

# BUYING A HOME IN ARIZONA

A Step by Step Process



**Chris Davis** REALTOR®

*"Professional guidance EVERY step of the way"*

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**CHICAGO TITLE AGENCY**





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## ❖ *Chicago Title Agency Locations*

### East Valley

#### Tempe

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

#### Tri-City East

1400 E Southern Ave.  
Suite 910  
480-874-7035

#### Chandler

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

#### Gilbert

1959 S. Val Vista Rd.  
Suite 115  
(480) 539-6854

#### Mesa

1959 S. Val Vista Rd.  
Suite 113  
(480) 481-2272

#### Val Vista Lakes

1959 S. Val Vista Rd.  
Suite 115  
(480) 539-6854

### Central Phoenix

#### Central City Corridor

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

#### 24th Street

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

### Scottsdale

#### Northsight

14200 N. Northsight  
Blvd. Suite 100  
(480) 538-1940

#### Scottsdale

6710 N. Scottsdale Rd.  
Suite 100B  
(480) 998-9298

### West Valley

#### Northwest

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

#### Arrowhead

14050 N. 83rd Ave.  
Suite 260  
(623) 824-7660

#### Peoria

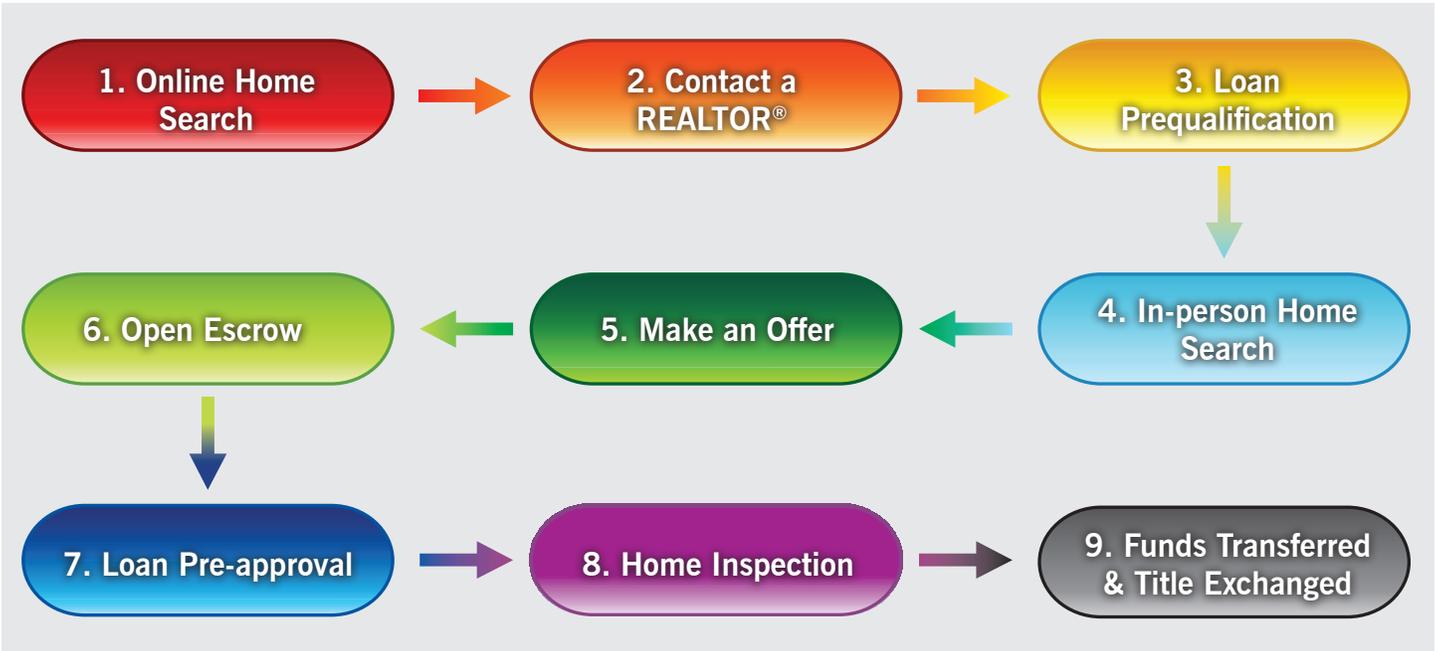
14050 N. 83rd Ave.  
Suite 260  
(623) 824-7660

