

# ARIZONA BUYER *and* SELLER GUIDE





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# *All about* **TITLE INSURANCE**

## **WHAT IS TITLE?**

The title gives the holder the right to possess, occupy, use, control, enjoy, and dispose of the land. In other words, the title conveys the rights of ownership to the property.

## **WHAT IS TITLE INSURANCE?**

Title insurance policies protect buyers and lenders from financial loss against possible issues or defects in the title. A title professional searches the public record (property records, tax records, and court records) to establish legal ownership of the property being sold, reports and determines a cure for any title defect, accounts for and insures the entire transaction against fraud or defect, whether it is known or unknown. If a claim arises, title insurance may also cover the cost of defense against the claim.

An owner's policy protects the buyer, and their heirs, for as long as they own the home. A lender's policy protects only the lender's financial interest in the property.



## **WHO PAYS FOR TITLE INSURANCE?**

Typically, the seller pays for owner's title insurance as a way to prove to the buyer that they are making a sound purchase with a clear title. The buyer typically pays for the cost of the lender's policy for similar reasons.

## **HOW MUCH DOES IT COST AND HOW OFTEN DO I HAVE TO PAY FOR IT?**

There is a one time premium paid at the close of escrow, and the coverage extends for as long as the buyer and their heirs hold an interest in the property. Policy costs can vary considerably. The cost is based on the sales price of the property for an owner's policy and the loan amount for a lender's policy. Talk to your escrow officer for a more detailed estimate.

# We're all about **PROTECTION**

*From Harmful UV Rays and Property Title Losses*

## **TITLE INSURANCE CAN PROTECT YOU AGAINST**

- Defects in the title to your property, including unrecorded easements, forgeries, or other undisclosed contract issues
- Loss due to unknown encumbrances on your title, such as liens, judgments, or security instruments.
- Title claims to the property as a result of fraud, forgery, or incompetence of the party conveying the property.
- Loss due to a violation of subdivision law or regulation which affects your ability to obtain a building permit, correct or remove the violation, or remove any existing structures in violation.
- Lack of legal access to the property.
- Loss if you are forced to remove structures because they encroach on your neighbor's property over an easement or building set-back line.
- Loss of your existing improvements including lawns, shrubbery, or trees damaged due to future exercise of a right of use for the surface of the land for minerals, water, or any other substance.
- Loss if a taxing authority assesses supplemental real estate taxes not previously assessed against the property prior to the policy date.
- Loss in the event the legal description of the residence purchased is not the same as shown on the final title policy.
- Loss if the title to the property is unmarketable, which allows another party not to perform on a purchase contract to purchase the land, lease it, or make a mortgage loan on it.

*Some policies may be subject to policy deductibles. For all covered risks, see a copy of the title policy, which includes deductible amounts.*



# Understanding **ESCROW**

## OUR RESPONSIBILITY

The responsibility of Lawyers Title and Grand Canyon Title Agency, as escrow companies, is to act as a neutral third party, holding all documents and monies as required by the purchase contract and guaranteeing no funds or property will change hands until all of the terms and conditions in the contract have been met. Lawyers Title and Grand Canyon Title Agency are employed by the buyer and the seller to only add on written instructions mutually agreed upon by both parties.

## STEPS AN ESCROW AGENT MAY PERFORM

- 1. ARRANGE FOR TITLE INSURANCE** which provides protection for the buyer and lender.
- 2. ORDER PAYOFF INFORMATION** on existing liens, calculate and prorate taxes, liens, interest, rents, and insurance policies.
- 3. PAY COSTS AND LIENS** as agreed upon by the parties to the transaction.
- 4. ARRANGE FOR RECORDING** of the conveyancing documents and any other legal instruments necessary to transfer title to the property in accordance with the purchase agreement.
- 5. PREPARE A CLOSING STATEMENT** for the parties to the transaction, showing disposition of funds in the transaction.
- 6. CLOSE THE TRANSACTION** after all instructions from buyer and seller have been satisfied.

