

# Important Information For Buyers

(Print this and take it with you when you start looking at home)

When looking for a home here are some help tips.

Bring a camera and take notes for each home you see. Rate the home on a 1 to 10 scale.

Do not plan on viewing more than 6 or 7 homes per day. You will get confused and not remember what you saw, even with photos and notes. At the end of the day review your notes and photos, pick the ones you like and discard the homes you don't like. It is better to take your time than cram a bunch of homes together.

## Making an offer

When you have found the right home and want to make an offer, remember that to be taken seriously by a seller your offer has to be realistic.

We provide our buyers with comparable recent sales and a list of homes currently on the market for comparison. Review the comps for similar homes so that you know the market value of the home you want.

The comps should be used as a guide to making the correct offer. Very low offers may be rejected entirely by the seller, and may make the seller feel insulted. Sellers have been known to refuse to negotiate at all with a buyer if they feel insulted.

If the home you are making an offer is properly priced and your offer is below asking price, be prepared to receive a counter offer from the seller. The listing agent would probably advise the seller to do this (we would).

Purchase offers are submitted with an Earnest Money Deposit. Your earnest money deposits reflects the how serious your offer is and should be at least 1% of the purchase price (not to exceed \$2,500 in Arizona).

If you are financing your home purchase, personal items such furniture, non built-in appliances need to be negotiated *separately outside of escrow*. Your lender will not include these items as part of your loan and some lenders want no reference to these items in your purchase contract. We can assist you with these negotiations, however, we sell real estate, not personal property, and cannot write a contract for personal items for you.

Response time from the seller to your offer should take less than 3 days, except for foreclosures, which may take a few days to a week or more. Lender response time to short sale offers can take weeks *or even months*.

## Contingencies

Offer to purchase almost always contain some contingencies. Some of the common contingencies are:

Inspections-Your offer is subject to satisfactory inspections. The standard Arizona contract allows buyers a 10 day inspection period (the inspection period can be negotiable and shorter periods may be required by some foreclosure banks). During this time you will need to investigate all areas that may be of concern including zoning, flood zone status etc. You should also conduct a home and termite inspections.

Loan contingency. If financing your purchase, it is contingent upon your ability to get the loan as described in your purchase offer. Your ability to change loan terms may require written approval of the seller in some cases. If you cannot obtain the financing described in your purchase offer you can cancel your purchase and still receive your earnest money back in almost all cases. Inspection fees are not refundable.

Appraisal-Your purchase is usually contingent on the home appraising for the full purchase price if financing is being used. If the home does not appraise, the seller may agree to reduce the price to match the appraisal. If the sellers cannot or will not do that, you may have the option to pay the difference between the appraised value and your purchase price as additional down payment. Check with your lender in this situation. Appraisal fees are non refundable.

Cash buyers have to option to conduct an appraisal at their own expense. If the market value is important, have an appraisal completed.

(In Arizona, loan and appraisal contingencies normally remain in effect for the entire escrow period. In California, these contingencies are normally removed after 17 days and this means that the buyer must have the appraisal completed and full loan approval from the lender within that time. Contingency dates are negotiable.)

## When your offer is accepted

Once you and the seller have come to terms and have a fully executed contract several things will take place quickly.

Escrow will be opened. Your escrow officer will need copies of all contracts, addenda, and counter offers. They will need your contact information including mailing address, home, work and cell phone numbers, email address(s). Your Realtor® should provide all of this to escrow, be safe and double check. Your earnest money must be sent to escrow within 2 days, usually by certified funds or wire transfer. Some escrow companies will accept a personal check.

Be sure to promptly return all escrow documents and reply quickly to all requests for information. Failure to do so could result in delays in close of escrow and potentially the cancellation of the sale by the seller. If you have questions call your escrow officer or your agent. Keep in mind your agent may not receive copies of everything you get from escrow.

**Inspections will be ordered.** Home and termite inspections should be ordered. These are not mandated, however, a written waiver will be required if you are not doing inspections. Inspections are highly recommended and we can provide you with a list of home and termite inspection companies. Other common inspections are septic, water well, lot or land surveys, where applicable. If flood zone status is an issue this is the time to find if the home is in a flood zone.

Inspection periods are normally 10 days. This is the time you as the buyer conduct your due diligence. The seller normally provides disclosures to you. Disclosures in Arizona normally comprise only the Sellers Property Disclosure Statement. In California disclosures may include earthquake hazard zones, fire hazard areas, toxic hazards and more. If any of these items are of concern it is the duty of the buyer to investigate these issues, even if disclosure is required of the seller. Your Realtor® is not qualified to conduct your due diligence and inspections. As your agents we will be your resource for information needed to conduct inspection.

If the home inspection turns up problems or concerns, you may want to hire a licensed contractor to further review these issues. Inspections are almost always paid for by the buyer in Arizona. In California these are more negotiable.

Inspections must be completed during the inspection period and any items disapproved must be presented to the seller during the inspection period. Buyers receive one and only one chance to ask sellers for repairs. If it is found that other repairs are needed after the inspection period has passed, the buyer cannot ask the seller for additional repairs except for those required by your lender.

When buying foreclosed properties the home is sold “as-is” by the seller. In almost all cases sellers will not do repairs or reduce the sales price.

Sellers can agree to all, some or none of the repairs requested by the buyer.

If financing your home purchase return all information requested by your lender including tax returns, pay stubs to them quickly. The loan process is slow enough without delays.

Your lender will start the underwriting process and once initial underwriting is completed they will order the appraisal (paid for by the borrower in most cases).

Once your Loan has been approved your lender will “draw” loan documents (docs) and send them to escrow for review. Escrow will contact you and arrange for document signing. If you live in town escrow docs can be signed at the escrow office. If you live out of town, escrow will usually arrange for a mobile notary to meet with you for doc signing (at buyer’s expense).

When you have signed loan and escrow docs and they are received by escrow, escrow will prepare the final HUD-1 and send these and loan docs back to the lender for review and approval. After your lender has approved the HUD they will arrange to send your loan funds to escrow.

At this time you will be required to send your down payment (if financing) or full purchase funds to escrow either by wire transfer or certified funds (cashiers check) to escrow. Mailed funds should be sent no less the 3 days prior to close of escrow. Wired funds can be sent one day prior to close. *Personal checks will not be accepted by escrow.* Once all funds and needed docs are received, escrow will ask the county recorder to record the transfer of title, or close.

Buyer will receive possession of their new home only after the county has recorded the transfer of title. Except for situations where buyer and seller have a written agreement to the contrary, buyers cannot take early possession of the home. DON’T ask your agent if you can do any work, store your belongings or otherwise have unescorted access to the home. We cannot and will not do that.

#### Buyer and Seller fees (printed package only).

We have included a chart showing common buyer and seller fees. The fees to both buyer and seller will be shown both on a preliminary settlement statement provided by escrow (HUD-1) and again on a final settlement statement once all actual fees are known. We have included a copy of an actual HUD-1 in this package for your review.

#### DON’T MAKE ANY BIG PURCHASES DURING ESCROW!

Large purchases, such as a car, furniture etc. will show up on your credit if financed or as a withdrawal from your bank if paying cash. These purchases could adversely affect your credit score, debt to income ratio or debt to asset ratio and may cause your lender to deny you a loan. Keep your spending to a minimum.