### Desert Ridge

#### Desert Ridge

20830 N. Tatum Blvd.  
Suite 399  
(602) 667-1230

❖ *The Home Buying Process At A Glance*



❖ *Your Home Buying Partners*

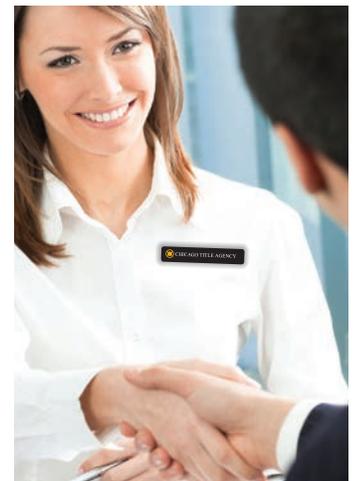
Real Estate Agent



Loan Officer



Escrow Officer with Chicago Title Agency



## ❖ *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



## ❖ *Benefits of Getting Prequalified 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 home-buying process and may strengthen your bargaining position with a seller.

### **Payment**

A prequalification 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**

Prequalification 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 prequalify for the size of loan they want.

## ❖ *Searching For the Ideal Home*

In addition to your REALTOR® searching homes for you, over 90% of home buyers begin their home search online. You can view several properties in a fraction of the time it takes to view them in person. There are numerous websites that list homes for sale and allow you to sort by location, price, school districts, bedrooms and more. Multiple photos or virtual tours are typically available on these websites as well.

Just a few of home viewing websites include:

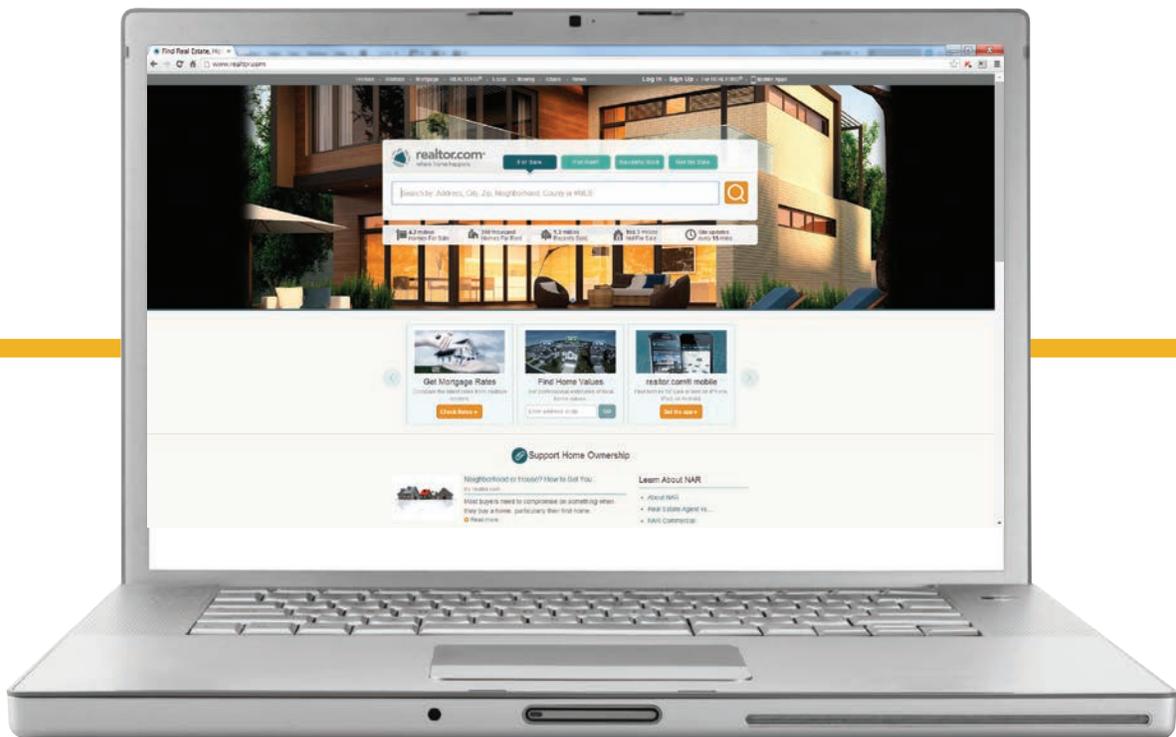
**Your REALTOR® or their Brokerage website**

**Realtor.com**

**Trulia.com**

**Zillow.com**

Once you find homes that are of interest to you, contact your REALTOR® and he or she will schedule appointments to view the homes in person.



