising from
280. Buyer's failure to deliver the notice required by Section 2a. or Buyer's inability to obtain loan approval due to the waiver of
281. the appraisal contingency pursuant to Section 2c, Seller shall exercise this option and accept the Earnest Money as Seller's
282. sole right to damages. An unfulfilled contingency is not a breach of Contract.
- 7c. 283. **Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating
284. to this Contract in accordance with the REALTORS' Dispute Resolution System, or as otherwise agreed. All mediation costs
285. shall be paid equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved
286. disputes or claims shall be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and
287. cooperate in the scheduling of an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be
288. submitted to the American Arbitration Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate
289. Industry. The decision of the arbitrator shall be final and nonappealable. Judgment on the award rendered by the arbitrator
290. may be entered in any court of competent jurisdiction. Notwithstanding the foregoing, either party may opt out of binding
291. arbitration within thirty (30) days after the conclusion of the mediation conference by notice to the other and in such event
292. either party shall have the right to resort to court action.
- 7d. 293. **Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought
294. in the Small Claims Division of an Arizona Justice Court (up to \$2,500) so long as the matter is not thereafter transferred or
295. removed from the small claims division; (ii) judicial or nonjudicial foreclosure of other action or proceeding to enforce a deed
296. of trust mortgage, or agreement for sale; (iii) an unlawful entry or detainer action; (iv) the filing or enforcement of a
297. mechanic's lien; or (v) any matter that is within the jurisdiction of a probate court. Further, the filing of a judicial action to
298. enable the recording of a notice of pending action ("lis pendens"), or order of attachment, receivership, injunction, or other
299. provisional remedies shall not constitute a waiver of the obligation to submit the claim to ADR, nor shall such action
300. constitute a breach of the duty to mediate or arbitrate.
- 7e. 301. **Attorney Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating
302. to this Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney
303. fees, expert witness fees, fees paid to investigators, and arbitration costs.

8. ADDITIONAL TERMS AND CONDITIONS

- 8a. 304. _____
- 305. _____
- 306. _____
- 307. _____
- 308. _____
- 309. _____
- 310. _____
- 311. _____
- 312. _____
- 313. _____
- 314. _____
- 315. _____

Initials: <u>SAMPLE</u> / <u>SAMPLE</u> <small>SELLER SELLER</small>	ARIZONA ASSOCIATION OF REALTORS® Form RPC 505	Initials: <u>SAMPLE</u> / <u>SAMPLE</u> <small>BUYER BUYER</small>
------------------------------------------------------------------------------	-----------------------------------------------	----------------------------------------------------------------------------



8f. 367. Broker on behalf of Buyer:

368. _____
PRINT SALESPERSON'S NAME AGENT CODE PRINT FIRM NAME FIRM CODE

369. _____
FIRM ADDRESS STATE ZIP CODE

370. _____
TELEPHONE FAX EMAIL

8s. 371. Agency Confirmation: The Broker named in Section 8f above is the agent of (check one):

372. the Buyer the Seller or both the Buyer and Seller

8t. 373. 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.

375. **SAMPLE** **SAMPLE**
BUYER'S SIGNATURE MO/DAY/YR BUYER'S SIGNATURE MO/DAY/YR

376. _____
ADDRESS ADDRESS

377. _____
CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

9. SELLER ACCEPTANCE

9a. 378. Broker on behalf of Seller:

379. _____
PRINT SALESPERSON'S NAME AGENT CODE PRINT FIRM NAME FIRM CODE

380. _____
FIRM ADDRESS STATE ZIP CODE

381. _____
TELEPHONE FAX EMAIL

9b. 382. Agency Confirmation: The Broker named in Section 9a above is the agent of (check one):

383. the Seller or both the Buyer and Seller

9c. 384. 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 on section 9a to deliver a copy to Buyer.

385. Counter Offer is attached, and is incorporated herein by reference. Seller should sign 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.