## CLOSE OF ESCROW

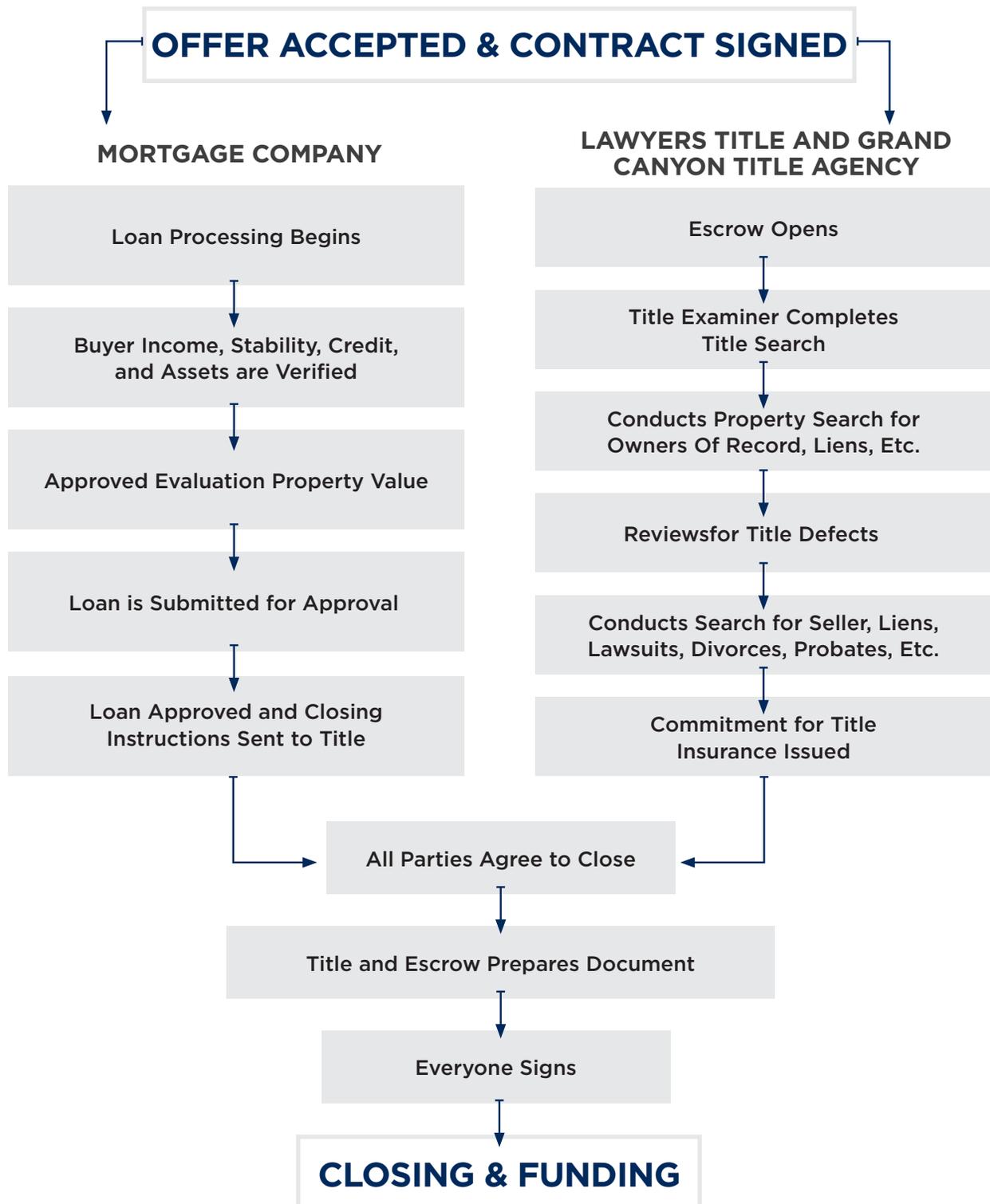
The appointment to sign lender and escrow documents is frequently called a *closing* or *closing appointment*. However, there are a few more steps that must be completed before the transaction is closed.

Appointments with the escrow company for the buyer and seller to sign their individual packages are typically scheduled prior to the “close of escrow” date on the purchase contract; buyers and sellers deposit any final documents and funds needed for the transaction at that time. If a new loan is involved, Lawyers Title and Grand Canyon Title Agency return the signed packages to the lender for review. Lenders may take 24 to 72 hours to review and fund, depending on the individual lender’s requirements.

Following the lender’s deposit of funds into escrow, Lawyers Title and Grand Canyon Title Agency present the original signed documents (deed/deed of trust) to the County Recorder, usually electronically, for recordation. Upon notification by the County Recorder that the documents have been recorded, all funds are disbursed and final closing packages are provided to all of the parties. Recordation is the “Close of Escrow”.

# THE LIFE OF AN ESCROW

*with financing*





## *Meet the* **TRANSACTION TEAM**

### **REAL ESTATE AGENT\***

There are usually separate agents representing the buyer and seller, guiding them through the entire sales transaction. All real estate agents are licensed.

### **LAWYERS TITLE & GRAND CANYON TITLE AGENCY ESCROW OFFICER**

The escrow officer is an unbiased third party who works with all participants to facilitate a successful closing of the real estate transaction. The escrow officer ensures all conditions and instructions are met prior to closing. At closing, they will collect the purchase money funds from the buyer and lender as well as the settlement costs from each party. They disburse the funds in accordance with the settlement statement and record the necessary documents to transfer ownership of the property.

### **LAWYERS TITLE & GRAND CANYON TITLE AGENCY TITLE OFFICER**

The title agent performs a search of public records to trace the chain of title and ensure a clear title so a title insurance policy can be issued. They will issue a commitment for title insurance that outlines their findings and identifies any clouds or encumbrances that need to be cleared. When the transaction closes the title officer will issue the final title policies.

*continued*

**PROPERTY INSPECTOR\***

The property inspector is sent out to determine whether encroachments and/or broken property exist.

**LOAN OFFICER\***

The loan officer is a representative of a bank or other financial institution and helps the buyer identify their borrowing options and understand the terms of their loan.

**APPRAISER\***

An appraiser is a professional, usually selected by the lender, who will perform a market analysis and assess the current value of the property.

**HOME INSPECTOR\***

The home inspector objectively judges the condition of the home and its systems/ components and searches for pests or pest damage. They will provide a detailed report to the buyer.

**HOMEOWNER'S INSURANCE AGENT\***

An insurance agent helps the buyer determine the proper coverage and policy needed to protect the property.

**REAL ESTATE ATTORNEY\***

Sometimes a real estate attorney may be consulted by the buyer and/or seller to provide advice on any legal aspect of the transaction, such as the purchase contract or ways to take title.

*\*If applicable*



# WIRE TRANSFER FRAUD

*What you need to know to protect yourself*



Every day, hackers try to steal money by emailing or calling with fake wire instructions. Criminals will use a similar email address, steal a logo and other information to make it look like the email came from your real estate agent, Lawyers Title, or Grand Canyon Title Agency.

## BE VIGILANT

- Call, don't email: Confirm your wiring instructions by phone using a known number before transferring funds. Don't use phone numbers or links from an email.
- Be suspicious: It's uncommon for title companies to change wiring instructions and payment info by email.

## PROTECT YOUR MONEY

- Confirm everything: Ask your bank to confirm the name on the account before sending a wire.
- Verify immediately: Within four to eight hours, call Lawyers Title, Grand Canyon Title Agency, or your real estate agent to confirm they received your money.