## ❖ *Making an Offer*

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

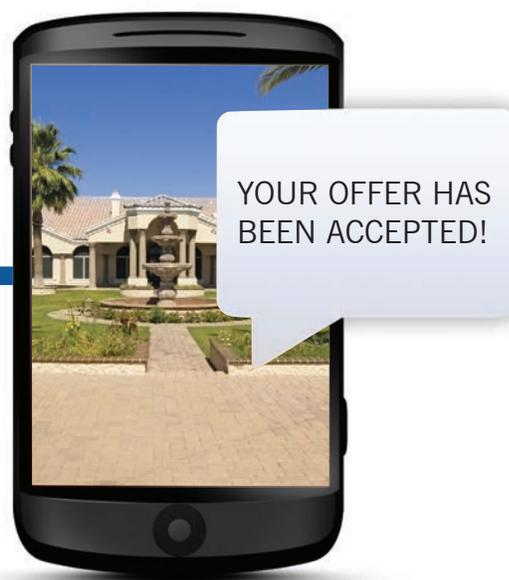
**Purchase Contract Prepared** – With the help of your agent a purchase contract will be prepared for presentation to the seller. This agreement will include your terms of the purchase including how much you are offering for the home and any contingencies, such as home inspections or lender appraisal.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

**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 typically moves quickly. It's important to be readily available.



## ❖ *The Home Inspection and Appraisal Process*

### **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 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.

## ❖ *Securing Financing – Common Types of Loans*

Contacting your bank early in the home buying 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 extendable 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 \$417,000 in the continental United States.

### **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 \$417,001 or more in the continental United States. These limits are set by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. Because Jumbo Loans cannot be funded by these two agencies, they usually carry 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 with proof of 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)
- 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 of other real estate owned
- Loan information on other real estate owned
- Estimated value of furniture and personal property
- Certificate of eligibility and DD214s (V.A. only)
- Money for credit report and appraisal
- W2s (2 years) 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 a “neutral third party.” Her/his job is to gather all the documents and information from all involved parties to prepare for the transfer of the property.

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

## ❖ *What is Title Insurance and Why is it Needed?*

### **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 if the Title has been searched and a loan policy issued?**

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 loss of Title or create an encumbrance on Title:

- 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. By combining expertise in risk elimination at the time of issuing a policy, and protection against hidden risks as long as the policy remains in effect, your Title insurance protects against title loss.

## ❖ *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	Sole and Separate
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	See Note at bottom of page
Each spouse holds an undivided one-half interest in the estate.	Each joint tenant holds an equal and undivided interest in the estate, unity of interest.	Each spouse holds an undivided one-half interest in the estate.	Each tenant in common holds an undivided fractional interest in the estate. Can be disproportionate. (ie: 20%-80% or 60%-40%)	See Note at bottom of page
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.	See Note at bottom of page
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.	See Note at bottom of page
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.	See Note at bottom of page
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.	See Note at bottom of page
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.	See Note at bottom of page

**NOTE:** 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. Each method of taking title has certain significant legal and tax consequences. Therefore, you are encouraged to obtain advice from an attorney or other qualified professional.

## ❖ *Estimating Your Closing Costs*

<b>Appraisal</b>	This is a one-time fee that pays for an appraisal. The appraisal is made by an independent fee appraiser.
<b>Credit Report</b>	A fee that covers the cost of the credit report.
<b>Document Preparation</b>	There may be a separate fee that covers the preparation of the final legal papers.
<b>Loan Discount</b>	A fee used to adjust the yield on the loan to what market conditions demand. It is often called "points."
<b>Loan Origination</b>	The lender's administrative costs in processing the loan. This fee covers the loan.
<b>Title Charges</b>	The Title Company charges fees for a title search, title examination, recording fees, endorsement fees, a settlement or closing fee and notary fees.
<b>Prepaid Interest</b>	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.
<b>Taxes &amp; Insurance</b>	You may be required to reimburse the Seller for property taxes, depending on the month in which you close. You will also 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.

### **Estimated Closing Costs**

Chicago Title has a program that can quickly calculate your closing costs. Have your agent contact their Chicago Title Account Executive.

## ❖ *Moving Checklist*

Whether moving across the street or across the country, the Moving Checklist is a handy reminder of things to do and people to inform regarding your new location.



### Address Change

- Give forwarding address to post office 2 to 3 weeks before moving
- Change charge accounts, credit cards
- 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 home owners' 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, fuel, and garbage companies
- Get refunds on any deposits made
- Return cable boxes

### Don't Forget To:

- Carry enough cash or traveler's checks to cover cost of moving services and expenses until you make banking connections in new city
- 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, broiler pans, landscape / house plans and instruction manuals needed by new owner with real estate agent
- Have new address recorded on driver's license and car registration
- Visit city offices and register to vote

# FREE CONCIERGE SERVICE

SIMPLIFYING YOUR HOME MOVE

Connect **ALL** of Your Home Utilities with **ONE** phone call!

