



CHICAGO TITLE AGENCY®

ARIZONA

HOME BUYER'S GUIDE

A STEP BY STEP PROCESS



PROTECT

YOUR HOME OWNERSHIP

Chicago Title is a member of the FNF family of companies and the nation's largest group of title companies and title insurance underwriters. Collectively, we issue more title insurance policies than any other title company in the United States. Our standings with third-party rating agencies are a testament to our longevity, financial strength, and claims paying ability. For 13 of the last 14 years, we have held a position on the FORTUNE 500® list.



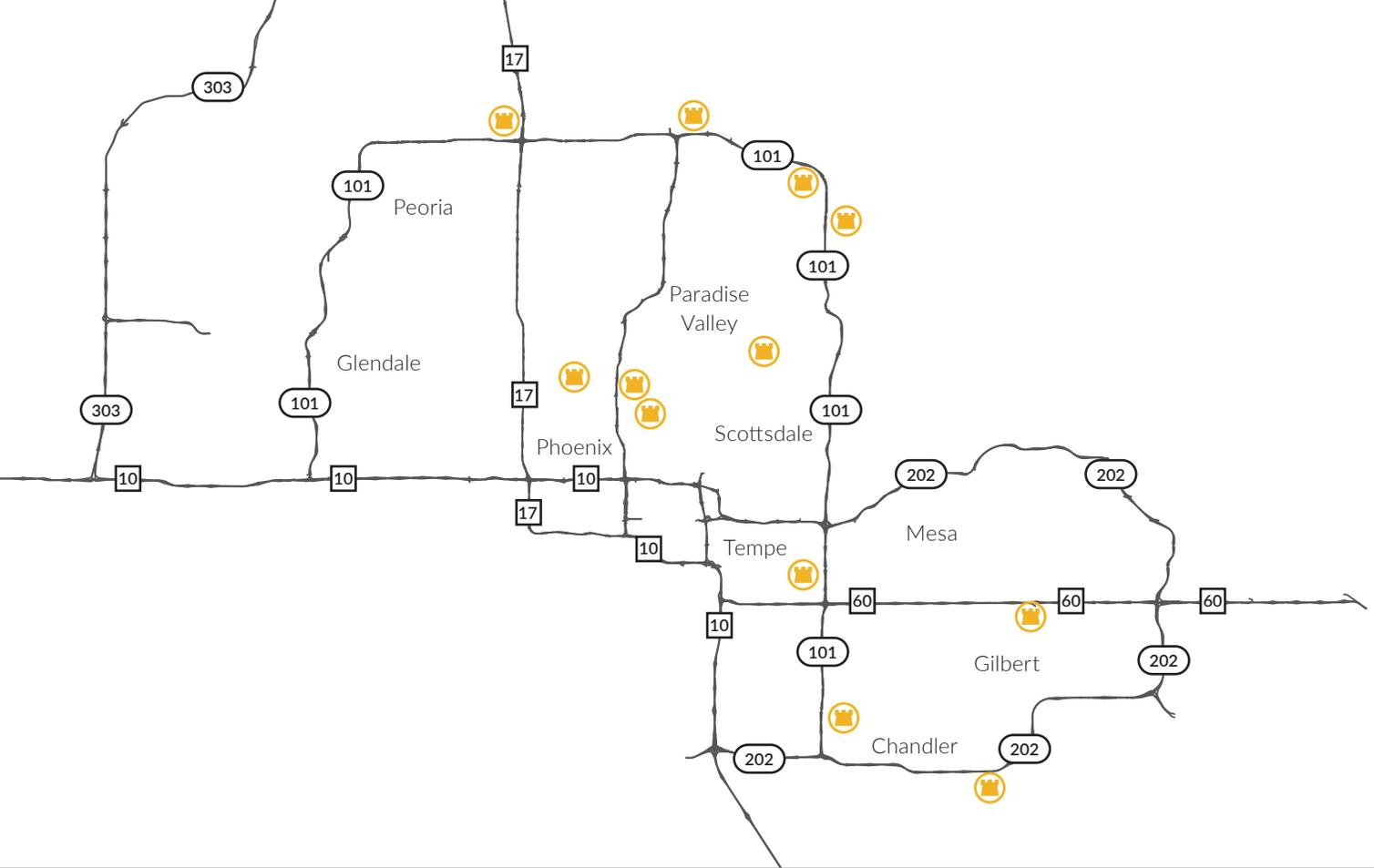
CHICAGO TITLE AGENCY

...Where Experience equals Excellence

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CHICAGO TITLE AGENCY LOCATIONS

