

Pioneer Title Agency

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DON'T MAKE A MOVE WITHOUT A REALTOR®

"Finding a home without a REALTOR® is like finding a needle in a haystack."

As members of the National Association of REALTORS®, a strict Code of Ethics binds Realtors®. Here is why working with a REALTOR® works for you in terms of your interests, convenience, budget and your peace of mind throughout the entire buying process.

- REALTORS® are the source of the most complete and up-to-date information on market availability, including homes listed by another REALTOR®. Working with a REALTOR® saves valuable time.
- REALTORS® assist in determining what a purchaser can afford as well as available financing options.
- REALTORS® assist in finding the home which best meets a purchaser's needs, from size and style to features and location as well as accessibility to desired amenities.
- REALTORS® can provide information to better inform a purchaser which property to buy, from real estate values to taxes, municipal services to utility costs.
- REALTORS® can be objective about a property and point out disadvantages, as they have no emotional ties.
- REALTORS® will negotiate offers and counter offers on your behalf with the Seller until an agreement has been made and will guide you through the loan and escrow process.
- REALTORS® will determine "Fair" market value establishing a fair sales price.

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Why does a REALTOR® charge commission?

Your REAL ESTATE agent is a self-employed business professional. Their job is to represent you in the transaction of REAL ESTATE. Whether you are selling a home or looking to purchase property. A REAL ESTATE agent is hired by you to represent your best interests not just financially, but to help you achieve your realistic expectations. As a licensed REALTOR® a huge amount of responsibility goes along with the job, not only to serve you as a client, but to help protect you and your interests.

Being a REALTOR® is not a nine to five job, there is no wage or salary check from their employer at the end of each pay period and no hourly rate is determined by a labor board. Your REALTOR® is paid only at the successful close of escrow on the property in question.

Being a REALTOR® is just like operating your own business. Your agent faces similar “overheads” found in any business venture with a good portion of their commission satisfying these business-related expenses, which directly help serve you as a client. Depending on the agent and the agency he/she represents, that commission is often split with their REAL ESTATE office to help cover the “cost of doing business.”

Other REALTOR® expenses come in many forms. Advertising your house, or their services via magazines and newspapers is extremely expensive. A single page in a “free” publication (i.e., found at the grocery store), can cost several hundred dollars alone each month.

Transportation, vehicle operating costs and rising gasoline prices are also a very expensive portion of a REALTOR® business. Office space/facilities and equipment are a monthly expense for your REALTOR®. “Cutting edge” technology costs money and computers, printers, hardware, software, web-pages, e-mail, cell phones with airtime and long distance, pagers, renewal hours and continued education classes are just some of the things must be paid by your agent before a commission is ever paid.

When you retain a REAL ESTATE agent, please remember that they are working hard for you and the commission that they earn is typically well deserved.

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Determining Property Value

Arriving at a price for your property is crucial to the sale. While no seller wants to give the property away, neither should it be priced so out of proportion that it will not catch the attention of a buyer. Arriving at a realistic asking price is far easier with the input of a REALTOR® who is familiar with property values, market trends, as well as your competition within the marketplace. They know it because they regularly preview homes for sale as well as those which have sold. Realtors will provide you with enough information in the form of comparable sales (which will compare lists prices of properties to actual selling prices for the properties), as well as information about houses which were listed, but for some reason did not sell (listing expired because of condition or high price) to better assist you to make an informed decision in pricing a home to meet your needs and if need be, to give you their unbiased, objective opinion. Purchasers in the market quickly come to realize values having seen a few properties with different amenities, so consider carefully before making the decision to ask more for the house than you really want or what properties are selling for in the neighborhood. Even though you may think you're giving yourself negotiating room, if the price is not realistic, a prospective Purchaser may never see it simply because it is priced so high. A home priced too high may actually cost you money when it's reduced over and over again in order to entice a Purchaser.

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Steps of the Home Purchase Process

1. Loan Status Report in conjunction with step 2 below,
2. Contract negotiation and acceptance and Sellers Property Disclosure (SPDS).
3. Escrow is opened and Title Report is ordered.
4. Begin loan process.
5. Home inspections period. Contact hazard insurance company to verify property and individual insurability. Repairs accepted.
6. Appraisal is ordered by lender.
7. Loan documents drawn by lender.
8. Loan and escrow documents signed at Pioneer Title and final closing deposit is made.
9. Funding by lender.
10. Recordation of loan and escrow documents with County Recorder.
11. Property transfer to complete.

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What is “ESCROW”

As Webster defines escrow: “A contract or other written agreement deposited with a third person, by whom it is to be delivered to the grantee on fulfillment of some condition . . .”

For a title and/or escrow company, their duty is to act as a neutral third party, holding all documents and monies as required by the purchase contract, until all of the terms and conditions in the contract have been met and the property is in title insurable condition. We then make the transfer from the Seller to the Purchaser. Title companies do not work for the Seller nor for the Purchaser, however, are employed by both of the parties and act only upon mutually agreed written instructions generally in the form of a purchase contract and addenda to the contract with a neutral third party. In Arizona, a title company, or an escrow company, rather than an attorney serves this purpose while a few states still use attorneys.

Arizona does not perform “Table” closings. Title companies prepare the necessary paperwork, including the standard documents like the conveyance deed, Affidavit of Value and Identity Statement to be signed far in advance of the actual closing date specified in the purchase contract leaving last minute requirements such as loan documents and disclosures prepared by the lender to be signed just prior to recordation. When you arrive for signatures on lender and title company documents, it’s usually the week of, or a few days prior to the recordation date referenced as the “close of escrow” date on the purchase contract. In Arizona, “closing” or “close of escrow” is considered to be the recordation of all conveyance and loan documents, as they apply, as specified in the AAR Purchase Contract although some lenders may refer to “closing” as the day loan documents are signed. If you are obtaining a new loan, the signed loan package must be returned to the lender for review and subsequent funding of the loan. That process alone may take several hours or several days depending on the individual lender’s requirements. It is in your best interest to be in close contact with your REALTOR®, your lender and your title company two weeks prior to your schedule close of escrow date to insure a timely close.

Upon the title company’s receipt of all “GOOD FUNDS” *, including but not limited to, Purchaser’s closing funds, loan proceeds and fulfillment of all conditions and contingencies, the documents are released for recording. Many title companies in the State of Arizona, including Pioneer Title, record electronically. Documents are scanned and transmitted to the County Recorder’s Office. Upon notification by the County Recorder that the documents have been recorded, all funds are disbursed, and final closing packages provided to all the parties. All closing funds must be in the form of either a Cashier’s Check, Certified Check drawn on Arizona banking or savings institution, or a wire transfer. Out of state or personal checks will not be considered “GOOD FUNDS” until our bank has been notified that the funds have cleared and are available for use. Depending on the type of check and the location of the bank or institution upon which the funds were drawn, this may be three (3) to ten (10) business days after the funds are deposited into escrow. Please plan ahead so that the necessary funds will be available at closing and the clearing of checks will not be an issue that delays your closing. Should you find that you have additional questions, consult your REALTOR® or Escrow Officer.