As a client of Chicago Title you have access to 100% FREE concierge services through [ConciergeServicesUSA.com](http://ConciergeServicesUSA.com).

## FREE Services Include:

- Mail forwarding
- Utilities activation
- TV, internet & phone service transfer
- Installation scheduling
- Moving services coordination
- Quotes for local home services
- Discounted or FREE moving services



One phone call to CONCIERGE SERVICES USA and it's all handled for you ... FREE!

Simplify your move. Call

**855-680-6683**

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

[ChicagoTitle@ConciergeServicesUSA.com](mailto:ChicagoTitle@ConciergeServicesUSA.com)



CHICAGO TITLE AGENCY

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

# UTILITIES GUIDE

## MARICOPA COUNTY

### Maricopa County

Tax Assessor	(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 Department	(602) 506-1511

### Utilities

#### POWER:

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

#### CABLE/INTERNET/PHONE:

Cox	(623) 251-6861
Century Link	(800) 366-8201
Direct TV	(888) 777-2454
Dish Network	(800) 823-4929

### 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

### City Offices (cont.)

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) 312-2442
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	(602) 876-1011
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	(623) 932-2300
Mesa	(480) 644-2101
Paradise Valley	(602) 495-5555
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

IMPORTANT  
PHONE NUMBERS  
TO KEEP READILY  
AVAILABLE.



## ❖ *Glossary of Terms*

<b>Appraisal</b>	An opinion of value based upon a factual analysis.
<b>Amendment</b>	An alteration, addition, or correction to an agreement that does not change the principal idea or essence of the original agreement.
<b>Chain of Title</b>	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.
<b>Amortized Loan</b>	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.
<b>Appreciation</b>	An increase in value of real estate. C.C. & R's The Covenants, Codes, and Restrictions of a sub-division or master planned community. These regulations grant the association the right to enforce certain aspects of the community. (Example: Exterior colors or plantings)
<b>Closing</b>	The final settlement of a real estate transaction between the Buyer and Seller.
<b>Condominium</b>	A system of individual fee ownership of units combined with joint ownership of common area of the structure and the land.
<b>Conventional Mortgage</b>	A mortgage securing a loan made by investors without governmental underwriting.
<b>Counter Offer</b>	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.
<b>Deed</b>	Written instrument which, when properly executed and delivered, conveys title.
<b>Deed of Trust</b>	An instrument used in Arizona in place of a mortgage to secure the lenders rights.
<b>Discount Points</b>	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.
<b>Earnest Money Deposit</b>	Down payment made by a purchaser of real estate as evidence of good faith.
<b>Easement</b>	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)
<b>Equity</b>	The market value of real property, less the amount of existing liens.
<b>Escrow</b>	The deposit of instruments and funds with instructions (the Contract) to a third neutral party (Escrow Agent) 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.

<b>FHA Loan</b>	A loan which has been insured by the federal government.
<b>Impound Account</b>	Account held by the lender for payment of taxes, insurance, or other periodic debts against real property.
<b>Legal Description</b>	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.
<b>Lien</b>	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.)
<b>Mortgage</b>	An instrument recognized by law by which property is hypothecated to secure the payment of a debt or obligation; procedure for foreclosure in the event of default is established by statute.
<b>Origination Fee</b>	A fee charged to the borrower by the lending institution.
<b>Personal Property</b>	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.
<b>PITI</b>	A payment that includes Principal, Interest, Taxes, and Insurance.
<b>Power of Attorney</b>	A legal "instrument" whereby a principal gives authority to another to act for them. A specific form must be used in Arizona to create a Power of Attorney.
<b>Promissory Note</b>	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.
<b>Quit Claim Deed</b>	A deed operating as a release.
<b>Recording</b>	The official filing of documents with the County Recorder, making the transfer of property official.
<b>Special Assessment</b>	Legal charge against real estate by a public authority to pay cost of public improvements such as: Street lights, sidewalks, street improvements, etc.
<b>S.P.D.S.</b>	Also referred to as "SPUDS," is the Seller's Property Disclosure Statement. Sellers are required to disclose any problems that they are aware of that affect the property.
<b>Subdivision</b>	A parcel of land that has been divided into smaller parts.
<b>VA Loan</b>	A loan guaranteed by the Veteran's Administration.
<b>Warranty Deed</b>	A deed used to convey fee title to real property.
<b>1031 Exchange</b>	A method enabling property owners to trade an investment property for another investment property (or properties) without paying capital gains taxes on the transaction.

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ARIZONA ASSOCIATION OF REALTORS®



# Buyer Advisory



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## *A Resource for Real Estate Consumers*

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

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**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.*

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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 real estate purchase contract and understand their legal rights and obligations before they submit an offer to buy a property.