EAST VALLEY

Tempe

1400 E. Southern Ave. #910
(480) 874-7045

Mesa

3651 E Baseline Road #E-107
480-333-4693

Chandler

2121 W. Chandler Blvd. #200
(480) 899-0201

Mesa - Commercial

3651 E. Baseline Rd. #E-107
(480) 481-2272

Gilbert

335 E. Germann Rd. #101
(480) 539-6854

CENTRAL PHOENIX

North Central

777 E. Missouri Ave. #112
(602) 667-1080

Biltmore

2390 E. Camelback Rd. #120
(602) 667-1001

Esplanade - Commercial

2525 E. Camelback Rd. #134
(602) 667-1046

Biltmore - Commercial

2390 E. Camelback Rd. #120
(602) 553-4806

DESERT RIDGE

Desert Ridge

20860 N. Tatum Blvd. #140
(602) 667-1230

SCOTTSDALE

Scottsdale

8800 East Raintree Dr. #230
(480) 675-4899

North Scottsdale

8501 East Princess Dr. #110
(480) 538-1940

Scottsdale Paradise Valley

6710 N. Scottsdale Rd. #100B
(602) 667-1400

Administration

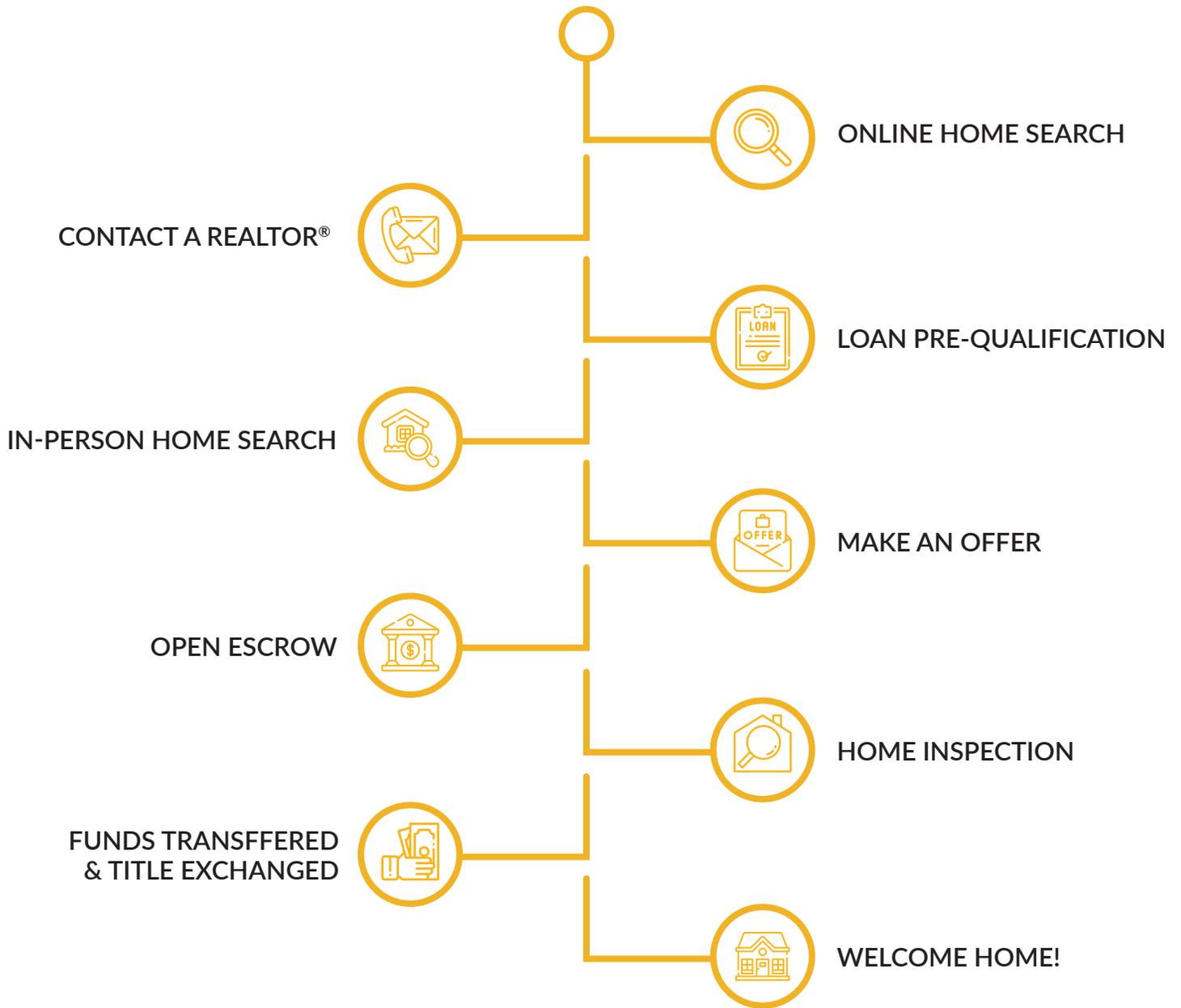
6710 N. Scottsdale Rd. #100
(602) 667-1000

WEST VALLEY

Northwest

2730 W. Agua Fria Pkwy. #203
(623) 434-9205

THE HOME BUYING PROCESS



YOUR HOME BUYING PARTNERS



REAL ESTATE AGENT



LOAN OFFICER



ESCROW OFFICER

BENEFITS OF WORKING WITH A REALTOR®

The term “**REALTOR®**” identifies a real estate professional who is a member of the **NATIONAL ASSOCIATION OF REALTORS®** and abides by its strict Code of Ethics. They will direct, guide and represent you through the home-purchase process including:

- Monitoring the market for new listings and inform you of homes that meet your criteria
- Providing current and historical sales and listing data to help in gauging fair pricing
- Helping you explore financing options
- Preparing the Purchase Agreement according to your terms and ensure all documents are legally correct
- Negotiating price and other details of the offer in your best interest
- Ensuring that all disclosures are made
- Suggesting which professional inspections should or must be made on the property
- Handling any problems which may arise and recommend attorney services if necessary
- Overseeing the appraisal process
- Seeing that any repairs or requirements are met prior to the closing
- Accompanying you during the final walk-through
- Advising you as to any contractual changes which might be required prior to closing
- Keeping you fully informed of all activities that lead to the closing

REAL ESTATE DESIGNATIONS:

- ABR - Accredited Buyer Representative
- CBR - Certified Buyer Representative
- CRS - Certified Residential Specialist
- GRI - Graduate REALTOR® Institute
- MRP - Military Relocation Professional
- PSA - Pricing Strategy Advisor
- RENE - Real Estate Negotiation Expert
- CIPS - Certified International Property Specialist
- CPM - Certified Property Manager



**NATIONAL
ASSOCIATION OF
REALTORS®**

BENEFITS OF GETTING PRE-QUALIFIED FOR A HOME LOAN

Knowing ahead of time the amount of loan you qualify for can take much of the mystery and guesswork out of the homebuying process and may strengthen your bargaining position with a seller.



PAYMENT

A pre-qualification will show you the monthly payment including principal and interest. It may also show you the amount you'll have to pay toward mortgage insurance, hazard insurance and property taxes, which in most cases are added to the monthly mortgage payment. Knowing these figures in advance gives you a precise idea of the future costs of home ownership.



PREPARATIONS

The first step is to provide the Lender with your basic financial information including:

- Gross income before taxes and deductions, savings and other liquid assets
 - Debts, including installment payments on outstanding loans, school loans, credit card debt, personal loans and other home loans
 - Credit history
-



CALCULATION

In the pre-qualifying process, Lenders consider the interest rate and term of the mortgage to determine the amount of the loan. The higher the interest rate, the higher your monthly payments assuming all terms and principal are equal.



RESULTS

Pre-qualification results reveal the maximum loan amount for which you would qualify. The Lender will tell you how much you'll need for a down payment on the type of loan you're applying for, and estimate the closing costs.



CONSIDERATIONS

Most Lender guidelines require homeowners to pay no more than about 30 percent of their monthly income toward mortgage payments. Guidelines are calibrated to your credit rating, so those with good credit can generally qualify for a higher mortgage at a lower interest rate and conversely, borrowers with poor credit may find it difficult to find a good rate, or to pre-qualify for the size of loan they want.

MAKING AN OFFER

When you have found a home you want to buy, the offer process begins. It will likely include the following:



PURCHASE CONTRACT PREPARED

With the help of your agent, a Purchase Contract will be prepared for presentation to the seller. This agreement will include your terms of the purchase including how much you are offering for the home and any contingencies, such as home inspections or Lender appraisal. Earnest money will also be collected.



OFFER IS PRESENTED

Upon completion of the Purchase Contract, your agent will contact the seller's agent and electronically transfer the offer, or make an appointment to present the offer in person.



OFFER IS ACCEPTED OR COUNTERED

The seller will evaluate the offer then accept the terms or prepare a counter offer.



CLOSING PROCESS BEGINS

If the seller accepts, the closing process will begin. If the seller counters, the ball is back in the buyer's court and the buyer must decide if they will accept, reject, or counter the counter offer.

BE READILY AVAILABLE

The offer process moves quickly.
It's important to be
readily available.



HOME INSPECTION & APPRAISAL



HOME INSPECTION

A standard home inspection is a visual examination of the physical structure and major interior systems. It is not to be interpreted as a guarantee of any kind or an insurance policy on the condition of the property.

The inspector will review the easily-accessible exposed portions of the structure of the home including the roof, attic, walls, ceilings, floors, windows, doors, and foundation, as well as the heating/air conditioning systems, interior plumbing and electrical systems. Potential problems will be noted. Home inspections are not intended to point out every small problem or any invisible or latent defects in a home.