## WHAT TO DO IF YOU'RE TARGETED

- Immediately call your bank and ask them to issue a recall notice for your wire.
- Report the crime to [www.IC3.gov](http://www.IC3.gov)
- Call your regional FBI office and police.
- Detecting that you sent money to the wrong account within 24 hours is the best chance of recovering your money.

## THE WIRE INSTRUCTIONS YOU RECEIVE IN YOUR OPENING PACKAGE WILL NOT CHANGE.

Always verify wiring instructions by **calling** your Lawyers Title or Grand Canyon Title Agency escrow officer.



# WHAT IS RON?

**Remote Online Notarization (RON) is the process of signing paperwork using audio-visual technology to appear before a notary instead of being physically present.**

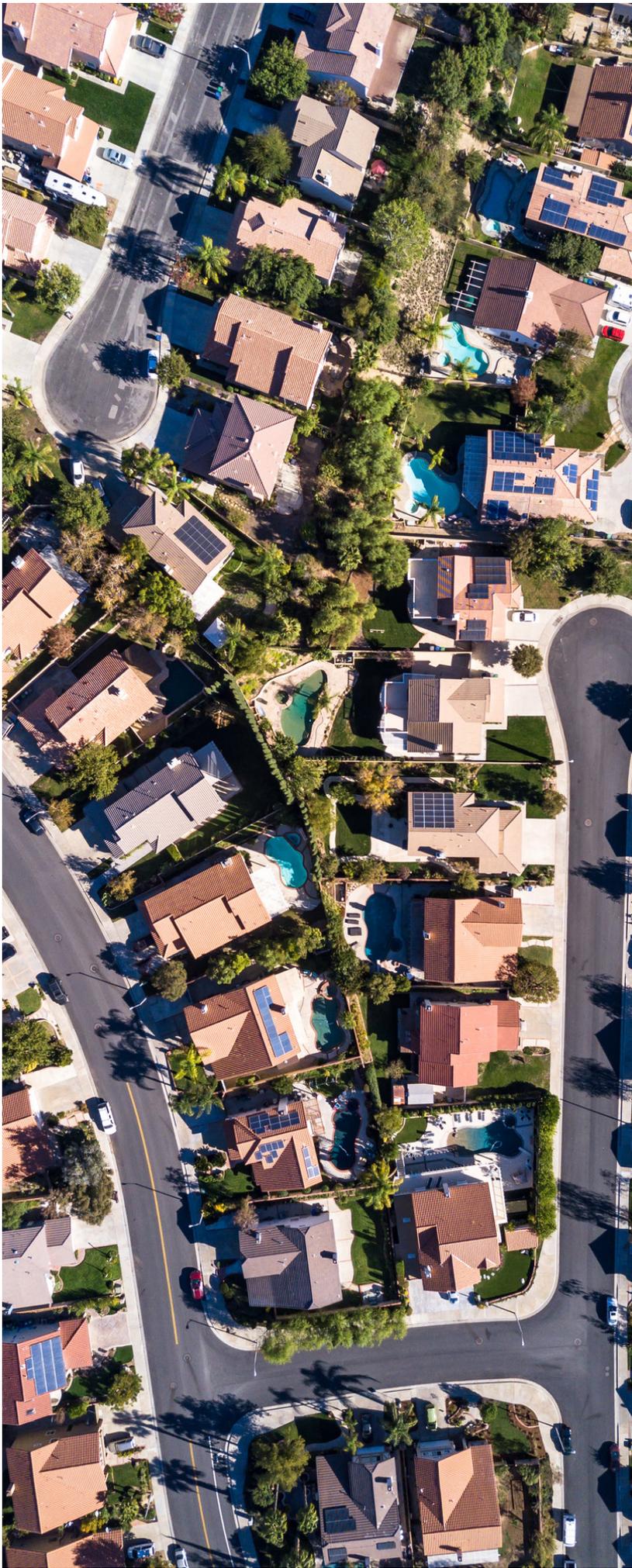
As the demand for online services continues to increase, digital changes are making an impact on the real estate and title industries, including the notarizing process. Remote Online Notarization (RON) is one of the newest developments, and Lawyers Title and Grand Canyon Title Agency are proud to be leaders in the industry offering this service.

This is an exciting new advancement that has the potential to eliminate hiccups that could previously stop a closing in its tracks.

Customers who are out of town, cannot make an appointment during business hours, or do not want to commit to a single signing time, now have another option. Lawyers Title and Grand Canyon Title Agency are delighted to add RON to its toolbox of ways to provide excellent service and convenience to its customers.

RON may not be available for all transactions, so contact your escrow officer to discuss your options.

***Contact your local Lawyers Title and Grand Canyon Title Agency offices and meet RON today.***



# WHO PAYS WHAT?

*The Seller generally pays*

- Owner's title insurance policy premium
- Real estate commission
- Half of the escrow fee
- Any loan charges required by the buyer's lender if specified in the purchase contract
- Payoff plus any fees, charges, and/or penalties and interest on all loans made by the seller, including statement fees, reconveyance fees, and/or prepayment fees
- Any encumbrance of record against the seller
- Recording charges to clear all documents of record against the seller
- Termite inspection and repair work as specified by the purchase contract
- Home warranty, if specified in the purchase contract
- Prorated property taxes and/or delinquent taxes to date of close
- Unpaid HOA dues or assessments of record (if applicable)
- HOA transfer fee (if applicable)
- HOA Disclosure Statement (if applicable)

## *The Buyer generally pays*

- Lender's title insurance policy premium
- Half of the escrow fee
- All loan fees except those required by the lender for the seller to pay
- Recording charges for all documents in the buyer's name
- Interest on new loan from the date of loan funding to 30 days prior to the first payment due date
- Hazard insurance premium for the first year in advance and impounds as required by the new lender
- Property tax impounds as required by the new lender
- HOA fees, initiation, monthly/annual dues (if applicable)
- Preservation fees, recreation center fees (if applicable)

Note: FHA, VA, and other specialty loans may have specific fee stipulations.