388. **SAMPLE** **SAMPLE**
SELLER'S SIGNATURE MO/DAY/YR SELLER'S SIGNATURE MO/DAY/YR

389. _____
SELLER'S NAME PRINTED SELLER'S NAME PRINTED

390. _____
ADDRESS ADDRESS

391. _____
CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

392. 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/DAY/YR

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Initials: **SAMPLE / SAMPLE** **SAMPLE / SAMPLE**
SELLER SELLER BUYER BUYER

ARIZONA ASSOCIATION OF REALTORS® Form RPC 5/05



Loan Process

Understanding the loan process is as important for the seller as it is for the buyer. As a seller, you want to make certain that anyone who makes an offer on your property can qualify for the necessary loan amount. And, once a contract is agreed, it is good to know the different steps in the loan process as outlined below.

1. PREQUALIFICATION/INTERVIEW – The borrower meets with a lender who through the course of the interview gathers pertinent information and identifies any additional documentation that will be needed by the lender to obtain loan approval.

2. ORDER DOCUMENTS – The lender will obtain all other documents required including but not limited to credit report, appraisal on property, verifications of employment, mortgage or rent and funds to close, landlord ratings, preliminary title report, etc.

3. LOAN SUBMISSION – The loan package is assembled and submitted to the selected underwriter for approval.

4. DOCUMENTATION – Supporting documentation is obtained as required, lender follows-up on any issues or problems that need resolution and requests any additional information or documentation required.

5. LOAN APPROVAL – Official notification of loan approval is made.

6. DOCUMENTS ARE DRAWN – Loan documents are completed and sent to the title company and the borrowers come in for final signatures.

7. FUNDING – Lender reviews the loan package for completeness and accuracy and funds are then transferred.

8. RECORDING OF DOCUMENTS – Title company records the note and Deed of Trust at the County Recorder's Office and the escrow process is officially closed.

Types of Loans

The different type of loans and terms constantly change with economic conditions, but below is a summary of many of the types of loan offerings in existence.

Adjustable Rate Mortgage – Adjustable rate mortgages have an interest rate that is adjusted at certain intervals based on a specific index during the life of the loan.

Balloon Payment Loan – A fixed rate loan that is amortized over a specified number of years but becomes due and payable at the end of that specified time. May be extendable or may roll over into a different type of loan at that point.

Buy-Down Loan – Fixed rate loans where the interest rate and the payment are reduced for a specific period of time by paying the interest up front to subsidize the lower payment.

Community Homebuyer's Program – A fixed rate loan for first time buyers with a low down payment, usually 3%-5%. No cash reserve requirement and easier qualifying ratios. Subject to borrower meeting income limits and attendance of a four-hour training course on home ownership.

Conventional Loan – Conventional loans are sometimes more lenient with the appraisal and condition of the property. Conventional loans are not government insured and usually have higher down payment requirements.

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

Fixed Rate Loan – A fixed rate loan has one set interest rate that remains constant throughout the life of the loan.

Graduated Payment Mortgage – A fixed rate loan that has payments starting lower than a standard fixed rate loan, which are increased by a predetermined amount each year for a set number of years.

Non-Qualifying Loan – Also known as Assumable Loans. Pre-existing loans that can be assumed by the buyer from the seller of the property without going through a qualifying process. The buyer pays the seller for their equity and then continues making payments on the loan.

VA Loan – VA loans are guaranteed by the Veterans Administration. Typically, a veteran must have served 180 days of active service to qualify.

Escrow

WHAT IS AN ESCROW?

An escrow is a neutral, independent account used to service a transaction. It protects the interests of all parties involved and favors neither the buyer nor seller. An escrow is created after the Purchase Contract is executed and becomes *the depository* for all monies, instructions and documents pertaining to the transaction.

HOW DOES THE ESCROW PROCESS WORK?