(*See the Arizona Good Funds Law included in this booklet for Specific Funds Requirements)

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Title Insurance

What is it? Title insurance provides coverage for certain losses resulting from defects in the title (items either missed or unknown or unavailable to the title company in past searches) which occurred prior to your ownership. A Seller may convey only those rights which were previously conveyed and were conveyed with clear and marketable title. Title insurance protects against prior fraud or forgery here to fore undetected until after closing which might jeopardize your ownership and the investment in your home.

Background on the title industry. Prior to development of the title insurance in the late 1800's, home buyers received a Grantor's Warranty, an Attorney's Title Opinion or an Abstractor's certificate (abstract of title) as assurance of home ownership. Purchasers relied completely on the financial integrity and honesty of the grantor, attorney, or abstractor should a claim arise. Title insurance companies today are regulated by state statute and are subject to banking and/or insurance commission guidelines and are required to post in some instances substantial financial guarantees to ensure that claims, should they be made are paid in a timely manner. Each company must maintain "title plants" which house duplicate records of deeds, mortgages, plats and additional pertinent county real property records.

Why title insurance? Title insurance assures a Purchaser that they are acquiring marketable title from the Seller. The purpose of title insurance is to eliminate risk or possible loss by past defects in title. Title insurance protects the interest of the lender (Lender's Policy) as well as the Purchaser (Owners policy) for as long as they, or their heirs, have an interest in the property.

How often do I pay for title insurance? Title insurance is a one-time premium paid at the close of escrow. It is customary in this marketplace for a Seller to pay for the Owner's Policy. If the Purchaser is obtaining a new loan, it is customary in this marketplace for the Purchaser to pay for the Lender's Policy. The policy has a perpetual term and provides coverage for as long as you are in a position to suffer a loss.

Do all title companies offer the same protection? The ALTA Homeowner's Policy of Title Insurance is required, if available, on line 117 of the current AAR Residential Resale Real Estate Purchase Contract. This policy combines the easy to understand ALTA 1-4 Family, Plain Language Residential Policy with 19 additional coverage items, including coverage for events happening after the effective date of the policy. Deductibles, maximums and conditions may apply. Pioneer Title offers the ALTA Homeowner's Policy. Be sure that you ask if your title company does as well.

Note: If you sell your home in the future, a new title insurance policy will be needed to protect your Purchaser for the time prior to and during your ownership for any defects that may have occurred.

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Reviewing Your Title Commitment

The following is provided to help understand the Title Commitment, also referred to as a Title Report, which you receive from Pioneer Title. Upon receipt, you should review the document with attention to these areas.

SCHEDULE A: This reflects information provided to the Title Department by your Pioneer Title Escrow Officer as a result of the purchase contract and a preliminary search of the public records regarding the Seller. Information provided by the Buyer and/or Realtor, such as the legal description of the property, sale price, loan amount, lender, name and marital status of Buyer and Seller is reflected.

Be certain the information reflected in Schedule A is correct as this will be reflected in all of your documents, including any lender documents.

SCHEDULE B: “Exceptions” are items which run with the land to include Covenants, Conditions and Restrictions (CC&Rs), easements, homeowners association requirements, mineral rights as reserved in patents, leasehold interests and other items which will remain of record following transfer of the property. They are called “exceptions” because the Buyer will receive clear title “except” the Buyer’s rights to use of the property will be subject to the CC&Rs, easements for utilities of record and perhaps others as described in the “Exceptions”. A Buyer should carefully read the Schedule B documents which further define a Buyers use of the property.

REQUIREMENTS: These are items that Pioneer Title needs to eliminate or “clear” from the title in order to provide a clear, unencumbered title to the Buyer. Items that must be cleared include:

- Payment of property taxes
- Assessments owed of record
- Any encumbrances (or liens) on the property

Often encumbrance items show up because another individual has a name similar to one of the parties in the escrow. Pioneer Title may ask for an Identify Statement in order to determine if items that show up are not related to our parties and can be deleted. Recorder’s Requirements: The County Recorder’s office that specifies the required size, margins and print size on documents to be recorded.

If you have any questions, remember an answer from your Pioneer Title Escrow Officer is just a phone call away.

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Commitment for Title

(Also called a PRELIMINARY TITLE REPORT, "PRE" OR "PRE-LIM")

The name PRELIMINARY REPORT ("Pre" or "Pre-lim") has its origin because it is issued prior to the close of escrow and the issuance of the policy of title insurance. A preliminary report sets out the conditions of title based upon an examination of the public records for a particular parcel of land, as of the date searched. Even though a buyer may be unaware of the importance of obtaining a title insurance policy, it is a requirement of the lender. Prior to a lender "funding" a loan, they require a preliminary report showing the condition of title. The lender will review the report and give his/her approval of the exceptions (items against the property) which will appear on the final title policy. The lender needs to protect "their interest" by making sure their position is not threatened by other liens or judgements. Once the real estate agent has a signed contract, it is time to "open escrow", which will generate a "Preliminary Title Report". Now the order is "open" and matters of record relative to the title on the subject property are assembled in the title search and examined by skilled Pioneer Title technicians. The preliminary report is then typed and sent to the real estate agents with a copy for the clients and a copy is sent directly to the Purchaser's lender.

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Definition of C.L.U.E.

CLUE, an acronym for “Comprehensive Loss Underwriting Exchange” is another hot button in the real estate industry. CLUE is a database of homeowner’s insurance policy claims information. In existence for some years now, insurance companies use the database to determine both the issuance as well as the continuance of homeowner’s insurance policies.

A CLUE Report consists of two parts; the insured’s claim history and the other property’s claim history. How many claims an insured has made as well as what type of claims can affect their insurability. In other words, there is no standard for making the insurability determination within the industry. Nonetheless, a CLUE Report may affect not only a property which interests the purchaser, but the purchaser as well depending upon the number of claims the purchaser has made together with the types of claims the purchaser has made.

Home purchasers have no access to the CLUE database information through their own insurance carrier because they don’t yet own the property, nor for that matter is their insurance agent able to supply them any information on the property. A purchaser is permitted to see only that part of the report that pertains to his or her own individual claims history. The property seller alone may provide a copy of the report to a prospective purchaser and the seller may obtain a copy of the CLUE Report from www.choicetrust.com for a nominal fee.

As a consequence of the impact that CLUE may have not only on the insurability of a property, but individual purchasers as well, Realtors and their clients should consider three things:

1. Make disclosure of the CLUE Report one of the contingencies of the contract
2. Submit your insurance application early
3. Should your current carrier determine a property uninsurable, consider a company that makes its determination solely on the purchaser’s claim history, not that of the property as well.

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The APPRAISAL Process

When a Purchaser is securing a loan in order to buy a home, the new lender will require an independent, licensed appraisal to determine fair market value of the Seller's property. The appraiser researches similar properties that have sold in the past 180 days and are similar in size, age, construction as well as amenities.