## *Negotiated Terms*

There are many opportunities for negotiation in a home sale beyond the price of the property. Some things that are typically negotiated are closing cost credits, closing date, inspection repairs, and home warranties. All terms will be documented in the Purchase Agreement. Decide what is important to you, and ask your real estate agent if there is something you want to negotiate.



# Understanding

## THE COMMITMENT FOR TITLE

The Commitment for Title Insurance reports the findings of an initial title search. It will contain the terms, conditions, and exclusions covered in the policy.

### COMMITMENT

**SCHEDULE A** reflects information provided to the title department as a result of the purchase contract and a preliminary search of the public records. Information such as the legal description of the property, sales price, loan amount, lender, name, and marital status of the buyer and seller is reflected.

**SCHEDULE B** is broken down into two sections. Requirements and Exceptions. Requirements are items that Lawyers Title and Grand Canyon Title Agency need to eliminate from the title in order to provide a clear, unencumbered title to the buyer. A few examples of items that must be cleared are:

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

Often encumbrances show up because another individual has a name similar to one of the parties in the escrow. Lawyers Title and Grand Canyon Title Agency may ask for a Statement of Identification in order to determine whether items that show up are related to our parties and whether they can be removed.

Exceptions are items that run with the land. They are called “exceptions” because the buyer will receive clear title except the buyer’s rights to use the property will be subject to the exceptions described in this section.

Exceptions include Covenants, Conditions and Restrictions (CC&Rs), easements, homeowner’s association rules, mineral rights as reserved in patents, leasehold interests, and other items which will remain of record following transfer of the property.

**NOTE:** Be certain the information reflected in Schedule A is correct because it will be reflected in all of your documents, including any lender documents.

**NOTE:** Read Schedule B carefully because it defines your use of the property. There may be restrictions that will cause you to reconsider your purchase (i.e. discovering the HOA has CC&R’s and upon their review you find out farm animals are not sanctioned, so your family goat is not allowed). If anything in this section concerns you, ask for clarification.

*Reviewing*

# THE COMMITMENT FOR TITLE

## GENERAL POLICY COVERAGE

Title insurance provides assurance you can access and use your land. Many of the protections title insurance provides have been listed in detail on page 3. However, they are worth briefly mentioning again. In summary, this coverage will minimize risk and protect you against:

- The possibility that someone else owns or has claim to your property
- Defects caused by fraud, forgery, or incompetence
- Defective recording of any document
- Unmarketability of title
- Lack of legal access to and from the property

## ITEMS AND ISSUES NOT COVERED

Some rights are not protected by your title insurance policy. Examples may include:

- Land trusts
- Life estates
- Air rights above the property
- Mineral, water rights, and timber reservations
- Matters that a physical inspection would disclose
- Restrictive covenants that limit the use of the property to a single use
- Matters that an accurate survey would show: Easements, Rights-of-Way, etc.
- Set-Back requirements that designate where improvements must be located
- Rights of holders of liens, such as judgments, tax liens, street improvement liens, etc.





## Benefits of

# USING A REAL ESTATE AGENT

### **FINDING THE RIGHT LENDER**

Real estate agents assist in determining what a buyer can afford as well as available financing options.

### **FINDING ‘THE ONE’**

With hundreds of homes on the market at any given time, real estate agents assist in finding the home that best meets a buyer’s needs, from size and style to features and location, as well as accessibility to desired amenities.

### **EXPERT PROPERTY ADVICE**

Real estate agents can provide information to better inform a buyer regarding which property to buy, from real estate values to taxes, and municipal services to utility costs.

### **KEEPING THINGS IN PERSPECTIVE**

Real estate agents can be objective about a property and point out disadvantages, as they have no emotional ties.

### **DETERMINING FAIR MARKET VALUE**

Real estate agents will determine “fair” market value establishing a fair sales price.

### **STAGING AND FIRST IMPRESSION MATTERS**

Real estate agents can offer suggestions for staging a home to show off its best qualities.

### **MARKETING MARVELS**

Real estate agents also act as marketers to make a property more visible to buyers. Frequently, this includes displaying a property on a Multiple Listing Service, holding open houses for other agents, deciding if/how to advertise, creating listings online, and displaying flyers.

### **NEGOTIATING BULLDOGS**

Real estate agents are negotiators and can expertly navigate the terms of offers and contracts, protecting your interests along the way.

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# PROPERTY TAX CALENDAR

The County Treasurer **will not** be held responsible for payments made on the wrong property and will not accept payments in advance of their due date.

## NOTIFICATION OF VALUE

Assessment notices are sent to property owners on or before January 31st of each year. The notice includes assessed value, full cash value, classification, and assessment ratio. These items may be protested through the County Assessor within 45 days of receipt.

## UPDATING THE ASSESSOR'S RECORDS

Ownership information transfers may take six months to process. If property is purchased after November 1 of the previous year, new owners may not receive a tax statement. New owners should contact the Treasurer's Office if a statement is not received by October 15th. Even if a tax statement is not received, the new owner is still responsible for paying the taxes on time.

## TIPS TO AVOID HEADACHES

- Check the property description on your tax statement
- Provide your parcel number\* when making payments or inquiries at the County Treasurer's or Assessor's Office

## ANNUAL TAX STATEMENT

Annual tax statements are issued in the fall of the current year and billed for the calendar year. They may be paid in two installments or all at once.