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

(AAR Sample Residential Resale Purchase Contract)

## 2 MLS Printout

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

## 3 The Subdivision Disclosure Report (Public Report)

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

<http://services.azre.gov/publicdatabase/SearchDevelopments.aspx>

(ADRE Search Developments)

<http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx>

(ADRE Property Buyer's Checklist)

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

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

<http://www.azre.gov/PublicInfo/PropertyBuyerChecklist.aspx>

(ADRE Property Buyer's Checklist)

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

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

<http://www.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> and <http://bit.ly/2e8jdM3>  
(Chapter 16 and 18 of the Arizona Revised Statutes-Title 33)  
<http://bit.ly/1rCq9kd> (ADRE HOA Information)  
<http://www.re.state.az.us/HOA/HOA.aspx/>  
(Homeowners Association Dispute Process)

## 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)  
<http://bit.ly/2e8jdM3> (A.R.S. § 33-1806)

## 8 Community Facilities District

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

## 9 Title Report or Title Commitment

The title report or commitment contains important information and is provided to the buyer by the

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

[www.alta.org/consumer/questions.cfm](http://www.alta.org/consumer/questions.cfm)  
(American Land Title Association)

<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.

<http://1.usa.gov/1Ewofgr> (Your Home Loan Toolkit - Consumer Financial Protection Bureau)

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

<https://www.mba.org/who-we-are/consumer-tools>  
(Mortgage Bankers Association)

[https://www.namb.org/links\\_to\\_government\\_resources.php](https://www.namb.org/links_to_government_resources.php)  
(National Association of Mortgage Brokers- Consumer Info)

## 11 Home Warranty Policy

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

## 12 Affidavit of Disclosure

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

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

## 13 Lead-Based Paint Disclosure Form

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

<http://www2.epa.gov/lead>, <http://1.usa.gov/1uO5wGS> (EPA)  
<http://bit.ly/1rCg9kd> (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://btr.az.gov/laws-standards/standards/home-inspectors>  
(BTR— Home Inspector Standards)

<http://www.azashi.com/articles> (Additional Information)

## 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/1FKUhk8>

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

Coconino:  
<http://1.usa.gov/1n2zoY0>

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

Graham:  
<http://1.usa.gov/1oUTsLP>

Greenlee:  
<http://bit.ly/1md668Y>

La Paz:  
<http://bit.ly/1BuxdWY>

Maricopa:  
<http://1.usa.gov/1pWx1tF>

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

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

Pima:  
<http://1.usa.gov/1oUVefT>

Pinal:  
<http://1.usa.gov/1rOIQBr>

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

Yavapai:  
<http://bit.ly/1AsANj5>

Yuma:  
<http://bit.ly/1FZ1uir>

## 16 Termites and Other Wood Destroying Insects and Organisms

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

<http://opm.azda.gov> (Office of Pest Management-General Information)

<http://opm.azda.gov/> (Obtain a Termite History Report on a Property)

[www.sb.state.az.us/TermiteInsp.php](http://www.sb.state.az.us/TermiteInsp.php) (What You Should Know About Wood-Destroying Insect Inspection 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.

<http://1.usa.gov/1dMdnq> (I.R.S. FIRPTA Definitions)

[www.irs.gov/Individuals/International-Taxpayers/FIRPTA-Withholding](http://www.irs.gov/Individuals/International-Taxpayers/FIRPTA-Withholding)  
(I.R.S. FIRPTA Information)

<http://www.irsvideos.gov/Individual/education/FIRPTA> (I.R.S. FIRPTA Video)

## Section 2

# COMMON PHYSICAL CONDITIONS IN THE PROPERTY A BUYER SHOULD INVESTIGATE

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

### 1 Repairs, Remodeling and New Construction

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

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

(Before You Hire a Contractor – Tips)

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

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

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

### 2 Square Footage

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

<https://boa.az.gov/directories/appraiser>

(AZFI - Arizona Board of Appraisers Directory)

### 3 Roof

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

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

(Arizona Roofing Contractors Association)

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

(Before You Hire a Contractor – Tips)

### 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.

<http://bit.ly/20ZG8tp> (AAR)

[bit.ly/2dhVPdw](http://bit.ly/2dhVPdw) (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

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

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

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

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

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

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

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

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

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

## 8 Soil Problems

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

Other areas are subject to fissure, subsidence and other soil conditions. Properties built on such soils may experience significant movement causing a major problem.

If it has been disclosed that the property is subject to any such soil conditions or if the buyer has any

concerns about the soil condition or observes evidence of cracking, the buyer should secure an independent assessment of the property and its structural integrity by a licensed, bonded, and insured professional engineer.