SELECTING A HOME INSPECTOR

Your agent, representing you as a buyer, is a good referral resource for a Home Inspector. You may also research Home Inspectors online. The Home Inspector that is retained should welcome your presence during the home inspection and address all your questions and provide a full verbal and written report.

OTHER INSPECTIONS & TESTS TO CONSIDER

- Lead Paint
 - Termite
 - Air Quality
 - Fungi, mold and allergens
 - Urea Formaldehyde Insulation
-



HOME APPRAISALS

The worth, or appraised value of the property, will determine how much a Lender is willing to loan to buy that particular piece of real estate.

A real estate appraisal is simply that—the expert opinion of a certified, state-licensed professional who determines the value of a piece of property. A home appraisal protects the bank from getting stuck with property that's worth less than they've invested. And it protects you, the buyer, from paying too much for a house.

COMMON TYPES OF LOANS

Contacting your bank early in the homebuying process can benefit you not only by helping you determine how much home you can afford, but by providing you with pre-approval confirmation. This confirmation proves to sellers that you are financially qualified to purchase the home, and it can be an influencing factor in negotiations.

When it comes to actually securing financing for your home, your banker can assist you in determining a loan type that best fits your financial situation. A loan type will influence interest rates, payoff rates, the loan period, etc.

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 the 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.

BALLOON PAYMENT LOAN

A balloon loan is amortized over a long period of time but the balance is due and payable earlier in the life of the loan. Example: Loan is amortized over 30 years but the payment is due after 5 years. The loan also may be expendable or it may roll into a different type. This could be an option if you expect to refinance before the loan is due or you plan to sell the home before the balloon date.

CONVENTIONAL LOAN

A mortgage loan program where the interest rate does not change for the life of the loan. Also called Fixed Rate Mortgage.

CONFORMING LOAN

A mortgage program for up to and including \$548,250 in Arizona.

INTEREST ONLY LOAN

A non-amortized loan in which interest is due at regular intervals until maturity, when the full principal on the loan is due.

JUMBO LOAN

A mortgage loan program for \$548,250 or more in Arizona. These limits are set by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. Jumbo Loans cannot be funded by these two agencies; they usually possess a higher interest rate.

SECOND MORTGAGE

A mortgage on real estate which has already been pledged as collateral for an earlier mortgage. The second mortgage carries rights which are subordinate to those of the first.

TWO-STEP MORTGAGE

An adjustable rate mortgage which has one interest rate for the first part of the mortgage (usually five or seven years), and a different interest rate for the remainder of the mortgage.

THE LOAN APPLICATION

Below is information typically requested by a Lender when applying for a home loan. It is recommended that you have these documents available prior to applying for your loan:



- Picture ID and social security number
- Residence address (past 2 years)
- Names and addresses of each employer (past 2 years)
- Gross monthly salary (base only—overtime & bonus list separately)
- Tax Returns (past 2 years)
- Names, addresses, account numbers & balances of all checking and savings accounts (last 2 months of bank statements)
- Names, addresses, account numbers, balances and monthly payments of all open loans
- Names, account numbers, balances and monthly payments of all credit cards
- Addresses and loan information of other real estate owned
- Estimated value of furniture and personal property, if applicable
- Certificate of eligibility and DD214s (V.A. only)
- Money for credit report and appraisal
- Most recent W2s and current check stub
- Full divorce decree, if applicable

TIPS ON CREDIT TO HELP BUYERS:



- Avoid making large credit purchases until after you have closed escrow and the transaction has been recorded. This includes the purchase of cars, boats, furniture, etc. The large payment obligation may PRECLUDE you from QUALIFYING for your home loan.
- Always be aware of your credit balances.
- Do not skip payments. If you cannot make payments consistently, seek professional assistance to help you get on track.
- If you have a problem, contact your creditors immediately.
- Save money on a regular basis. It is wise to have at least three to six months income put away in case of a financial emergency.

UNDERSTANDING THE ESCROW PROCESS

The following explains the sequence of events involved in an escrow/closing process and what party involved is responsible. Your Escrow Officer is the “neutral third party.” Their job in the closing process is to gather all the documents and information from all involved parties to prepare for the transfer of the property.



STEP 1	Escrow Officer	Receives Purchase Contract with earnest money check, opens escrow and orders Title Commitment
STEP 2	Buyer	Has all inspections completed
STEP 3	Lender	Begins processing: Orders credit report, appraisal, deposits and verification of employment
STEP 4	Escrow Officer	Receives Title Commitment for review and distributes to all parties
STEP 5	Escrow Officer	Orders any statements for items requiring payoff per Title Commitment
STEP 6	Lender	Receives loan approval and orders loan documents to be sent to Escrow
STEP 7	Escrow Officer	Prepares a Preliminary Settlement Statement for review by parties
STEP 8	Seller	Signs Deed and other related sale documents
STEP 9	Buyer	Signs loan documents and deposits funds required
STEP 10	Escrow Officer	Returns signed loan documents to Lender
STEP 11	Escrow Officer	Receives loan funds from Lender
STEP 12	Escrow Officer	Orders recording of Deed and Deed of Trust
STEP 13	Escrow Officer	Completes the file by paying the Seller, agents, and all bills in escrow, and sends the final documents to all
STEP 14	Title Company	Issues title policies to Owner and Lender

TITLE INSURANCE EXPLAINED



WHAT IS TITLE INSURANCE?

Your lender must insure that the quality of the title to the property you are about to buy, and which you will pledge as security for the loan, is satisfactory. The Lender does this by obtaining a Lender's Policy of title insurance, often referred to as the ALTA Policy.

The Lender's policy protects the Lender against loss due to unknown Title defects at the time of the sale and in the future. This policy only protects the Lender's interest. It does not protect you. That's why you need an Owner's Policy, which will be issued at the same time as the Lender's policy for a one-time fee.



HOW CAN THERE BE A TITLE DEFECT?

Title insurance is issued after a careful examination of copies of the public records. Even the most thorough search cannot absolutely assure that no Title hazards are present, despite the knowledge and experience of professional Title examiners. In addition to matters shown by public records, other Title problems may exist that cannot be disclosed in a search.



WHAT TITLE INSURANCE PROTECTS AGAINST

Here are just a few of the most common hidden risks that can cause a Title issue:

- False impersonation of the true owner of the property
 - Forged deeds, releases of wills
 - Undisclosed or missing heirs
 - Mistakes in recording legal documents
 - Deeds by persons of unsound mind
 - Deeds by minors
 - Deeds by persons supposedly single, but in fact married
 - Liens for unpaid inheritance, income or gift taxes
 - Fraud
-

WHAT PROTECTION DOES TITLE INSURANCE PROVIDE AGAINST DEFECTS AND HIDDEN RISKS?

Title Insurance will pay for defending against lawsuits attacking your Title as insured, and will clear up Title problems or pay the losses. Your Title Insurance protects against title loss and hidden risks as long as the Policy remains in effect.

WAYS TO TAKE TITLE IN ARIZONA

COMMUNITY PROPERTY	JOINT TENANCY WITH THE RIGHT OF SURVIVORSHIP	COMMUNITY PROPERTY WITH THE 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 and can be disproportionate (ie: 20%-80% or 60%-40%)
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 joint tenant can partition the property by selling his or her joint 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 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
Both halves of the community property are entitled to a "stepped up" tax basis as of the date of death	Deceased tenant's share is entitled to a "stepped up" tax basis as of the date of death	Both halves of the community property are entitled to a "stepped up" tax basis as of the date of death	Each share has its own tax basis

NOTES ON "SOLE AND SEPARATE" 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. 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 trust.