The escrow officer takes instructions based on the written terms of your Purchase Contract and the lender's requirements. The escrow officer can order inspections and reports and hold bills for work performed as required by the Purchase Contract. Other elements of the escrow include hazard and title insurance and the grant deed from the seller to the buyer. *Escrow cannot be completed until all terms of the Purchase Contract have been met; all other elements of escrow have been satisfied; and all parties have signed the escrow documents.*

OPENING AN ESCROW

Either real estate agent may open escrow as soon as the Purchase Contract is executed by placing the initial deposit (earnest money) in an escrow account at the Title Company. The Title Company issues a receipt for the funds to the buyer and both real estate agents.

INFORMATION YOU NEED TO PROVIDE

You will be asked to complete a Statement of Identity for the Title Company. This is a confidential tool used to correctly identify all parties involved in the transaction.

ESCROW OFFICERS & TITLE COMPANIES

Title Companies are like the escrows they handle . . . a neutral third party. An escrow officer is employed by the Title Company to service the escrows. The duties of the Title Company/Escrow Officer are as follows:

- Accepts executed contract and issues earnest money deposit receipts
- Requests a Title Report (Shows condition of title before sale or loan transaction).
- Requests Title Insurance Policy (Insurance against loss resulting from defects of title to the specific property involved)Orders preliminary title report
- Pays off existing loans when so ordered by the Purchase Contract.
- Prorates taxes and insurance upon instructions from the seller and buyer.
- Computes interest on loans.
- Acquires hazard insurance.
- Assist the buyer and seller when signing documents
- Record the appropriate documents with the county office, giving public notice of transfer of title.
- Disburses the documents and monies to each party involved.

Escrow

LOAN PAYOFFS

The seller's loan(s) will be paid off during the escrow process unless the buyer is assuming the loan(s). The seller will need to furnish the following information to the escrow officer so the loan payoff demands can be ordered and insure the loans(s) will be paid off correctly during the escrow.

- Name of lender(s)
- Loan number(s)
- Lender(s) address and telephone numbers
- Homeowner's Association information if necessary

WAYS TO TAKE TITLE IN ARIZONA

Arizona is a community property state. Property acquired by a husband and wife is presumed to be community property unless legally specified otherwise. Parties may choose how they wish to hold title. Each method of taking title has certain legal and tax consequences and you are encouraged to consult an attorney or other qualified professional for a recommendation based on your specific circumstances.

- Community Property
- Community Property with Right of Survivorship
- Joint Tenancy with Right of Survivorship
- Tenancy in Common
- Sole and Separate
- Corporation
- General Partnership
- Limited Partnership

ESCROW INSTRUCTIONS

Escrow instructions define all the terms and conditions that must occur before the transaction can be finalized. The escrow instructions represent your written statement to the escrow holder protecting your interests and specify, in a debit and credit format, the disposition of the sales proceeds and the conditions under which the Grant Deed may be recorded in favor of the buyer.

GRANT DEED

A Grant Deed is the document that legally transfers title of the property to the new owner. The seller will sign the Grant Deed as part of the escrow, it must then be notarized. Proper identification is needed when signing. The Grant Deed is recorded when escrow closes.

YOUR APPOINTMENT FOR SIGNING

The escrow officer will contact you to arrange an appointment for you to sign all the necessary documents. This appointment will be set approximately one week prior to the established date for close of escrow. This appointment will take approximately 45 minutes. Your signature will need to be notarized so make certain to bring either a passport or current driver's license for identification purposes.

Title Insurance

In Arizona, most real estate transactions are closed with a title insurance policy. Many erroneously assume that possession of the deed to the property is all they need to prove ownership. This is not true. Unknown title defects may attach to real estate. A property owner's greatest protection is a policy of title insurance.

WHAT IS TITLE INSURANCE?

It is a contract of indemnity and guarantees that the title is as reported and, if not reported and the owner is damaged, the title policy covers the insured for their loss up to the amount of the policy.

Title insurance assures owners they are acquiring marketable title. Title insurance is designed to eliminate risk or loss caused by defects in title from the past. Title insurance provides coverage only for title problems that were in existence at the time the policy was issued.