An appraiser sets an appointment to see the property and takes about 30 minutes to an hour of your time in viewing the property for appraisal. He or she measures your home, draws a representative floor plan, photographs the residence inside and out and notes property condition, specific improvements/remodeling projects completed since your purchase with an approximate dollar amount for each. Remember that remodeling projects rarely bring a full return on investment, however the list will ensure the appraiser is aware of improvements made on the property.

Appraisers provide a typed report to the Purchaser's lender within a few days. You are notified should the lender require repairs prior to making a loan on the home. If specified in the contract, repairs must be made and the appraiser will return to review required repairs and a re-inspection fee would likely be charged.

Note: If the Purchaser applies for an FHA or VA loan, the property must meet certain requirements. Chipped/peeling paint on any structure on your property must be scraped and repainted. Missing/damage shingles, missing slats or blocks in your fence will have to be replaced as well. Additional repairs and/or improvements may have to be made prior to close of escrow as well. Your Realtor can advise you on the most current FHA/VA requirements.

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A HOME WARRANTY

A home warranty is an insurance policy that covers a variety of mechanical, electrical, and plumbing items, as well as some appliances inside the home. Optional coverage is available for additional cost for additional systems such as air conditioners, refrigerators, pools and spas.

Seller may purchase a home warranty plan prior to selling in order to protect against repairs needed during the listing period. The Purchaser may have the option to assume the policy at the close of escrow, or the Seller may offer to purchase a home warranty policy for the Purchaser. Offering a home warranty plan can provide these benefits:

- Increase the marketability of your home by reassuring the potential Purchaser

- Help sell the home faster

- Prevent potential disputes after the sale for repair and/or replacement of covered items

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to Pioneer Title and it becomes part of the Seller's closing costs.

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Wood Destroying Organism Report

This report is prepared by a state certified inspector as evidence of the existence or absence of wood destroying organisms or pests which were visible and accessible on the date the inspection was made. In almost every instance when our office receives a request for an inspection the caller refers to it as a "termite inspection." This indicates that almost everyone believes that the inspections are limited to inspecting for signs of termite activity. This conception is only partially correct. In addition to looking for subterranean termites, the inspector is looking for signs of activity from other wood destroying organisms such as:

- dry wood termites
- carpenter ants
- carpenter bees
- wood destroying fungus

In preparing your house for this inspection the homeowner can do certain things that will save money and insure a clean report at the time of the initial inspection. Check your house for conditions conducive to infestation as these conditions are easy to spot and in most instances are simple to correct.

Walk around the exterior of your house and check for these conditions:

1. Wood to Earth Contact

- If you have a wood fence around your yard, does any portion of the wood fence or wood gate come in contact with the house and the soils abutting the house?

If this condition exists, you can correct it by either:

- digging the soil away from the wood that is in contact with the house;
 - cutting the wood so that you have relieved the contact with the soil;
 - placing a piece of sheet metal between the structure and the wood in contact with the soil;
 - trenching around the base of the board to relieve all contact with the soil and filling the trench with concrete.
- Concrete form boards on trellises in the soil and in contact with the house:
 - correct this condition by removing the trellises and the form boards.
 - Patio posts in the soil:
 - correct this condition by trenching the soil around the base of each post to relieve all soil contact and fill the trench with concrete.
 - Wood patio built directly onto the soil:
 - correct this condition by making certain that no part of the patio construction is in direct contact with the house.

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Wood Destroying Organism Report (continued)

- Railroad ties or other wood used to form a planter is touching the house:
 - correct this condition by cutting the wood to relieve contact with the house or place a piece of sheet metal between the wood and the house.

2. Excessive Cellulose Debris

- a. Overgrown dried grass or dried landscape cuttings along the stem wall can attract termites.
 - you can correct this condition by cutting all of the dried grass away from the stem wall of the house and raking the landscape cuttings away from the stem wall.

3. Faulty Grades

- a. While inspecting the exterior of your house make certain that all drainage off the roof is able to flow away from the structure. Check all soil elevation around the structure to be sure that water can flow away from the stem wall. If you find conditions that allow water to accumulate and stand along the stem wall you must correct it.
 - you can correct this condition by grading the soil to allow the water to flow away from the house or filling in soil to a grade that allows for the flow of water away from the stem wall. If you must fill in soil be sure that you do not raise the soil level above the stem wall.

4. Excessive Moisture

- While inspecting your house (interior and exterior) check for water leaks from:
 - showers
 - through your roof
 - outside faucets
- Leaking drainage outlets from your cooling systems often leak directly on to the soil abutting the house keeping the soil constantly wet.
 - You can correct this condition by extending the draining outlet by adding plastic piping allowing it to drain away from the house.
- Correct these conditions by stopping the leaks that provide the termites with a moisture source.

Most of these conditions are easy to spot and inexpensive to correct. Be a smart seller and address these conditions before your house is in escrow. If you aren't certain about the condition of your property seek the assistance of a State Certified pest inspector to assist you.

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ARIZONA'S "Good Funds" LAW

Arizona law requires that escrow agents not disburse money from an escrow account until funds related to the transaction have been deposited and are available.

PIONEER TITLE'S GUIDELINES CONCERNING THE AVAILABILITY OF FUNDS

All availability dates are based on funds deposited in our bank. The following information outlines the availability of most common types of deposited.

Type of Deposit	Same Day*	Next Day * (1 st Business Day)	2 nd Day*	5 th Day*
Bank Wire, Electronic Payment or Transfer	X			
Cashier's, Certified and Teller's Checks		X		
Official Checks, Drawn on Local ** FDIC Institution		X		
Official Checks, Drawn on <i>Non-Local and/or Non-FDIC</i>				X
US Treasury Checks, US Postal Money Orders		X		
All other Money Orders (Non-US Postal)				X
Federal Reserve, Federal Credit Union & Federal Home Loan Bank Checks		X		
Local ** State, County, Municipal Gov't Checks (Must be In-State and Local**)		X		
Non-Local, State, County, Municipal Gov't Checks (5 th Day)				X
Local ** Checks including: Personal, Corporate, Credit Union, Money Market & Traveler's Checks			X	
Non-Local Checks including: Personal, Corporate, Credit Union, Money Market & Traveler's Checks				X
On-US Checks ***		X		
Third Party Checks: It is our company policy not to accept third party checks. Exceptions must be approved by Escrow Administration				
Drafts: No disbursement until funds received				

- * **Business Day:** Funds are potentially available on the *Business Day indicated above. A business day is defined as a calendar day other than Saturday and Sunday and excluding most major holidays. If January 1st, July 4th, November 11th or December 25th fall on a Sunday, the next Monday is excluded from the definition of a business day. Note that individual banks may require additional "hold" periods longer than shown above.
- ** **Local:** A Check is considered "local" when it is drawn against a bank located in the same processing region as the depository bank. The check-processing region for the State of Arizona is the Los Angeles Region. Any check with a four-digit ABA Number beginning with "12" or "32" is "local".
- *** **On-US Checks:** Next day availability is dependent on the check being drawn against the same bank or branch as the depository bank and in the same check-processing region, meaning the ABA numbers must begin with "12" or "32".