FACTORS OF YOUR CLOSING COSTS



APPRAISAL

This is a one-time fee that pays for an appraisal. The appraisal is made by an independent fee Appraiser.



CREDIT REPORT

A fee that covers the cost of the credit report.



DOCUMENT

There may be a separate fee that covers the preparation of the final legal preparation papers.



LOAN DISCOUNT

A fee used to adjust the yield on the loan to what market conditions demand. It is often called “points.”



LOAN ORIGINATION

The Lender’s administrative costs in processing the loan. This fee covers the loan.



TITLE CHARGES

The Title Company charges fees for a title search, title examination, recording fees, endorsement fees, a settlement or closing fee and notary fees.



PREPAID INTEREST

Depending on the time of the month your loan closes this per diem charge may vary from a full month’s interest to that of a few days. If your loan closes at the end of the month, you will have to pay interest only for a few days or so.



TAXES & INSURANCE

You may be required to reimburse the Seller for property taxes, depending on the month in which you close. You will need to pay a year’s hazard insurance premium up front. Also, you might be required to put a certain amount for taxes and insurance into a special reserve account held by the lender.

IMPORTANT PROPERTY TAX DATES

Taxes for the 1st half of the current year

January 1 through June 30

Due on: October 1 of current year

Deliquent on: November 1 of current year

Taxes for the 2nd half of the current year

July 1 through December 31

Due on: March 1 of following year

Deliquent on: May 1 of following year

MOVING CHECKLIST

ADDRESS CHANGE

- Give forwarding address to Post Office 2 to 3 weeks before moving
 - Change credit card accounts, bank accounts, MVD, etc.
 - Subscriptions: Notice requires 6 to 8 weeks
 - Friends and relatives
-

BANK

- Transfer funds, arrange check-cashing in new city
 - Arrange credit references
-

INSURANCE

- Notify company of new location for coverages: life, health, fire and auto
 - Make sure homeowners' policy coverage for your new house is in place
-

MEDICAL, DENTAL, PRESCRIPTION HISTORIES

- Ask doctor and dentist for referrals, transfer needed for prescriptions, eyeglasses, x-rays
 - Obtain birth records, medical records, etc.
 - Arrange for medical services: doctor, dental, veterinarian, etc.
-

PETS

- Ask about regulations for licenses, vaccinations, tags, etc.
-

SCHOOLS

- Get school transcripts (some districts require that they be sent directly from the prior school)
-

UTILITY COMPANIES

- Notify gas, electric, water, telephone, sewage, and garbage companies (see Page 17)
 - Get refunds on any deposits made
 - Return cable boxes
-

DON'T FORGET TO

- Carry jewelry and documents yourself, or use registered mail
- Double check closets, drawers, shelves to be sure they are empty
- Leave old keys, garage door openers, mail box keys, house plans and irrigation instructions
- Register to vote

UTILITIES GUIDE

MARICOPA COUNTY

Tax Assesor	(602) 506-3406
Treasurer	(602) 506-8511
Sheriff's Office	(602) 876-1834
Animal Control	(602) 506-PETS
Education Services	(602) 506-3866
DMV	(602) 255-0072
Elections Dept	(602) 506-1511

UTILITIES

Power:

Arizona Public Service	(602) 371-7171
Salt River Project (SRP)	(602) 236-8888
Southwest Gas	(877) 860-6020
Garbage & Recycling	(602) 506-4006
Waste Management	(602) 257-1313

Cable/Internet/Phone:

Cox	(800) 234-3995
Century Link	(800) 366-8201
DirecTV	(855) 871-7585
Dish Network	(866) 280-4519

City Offices:

Avondale	(623) 333-1000
Buckeye	(623) 349-6000
Chandler	(480) 782-2000
El Mirage	(623) 972-8116
Fountain Hills	(480) 816-5100
Gilbert	(480) 503-6871
Glendale	(623) 930-2000
Goodyear	(623) 882-7200
Litchfield Park	(623) 935-5033
Mesa	(480) 644-2099
Paradise Valley	(480) 948-7411
Peoria	(623) 773-7000
Phoenix	(602) 262-6011
Queen Creek	(480) 358-3000
Scottsdale	(480) 312-3111
Surprise	(623) 222-1000
Tempe	(480) 350-4311
Tolleson	(623) 936-7111

POLICE DEPARTMENT

Avondale	(623) 333-7000
Buckeye	(623) 349-6400
Chandler	(480) 782-4130
El Mirage	(623) 933-1341
Fountain Hills	(480) 837-2047
Gilbert	(480) 503-6500
Glendale	(623) 930-2000
Goodyear	(623) 932-1220
Litchfield Park	(623) 935-5033
Mesa	(480) 644-2324
Paradise Valley	(480) 948-7418
Peoria	(623) 773-7096
Phoenix	(602) 262-7626
Queen Creek	(602) 876-1011
Scottsdale	(480) 312-5000
Surprise	(623) 222-4000
Tempe	(480) 350-8301
Tolleson	(623) 936-7186

FIRE DEPARTMENT

Avondale	(623) 333-6000
Buckeye	(623) 349-6700
Chandler	(480) 782-2120
El Mirage	(623) 583-7968
Fountain Hills	(480) 837-9820
Gilbert	(480) 503-6300
Glendale	(623) 930-3400
Goodyear	(623) 932-2300
Litchfield Park	(480) 627-6200
Mesa	(480) 644-2101
Paradise Valley	(602) 262-6297
Peoria	(623) 773-7279
Phoenix	(602) 262-6002
Queen Creek	(480) 644-2400
Scottsdale	(480) 312-8000
Surprise	(623) 222-5000
Tempe	(480) 858-7200
Tolleson	(623) 936-8500

GLOSSARY OF TERMS

APPRAISAL	An opinion of value based upon a factual analysis.
AMENDMENT	An alteration, addition, or correction to an agreement that does not change the principal idea or essence of the original agreement.
AMORTIZED LOAN	A loan that is completely paid off, interest and principal, by a series of regular payments that are equal or nearly equal. Also called a Level Payments Loan.
APPRECIATION	An increase in value of real estate. C.C. & R's The Covenants, Codes, and Restrictions of a subdivision or master planned community. These regulations grant the association the right to enforce certain aspects of the community (example: exterior colors or plantings).
CLOSING	The final settlement of a real estate transaction between the Buyer and Seller.
CHAIN OF TITLE	A summary or digest of the conveyances, transfers, and any other facts relied on as evidence of Title, together with any other elements of record which may affect the marketability of the Title.
CONDOMINIUM	A system of individual fee ownership of units combined with joint ownership of common area of the structure and the land.
CONVENTIONAL	A mortgage securing a loan made by investors without governmental Mortgage underwriting.
COUNTER OFFER	A rejection of an offer by a Seller along with an agreement to sell the property to the potential Buyer on terms differing from the original offer.
DEED	Written instrument which, when properly executed and delivered, conveys Title.
DEED OF TRUST	An instrument used in Arizona in place of a mortgage to secure the Lenders rights.
DISCOUNT POINTS	Additional charges made by a Lender at the time a loan is made. Points are measured as a percent of the loan, with each point equal to one percent. These additional interest charges are paid at the time a loan is closed to increase the rate of return to the lender so as to approximate the market level.
EARNEST MONEY	Down payment made by the buyer as evidence of good faith.
EASEMENT	Created by grant or agreement for a specific purpose, an easement is the right, privilege or interest which one party has in the land of another (example: rights of way, utility companies).
EQUITY	The market value of real property, less the amount of existing liens.
ESCROW	The deposit of instruments and funds with instructions (the Contract) to a third neutral party (Escrow Officer) to carry out the provisions of an agreement or contract; when everything is deposited to enable carrying out the instructions, it is called a complete or perfect escrow.