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

<http://data.azgs.gov/hazard-viewer/>  
(AZGS – Natural Hazards Viewer)

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

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

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

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

## 9 Previous Fire/Flood

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

## 10 Pests

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

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

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

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

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

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

<http://bit.ly/1HLW5S> (Information on Scorpions)  
<http://bit.ly/1PFP9Y2> (Information on Bed Bugs)  
<http://www2.epa.gov/bedbugs> (Bed Bugs: Get Them Out and Keep Them Out)  
<http://www.maricopa.gov/FAQ.aspx?TID=104> (Maricopa County – Roof Rats)  
<http://www.sb.state.az.us/ReTermites.php> (Termite Information)  
<http://www.sb.state.az.us/BarkBeetles.php> (Bark Beetle Information)

## 11 Endangered & Threatened Species

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

<http://www.fws.gov/southwest/es/arizona/> (Arizona Ecological Services)  
<http://www.fws.gov/endangered/map/state/AZ.html>  
(Arizona Endangered Species)

## 12 Deaths and Felonies on the Properties

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

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

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

## 13 Indoor Environmental Concerns

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

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

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

**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.

<http://1.usa.gov/1it5voK> (Indoor Air Quality)

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

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

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

[bit.ly/2kRk7jm](http://bit.ly/2kRk7jm) (Drywall Information Center)

<https://arra.az.gov/radon/about-radon> (About Radon)

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

[bit.ly/2gUzcSt](http://bit.ly/2gUzcSt) (Voluntary Guidelines for Methamphetamine)

<http://1.usa.gov/1OC9Yji> (EPA Formaldehyde Information)

## 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.

[www.azpls.org/](http://www.azpls.org/) (AZ Professional Land Surveyors)

<https://btr.az.gov/standards-landing> (AZ BTR 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://msc.fema.gov/portal> (Flood Map Service Center)

[bit.ly/2egwpza](http://bit.ly/2egwpza) (Elevation Certificates: Who Needs Them and Why - fact sheet)

[http://www.azgs.az.gov/hazards\\_floods.shtml](http://www.azgs.az.gov/hazards_floods.shtml) (AZ Flood & Debris)

<http://www.fcd.maricopa.gov/3847/Flood-Control-District> (Maricopa County Flood Control District-Services)

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

**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://insurance.az.gov/consumers/help-hometitleflood-insurance> (AZ Department of Insurance)

<http://bit.ly/VDp15E> (Home Seller's Disclosure Report)

## 17 Other Property Conditions

**Plumbing:** Check functionality.

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

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

## Section 3

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

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

### 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)

[www.azdeq.gov/function/programs/wildfire.html](http://www.azdeq.gov/function/programs/wildfire.html) (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 Open Space (NAOS).

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

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

## 2 Electromagnetic Fields

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

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

## 3 Superfund Sites

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

<https://www.azdeq.gov/function/programs/gis.html> (ADEQ)  
[www.epa.gov/superfund/](http://www.epa.gov/superfund/) (EPA), <http://espanol.epa.gov/> (Spanish)

## 4 Freeway Construction and Traffic Conditions

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

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

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

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

## 5 Crime Statistics

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

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

<http://www.tucsonaz.gov/police/statistics> (Tucson Crime Stats)

[www.leagueaz.org/lgd](http://www.leagueaz.org/lgd) (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.

[www.azdps.gov/Services/Sex\\_Offender/](http://www.azdps.gov/Services/Sex_Offender/) (Registered Sex Offenders and Community Notification)

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

## 7 Forested Areas

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

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

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

## 8 Military and Public Airports

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

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

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

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

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

## 9 Zoning/Planning/Neighborhood Services

Information may be found on community websites.

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

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

<http://www.leagueaz.org/lgd/> (Other Cities and Towns)

## 10 Schools

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

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

### ADRE ADVISES:

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

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

## 11 City Profile Report

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

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

## Section 4

# OTHER METHODS OF GETTING INFORMATION ABOUT A PROPERTY

### Talk to the Neighbors

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

### Drive around the Neighborhood

Buyers should always drive around the neighborhood, preferably on different days at several

different times of the day and evening, to investigate the surrounding area.

### Investigate your Surroundings:

Google Earth is an additional method to investigate the surrounding area:

<https://www.google.com/earth/>

## Section 5

# RESOURCES

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### Market Conditions Advisory

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

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

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

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

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

(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 handicap (disability).