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Preparing Your Home for the Market

Your home's first impression on a prospective Purchaser is its most important one. The first thing you should do is clean, clean and then clean some more. Freshly painted walls and doors will make an impact as well. Ask your Realtor for specific advice, as they know what your competition is in the marketplace. Here is a list of "must dos" for every Seller:

- Mow the lawn, keep it neatly edged; trim shrubs so Purchasers can see your home
- Paint the front door and polish or replace the hardware and front door mat
- Replace any torn screens or broken windows
- Make sure the doorbell is working with a pleasant chime and can be heard from the front door
- All outside lighting should be working; clean light surfaces to get the brightest light possible (no dirt or cobwebs!)
- Repair exterior wall cracks and or discoloration; paint the house if needed, it's money well spent
- Clean the driveway and garage of any stains; remove all boxes in the garage to a storage unit
- Make sure the garage door is working smoothly
- Shampoo carpeting or replace if worn or discolored; a neutral color on the floor sells far faster than a color or mixed colors
- Clean the floors, particularly the caulking on tile floors
- If doors or windows squeak or stick, fix them
- Tighten all cabinet doors and repair/replace any loose cabinet or doorknobs
- Paint interior of home a light neutral or white color as it makes the home appear larger as well as clean
- Make the windows sparkle and clean the window coverings
- Repair all leaky faucets and freshly caulk bathtubs and showers
- Be sure all toilet seats are or look new and are firmly attached
- Purchase new shower curtains
- Repair ceiling or ventilating fans that are noisy
- Make sure all kitchen appliances are spotless and working properly
- Pack away and remove all clutter (photos, nick-knacks and collectibles) in the house; the Purchaser needs to see your house, not your things
- Organize and clean out both your closets and your pantry
- No extension cords in view
- Keep washer and dryer as well as laundry and laundry room clean and empty
- Replace all air filters
- Pool and/or spa as well as equipment and mechanics should be kept clean and working properly
- Inspect fences, gates and their latches; paint if necessary, replace if needed Ask your Realtor about staging your home prior to showing or placing your home on the market; their assistance can make rooms appear larger. Consider storing some furniture.

Staging Your Home For Showing

This is extremely important, and you should consult your Realtor for guidance as he/she will be most familiar with the competition on the market. In order to make the best impression on a prospective Purchaser, keep your home clean, neat and clutter-free as well as in good repair at all times.

- Even a slightly messy or dirty home will cause a prospective Purchaser to look for every flaw
- Clear all clutter from kitchen and bath counter tops
- Raise the window shades, open the blinds, open the draperies and turn on the lights
- Eliminate all tobacco odors by cleaning draperies and carpets as well as pet odors and cooking odors but be wary of air fresheners and potpourri, better no odors at all
- Always leave the house and take pets with you during a showing and be sure to clean up litter boxes before you leave
- Reduce street noise by closing the windows (not the draperies)
- Empty and clean trash and water paper containers prior to leaving and place them out of sight
- Keep the garage door closed and the driveway empty, if you own a boat or RV this would be a good opportunity to store it off site, showcase the house, not your vehicles
- Wipe water and stains from kitchen and bath sinks, the tub and or shower and polish metal to a shine
- Be sure the beds are made
- All closets need to be clean and organized. Including the pantry
- Toss out newspapers
- Ask your Realtor about furniture and additional staging suggestions to make your home appear larger to prospective purchasers such as removing to storage any superfluous items of furniture

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Moving Time Check List

Former Home

Change of Address Notices

- Forwarding address at Post Office
- All creditors, including credit cards
- Newspapers and periodicals
- All bank accounts/arrange for wire transfer to new bank

Utilities to Cancel

- Telephone (ask about deposit refund)
- Gas and or Electric (ask about refund)
- Water Services
- Trash pick up
- Cable/Satellite

Move Day Items

- Empty Refrigerator
- Pet transportation for move
- Cash/checkbook for travel
- Plan to hand carry valuables
- Arrange automobile transfer if needed
- Leave keys with Realtor
- Leave garage door openers with Realtor
- Pack vacuum cleaner, cleaning supplies, toiletries

Medical Services

- Arrange for transfer of medical records
- Arrange transfer of dental records
- Veterinary records for pets

Children

- Arrange for copies of school transcripts
- Games or sitter to keep children occupied on move day

New Home

Change of Address Notices

- Carrier to hold mail for arrival

Utilities to Turn On

- Telephone (new number)
- Gas and/or Electricity
- Water Services
- Trash pick up
- Cable/Satellite

Municipal/State Licenses and/or Services

- Driver's License (notify of move or apply for new)
- Auto registration (or move notification)
- Voters registration (or move notification)

Children

- School registrations

Medical Services

- If local, physician referral from current provider
- Dentist for new location
- Veterinary service provider for new location

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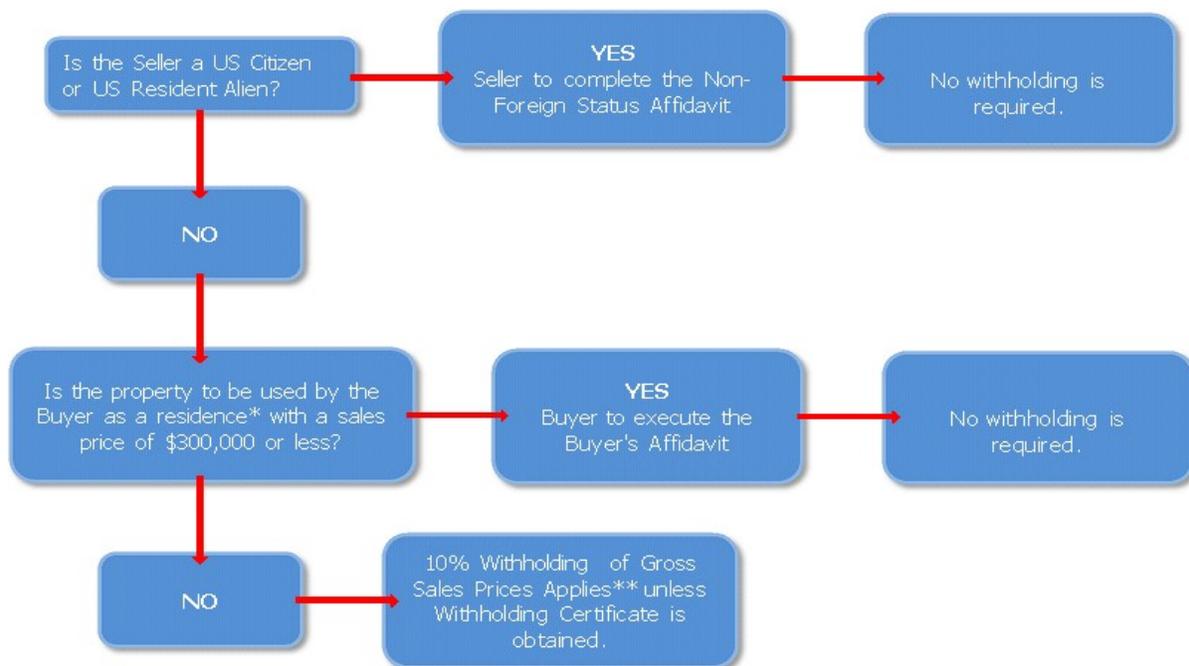
FIRPTA

Foreign Investment in Real Property Tax Act

Per IRS guidelines, Foreign Sellers are subject to a withholding tax of 15% of the Gross Sales Price. However, FIRPTA does provide certain exemptions from payment of the tax. Below is a list of the most common exemptions:

- The Seller is not a foreign person. – The Seller is a US Citizen or a US Resident Alien. A Non-Foreign Status Affidavit must be completed and executed by the Seller.
- Residence purchased for \$300,000 or less – The property is being acquired for use as the Buyer's residence (as defined by the IRS*) and the sales price is \$300,000 or less. This exemption only applies if the Buyer is an individual.
- Withholding Certificate – The Seller received a Withholding Certificate from the IRS waiving or reducing the withholding.