### FIRST HALF DUE OCTOBER 1ST

1st half for January 1st through June 30th is due October 1st and delinquent November 1st

### SECOND HALF DUE MARCH 1ST

2nd half for July 1st through December 31st is due March 1st and delinquent May 1st

\* Your parcel number can be found on your final settlement statement or your title commitment.

\*\* The Treasurer must place interest on all delinquent accounts.

*Helping you nail*

# THE HOME SELLING PROCESS

## HOME SELLER

- Choose a real estate agent to represent you
- Prepare your home
- List your property
- Your agent begins marketing (i.e. Open Houses, Internet, etc.)
- Receive and review buyer's offer(s)
- Negotiate terms and/or accept offer
- Open escrow with Lawyers Title/ Grand Canyon Title Agency

## ESCROW OPENED

Accepted contract received, escrow opened, title and preliminary report ordered by Lawyers Title/ Grand Canyon Title Agency

- *Conduct search on property: owners of records, liens, etc.*
- *Conduct search on sellers: liens, divorces, etc.*
- *Review for clouds on title*
- Buyer deposits earnest money in escrow
- Buyer continues loan process, escrow and title fees sent to lender
- Initial title and escrow instructions sent to seller and buyer for completion
- Payoffs, appraisal, and inspections ordered and completed
- Loan processing is completed, and buyer's approval is received
- Home Warranty is Ordered by the Agent or buyer
- Closing documents are reviewed before closing appointment

## CLOSE OF ESCROW

- Loan documents are sent to title and signed
- Title and escrow documentation is signed
- Down payment and closing costs are submitted to escrow
- Lender submits funds to escrow for disbursement
- Deed is recorded and escrow is closed



# *First* IMPRESSIONS

## **MAKE A GREAT FIRST IMPRESSION**

Put some extra effort into the areas potential buyers will see first, like the exterior, front door, and entryway. Pay attention to the details in these areas to create a WOWing first impression.

## **MINOR REPAIRS CAN MAKE ALL THE DIFFERENCE**

Minor damages can distract buyers from seeing the good qualities of your property. Take the time to do as many little repairs as you can, like fixing a leaky faucet or loose doorknob.

## **CLUTTER CAN HOLD YOU BACK**

Now is a great time to start packing and purging. Pack up personalized belongings, as well as items that aren't essential, and take them out of the house. Consider donating unwanted items.

## **THE BRIGHTER THE BETTER**

Open all curtains and turn on all lights before a showing. Consider a higher wattage bulb if you need additional light in a room.

## **MAKE YOUR HOME SPARKLE**

Clean down to the details in order to show off your home in its best condition. Keep windows spotless and polish your bathroom and kitchen fixtures to make them shiny, giving them a brand new look.

## **BREATHE DEEP**

Take out the trash before every showing, and be diligent about erasing potential odors. Don't cook pungent smelling foods the day of a showing...no bacon!

## **MAKE YOURSELF SCARCE**

Go to the park, see a movie, eat out, but don't stay home. Being at your home during a showing can be awkward for all parties involved.

## **KEEP YOUR PETS SECURE AND OUT OF THE WAY**

Not everyone loves animals and some people have allergies. Take your pets out of the house with you, if possible. Also put away their belongings, like dog bowls and litter boxes, to pets live in the home.



# TAKE *the* STAGE

Will you be moving before your home sells? Consider leaving behind or renting some furniture to stage your home.

Staging the whole house is not necessary, but consider adding furniture pieces and a few decorations to key rooms, like the living room, master bedroom, and dining room. If you have any quirky areas in your home, staging can help define the space for buyers. Turn an awkward corner that may confuse a buyer into a reading nook or mini office space!

A nicely staged home is likely to sell faster than an empty, hollow sounding one. It may seem counterintuitive, but empty rooms often look small, so using properly proportioned furniture will provide scale and allow buyers to appreciate the square footage.



## NAR STAGING STATISTICS

- *28% of seller's agents said they staged all seller's homes prior to listing them for sale. 13% noted they only staged homes that are difficult to sell.*
- *The most common rooms staged were the living room at 93%, kitchen at 84%, master bedroom at 78%, and the dining room at 72%.*
- *When staging a home, 22% of seller's agents reported an increase of 1-5% of the dollar value offered by buyer's, in comparison to similar homes.*
- *53% of seller's agents stated there was a decrease in the time on the market when a home was staged.*

*Source: NAR 2019 Profile of Home Staging*

# WHAT ESCROW NEEDS

*from the Seller*



## **SELLER'S REQUIRED INFORMATION**

This form requests information, such as lien information, property information, vesting, insurance, address after close of escrow, qualification for discounts, etc.

## **STATEMENT OF INFORMATION**

You may be asked to complete a Statement of Information. This form will request information from you (and your spouse, if married) to distinguish you from other people with similar names that may come up in the title search process. Information requested will include full name, birth date, social security number, place of birth, and citizenship information.

## **EXISTING LIEN HOLDERS**

You will need to provide the names and contact information for all lien holders, if any exist.

## **IDENTIFICATION**

Don't forget to bring a valid photo ID with you to the closing appointment.

## **DO I HAVE TO BE THERE?**

If you or any one of the buyers will be unavailable to sign at one of our many offices, notify your real estate agent and escrow officer immediately. There are a few options that may be available to you, such as Remote Online Notarization, Mobile Notary, or Power of Attorney.

## **WIRING INFORMATION**

Lawyers Title and Grand Canyon Title Agency can wire any proceeds directly to your bank account. Contact your escrow officer to provide the proper wiring instructions.

## **ADDITIONAL OWNERSHIP INFORMATION (IF APPLICABLE)**

If title to the property is held in anything other than an individual or couple's names (i.e. a trust, LLC, or corporation) you may be required to bring additional documentation. Ask your escrow officer for details.