THE TITLE SEARCH

Title companies work to eliminate risks by performing a search of public records or through the title company's own plant. The search consists of public records, laws and court decisions pertaining to the property to determine the current recorded ownership, any recorded liens or encumbrances or any other matters of record which could affect the title to the property. When a title search is complete, the Title Company issues a preliminary report detailing the current status of title.

PRELIMINARY TITLE REPORT

The Preliminary Title Report (*prelim*) indicates all the items or situations that pertain to the subject property. It is a detailed report of findings by a Title Company search. It explains the current status of the property ownership, title insurance offered by the Title Company and any exceptions or exclusions to the policy. When you receive the *prelim* you should review it carefully, paying attention to the sections identified below:

- Make certain the ownership vesting is correct by comparing the names on the *prelim* to those on your Purchase Contract.
- Review the informational notes for important property facts.
- Carefully review the exceptions: bonds, deeds of trust, current taxes, CC&R's and easements.

Coverage Policy

Not all risks are always identified through a title search, since items such as forgeries, identities of persons, incompetence, failure to comply with the law or incapacity, cannot be disclosed by an examination of the public record. The *Preliminary Title Report* is an offer to insure, under certain situations. The *Title Policy* is a contract that gives coverage against such problems.

The Arizona Land Title Association (ALTA) is the standard policy of insurance in Arizona. Below, is a listing of the items covered and not covered.

ITEMS COVERED

- A forged signature on a deed
- Mistakes in the interpretation of will or other legal documents
- Impersonation of the real owner
- Falsification of records
- Deeds delivered without consent of the real owner
- Undisclosed or missing heirs
- Deeds and mortgages signed by persons of unsound mind, by minors or by someone listed as single, but in fact, married.
- Recording mistakes
- With regard to lender's coverage it covers:
 - The priority of the insured mortgage
 - The invalidity or unenforceability of the insured assignment
 - The invalidity or unenforceability of the lien of the insured mortgage on title

WHAT IS NOT COVERED

- Unrecorded matters
- Matters that a correct survey would show (i.e. boundaries, easements, etc.)
- Matters that a physical inspection of the property would disclose
- Matters known, created or assumed by the insured
- Rights of parties in possession
- Un-patented water and mineral rights

Escrow

After Your Signing Appointment

After you and the buyer have signed all the necessary instructions and documents, the escrow officer will return them to the lender for a final review. Following the review, which usually occurs within a few days, the lender is ready to fund the buyer's loan and advises the escrow officer so that necessary work can be completed to record the documents and "*close the escrow.*"

Closing Escrow – It signifies legal transfer of title to the property from the seller to the buyer and is the culmination of the transaction. Usually the Grant Deed and Deed of Trust are recorded within one working day of the escrow's receipt of loan funds. This completes the transaction and signifies the "close of escrow." Once all the conditions of escrow have been satisfied, the escrow officer advises you of the date the escrow will close and takes care of the technical and financial details which include paying off your loan.

Your Proceeds – A final settlement statement and check for any proceeds due you will be available to you the day the sale is completed, documents are recorded and the escrow is closed.

After Escrow Closes

After the loan has been finalized, the documents signed and recorded and the financial settlement completed, there are still a few items that must be attended to in order to officially complete the transaction.

Your existing loan is paid in full from escrow. Your lender is required by law to issue a full reconveyance of their loan. As soon as this Deed of Reconveyance, removing the previous Deed of Trust is received, it is recorded and the original is returned to you. This process can sometimes take several weeks.

Finally, in some cases, the escrow officer will be instructed to hold funds in escrow to pay off obligations that may not be completed until after escrow closes. For example, funds might be set aside for termite repair work, or correction of a structural problem. Upon completion of the project and receipt of the proper documentation and releases, the escrow officer will disburse the reserved funds as appropriate.

Closing Costs

The terminology used in closing costs is often confusing and depending on the type of transaction (cash, conventional, VA), who pays the costs can change. To help clarify some of this, the following glossary explains most of the terminology and the charts identify which party typically pays which fees based on the transaction. When the buyer actually applies for a loan a "Good Faith Estimate" will be issued by the lender along with a detailed explanatory booklet.