GLOSSARY OF TERMS

FHA LOAN	A loan which has been insured by the Federal Government.
IMPOUND ACCOUNT	Account held by the lender for payment of taxes, insurance, or other periodic debts against real property.
LEGAL DESCRIPTION	A description of land that complies with government surveys to thoroughly identify a specific parcel so that it, and its boundaries, cannot be mistaken for any other.
LIEN	A form of encumbrance which usually makes property security for the payment of a debt or discharge of an obligation (example: Judgments, taxes, mortgages, Deeds of Trust, etc.).
MORTGAGE	A legal agreement by which a bank or other creditor lends money at interest in exchange for taking title of the debtor's property, with the condition that the conveyance of title becomes void upon the payment of the debt.
ORIGINATION FEE	A fee charged to the borrower by the lending institution.
PERSONAL PROPERTY	Any property which is not real property, e.g. money, appliances, cars, boats, furniture, etc. In real estate, anything not permanently attached to the building is considered personal property.
PITI	A payment that includes Principal, Interest, Taxes, and Insurance.
POWER OF ATTORNEY	A legal document whereby a principal gives authority to another to act on their behalf. A specific form must be used in Arizona to create a Power of Attorney.
PROMISSORY NOTE	Following a loan commitment from the Lender, the borrower signs a note promising to repay the loan under stipulated terms. The Promissory Note establishes personal liability for its repayment.
QUIT CLAIM DEED	A deed operating as a release.
RECORDING	The official filing of documents with the County Recorder, making the transfer of property official.
SPECIAL ASSESSMENT	Legal charge against real estate by a public authority to pay cost of public improvements such as: Street lights, sidewalks, street improvements, etc.
S.P.D.S.	Also referred to as Seller's Property Disclosure Statement. Sellers are required to disclose any problems that they are aware of that affect the property.
SUBDIVISION	A parcel of land that has been divided into smaller parts.
VA LOAN	A loan guaranteed by the Veteran's Administration.
WARRANTY DEED	A deed used to convey fee title to real property.
1031 EXCHANGE	A method enabling property owners to trade an investment property for another investment property (or properties) without paying capital gains taxes on the transaction.

Tax Notice To All Buyers And Foreign Sellers Of U.S. Real Property Interests

Internal Revenue Code Section 1445 requires that all buyers of an interest in real property located in the United States withhold and pay over to the Internal Revenue Service ("IRS") an amount equal to 10% of the sales price unless the buyer can adequately establish that the seller was not a foreign individual or entity.

Generally, the buyer must pay 10% of the purchase price due a foreign seller to the IRS within 20 days of the sale of the real property interest. The 10% amount is generally calculated on the gross sales price, i.e. the amount of: (i) the cash paid or to be paid; (ii) the fair market value of other property transferred; and (iii) the outstanding amount of any liability assumed or to which the property was subject immediately before and after the sale. Note that depending on the structure of the transaction, the tax withholding liability could exceed the net cash proceeds to be paid a foreign seller at closing. Nevertheless, the buyer is still required to withhold the full ten percent (10%) and remit it to the IRS within 20 days of the sale absent a "withholding certificate" or other relief. Buyers should consult their legal and tax advisors concerning these requirements.

Transactions involving the purchase of property for \$300,000.00 or less for use as the buyer's primary residence (occupied by the buyer more than fifty percent (50%) of the time for two (2) years after purchase) are exempt from the withholding requirements. The buyer also need not comply with the withholding requirement if the buyer obtains adequate proof that the seller is not a foreign individual or entity. A certification executed by the seller under penalty of perjury is considered sufficient proof to the buyer that the seller is not a foreign individual or entity (assuming that the buyer does not have actual knowledge that the certification is false).

Foreign sellers should be aware that certain exemptions may apply or that the 10% withholding requirements can be mitigated through receipt of a withholding certificate from the IRS before the 20-day period expires. Sellers should consult with their legal and tax advisors as early as possible to determine whether any steps can be taken to reduce or eliminate the withholding requirements.

BUYERS AND SELLERS: THIS DOCUMENT IS INTENDED ONLY TO INFORM YOU GENERALLY THAT THE INTERNAL REVENUE CODE REQUIRES TAX WITHHOLDING BY BUYERS WITH RESPECT TO FOREIGN SELLERS. DUE TO THE COMPLEXITY OF THE LAW AND IRS REGULATIONS, AND THE NATURE OF YOUR PARTICULAR REAL ESTATE TRANSACTION, YOU SHOULD CONSULT YOUR ATTORNEY, ACCOUNTANT OR THE IRS WITH ANY QUESTIONS YOU MAY HAVE. YOUR ESCROW AGENT IS NOT A TAX OR LEGAL ADVISOR. THIS DOCUMENT IS NOT INTENDED AND SHOULD NOT BE CONSTRUED AS TAX OR LEGAL ADVICE.

ALL FORMS IN THIS BOOK ARE FOR SAMPLE PURPOSES ONLY.

The following forms are included:

- Residential Real Estate Purchase Contract
- Buyer Advisory

Please check with aaronline.com or the appropriate government agency website for the most up to date forms.



Buyer Advisory



A Resource for Real Estate Consumers

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

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

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

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

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

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

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

Reminder:

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

Please Note:

The property may be subject to video and/or audio surveillance. Buyer should therefore exercise caution and not discuss features or pricing while in the home.

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Section 1

COMMON DOCUMENTS A BUYER SHOULD REVIEW

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

1 Purchase Contract

Buyers should protect themselves by taking the time to read the Arizona REALTORS® Residential Resale Real Estate Purchase Contract and understand their legal rights and obligations before they submit an offer to buy a property.

<http://bit.ly/38XEynJ>

(AAR Sample Residential Resale Purchase Contract)

Contingency Waivers

The Purchase Contract contains numerous contingencies, including, but not limited to, the loan contingency, the inspection contingency, and the appraisal contingency. Should a buyer elect to waive any such contingencies in conjunction with their purchase offer, adverse consequences may result that place buyer at risk of losing their Earnest Money or incurring monetary damages if buyer decides not to purchase the property after their offer is accepted. Before offering to waive any contractual contingencies, buyers should weigh the risks and consult with independent legal counsel.