*Arizona*

# 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.

## LAWYERS TITLE AND GRAND CANYON TITLE INSURANCE GUIDELINES CONCERNING THE AVAILABILITY OF FUNDS

All available dates are based on funds deposited in our bank. The following information outlines the availability of most common types of deposits. In order to avoid delays of two to seven days or more, please use wire transfers, cashier’s checks, certified checks, official checks, or teller’s checks whenever possible.

TYPE OF DEPOSIT	SAME DAY	NEXT DAY (1ST BUS DAY)	2ND DAY	5TH DAY
Bank Wire or Electronic Transfer	<b>X</b>			
Cashier’s, Certified Checks, Official Checks or Teller’s Checks	<b>X</b>			
Lender’s Checks - if lender is an affiliate of the state or federally regulated depository institution where the check is drawn	<b>X</b>			
U.S. Treasury Checks, Postal Money Orders		<b>X</b>		
All Other Money Orders (Non-U.S. Postal)				<b>X</b>
Federal Reserve, Federal Credit Union, and Federal Home Loan Bank Checks		<b>X</b>		
State, County, and Municipal Government Checks		<b>X</b>		
Personal, Corporate, Credit Union, Money Market, and Travelers Checks				<b>X**</b>

*\*\*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 and collected. ACH Payments are NOT accepted.*

# THE BUYING PROCESS

## HOMEBUYER

- Compare lenders, determine your budget, and get pre-qualified
- Choose a real estate agent
- Tour properties, choose a home, write and present your offer
- Terms are negotiated and/or offer is accepted

## LOAN

- Chosen lender verifies buyer's income, credit, and assets
- Contingency period
  - Real estate transfer disclosure
  - Physical/pest inspection completed
  - Appraisal ordered and completed
- Provide proof of homeowner's insurance coverage
- Loan is approved

## ESCROW OPENED

- Accepted contract received, escrow opened, title search and preliminary report ordered
  - Conduct search on property: owners of records, liens, etc.
  - Conduct Search on Sellers: liens, divorces, etc.
- Buyer deposits earnest money in escrow
- Escrow and title fees are sent to the lender
- Initial title and escrow instructions sent to buyer and seller for completion
- Payoffs and other requirements are completed to clear title
- Home warranty is ordered and closing documents are reviewed before closing appointment

## CLOSE OF ESCROW

- Loan documents are sent to your escrow company, Lawyers Title or Grand Canyon Title Agency and signed
- Title and escrow documentation is signed
- Down payment and closing costs are submitted to escrow
- Lender submits funds to escrow for disbursement
- Deed is recorded and escrow is closed

## *Understanding* THE HOME WARRANTY

A home warranty can be purchased by a buyer or seller to cover many mechanical, electrical, and plumbing systems, as well as some appliances. Many sellers choose to purchase a home warranty plan to:

- Cover repairs that may arise while the house is on the market
- Provide reassurance for buyer
- Avoid disputes with the buyer for repair and/or replacement of covered items

Most home warranties are paid at the close of escrow for the upcoming year. Review the policy closely to be sure you are receiving the desired protections.

# *We've got the scoop on* **GETTING A NEW LOAN**

## **WHEN AND WHERE TO APPLY FOR A LOAN**

Ideally, you want to get pre-qualified before you start looking at properties. Then you can narrow your search into your price range and avoid the disappointment that may come from viewing properties outside your budget. It is important to choose a lender you can trust. A local lender who you can meet in person and who knows the local intricacies is best. Get recommendations from friends, family, and even your real estate agent. You can apply for loans through banks, credit unions, mortgage brokers, and mortgage companies. It's a good idea to shop around for the best rates and use the loan estimates from each lender to compare rates.

## **LENDER VERIFICATION**

The lender will send out verification requests based on the information provided in your application and may request additional information from you. They will verify information such as your credit, employment, and bank accounts. Be prepared to provide the requested information quickly to avoid delays in your purchase. They will also order an appraisal (which the buyer typically pays for) to verify the property is accurately valued.

## **HAZARD (OR FIRE) INSURANCE**

This coverage is required by your lender to minimize their risk and protect their investment. You will need to contact your insurance agent as soon as possible during the loan process to set up the insurance. Your lender will need proof of coverage as well as your agent's information before they can release any funds toward your purchase.



## **WHAT HAPPENS AFTER LOAN APPROVAL?**

A closing date will be set with Lawyers Title and Grand Canyon Title Agency. Your lender will provide the Closing Disclosure at least three days prior to your closing. This document shows a breakdown of all the transaction funds and will show you how much money you will need to bring to closing. Check this document carefully!

*What to avoid*

## **DURING THE LOAN PROCESS**

- **DO NOT CHANGE JOBS.**
- **DO NOT MAKE ANY LARGE PURCHASES.**
- **DO NOT PAY OFF EXISTING ACCOUNTS UNLESS THE LENDER REQUESTS IT.**
- **AVOID SWITCHING BANKS OR MOVING YOUR MONEY TO ANOTHER INSTITUTION.**

### **WHAT YOU MAY NEED FOR THE LOAN APPLICATION**

Be prepared to provide all or some of the documents below to your loan officer:

- Residential address/es (last two years)
- Social security number
- Driver's license or other valid ID
- Names and address of employers (last two years)
- Two most recent pay stubs showing year-to date earnings
- Federal tax returns and W2's (last two years)
- Last two months bank statements (all accounts)
- Names, addresses, account numbers, and payment amounts for all loans
- Names, addresses, account numbers, and payment amounts for all credit cards
- Addresses and values for all real estate owned personal property; provide your best estimate of the value of all your personal property (i.e. autos, boats, furniture, jewelry, television, etc.)
- VA loans: certificate of eligibility or DD214s
- Divorce decree, if applicable
- Funds to pay upfront for appraisal



### *Understanding* **APPRAISALS**

Lenders require an appraisal to ensure that the property is valued accurately to protect their investment. A licensed or certified appraiser will assess the size and condition of the property along with additional upgrades, features, etc. and then compare them to similar houses (aka "comparables") in the area to determine what the property is worth. Sometimes the appraisal report is used to renegotiate the sales price.