Important Notice: A Social Security Number (SSN) or Taxpayer Identification Number (TIN) is required on **ALL** transactions. A Foreign Seller can apply for a SSN/TIN by completing IRS Form W-7 and providing all supporting documentation to the IRS. This form as well as additional FIRPTA forms and information are available on the IRS website at www.irs.gov.



* Residence means that the Buyer or a member of his/her family "has definite plans to reside in the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the date of transfer."

** It is advised that the Seller contact their attorney or accountant regarding the withholding requirements and possible exemptions.

Pioneer Title Agency
COMMITMENT TO SERVICE

Pioneer Title Agency

COMMITMENT TO SERVICE

Where is it on the Contract?

SUBJECT	PARAGRAPH	LINE	SUBJECT	PARAGRAPH	LINE
Acceptance - Terms	8 O	435-439	Inspection Period	6 A	213-224
Additional Addendums	1 F	36-38	Inspection Period Notice	6 I	260-263
Additional Compensation		Addendum	Insurance	6 E	237-240
Additional Instructions – Escrow	3 D	133-142	Insurance Claims History	4 B	157-161
Additional Terms & Conditions	8 A	344-389	Interest Rate/Necessary Funds	2 D	83-86
Address – Premises	1 B	5-9	I.R.S. & FIRPTA	6 N	305-309
Agency Confirmation – Buyer	8 R	449-450	Lead-Based Paint	4 D	167-182
Agency Confirmation – Seller	9 B	463-464	Loan Application	2 F	90-92
Alternative Dispute Resolution	7 C	325-333	Loan Contingency	2 B	70-75
Alternative Dispute – Exclusions	7 D	334-340	Loan Contingency – Unfulfilled	2 C	76-82
Affidavit of Disclosure	4 E	183-186	Loan Costs	2 I	99
Appraisal Contingency	2 L	107-110	Loan Processing During Escrow	2 G	93-96
Appraisal Cost(s)	2 M	111-114	Loan Status Update – Addendum	2 E	87-89
Assessment Liens	3 H	152-153	Occupancy		Pre-Qual Addendum
Attorney Fees – Dispute	7 E	341-343	Possession	1 E	32-35
Breach	7 B	315-324	Pre-Qualification – Addendum	2 A	69
Broker – Buyer	8 Q	443-448	Prorations – Assessment	3 G	149-151
Broker – Seller	9 A	457-462	Prorations – Tax	3 E	143
Buyer Acknowledgement	6 H	252-259	Purchase Price/Earnest Money	1 C	10-20
Buyer Disapproval	6 J	264-289	Release of Earnest Money	3 F	144-148
Buyer's Inspection Notice & Seller's Response		Addendum	Risk of Loss	8 B	390-393
Cancellation	8 L	421-423	Seller Concessions	2 J	100-102
Changes – Buyer	2 K	103-106	Seller Responsibility – Inspections	6 M	302-304
Changes – Seller	4 F	187-190	Sewer	6 F	219-224
Closing of Escrow	1 D	21-31	S.P.D.S.	4 A	154-156
Compensation	8 F	398-403	Square Footage	6 B	225-227
Condition of Premises	5 A	191-199	Subsequent Offers	8 K	419-420
Cure Period	7 A	310-314	Swimming Pool Barrier Regs	6 G	247-251
Domestic Water Well		Addendum	Title and Vesting	3 B	120-122
Escrow	3 A	115-119	Title Commitment, Insurance, etc.	3 C	123-132
Fixtures & Personal Property	1 G	39-68	Type of Financing	2 H	97-98
Flood Hazard/Insurance	6 D	233-236	Walkthrough	6 L	298-301
Foreign Sellers	4 C	162-166	Warranties – After Closing	5 B	200-206
H.O.A		Addendum	Warranties – Buyer	5 C	207-212
Home Warranty	6 K	290-297	Wood Destroying Organisms	6 C	228-232



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



ATTENTION BUYER!

You are entering into a legally binding agreement.

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

If important to you, hire a qualified:

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

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

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

You can obtain information through the Buyer's Advisory at www.aaronline.com/manage-risk/buyer-advisory-3/.

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

WARNING: *WIRE TRANSFER FRAUD*

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

RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated:
February 2020



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



1. PROPERTY

- 1a.** 1. **BUYER:** _____
BUYER'S NAME(S)
2. **SELLER:** _____ or as identified in section 9c.
SELLER'S NAME(S)
3. Buyer agrees to buy and Seller agrees to sell the real property with all improvements, fixtures, and appurtenances thereon
4. or incidental thereto, plus the personal property described herein (collectively the "Premises").
- 1b.** 5. Premises Address: _____ Assessor's #: _____
6. City: _____ County: _____ AZ, Zip Code: _____
7. Legal Description: _____
8. _____
9. _____
- 1c.** 10. \$ _____ Full Purchase Price, paid as outlined below
11. \$ _____ Earnest Money _____
12. \$ _____
13. \$ _____
14. _____
15. _____
16. _____
17. Earnest Money is in the form of: Personal Check Wire Transfer Other _____
18. Upon acceptance of this offer, the Earnest Money, if any, will be deposited with: Escrow Company Broker's Trust Account.
19. **IF THIS IS AN ALL CASH SALE:** A Letter of Credit or a source of funds from a financial institution documenting the availability of
20. funds to close escrow *is* attached hereto.
- 1d.** 21. **Close of Escrow:** Close of Escrow ("COE") shall occur when the deed is recorded at the appropriate county recorder's office.
22. Buyer and Seller shall comply with all terms and conditions of this Contract, execute and deliver to Escrow Company all closing
23. documents, and perform all other acts necessary in sufficient time to allow COE to occur on
24. _____, 20____ ("COE Date"). If Escrow Company or recorder's office is closed on the COE Date,
MONTH DAY YEAR
25. COE shall occur on the next day that both are open for business.
26. Buyer shall deliver to Escrow Company a cashier's check, wired funds or other immediately available funds to pay any down
27. payment, additional deposits or Buyer's closing costs, and instruct the lender, if applicable, to deliver immediately available funds to
28. Escrow Company, in a sufficient amount and in sufficient time to allow COE to occur on the COE Date.
29. Buyer acknowledges that failure to pay the required closing funds by the scheduled COE, if not cured after a cure notice is delivered
30. pursuant to Section 7a, shall be construed as a material breach of this Contract and the Earnest Money shall be subject to forfeiture.
31. All funds are to be in U.S. currency.
- 1e.** 32. **Possession:** Seller shall deliver possession, occupancy, existing keys and/or means to operate all locks, mailbox, security
33. system/alarms, and all common area facilities to Buyer at COE or _____.
34. Broker(s) recommend that the parties seek independent counsel from insurance, legal, tax, and accounting professionals regarding
35. the risks of pre-possession or post-possession of the Premises.
- 1f.** 36. **Addenda Incorporated:** Additional Clause Buyer Contingency Domestic Water Well H.O.A.
37. Lead-Based Paint Disclosure Loan Assumption On-site Wastewater Treatment Facility Seller Financing Short Sale
38. Solar Lease / Solar Loan Assumption Addendum Other: _____