2 MLS Printout

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

3 The Subdivision Disclosure Report (Public Report)

A Subdivision Disclosure Report (Public Report) is intended to point out material information about a subdivision. Subdividers (any person who offers for sale or lease six or more lots in a subdivision or who causes land to be divided into a subdivision) are required to give buyers a Public Report. Read the Public Report before signing any contract to purchase a property in a subdivision. Although some of the information may

become outdated, subsequent buyers can also benefit from reviewing the Public Report. Public Reports dating from January 1, 1997, are available on the on the Arizona Department of Real Estate (ADRE) website.

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

<https://azre.gov/consumers/property-buyers-checklist-home-or-land>

(ADRE Property Buyer's Checklist)

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

4 Seller's Property Disclosure Statement (SPDS)

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

A seller's disclosure obligation remains even if the buyer and seller agree that no Seller's Property Disclosure Statement will be provided.

<http://bit.ly/2knrN0A> (AAR Sample SPDS)

<https://azre.gov/consumers/property-buyers-checklist-home-or-land> (ADRE Property Buyer's Checklist)

5 Covenants, Conditions and Restrictions (CC&Rs)

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

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

ADRE ADVISES:

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

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

6 Homeowners Association (HOA) Governing Documents

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

<http://bit.ly/2ebBSLH> (A.R.S. A.R.S.33-1260; and <http://bit.ly/2e8jdM3> (A.R.S. §33-1806)

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

7 HOA Disclosures

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

<http://bit.ly/2ebBSLH> (A.R.S.33-1260); and <http://bit.ly/2e8jdM3> (A.R.S. 33-1806)

8 Community Facilities District

Community Facilities Districts (CFDs) are special taxing districts that use bonds for the purpose of financing construction, acquisition, operation and maintenance of public infrastructure that benefits the real property owners comprising the CFD members. Roadways, public sewer, utility infrastructure and public parks are examples of the types of public infrastructure paid for by CFDs. CFDs have a Governing Board that may be the City Council acting as the board or a stand-alone board. Any member of a CFD may request disclosures from this board. Questions to ask include: the amount still owed and how many more payments are left in order to pay off the CFD for the property. It is important that you review the Detailed Property Tax Statement which will show the current amount due to the CFD. CFDs are most commonly found on the property's detailed property tax statement from the County Tax Assessor. The local municipality or county can also be a source of CFD information.

9 Title Report or Title Commitment

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

<https://www.homeclosing101.org/> (American Land Title Association)

<https://insurance.az.gov/consumers/help-hometitleflood-insurance> (Arizona Department of Insurance)

10 Loan Information and Documents

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

<https://www.consumerfinance.gov/owning-a-home/>

(Buying a house: Tools & Resources for Homebuyers)

https://www.hud.gov/topics/buying_a_home (HUD.gov)

11 Home Warranty Policy

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

12 Affidavit of Disclosure

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

<http://bit.ly/2MGVSpr>
(AAR Sample Affidavit of Disclosure)

13 Lead-Based Paint Disclosure Form

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

<http://bit.ly/2O4pL4A> (EPA)
<http://bit.ly/2O69Lik> (ADRE Lead Based Paint Information)

14 Professional Inspection Report

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

<https://azashi.org/faq/> (FAQ's – Home Inspections)

15 County Assessors/Tax Records

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

Apache:
<http://bit.ly/1FKUjh8>

Coconino:
<http://bit.ly/2F9PstM>

Graham:
<http://bit.ly/2JGz2ZO>

La Paz:
<http://bit.ly/2HzhhdR>

Mohave:
<http://bit.ly/Yq6nAj>

Pima:
<http://www.asr.pima.gov/>

Santa Cruz:
<http://bit.ly/1yRYwXl>

Yuma:
<https://bit.ly/3uO8BbW>

Cochise:
<http://bit.ly/1oUS7ok>

Gila:
<http://bit.ly/Yq3bV9>

Greenlee:
<http://bit.ly/2SCTZu6>

Maricopa:
<https://mcaessor.maricopa.gov/>

Navajo:
<http://bit.ly/1pWxgVA>

Pinal:
<http://www.pinalcountyz.gov/Assessor/Pages/home.aspx>

Yavapai:
<http://bit.ly/1AsANI5>

16 Termites and Other Wood Destroying Insects and Organisms

Termites and other wood destroying insects are commonly found in some parts of Arizona. General guidance, inspection report information and the ability to search a property for past termite treatments may be found on the Arizona Department of Agriculture website.

<https://agriculture.az.gov/pestspest-control/termites> (AZDA-Termite Information)

<http://bit.ly/2GiGIIr> (AZDA-Wood Destroying Insect Inspection Reports)

<https://tarf.azda.gov/> (AZDA-Search for Termite Reports)

17 Foreign Investment in Real Property Tax Act (FIRPTA)

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

<https://bit.ly/3w10GsF> (I.R.S. FIRPTA Definitions)

<https://www.irs.gov/Individuals/International-taxpayers/firpta-withholding> (I.R.S. FIRPTA Information)

<https://bit.ly/2RC2UQw> (I.R.S. FIRPTA Video)

Section 2

COMMON PHYSICAL CONDITIONS IN THE PROPERTY A BUYER SHOULD INVESTIGATE

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

1 Repairs, Remodeling and New Construction

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

<https://roc.az.gov/before-hire>

(Before you Hire a Contractor – Tips)

www.greaterphoenixnari.org (National Association of Remodeling Industry – Greater Phoenix Chapter)

<https://www.nariosouthernarizona.com/page-319328> (National Association of Remodeling Industry – Southern Arizona)

<https://apps-secure.phoenix.gov/PDD/Search/Permits>

(City of Phoenix – Building Permit Records)

<https://www.tucsonaz.gov/PRO/pdsd/>

(City of Tucson – Building Permit Records)

2 Square Footage

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

<https://dfi.az.gov/industry/RealEstateAppraisers> (Licensed Real Estate Appraisers)

3 Roof

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

www.azroofing.org

(Arizona Roofing Contractors Association)

<https://roc.az.gov/before-hire>

(Before you Hire a Contractor)

4 Swimming Pools and Spas

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

The Arizona REALTORS® Residential Purchase Contract provides guidance for the buyer to investigate all applicable state, county, and municipal Swimming Pool Barrier regulations and acknowledge receipt of the Arizona Department of Health Services approved private pool safety notice. The state requirements contained in the notice may be superseded by local swimming pool barrier ordinances that are equal to or more restrictive than the state requirements.

<https://www.aaronline.com/2010/10/pool-barrier-law-contact-information/> (AAR-Pool Barrier Laws & Information-Updated August 2020)

<https://www.azleg.gov/ars/36/01681.htm> (A.R.S. 36-1681 Swimming Pool Enclosures)

5 Septic and Other On-Site Wastewater Treatment Facilities

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

<http://bit.ly/2pIVsZe>

(ADEQ – AZ Statewide Inspection Program)

<http://az.gov/app/own/home.xhtml>

(File a Notice of Transfer Online)

6 SEWER

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

7 Water/Well Issues

The property may receive water from a municipal system, a private water company, or a well. You should investigate the availability and quality of the water to the property, as well as the water provider. A list of Arizona's water companies is available at the Arizona Corporation Commission.