Appraisal Fee: A one-time fee to pay an independent appraiser.

Credit Report Fee: A one-time fee covering the cost of obtaining a current credit report.

Document Preparation Fee: Depending on the transaction, there may be a separate fee covering the preparation of the final legal papers.

Homeowners Fee: Some homeowners associations may require an up-front deposit or dues, as well as a fee to transfer their records from seller to buyer.

Loan Discount Fee: A one-time fee to adjust the yield on the loan to what market conditions demand (often referred to as "points").

Loan Origination Fee: A one-time set-up fee charged by the lender for their administrative costs.

Miscellaneous Title Charges: The title company may charge fees for items such as: title search, title examination, document preparation, recording fees, notary fees and a closing or settlement fee.

PMI Premium: Depending on the down payment, the buyer may have to pay an additional up-front fee for mortgage insurance. Lenders may also require that monies be held for them in a reserve account.

Prepaid Interest: This is a per diem charge that will be calculated depending on the time of the month the transaction closes.

Taxes & Hazard Insurance: Depending on the month the transaction closes, the buyer may be required to reimburse the seller for prepaid property taxes. The buyer will have to pay a year's hazard insurance premium up-front and may be required to put a certain amount for taxes and insurance in a reserve account, which is held by the lender.

Closing Costs

Cash Transaction

FEES	SELLER PAYS	BUYER PAYS
Escrow Fees	½	½
Owners Title Policy	\$	
Affidavit (A) & Recording (D) Fees	A	D
Home Warranty Premium Fee (Negotiable)	\$	\$
Homeowners Association Transfer Fee	½	½
Termite Inspection	\$	
Reconveyance/Release & Tracking Fees	\$	
Real Estate Professional's Commission	\$	
Existing Loan Payoff	\$	

FHA/VA New Loan Transaction

FEES	SELLER PAYS	BUYER PAYS
Escrow Fees	\$	
Owners Title Policy	\$	
Lenders ALTA Policy		\$
Affidavit (A), Recording (D), Deed of Trust (DT)	A	D&DT
Home Warranty Premium Fee (Negotiable)	\$	\$
Homeowners Association Transfer Fee	½	½
Termite Inspection	\$	
Reconveyance/Release & Tracking Fees	\$	
Real Estate Professional's Commission	\$	
Existing Loan Payoff	\$	
1 st Year Insurance Premium		\$
Appraisal Fee (Negotiable)	\$	\$
Lenders Documentation Preparation Fee	\$	
Discount Points (Negotiable)	\$	\$
Origination Fee (Negotiable)	\$	\$
Tax Service	\$	
Flood Certification	\$	
Credit Report Fee		\$
Prepaid Interest		\$

Closing Costs

New Conventional Loan Transaction

FEES	SELLER PAYS	BUYER PAYS
Escrow Fees	½	½
Owners Title Policy	\$	
Lenders ALTA Policy		\$
Affidavit (A), Recording (D), Deed of Trust (DT)	A	D&DT
Home Warranty Premium Fee (Negotiable)	\$	\$
Homeowners Association Transfer Fee	½	½
Termite Inspection	\$	
Reconveyance/Release & Tracking Fees	\$	
Real Estate Professional's Commission	\$	
Existing Loan Payoff	\$	
1 st Year Insurance Premium		\$
Tax Impounds		\$
Appraisal Fee		\$
Lenders Documentation Preparation Fee		\$
Discount Points (Negotiable)	\$	\$
Origination Fee		\$
Credit Report Fee		\$
Prepaid Interest		\$

Assumption Transaction

FEES	SELLER PAYS	BUYER PAYS
Escrow Fees	½	½
Owners Title Policy	\$	
Affidavit (A) & Recording (D) Fees	A	D
Home Warranty Premium Fee (Negotiable)	\$	\$
Homeowners Association Transfer Fee	½	½
Termite Inspection	\$	
Adjusted Interest	\$	
Real Estate Professional's Commission	\$	
Existing Loan Transfer Fee	½	½
Interest through Close of Escrow	\$	

NOTE: The information provided above is given to provide a general understanding of costs and who is typically responsible for them. Real estate financing changes constantly in response to the marketplace, and may make these tables incorrect.