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

<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 instruction 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/>

NAR'S Ten Steps to Homeownership

<http://bit.ly/YweGug>

Home Closing 101

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

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

Arizona Department of Real Estate

Consumer Information

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

Arizona Association of REALTORS®

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

## BUYER ACKNOWLEDGMENT

### Buyer acknowledges receipt of all 13 pages of this Advisory.

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

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

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

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



**Buyer  
Advisory**

A RESOURCE FOR  
REAL ESTATE CONSUMERS  
PROVIDED BY THE

 **ARIZONA**  
*association of*  
**REALTORS®**





# BUYER ATTACHMENT

Document updated:  
February 2017



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



## ATTENTION BUYER!

*You are entering into a legally binding agreement.*

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

If important to you, hire a qualified:

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

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

It is your responsibility to make sure that you and your lender follow the timeline requirements in Section 2, and that you and your lender deliver the necessary funds to escrow in sufficient time to allow escrow to close on the agreed upon date. Otherwise, the Seller may cancel the contract and you may be liable for damages.
- 6. **Read the title commitment within five (5) days of receipt (see Section 3c).**
- 7. **Read the CC&R's and all other governing documents within five (5) days of receipt (see Section 3c), especially if the home is in a homeowner's association.**
- 8. **Conduct a thorough pre-closing walkthrough (see Section 6l). If the property is unacceptable, speak up. After the closing may be too late.**