<https://www.azcc.gov/utilities/water>

(Arizona Corporation Commission - Utilities-Water)

<https://new.azwater.gov/aaws/statutes-rules>

(Assured and Adequate Water Supply)

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

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

<https://new.azwater.gov/adjudications> (Department of Water Resources – Adjudications)

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

<https://www.verdevalleywaterusers.org/> (Verde Valley Water Users Association)

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

www.cagrd.com

(Central Arizona Ground Water Replenishment District)

8 Soil Problems

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

Other areas are subject to fissure, subsidence and other soil conditions. Properties built on such

soils may experience significant movement causing a mayor problem.

If it has been disclosed that the property is subject to any such soil conditions or if the buyer has any concerns about the soil condition or observes evidence of cracking, the buyer should secure an independent assessment of the property and its structural integrity by a licensed, bonded, and insured professional engineer.

<https://azre.gov/PublicInfo/Fissures>

(ADRE – Overview of Arizona Soils)

<http://azgs.arizona.edu/center-natural-hazards/problem-soils> (Problem Soils)

<http://bit.ly/2MpckNU>

(Shrink/Swell Potential & FAQs)

<http://bit.ly/2yfvzVHR>

(Information on Land Subsidence & Earth Fissures)

www.btr.state.az.us

(State Certified Engineers & Firms)

9 Previous Fire/Flood

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

10 Pests

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

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

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

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

Termites: Consumer Information is available from the Arizona Department of Agriculture.

Bark Beetles: Bark beetles have been reported in some forested areas.

<http://bit.ly/32y89I6> (Information on Scorpions)

<http://bit.ly/1PFP9Y2> (Information on Bed Bugs)

<https://www.epa.gov/bedbugs> (Bed Bugs: Get them Out and Keep them Out)

<http://www.maricopa.gov/FAQ.aspx?TID=104> (Maricopa County – Roof Rats)

<https://agriculture.az.gov/pestspest-control/termites> (Termite Information)

<https://agriculture.az.gov/pests-pest-control/agriculture->
(Bark Beetle Information)

11 Endangered & Threatened Species

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

<https://www.fws.gov/southwest/es/Arizona/>

(Arizona Ecological Services)

<https://www.fws.gov/angered/map/state/AZ.html>

(Arizona Endangered Species)

12 Death and Felonies on the Properties

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

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

<http://bit.ly/2lo53MZ> (A.R.S. § 32-2156)

13 Indoor Environmental Concerns

Attention has been given to the possible health effects of mold in homes, apartments and commercial buildings. Certain types of molds may cause health problems in some people while triggering only common allergic responses in others.

Mold is often not detectable by a visual inspection. To determine if the premises you are purchasing, or leasing contains mold or airborne health hazards, you may retain an environmental expert to perform an indoor air quality test. This is particularly important if any of the inspection reports or disclosure documents indicate the existence of past or present moisture, standing water, visible water stains, or water intrusion in the Premises.

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

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

<https://www.epa.gov/indoor-air-quality-iaq>

(EPA-Indoor Air Quality)

<https://www.epa.gov/mold> (EPA-Mold)

<https://www.cdc.gov/mold/> (CDC-Mold Information)

Imported Drywall: There have been reports of problematic drywall, produced in China, used in Arizona homes. Residents in homes with problem drywall report health issues such as respiratory irritation, and other problems such as copper corrosion and sulfur odors. Visit the Consumer Product Safety Commission website for more information.

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

Drug labs: Residual contamination arising from the illicit manufacture of methamphetamine and other drugs carried out in clandestine drug laboratories presents a serious risk of harm to human and environmental health.

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

bit.ly/2kRk7im (Drywall Information Center)

<http://bit.ly/2GclWpM> (About Radon)

<http://bit.ly/2t1CAPq> (Carbon Monoxide Infographic)

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

bit.ly/2gUZcSt (Voluntary Guidelines for Methamphetamine)

<https://www.epa.gov/formaldehyde> (EPA Formaldehyde)

14 Property Boundaries

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

<https://btr.az.gov/arizona-professional-land-surveyors-apls> (AZ BTR Land Surveyors)

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

15 Flood Insurance/Flood Plain Status

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

more information about flood insurance as it relates to the property.

[National Flood Insurance Program](#) (FEMA)

<https://www.realtor.com/flood-risk/> (Flood Risk Information)

<https://www.floodsmart.gov/flood-map-zone/elevation-certificate> (Elevation Certificates: Who Needs Them and Why - fact sheet)

<http://azgs.arizona.edu/center-natural-hazards/floods> (Flooding in Arizona)

<https://www.fcd.maricopa.gov/5308/Flood-Control-District> (Maricopa County Flood Control District-Services)

Other Arizona Counties: Consult County Websites.

16 Insurance (Claims History)

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

<https://content.naic.org/consumer.htm> (Helping You Navigate Insurance and Make Better Informed Decisions)

17 Other Property Conditions

Plumbing: Check functionality.

Cooling/Heating: Make sure the cooling and heating systems are adequate. If it is important to you, hire a qualified heating/cooling inspector. <https://www.epa.gov/ods-phaseout> (Phaseout of Ozone-Depleting Substances -ODS)

Electrical Systems: Check for functionality and safety.

Section 3

CONDITIONS AFFECTING THE AREA SURROUNDING THE PROPERTY THE BUYER SHOULD INVESTIGATE

Every property is unique; therefore, important conditions vary.

Environmental Concerns

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

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

<http://www.azdeq.gov/> (ADEQ)

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

<https://azdeq.gov/WildfireSupport> (Wildfire Information)

1 Environmentally Sensitive Land Ordinance

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

<http://www.scottsdaleaz.gov/codes/eslo>
(Environmentally Sensitive Lands Overlay –ESL)

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

2 Electromagnetic Fields

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

<https://www.niehs.nih.gov/health/topics/agents/emf/index.cfm>
(National Institute of Environmental Health Sciences)

3 Superfund Sites

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

www.azdeq.gov/emaps (ADEQ-Maps)

www.epa.gov/superfund (EPA)

4 Freeway Construction and Traffic Conditions

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

<https://azdot.gov/> (ADOT)

<https://azdot.gov/projects> (ADOT State Wide Projects)

<https://az511.com> (ADOT Road Conditions)

5 Crime Statistics

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

<https://communitycrimemap.com/>

(Crime Statistics - All Arizona Cities)

6 Sex Offenders

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

<https://www.azdps.gov/services/public/offender>

(Registered Sex Offender and Community Notification)

<https://www.nsopw.gov/>

(National Sex Offender Public Site)

7 Forested Areas

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

<https://dffm.az.gov/fire/prevention/firewise>

(Arizona Fire Wise Communities)

<https://www.nfpa.org/Public-Education/By-topic/Wildfire/Firewise-USA>
(Public Education/Fire Wise USA)

8 Military and Public Airports

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

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

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

<https://azre.gov/military-airports>

(ADRE - Maps of Military Airports & Boundaries)

<http://azre.gov/public-airports>

(ADRE - Maps of Public Airports & Boundaries)

<https://www.skyharbor.com/FlightPaths> (Phoenix Skyharbor Airport - General Information)

9 Zoning/Planning/Neighborhood Services

Information may be found on community websites.

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

<http://www.tucsonaz.gov/pdsd/planning-zoning> (Tucson)

10 Schools

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

Visit the Arizona Department of Education website for more information.