Inspections

Real estate contracts often contain contingency clauses that allow the buyer to inspect the property physically. This inspection provides a comprehensive review of the infrastructure of the property. Which inspections to order is usually a matter of knowing the region or area. Below is a list of common type of inspections.

STRUCTURAL PEST CONTROL

- To determine any active infestation by wood destroying organisms.
- Section I on the subsequent report will be items that need immediate attention because of active infestation and lenders usually want the work performed prior to funding the loan.
- Section II on the report will be items that could cause infestation and, if not corrected, could cause damage

PHYSICAL INSPECTION

- This inspection encompasses roof, plumbing, electrical, heating and any other accessible area of the structure.
- A detailed report will be written with recommendations for repair or for further inspection by a specialist.

Other common inspections include:

- Water Conservation
- Contractor's Home Inspection
- Well and Septic
- Seismic
- Hazardous Materials
- Chimney
- Heating & Air Conditioning
- Structural Engineering
- Energy Audit
- Geotechnical
- Zoning and Building Permit Compliance

Home Warranties

As a Real Estate Professional it is my duty to inform both Sellers and Buyers about the advantages of home warranty protection. This policy often protects the Seller by reducing repairs costs required as part of the sale. It protects the Buyer by paying for certain repairs and costs of major mechanical systems and appliances in the home such as heating and air conditioning systems. There are a variety of plans available in the marketplace.

BENEFITS OF HOME WARRANTY COVERAGE TO THE SELLER

- Home may sell faster and at a higher price
- Optional coverage during the listing period of the home sale
- Protection from legal disputes that occur after the sale
- Increases the marketability of your 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 your service
- Low deductible for each occurrence saves more than cost of the policy over its life

Arizona Tax Calendar

IMPORTANT DATES IN THE ARIZONA TAX CALENDAR

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

Property Tax Information

ANNUAL TAX STATEMENT

- Annual tax statements are billed for the year, although they are not issued until the fall of the current year (September or October).
- Taxes may be paid in two halves:
- The first installment is due September 1st and delinquent November 1st.
- The 2nd installment is due March 1st of the following year and delinquent May 1st.
- Always check the property description on the tax statement to avoid paying on the wrong property. The Treasurer CANNOT be held responsible for payments made on the wrong property. To assure proper posting of payment and information to your address, furnish your parcel number when making any payments or inquiries at the Assessor or Treasurer's offices. Your parcel number can be found on the paperwork supplied by your title insurance company and is usually in the following format: ## - ## - ###. Sometimes the number is followed by a capital letter.
- The law does not recognize failure to receive a tax statement as a reason for waiving interest. The Treasurer must and will assess interest on all delinquent payments.

NEW OWNERSHIP

- The transfer of ownership information may take as long as six months to process, therefore, new owners may not receive a tax bill for property purchased after November 1st of the previous year.
- If a tax statement has not been received by October 15th, the new owner MUST contact the Treasurer for a statement so that payment can be made before the first half becomes delinquent. The Treasurer's office number is 602-506-8511. *(Note: Tax bills are normally mailed to the new lender and paid from impounded funds.)*

VALUE NOTIFICATION

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

Moving Expenses

When you meet IRS's guidelines, the following items are tax deductible:

- The cost of trips to the area of a new job to look for a home. House hunting trips do not have to be successful for the trip costs to be deductible.
- The cost of having your furniture and other household items shipped, including the cost of packing, insurance and storage for up to 30 days.
- The cost of getting your family to the new location, including food and lodging expenses during the trip.
- The cost of lodging and 80% of food expenses for up to 30 days in the new home town if these temporary living expenses are necessary because you have not yet found your new home or it is not ready to move into when you arrive in town.
- Certain costs associated with the sale of your old home and purchase of the new one. These expenses, including real estate commissions, legal fees, state transfer taxes, appraisal and title fees could be used to either reduce the gain on the sale of the previous home or boost the basis of the new home.