The buyer can expect to pay for the appraisal either before or at closing depending on the lender's requirements.

# *Glossary of* **LENDING TERMS**

## **APPRAISAL FEE**

A one-time fee to pay an independent appraiser to determine the value of the property.

## **CREDIT REPORT FEE**

A one-time fee covering the cost of the credit report.

## **DOCUMENT PREPARATION FEE**

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

## **HOMEOWNERS FEE**

Some associations may require an up front deposit or dues, as well as a fee to transfer their records from seller to buyer (transfer fee). These amounts vary for each association.

## **LOAN DISCOUNT**

A one-time fee to adjust the yield on the loan to what market conditions demand. Some lenders refer to these as points.

## **LOAN ORIGINATION FEE**

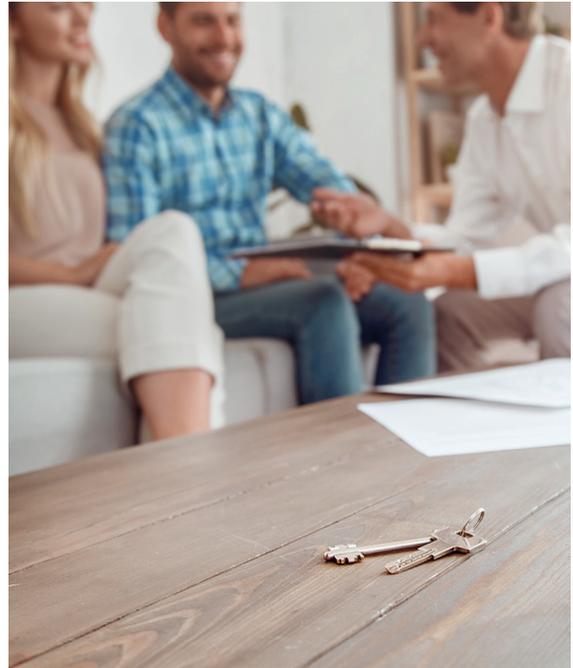
A one-time set up fee charged by the lender for their administrative costs.

## **MISCELLANEOUS TITLE CHARGES**

The title company may charge fees for items such as title policies, document preparation, recording fees, and an escrow fee. Check with your escrow officer for details.

## **PMI PREMIUM**

Depending on your down payment, you may have to pay an up front fee for private mortgage insurance (PMI).



## **PREPAID INTEREST**

This is a per diem charge that will vary depending on the time your loan closes. Interest begins accruing the day your loan closes, up to your first payment.

## **TAXES AND HAZARD INSURANCE**

Depending on the month your property closes, you may be required to reimburse the seller for property taxes. You will have to pay a year's hazard insurance premium up front, and may be required by the lender to put a certain amount for taxes and insurance in a reserve account. This account is held by the lender.

# What is **F.I.R.P.T.A.**?

F.I.R.P.T.A. is an acronym for Foreign Investment Real Property Tax Act. It was established in 1980 for the purpose of withholding the estimated amount of taxes which may be due on the gain of the disposition of a U.S. Real Property Interest from foreign persons. A U.S. real property interest includes sales of interests in parcels of real property as well as sales of shares in certain U.S. corporations which are considered U.S. real property holding corporations. Persons purchasing U.S. real property interests (transferee) from foreign persons are required to withhold a percentage of the amount realized.



**Q. What is the purpose of the withholding?**

**A.** Real estate withholding is a prepayment of anticipated tax due on the gain of the sale of a U.S. real property interest. It is not an additional tax. Any difference between the amount paid and the amount owed is refunded to the seller when a tax return is filed. For the current withholding percentage please visit the [irs.gov](https://www.irs.gov) website.

**Q. Who is responsible for finding out if the transferor is a foreign person?**

**A.** It is the transferee's/buyer's responsibility to determine if the transferor/seller is a foreign person and subject to withholding.

**Q. Are there exceptions from F.I.R.P.T.A. withholding?**

**A.** Yes. Exceptions are explained on the [irs.gov](https://www.irs.gov) website.

**Q. Who is responsible for withholding the required percentage of the amount realized?**

**A.** Withholding is the responsibility of the transferee/buyer.

**Q. How and where is the F.I.R.P.T.A. withholding paid?**

**A.** The buyer must complete IRS Form 8288 and Form 8288-A and remit them, along with the payment, to the IRS at the address shown on Form 8288.

**Q. What is the escrow officer's role with regards to F.I.R.P.T.A.?**

**A.** The IRS Rule requires the transferee/buyer to determine if withholding applies and, if so, to remit the withholding to the IRS. If the buyer has determined F.I.R.P.T.A. withholding applies, the buyer and seller may mutually instruct the escrow officer to deduct the percentage, gather the applicable forms, and remit them to the IRS on their behalf.

# Ways to TAKE TITLE IN ARIZONA

The manner in which you choose to take title may have significant legal and tax planning consequences. You should contact your attorney and/or tax consultant on which manner best suits your needs.