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

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

**Buyer's Check List**

# RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated:  
February 2017



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.  Other: \_\_\_\_\_

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BUYER BUYER

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

- 1g.** 39. **Fixtures and Personal Property:** For purposes of this Contract, fixtures shall mean property attached/affixed to the Premises.
40. Seller agrees that all existing: fixtures on the Premises, personal property specified herein, and means to operate fixtures and
41. property (i.e.- remote controls) shall convey in this sale. Including the following:
- |   |   |   |
|---|---|---|
| 42. • built-in appliances                     | • light fixtures  | • storm windows and doors                               |
| 43. • ceiling fans and remote controls        | • mailbox   | • stoves: gas-log, pellet, wood-burning                 |
| 44. • central vacuum, hose, and attachments   | • media antennas/satellite dishes (affixed)                       | • timers (affixed)                                      |
| 45. • draperies and other window coverings    | • outdoor fountains and lighting                                  | • towel, curtain and drapery rods                       |
| 46. • fireplace equipment (affixed)           | • outdoor landscaping (i.e. – shrubbery, trees and potted plants) | • wall mounted TV brackets and hardware (excluding TVs) |
| 47. • floor coverings (affixed)               | • shutters and awnings  | • water-misting systems                                 |
| 48. • free-standing range/oven                | • speakers (flush-mounted)  | • window and door screens, sun shades                   |
| 49. • garage door openers and remote controls | • storage sheds   |   |
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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- 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 agrees to pay up to \_\_\_\_\_% 101. of the Purchase Price **OR** up to \$ \_\_\_\_\_ to be used only for Buyer's loan costs, impounds, Title/Escrow Company costs, 102. recording fees, and, if applicable, VA loan costs not permitted to be paid by Buyer.
- 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  
134. Buyer to any homeowner's association(s) in which the Premises are located. (ii) If Escrow Company is also acting as the title agency  
135. but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to Buyer and Seller, upon deposit of funds, a  
136. closing protection letter from the title insurer indemnifying Buyer and Seller for any losses due to fraudulent acts or breach of escrow  
137. instructions by Escrow Company. (iii) All documents necessary to close this transaction shall be executed promptly by Seller and  
138. Buyer in the standard form used by Escrow Company. Escrow Company shall modify such documents to the extent necessary to be  
139. consistent with this Contract. (iv) Escrow Company fees, unless otherwise stated herein, shall be allocated equally between Seller and  
140. Buyer. (v) Escrow Company shall send to all parties and Broker(s) copies of all notices and communications directed to Seller, Buyer  
141. and Broker(s). (vi) Escrow Company shall provide Broker(s) access to escrowed materials and information regarding the escrow. (vii)  
142. 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  
145. Escrow Company, Buyer and Seller authorize Escrow Company to release the Earnest Money pursuant to the terms and conditions  
146. of this Contract in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against  
147. any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or  
148. 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  
150. association fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on encumbrances,  
151. 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  
153. 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  
155. within three (3) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Inspection  
156. 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  
158. 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  
159. insurance support organization or consumer reporting agency, or if unavailable from these sources, from Seller, within five (5) days  
160. after Contract acceptance. Buyer shall provide notice of any items disapproved within the Inspection Period or five (5) days after  
161. 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  
163. individual, foreign corporation, foreign partnership, foreign trust, or foreign estate ("Foreign Person"). Seller agrees to complete,  
164. sign, and deliver to Escrow Company a certificate indicating whether Seller is a Foreign Person. FIRPTA requires that a foreign  
165. seller may have federal income taxes up to 15% of the purchase price withheld, unless an exception applies. Seller is responsible  
166. 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  
168. ("LBP") or LBP hazards in the Premises; (ii) provide Buyer with any LBP risk assessments or inspections of the Premises in Seller's  
169. possession; (iii) provide Buyer with the Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards, and any  
170. report, records, pamphlets, and/or other materials referenced therein, including the pamphlet "Protect Your Family from Lead in Your  
171. Home" (collectively "LBP Information"). Buyer shall return a signed copy of the Disclosure of Information on Lead-Based Paint and  
172. 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  
174. 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  
176. or \_\_\_\_\_ days after receipt of the LBP Information conduct or obtain a risk assessment or inspection of the Premises for the  
177. presence of LBP or LBP hazards ("Assessment Period"). Buyer may within five (5) days after receipt of the LBP Information or five  
178. (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  
180. 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 property other than subdivided property are being transferred, Seller shall deliver a completed Affidavit of Disclosure in the form required by law to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items 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, in the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after 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 CONDITION AS OF THE DATE OF CONTRACT ACCEPTANCE.** Seller makes no warranty to Buyer, either express or implied, as to the condition, zoning, or fitness for any particular use or purpose of the Premises. However, Seller shall maintain and repair the Premises so that at the earlier of possession or COE: (i) the Premises, including all personal property included in the sale, will be in substantially the same condition as on the date of Contract acceptance; and (ii) all personal property not included in the sale and debris will be removed from the Premises. Buyer is advised to conduct independent inspections and investigations regarding the Premises within the Inspection Period as specified in Section 6a. Buyer and Seller acknowledge and understand they may, but are not obligated to, engage in negotiations for repairs/improvements to the Premises. Any/all agreed upon repairs/improvements will be addressed pursuant to Section 6j.
- 5b. 200. **Warranties that Survive Closing:** Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects and any information concerning the Premises known to Seller, excluding opinions of value, which materially and adversely affect the consideration to be paid by Buyer. Prior to COE, Seller warrants that payment in full will have been made for all labor, professional services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding COE in connection with the construction, alteration, or repair of any structure on or improvement to the Premises. Seller warrants that the information regarding connection to a sewer system or on-site wastewater treatment facility (conventional septic or alternative) is correct to the best of Seller's knowledge.
- 5c. 207. **Buyer Warranties:** Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of possession of the Premises or COE, Buyer warrants to Seller that Buyer has conducted all desired independent inspections and investigations and accepts the Premises. **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 Inspection Period Buyer, at Buyer's expense, shall: (i) conduct all desired physical, environmental, and other types of inspections and investigations to determine the value and condition of the Premises; (ii) make inquiries and consult government agencies, lenders, insurance agents, architects, and other appropriate persons and entities concerning the suitability of the Premises and the surrounding area; (iii) investigate applicable building, zoning, fire, health, and safety codes to determine any potential hazards, violations or defects in the Premises; and (iv) verify any material multiple listing service ("MLS") information. If the presence of sex offenders in the vicinity or the occurrence of a disease, natural death, suicide, homicide or other crime on or in the vicinity is a material matter to Buyer, it must be investigated by Buyer during the Inspection Period. Buyer shall keep the Premises free and clear of liens, shall indemnify and hold Seller harmless from all liability, claims, demands, damages, and costs, and shall repair all damages arising from the inspections. Buyer shall provide Seller and Broker(s) upon receipt, at no cost, copies of all inspection reports concerning the Premises obtained by Buyer. Buyer is advised to consult the Arizona Department of Real Estate Buyer 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 REAL PROPERTY (LAND) AND IMPROVEMENTS THEREON, IS APPROXIMATE. IF SQUARE FOOTAGE IS A MATERIAL 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 (SUCH AS TERMITES) ARE A MATERIAL MATTER TO BUYER, THESE ISSUES MUST BE INVESTIGATED DURING THE INSPECTION PERIOD.** Buyer shall order and pay for all wood-destroying organism or insect inspections performed during the Inspection Period. If the lender requires an updated Wood-Destroying Organism or Insect Inspection Report prior to COE, it will be performed at Buyer's expense.
- 6d. 233. **Flood Hazard: FLOOD HAZARD DESIGNATIONS OR THE COST OF FLOOD HAZARD INSURANCE SHALL BE DETERMINED BY BUYER DURING THE INSPECTION PERIOD.** If the Premises are situated in an area identified as having any special flood hazards by any governmental entity, **THE LENDER MAY REQUIRE THE PURCHASE OF FLOOD HAZARD 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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