Moving Checklist

OLD RESIDENCE

PREPARING FOR THE MOVE

- Leave keys & garage openers
- Travel funds (cash & checks)
- Defrost refrigerator
- Pet transportation

ADDRESS CHANGE

- Bank accounts
- Subscriptions/magazines
- Forward address @ post office
- Credit cards

UTILITIES

- Telephone (*check for refund*)
- Gas (*check for refund*)
- Electric (*check for refund*)
- Water (*check for refund*)
- Cable (*check for refund*)
- Garbage pickup
- Bottled water, propane, etc.

DOCUMENTS TO OBTAIN

- Medical records
- Dental records
- School transcripts
- Veterinary records

NEW RESIDENCE

ADDRESS CHANGE

- Ask postman to hold mail for your arrival

UTILITIES

- Telephone # _____
- Electric
- Gas
- Water
- Garbage pickup
- Cable
- Bottled water, propane, etc.

SCHOOLS, LICENSES, SERVICES

- Register children for school
- Register to vote
- Register car
- Driver's license (apply or new address)

MEDICAL SERVICES

- New doctor
- New dentist
- New veterinarian

Glossary

ADDENDUM: Something added. A list or other material added to a document, letter, contractual agreement, escrow instructions, etc. (see also: Amendment).

ADJUSTABLE RATE MORTGAGE (ARM): A mortgage with an interest rate that changes over time in line with movements with the index.

ADJUSTMENT PERIOD: The length of time between interest rate changes on an ARM. For example, a loan with an adjustment period of one year is called a one-year ARM which means that the interest rate can change once a year.

AGENCY: Any relationship in which one party (agent) acts for or represents another (principal) under the authority of the latter.

AMORTIZED LOAN: A loan that is paid off in equal installments of principal and interest rather than in interest only payments.

AMENDMENT: A change, either to correct an error or to alter a part of an agreement without changing the principle idea or essence.

ANNUAL PERCENTAGE RATE (APR): The total finance charge (interest, loan fees, points expressed as a percentage of the loan amount).

APPLICATION FEE: A fee to cover some of the charges of the loan process.

APPRAISAL: An opinion of value based upon a factual analysis.

APPRAISAL FEE: A fee charged by the lender for an appraisal.

ASSESSED VALUE: The value placed on property by the Central Appraisal District as a basis for taxation.

ASSUMPTION OF MORTGAGE: A buyer's agreement to assume the liability under an existing note that is secured by a mortgage or deed of trust. The lender must approve the buyer in order to assume the loan.

BALLOON PAYMENT: Paying off a note with a final installment which is larger than the preceding payments.

BUILT-INS: Commonly stoves, ovens, dishwashers and other appliances framed into the building construction and not removable.

CAP: The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.

CC&R's: Covenants, Conditions and Restrictions. A document that controls the use, requirements and restrictions of a property.

CHAIN OF TITLE: A history of conveyances and encumbrances affecting the title of real property.

CLOSE OF ESCROW: The date the title passes from seller to buyer and documents are recorded.

CLOSING STATEMENT: The financial disclosure statement that accounts for all of the funds received and expected at the closing of escrow, including deposits for taxes, hazard insurance and mortgage insurance.

Glossary (continued)

COMPARABLE SALES: Sales that have similar characteristics as the subject property. Often referred to as “comps.”

CONVENTIONAL MORTGAGE: A mortgage or deed of trust not obtained under a government insured program. A mortgage secured by investors.

CONVEY or CONVEYANCE: The process of transferring ownership of property from one party to another.

DEED: Actually, any one of many conveyance or financing instruments, but generally a conveyancing instrument, given to pass fee title to property upon sale.