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SELLER SELLER

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

2. FINANCING

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

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BUYER	BUYER

Residential Resale Real Estate Purchase Contract >>

- 2f. 90. **Loan Application:** Unless previously completed, within three (3) days after Contract acceptance Buyer shall (i) provide lender 91. with Buyer's name, income, social security number, Premises address, estimate of value of the Premises, and mortgage loan 92. amount sought; and (ii) grant lender permission to access Buyer's Trimerged Residential Credit Report.
- 2g. 93. **Loan Processing During Escrow:** Within ten (10) days after receipt of the **Loan Estimate** Buyer shall (i) provide lender with 94. notice of intent to proceed with the loan transaction in a manner satisfactory to lender; and (ii) provide to lender all requested 95. signed disclosures and the documentation listed in the LSU at lines 32-35. Buyer agrees to diligently work to obtain the loan and 96. will promptly provide the lender with all additional documentation requested.
- 2h. 97. **Type of Financing:** Conventional FHA VA USDA Assumption Seller Carryback _____ 98. (If financing is to be other than new financing, see attached addendum.)
- 2i. 99. **Loan Costs:** All costs of obtaining the loan shall be paid by Buyer, unless otherwise provided for herein.
- 2j. 100. **Seller Concessions (if any):** In addition to the other costs Seller has agreed to pay herein, Seller will credit Buyer _____% 101. of the Purchase Price OR \$_____ (Seller Concessions). The Seller Concessions may be used for any Buyer fee, cost, 102. charge, or expenditure to the extent allowed by Buyer's lender.
- 2k. 103. **Changes:** Buyer shall immediately notify Seller of any changes in the loan program, financing terms, or lender described in the 104. Pre-Qualification Form attached hereto or LSU provided within ten (10) days after Contract acceptance and shall only make any 105. such changes without the prior written consent of Seller if such changes do not adversely affect Buyer's ability to obtain loan 106. approval without PTD conditions, increase Seller's closing costs, or delay COE.
- 2l. 107. **Appraisal Contingency:** Buyer's obligation to complete this sale is contingent upon an appraisal of the Premises acceptable to 108. lender for at least the purchase price. If the Premises fail to appraise for the purchase price in any appraisal required by lender, 109. Buyer has five (5) days after notice of the appraised value to cancel this Contract and receive a return of the Earnest Money or 110. the appraisal contingency shall be waived, unless otherwise prohibited by federal law.
- 2m. 111. **Appraisal Cost(s):** Initial appraisal fee shall be paid by Buyer Seller Other _____ 112. at the time payment is required by lender and is non-refundable. If Seller is paying the initial appraisal fee, the fee will will not 113. be applied against Seller's Concessions at COE, if applicable. If Buyer's lender requires an updated appraisal prior to COE, it will be 114. performed at Buyer's expense. Any appraiser/lender required inspection cost(s) shall be paid for by Buyer.

3. TITLE AND ESCROW

3a. 115. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the 116. terms of this Contract shall be:

117. _____
 ESCROW/TITLE COMPANY

118. _____ CITY _____ STATE _____ ZIP _____
 ADDRESS

119. _____ PHONE _____ FAX _____
 EMAIL

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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BUYER	BUYER

Residential Resale Real Estate Purchase Contract >>

- 3d. 133. **Additional Instructions:** (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and address of
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
184. property other than subdivided property are being transferred, Seller shall deliver a completed Affidavit of Disclosure in the form
185. required by law to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items
186. disapproved within the Inspection Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
- 4f. 187. **Changes During Escrow:** Seller shall immediately notify Buyer of any changes in the Premises or disclosures made herein,
188. in the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by this
189. Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after
190. delivery of such notice to provide notice of disapproval to Seller.

5. WARRANTIES

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

6. DUE DILIGENCE

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

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SELLER	SELLER

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BUYER	BUYER

Residential Resale Real Estate Purchase Contract >>

- 6k. 290. **Home Warranty Plan:** Buyer and Seller are advised to investigate the various home warranty plans available for purchase. The
 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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SELLER	SELLER

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BUYER	BUYER

8. ADDITIONAL TERMS AND CONDITIONS

- 8a. 344. _____
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BUYER	BUYER

ADDENDUM

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Document updated:
June 1993



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. This is an addendum originated by the: Seller Buyer Landlord Tenant.
2. This is an addendum to the Contract dated _____ between the following Parties:

M O / D A / Y R

3. **Seller/Landlord:**-----
4. **Buyer/Tenant:**-----
5. **Premises:**-----

6. The following additional terms and conditions are hereby included as a part of the Contract between Seller and Buyer for the above referenced Premises:

7. _____
8. _____
9. _____
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38. _____
39. _____
40. _____
41. _____



42. The undersigned agrees to the additional terms and conditions and acknowledges receipt of a copy hereof.

43. _____
44. Seller Buyer _____ M O / D A / Y R Seller Buyer _____ M O / D A / Y R
45. Landlord Tenant _____ Landlord Tenant _____
46. _____
47. Seller Buyer _____ M O / L J A / Y H Seller Buyer _____ M O / L J A / Y H
48. Landlord Tenant _____ Landlord Tenant _____

49. **For Broker Use Only:**
Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____
M O / D A / Y R

COUNTER OFFER

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. This is a Counter Offer originated by: Seller Buyer Landlord Tenant.
2. This is a Counter Offer to Offer Counter Offer dated _____ between the following Parties:
MO/DA/YR
3. Seller/Landlord: _____
4. Buyer/Tenant: _____
5. Premises Address: _____
6. Acceptance of the above Offer and/or Counter Offer is contingent upon agreement to the following:
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____
13. _____
14. _____
15. _____
16. **Time for acceptance:** Unless acceptance of this Counter Offer is signed by all parties and a signed copy delivered pursuant to Section 8m of the Contract and received by the originating party's Broker named in the Contract Section 8q or 9a as applicable
17. by _____ at _____ a.m. p.m., Mountain Standard Time, this Counter Offer shall be considered withdrawn.
18. Except as otherwise provided in this Counter Offer, the Parties accept and agree to all terms and conditions of the above offer / counter offer. Until this Counter Offer has been accepted in the manner described above, the Parties understand that the Premises can be sold or leased to someone else or either Party may withdraw the offer to buy, sell, or lease the Premises. The undersigned acknowledges receipt of a copy hereof.