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

ADRE ADVISES:

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

www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx (ADRE)

11 City Profile Report

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

<https://www.moving.com/real-estate/compare-cities/> (City Profile Report)

Section 4

OTHER METHODS OF GETTING INFORMATION ABOUT A PROPERTY

Drive Around the Neighborhood

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

Talk to the Neighbors

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

Investigate Your Surroundings

Google Earth is an additional method to investigate the surrounding area: <https://www.google.com/earth/>

Section 5

RESOURCES

Market Conditions Advisory

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

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

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

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

[Market Conditions Advisory](#) (AAR - Sample Forms)

Fair Housing and Disability Laws

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

[Fair Housing Rights and Obligations](#) (HUD.gov)

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

Wire Fraud

Beware of wiring instructions sent via email. Cyber criminals may hack email accounts and send emails with fake wiring instructions. You should independently confirm wiring instructions in person or via a telephone call to a trusted and verified phone number prior to wiring any money.

<http://bit.ly/2gQNWms> (FTC & NAR - Protect your mortgage closing from scammers)

<http://bit.ly/2vDDvFk> (CFPB- Buying a home? Watch out for mortgage closing scams)

Additional Information

NATIONAL ASSOCIATION OF REALTORS® (NAR)
<https://www.nar.realtor/>

Ten Step Guide to Buying a Home (Realtor.com)
<http://bit.ly/3pQqXX7>

Home Closing 101
www.homeclosing101.org

Information about Arizona Government, State Agencies and Arizona REALTORS®

Arizona Department of Real Estate
Consumer Information
www.azre.gov/InfoFor/Consumers.aspx

Arizona Association of REALTORS®
www.aaronline.com

BUYER ACKNOWLEDGMENT

Buyer acknowledges receipt of all 13 pages of this Advisory.

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

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

^BUYER SIGNATURE DATE

^BUYER SIGNATURE DATE





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 6I). 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/.

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.



RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated:
February 2020



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 Financing Short Sale

38. Solar Lease / Solar Loan Assumption Addendum Other: _____

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- 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 • 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 • speakers (flush-mounted)
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
67. the 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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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 91. with Buyer's name, income, social security number, Premises address, estimate of value of the Premises, and mortgage loan 92. 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 94. notice of intent to proceed with the loan transaction in a manner satisfactory to lender; and (ii) provide to lender all requested 95. signed disclosures and the documentation listed in the LSU at lines 32-35. Buyer agrees to diligently work to obtain the loan and 96. 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 _____% 101. of the Purchase Price **OR** \$ _____ (Seller Concessions). The Seller Concessions may be used for any Buyer fee, cost, 102. 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 104. Pre-Qualification Form attached hereto or LSU provided within ten (10) days after Contract acceptance and shall only make any 105. such changes without the prior written consent of Seller if such changes do not adversely affect Buyer's ability to obtain loan 106. 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 108. lender for at least the purchase price. If the Premises fail to appraise for the purchase price in any appraisal required by lender, 109. Buyer has five (5) days after notice of the appraised value to cancel this Contract and receive a return of the Earnest Money or 110. 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 113. be applied against Seller's Concessions at COE, if applicable. If Buyer's lender requires an updated appraisal prior to COE, it will be 114. 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 116. 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 121. and separate property, a disclaimer deed may be required. Taking title may have significant legal, estate planning and tax 122. 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, 124. addressed pursuant to 8s and 9c or as otherwise provided, a Commitment for Title Insurance together with complete and legible copies 125. of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title Commitment"), including but not limited to 126. Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and easements. Buyer shall have five (5) days after receipt of the 127. Title Commitment and after receipt of notice of any subsequent exceptions to provide notice to Seller of any items disapproved. Seller 128. shall convey title by warranty deed, subject to existing taxes, assessments, covenants, conditions, restrictions, rights of way, easements 129. and all other matters of record. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's 130. Title Insurance Policy or, if not available, a Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire 131. extended coverage at Buyer's own additional expense. If applicable, Buyer shall pay the cost of obtaining the ALTA Lender Title 132. Insurance Policy.

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- 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)** _____ BUYER BUYER
 - 182. If Premises were constructed in 1978 or later, **(BUYER'S INITIALS REQUIRED)** _____ BUYER BUYER

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- 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, as
 193. to the condition, zoning, or fitness for any particular use or purpose of the Premises. However, Seller shall maintain and repair the
 194. Premises so that at the earlier of possession or COE: (i) the Premises, including all personal property included in the sale, will be in
 195. substantially the same condition as on the date of Contract acceptance; and (ii) all personal property not included in the sale and
 196. debris will be removed from the Premises. Buyer is advised to conduct independent inspections and investigations regarding the
 197. Premises within the Inspection Period as specified in Section 6a. Buyer and Seller acknowledge and understand they may, but are
 198. not obligated to, engage in negotiations for repairs/improvements to the Premises. Any/all agreed upon repairs/improvements will be
 199. 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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- 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 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 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 any of the items disapproved, Buyer may cancel this Contract within five (5) days
 282. after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs first, and the
 283. Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as provided,
 284. Buyer shall close escrow without correction of those items that Seller has not agreed in writing to correct.
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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- 6k. 290. **Home Warranty Plan:** Buyer and Seller are advised to investigate the various home warranty plans available for purchase. The
 291. parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service fees and
 292. 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
 299. the purpose of satisfying Buyer that any corrections or repairs agreed to by Seller have been completed, and the Premises are
 300. in substantially the same condition as of the date of Contract acceptance. If Buyer does not conduct such walkthrough(s), Buyer
 301. 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
 303. and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on, including any propane,
 304. 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
 306. Person, a buyer of residential real property must withhold federal income taxes up to 15% of the purchase price, unless an exception
 307. applies. If FIRPTA is applicable and Buyer fails to withhold, Buyer may be held liable for the tax. Buyer agrees to perform any acts
 308. reasonable or necessary to comply with FIRPTA and IRS reporting requirements and Buyer is responsible for obtaining independent
 309. 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
 311. provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the
 312. non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become a
 313. breach of Contract. If Escrow Company or recorder's office is closed on the last day of the Cure Period, and COE must occur
 314. 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
 316. breaching party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative Dispute
 317. Resolution obligations set forth herein. In the case of Seller, because it would be difficult to fix actual damages in the event of
 318. Buyer's breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at Seller's option, accept
 319. 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
 320. notice required by Section 2b, or Buyer's inability to obtain loan approval due to the waiver of the appraisal contingency pursuant
 321. to Section 2l, Seller shall exercise this option and accept the Earnest Money as Seller's sole right to damages. An unfulfilled
 322. contingency is not a breach of Contract. The parties expressly agree that the failure of any party to comply with the terms and
 323. 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,
 324. 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
 326. Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid
 327. equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall
 328. be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of
 329. an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration
 330. Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be
 331. final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction.
 332. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the
 333. 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
 335. Small Claims Division of an Arizona Justice Court (up to \$3,500) so long as the matter is not thereafter transferred or removed from
 336. the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or
 337. 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
 338. 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
 339. ("lis pendens"), or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the
 340. 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
 342. Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert
 343. witness fees, fees paid to investigators, and arbitration costs.

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8. ADDITIONAL TERMS AND CONDITIONS

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