DEED OF TRUST: An instrument used in many states in place of a mortgage. Property is transferred to a trustee by the borrower (trustor), in favor of the lender (beneficiary), and reconveyed upon payment in full.

DISCLOSURE: To make something known. All disclosures should be made in writing when dealing with real property.

DISCOUNT POINTS: A negotiable fee paid to the lender to secure financing for the buyer. Discount points are up-front interest charges to reduce the interest rate on the loan over the life, or a portion, of the loan’s term. One discount point equals one percent of the loan amount.

DUE ON SALE CLAUSE: An acceleration clause that requires full payment of a mortgage or deed of trust when the secured property changes ownership.

EARNEST MONEY: A deposit or partial payment made by the buyer as a sign of good faith.

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

ENCUMBRANCE: Anything that affects or limits the ownership of real property, such as mortgages, liens, easements or any other restrictions.

ESCROW: The deposit of funds and documents with a neutral third party. The third party carries out the provisions of a contract or agreement.

ESCROW FEE: A fee charged by the title company to service the transaction.

EXCLUSIVE RIGHT TO LISTING: A written agreement between owner and agent giving agent the right to sell a property and collect a fee for a set period of time.

FAIR MARKET VALUE: A price that would probably be negotiated by a willing seller and a willing buyer in a reasonable amount of time. Usually calculated by comparable sales.

HAZARD INSURANCE: Real estate insurance protecting against fire, some natural causes, vandalism, etc.,

IMPOUNDS: A trust type account set-up by lenders for the accumulation of borrower’s funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance premiums.

LIEN: An encumbrance against property for money, either voluntary or involuntary. All liens are encumbrances but not all encumbrances are liens.

Glossary (continued)

LOAN ORIGATION FEE: Typically 1% of the loan amount, charged to buyer by lender.

MORTGAGE: A legal document that provides security for repayment of a promissory note.

MORTGAGEE'S TITLE POLICY: Required by lenders to insure they have a valid lien. Also required for second mortgages and does not protect the buyer.

OWNER'S TITLE POLICY: The insurance for the owner of the property, rather than a lien holder. Insures the buyer against loss due to any defect of the title not excepted or excluded from the policy.

PITI: A payment that includes *P*rincipal, *I*nterest, *T*axes and *I*nsurance.

POINTS: Paid by the buyer or seller. One point is equal to 1% of the purchase price.

POWER OF ATTORNEY: A written instrument, an authority by which a principal enables another (attorney in fact) to act for him.

QUITCLAIM DEED: A deed operating as a release; intended to pass any title, interest or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title in the grantor.

RECORDING: The filing of documents affecting real property with the county recorder for public record.

RECORDING FEE: Charged by the County Clerk to record documents in the public records. Charges are based on the number of pages recorded.

SEPTIC INSPECTION: The septic system must have a certificate of inspection issued by the city or county Health Department.

SURVEY: Shows, easements, encroachments, locations of improvements, lot size, etc. Required by a lender.

TAX SERVICE FEE: A lender fee for collection and disbursement of tax escrow by a servicing company.

TERMITE INSPECTION: Required by lender to show property free and clear of termites.

TIME IS OF THE ESSENCE: Demands punctual performance in fulfilling the terms of the contract/agreement.

TITLE: The evidence one has of right to possession of land.

TITLE INSURANCE POLICY: An insurance policy which protects the purchaser, mortgagee or the party against liens or encumbrances against their property.

UNDERWRITING FEE: Fee charged by a lender to underwrite the loan.

VA FUNDING FEE: Veteran's Administration charge for originating a VA loan.

WARRANTY DEED: A deed used in many states to convey fee title to real property from the grantor (seller) to the grantee (buyer).

WAREHOUSE FEE: Fee charged by the lender to hold the loan locally before selling it in the secondary mortgage market to an investor.

ZONING: The division of a city or a county by legislative regulations into areas (zones), specifying the uses allowable for the real property in these areas.