23. _____ Date: _____ Time: _____
24. Seller Buyer Landlord Tenant

24. _____ Date: _____ Time: _____
25. Seller Buyer Landlord Tenant

26. RESPONSE

27. An additional Counter Offer is attached, and is incorporated by reference. If there is a conflict between this Counter Offer and the additional counter offer, the provisions of the additional counter offer shall be controlling.

29. _____ Date: _____ Time: _____
30. Seller Buyer Landlord Tenant

31. _____ Date: _____ Time: _____
32. Seller Buyer Landlord Tenant

33. ACCEPTANCE

34. The undersigned agrees to the terms and conditions of this Counter Offer and acknowledges receipt of a copy hereof.

35. _____ Date: _____ Time: _____
36. Seller Buyer Landlord Tenant

37. _____ Date: _____ Time: _____
38. Seller Buyer Landlord Tenant

For Broker Use Only:

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

Short Sale

Seller Advisory



ARIZONA
association of
REALTORS®

REAL SOLUTIONS. REALTOR® SUCCESS.



EQUAL HOUSING
OPPORTUNITY



REALTOR®

The Short Sale Seller Advisory is a Resource Provided by the Arizona Association of REALTORS®

A short sale is a real estate transaction in which the sales price is insufficient to pay the loan(s) encumbering the property in addition to the costs of sale and the seller is unable to pay the difference. A short sale involves numerous issues as well as legal and financial risks. This Advisory is designed to address some of these issues and risks, but does not purport to be comprehensive.

BEFORE PROCEEDING WITH A SHORT SALE

1. UNDERSTAND A LENDER'S OPTIONS UPON LOAN

DEFAULT

There are many types of loans that are secured by real property. These may be purchase loans, refinanced loans, home-equity loans, or one of the various other types of loans. The type of loan and type of property will determine what remedies a lender may have if the homeowner fails to make the agreed upon payments. The available remedies, the homeowner's overall current or potential future financial strength, the lender's cost in acquiring the loan and any shared-loss or similar agreement if the loan was acquired by purchase or merger, are some of the many factors that the lender may consider in deciding how to proceed when a loan is in default. For an overview of these issues, go to

<https://www.aaronline.com/2009/09/loan-defaults-deficiencies/>

<http://1.usa.gov/1RczXBN>

2. BE AWARE OF PREDATORY "RESCUE" SCAMS & SHORT SALE FRAUD

Homeowners worried about foreclosure may be susceptible to predatory "rescue" scams which may cost you money with no results, result in the loss of your home entirely, or involve you in a fraudulent scheme. For more information, go to:

<http://bit.ly/1Ogg1lb> or <http://bit.ly/21MB8vF>

Red Flags" of fraudulent schemes include:

- Guarantees to stop the foreclosure
- Large upfront fees
- Instructions not to contact the lender
- Transfer of title or lease of the property
- The proposed buyer is an LLC
- Requests that the homeowner execute a power of attorney
- The proposed buyer, at the buyer's sole expense, retains a third party to negotiate the short sale for the seller's benefit.

3. REPORT SUSPECTED SCAMS

- Financial Fraud Enforcement Task Force
www.stopfraud.gov/
- HUD, in partnership with the Loan Modification Scam Prevention Network www.preventloanscams.org/
- Arizona Department of Financial Institutions at <http://azdfi.gov/> or email consumeraffairs@azdfi.gov
- Arizona Attorney General's Office
<http://bit.ly/1XWEKf2>

BEFORE PROCEEDING WITH A SHORT SALE (CONTINUED)

4. CONTACT A FREE HUD-APPROVED HOUSING COUNSELOR OR CONTACT YOUR LENDER DIRECTLY

Contact a HUD-approved housing counseling agency online or call (800) 569-4287 or TDD (800) 877-8339 for advice on your options. For additional HUD resources, go to:

<http://1.usa.gov/1rG3J4N>, <http://1.usa.gov/1RGTrxD> or
<http://1.usa.gov/YDHdxS>

- Contact the Neighborhood Assistance Corporation of America at <https://www.naca.com/home-save/>
- Contact the lender directly. To find the lender's contact information, check the loan billing statement, or coupon book. Ask for the lender's home retention department, loss mitigation department, (or other department that handles negotiation of loans in default); explain the situation and find out if the lender is willing to discuss options.

5. UTILIZE FREE SERVICES AVAILABLE TO ARIZONA RESIDENTS

- Contact the Arizona Foreclosure Helpline at 1-877-448-1211** or visit <http://1.usa.gov/1OTz8ug>
- **Review the Arizona Foreclosure Prevention Task Force Workbook.** This book will help you evaluate your options and provide you with tools to take action. <http://bit.ly/1GIVQls>
- Arizona Department of Housing** www.azhousing.gov/

6. OBTAIN LEGAL ADVICE

An attorney can advise you about your options and legal liability.

- To find out if you are eligible for free or low cost legal assistance, contact a legal aid organization in your county or one of the organizations listed at <http://bit.ly/1IUlg9q>
www.azlawhelp.org/housing.cfm

- Contact the Lawyer Referral Service in your county where you can consult with an attorney for a small fee for a half-hour consultation.

Maricopa County:

<http://maricopalawyers.org/> or (602) 257-4434.

Pima County:

<http://www.pimacountybar.org/> or (520) 623-4625

- Attorneys who are State Bar Real Estate Law Certified Specialists can be located at www.azbar.org/LegalResources/findspecialist.cfm.

7. OBTAIN TAX ADVICE

- IRS Self Help or contact a local IRS office. <https://www.irs.gov/Help-&-Resources>
- Attorneys who are State Bar Tax Law Certified Specialists can be located at www.azbar.org/LegalResources/findspecialist.cfm

8. BE AWARE OF THE CONSEQUENCES OF COMMITTING “WASTE”

Damaging the property or removing fixtures such as sinks, toilets, cabinets, air conditioners, and water heaters may result in liability to the lender for “waste.” In other words, the lender may be able to sue you for damages if you have physically abused, damaged or destroyed any part of the property.

OPTIONS OTHER THAN SHORT SALE

CONSIDER ALL OPTIONS

**A SHORT SALE MAY NOT BE YOUR BEST COURSE OF ACTION.
CONSIDER ALL YOUR OPTIONS BEFORE MAKING A DECISION.**

1. LOAN WORKOUT

- **Reinstatement:**
Paying the total amount owed by a specific date in exchange for the lender agreeing not to foreclose.
- **Forbearance:**
An agreement to reduce or suspend payments for a short period of time.
- **Repayment Plan:**
An agreement to resume making monthly payments with a portion of the past due payments each month until they are caught up.
- **Claim Advance/Partial Claim:**
If the loan is insured, a homeowner may qualify for an interest-free loan from the mortgage guarantor to bring the account current.

2. LOAN MODIFICATION

The lender may agree to change the terms of the original loan to make the payments more affordable. For example, missed payments can be added to the existing loan balance, the interest rate may be modified or the loan term extended. Loan modification resources include:

- **Know Your Options:**
<http://knowyouroptions.com/modify/modification>
- **Making Homes Affordable:**
www.makinghomeaffordable.gov
- **Homeownership Preservation Foundation:**
www.995hope.org or call **1-888-995-HOPE™** Hotline

3. REFINANCE

If the lender will not agree to a loan workout or modification, the homeowner may be able to refinance the loan with another lender.

Learn more at

<http://1.usa.gov/1RlyKBF>

4. DEED-IN-LIEU OF FORECLOSURE

The lender may allow a homeowner to “give back” the property. This option may not be available if there are other liens recorded against the property. Review the Deed in Lieu of Foreclosure FAQ’s from HUD at

<http://1.usa.gov/1NkOzch>

5. WORK OUT SALE

The lender may allow a specific amount of time for the home to be sold and the loan to be paid off. The lender may also allow a buyer to assume the loan to purchase the property even if the loan is non-assumable.

6. BANKRUPTCY

If you are considering bankruptcy as an option, consult with an attorney that specializes in bankruptcy cases:

www.azbar.org/LegalResources/findspecialist.cfm

Access the Arizona Bankruptcy Court self-help information at

<http://www.azb.uscourts.gov/> or call **1-866-553-0893**

7. FORECLOSURE

Allowing the lender to foreclose is another option. The counselors at the Arizona Foreclosure Help Line can explain the foreclosure process

<http://1.usa.gov/1OTz8ug> or call **1-877-448-1211**

Ultimately, only you and your attorney can decide if foreclosure is the best option for you. Attorneys who are State Bar Real Estate Law Certified Specialists can be located at

www.azbar.org/LegalResources/findspecialist.cfm

Ask your attorney about the possibility of a deficiency lawsuit after foreclosure. Assuming all statutory requirements are met, the Arizona anti-deficiency statutes may limit the lender’s remedy to foreclosure, even if the amount due to the lender exceeds the value of the property. Also, seek professional tax advice about the consequences of a foreclosure and review the IRS information at

<https://www.irs.gov/Help-&-Resources>

SHORT SALE CONSIDERATIONS

IF YOU DECIDE TO PURSUE A SHORT SALE, CONSIDER TAKING THE FOLLOWING ACTIONS

1. CONTACT A QUALIFIED REAL ESTATE PROFESSIONAL

Interview several real estate professionals and ask about their experience in short sales, the number of short sale transactions that they have handled, and their education and training in short sales.

- Review the real estate professional's background and continuing education on the ADRE website at <http://services.AZRE.gov/publicdatabase>
- Ask if the real estate professional has obtained a short sale certification, such as the Short Sales and Foreclosure Resource Certification ("SFR") www.realtorsfr.org/.
- Find a REALTOR® at www.aaronline.com/

2. INVESTIGATE DOCUMENTATION AND ELIGIBILITY

Documentation and eligibility criteria for short sales vary depending on specific lender and investor guidelines. Generally, you must prove that you are financially incapable of paying the loan and the lender is convinced that it will fare better by agreeing to a sale for less than the outstanding loan amount than foreclosing.

3. DETERMINE THE AMOUNT OWED ON THE PROPERTY

All debt and costs must be factored in before determining whether a short sale is feasible. Consider the delinquent loan, home equity loan or other loans recorded against the property, past due homeowner's association fees, unpaid property taxes and the costs of a sale, such as closing costs, escrow fees and brokerage commissions. If you have more than one loan on the property, be aware that a short sale will generally require the approval of all lenders.

4. DETERMINE THE ESTIMATED FAIR MARKET VALUE OF THE PROPERTY

You must prove to the lender that the home is worth less than the unpaid loan balance. Consult a real estate professional or an appraiser for assistance in estimating the value of the property.

5. CONSULT LEGAL COUNSEL

The importance of competent legal counsel to help you determine whether a short sale is the best option and to advise you during

the short sale process cannot be over emphasized. See the legal resources listed on page 2 or visit www.azbar.org.

6. UNDERSTAND THAT A SHORT SALE MAY NOT DISCHARGE THE DEBT

Even if a lender agrees to a short sale, the lender, the VA, or the FHA may not agree to forgive the debt entirely and may require you to pay the difference as a personal obligation. This outstanding personal obligation could result in a subsequent collection action. For example, a lender may accept the short sale purchase price to "release the lien" on the property as opposed to agreeing to accept the purchase price as "full and final settlement of the debt" on the property. Therefore, be certain of the terms of any short sale before making a decision, consult an attorney regarding whether the lender is entitled to pursue a deficiency judgment and obtain any debt forgiveness agreements with the lender in writing.

7. OBTAIN TAX ADVICE

A short sale in which the debt is forgiven is a relief of debt and may be treated as income for tax purposes. The Mortgage Forgiveness Tax Relief Act of 2015 created a limited exemption to allow homeowners to pay no taxes on debt forgiveness; however, only cancelled debt used to buy, build or improve a principal residence or refinance debt incurred for those purposes qualifies for this tax exemption. For more information on the tax consequences of debt relief seek professional tax advice and go to <https://www.irs.gov/uac/Home-Foreclosure-and-Debt-Cancellation>.

8. BE AWARE OF THE IMPACT ON YOUR CREDIT SCORE

The impact of a short sale on your credit score depends upon a variety of factors, including late or missed payments. A short sale may appear on your credit report as "pre-foreclosure redemption," "paid in full for less than full balance" or other similar term.

9. UNDERSTAND THAT THERE MAY BE A WAITING PERIOD BEFORE YOU CAN BUY ANOTHER HOME

Your ability to qualify for a loan to purchase another home after a short sale will likely be impacted by a short sale and there may be a waiting period before you can purchase another home.

SHORT SALE CONSIDERATIONS (CONTINUED)

10. HOME AFFORDABLE FORECLOSURE ALTERNATIVE (HAFA) PROGRAM

The HAFA program was designed to give homeowners different alternatives to a foreclosure, which include incentives for completing a short sale. For more information on the options available, visit the HAFA program website

<http://1.usa.gov/1IHWsvD>

- To find out which option you may be eligible for, go to <http://1.usa.gov/1SSg3Ka>
- To find out if your mortgage company participates in the HAFA program, go to <http://1.usa.gov/1XZVGk>

11. REVIEW THE ARIZONA ASSOCIATION OF REALTORS® (AAR) SHORT SALE FORMS

AAR has developed the following contract forms to assist you in a short sale transaction. Review these contract forms and any other forms you are asked to sign, so that you thoroughly understand your rights and obligations.

- Short Sale Addendum to the Listing Contract <http://bit.ly/1SQQI8W>
- Short Sale Addendum to the Arizona REALTORS® Residential Resale Sale Purchase Contract <http://bit.ly/1n1Jm29>

For More Information, visit

AAR's Consumer Foreclosure Assistance Links:

www.aaronline.com/2013/01/consumer-assistance-foreclosure/