	Community Property	Joint Tenancy with Right of Survivorship	Community Property with Right of Survivorship	Tenancy in Common
<b>Marriage Requirements</b>	Requires a valid marriage between two persons.	Parties need not be married; may be more than two joint tenants.	Requires a valid marriage between two persons.	Parties need not be married; may be more than two tenants in common.
<b>Spouse Interest</b>	Each spouse holds an undivided one-half interest in the estate.	Each joint tenant holds an equal and undivided interest in the estate.	Each spouse holds an undivided one-half interest in the estate.	Each tenant in common holds an undivided and fractional interest in the estate. Can be disproportionate, i.e. 20% & 80%; 60% & 40%; 20%, 20%, 20%, & 40%; etc.
<b>Partitioning</b>	One spouse cannot partition the property by selling his or her interest.	One joint tenant can partition the property by selling his or her joint interest.	One spouse cannot partition the property by selling his or her interest.	Each tenant's share can be conveyed, encumbered, or devised to a third party.
<b>Signatures</b>	Requires signatures of both spouses to convey or encumber.	Requires signatures of all joint tenants to convey or encumber the whole.	Requires signatures of both spouses to convey or encumber.	Requires signatures of all tenants to convey or encumber the whole.
<b>Inheritance</b>	Upon death the estate of the decedent must be "cleared" through probate, affidavit, or adjudication.	Estate passes to the surviving joint tenants outside of probate.	Estate passes to the surviving spouse outside of probate.	Upon death the tenant's proportionate share passes to heirs by will or intestacy.
<b>Upon Death</b>	Upon death the estate of the decedent must be "cleared" through probate, affidavit, or adjudication.	No court action required to "clear" title upon the death of joint tenant(s).	No court action required to "clear" title upon the first death.	Upon death the estate of the decedent must be "cleared" through probate, affidavit, or adjudication.
<b>Community Property on Death</b>	Both halves of the community property are entitled to a "stepped up" tax basis as of the date of death.	Deceased tenant's share is entitled to a "stepped up" tax basis as of the date of death.	Both halves of the community property are entitled to a "stepped up" tax.	Each share has its own tax basis.

# The 411 on HOME INSPECTIONS

The sellers are required to disclose the known condition of the house, but it is important to have a professional inspect the home. When it comes to inspecting the home, you want an inspector who will be thorough and trustworthy. Ask for recommendations from friends and family and/or search out reviews online. Look for proper licensing, and you can even ask a potential inspector for references.

Schedule the inspection as quickly as possible. Expect to hire the inspector directly, and pay at the time of service.

## THE INSPECTOR CAN EVALUATE THE FOLLOWING:

- Roof • Foundation • Drainage
- Plumbing • Electrical
- Fireplaces/Chimneys • Furnace
- Other visible features, fixtures, and components.

Inspections are not intrusive, so only visible aspects of the property can be evaluated. Issues that may exist within inaccessible areas, such as walls, may remain unknown.

## COMMON DEFECTS FOUND DURING HOME INSPECTIONS

Don't expect the reports to be flawless. Inspectors generally find some routine and minor defects that the buyer will commonly assume. However, sometimes inspections will reveal major structural defects and safety violations.

- **Roofing defects** – age, wear, and improper installation
- **Ceiling stains** – point toward active or past issues with leaking roofs, plumbing, or appliances
- **Water intrusions** – particularly in basements – improper drainage around the house
- **Electrical safety hazards** – old, ungrounded outlets, non-GFI (ground fault interrupter) outlets, improperly wired panels, outdated wiring
- **Rotten wood** – commonly on trim, roof eaves, and decks
- **Building code violations** – unpermitted structures or additions, safety issues, DIY gone wrong
- **Unsafe fireplace and chimney conditions** – insufficient distance between fireplace and combustible materials, lack of chimney cleaning and maintenance
- **Minor plumbing defects** – loose toilets, leaking faucets, improper drainage
- **Failed seals around windows**

## PEST INSPECTION

The inspector will perform an examination for wood destroying pest infestations, and this portion of the report is usually broken down into two sections:

- Section 1 lists conditions that are actively damaging the property. Usually, repairs will have to be completed and remediated before the lender will approve your loan.
- Section 2 lists conditions that will likely cause damage to your home in the future.

The inspector will create a report detailing all of their recommendations complete with pictures, and may suggest you contact a specialist, such as a structural engineer to further assess situations outside the inspector's scope.

If significant defects are found during the inspection, you may be able to negotiate with the seller to determine who will pay for the repairs, or if the contract is contingent upon a satisfactory inspection, you may cancel the sale without penalty.

# *Signing with* **OUR AGENCY**

## **IDENTIFICATION**

Bring an unexpired, government issued photo ID to your closing in order for your signature to be notarized.

## **FUNDS**

Your escrow officer will contact you or your real estate agent in advance of your closing to inform you of the funds you will need to bring to your signing appointment. Bring a cashier's check in the proper amount payable to Lawyers Title or Grand Canyon Title Agency. If you prefer to send funds via wire transfer, you may contact your escrow officer ahead of time to make arrangements. Learn how to protect yourself from wire fraud on page 8. Wire instructions in our opening package will not change.

## **TAKING TITLE**

Review your options of ways to take title in Arizona (page 26) and decide on your preferred method.

## **MOBILE NOTARY**

If you are unable to make it into one of our many office locations, Lawyers Title and Grand Canyon Title Agency may still be able to assist you with a mobile notary service. Contact a local branch to inquire further about this service.

## **DO I HAVE TO BE THERE?**

If you or any one of the buyers will be unavailable to sign the lender packages, notify your real estate agent immediately. Your real estate agent will notify your loan officer, Lawyers Title and/or Grand Canyon Title Agency. Many lenders will accept a signature by power of attorney if the title company prepares the document. The lender must approve a Power of Attorney in advance of your closing appointment.



# *After your* **SIGNING APPOINTMENT**

Once all of your documents are signed, if there is a loan involved, the signed documents will be sent to your lender for review. Once your lender approves, they will fund the loan and contact Lawyers Title and Grand Canyon Title Agency. Your escrow officer will handle the rest of the transaction details. The deed will be recorded, and the proper funds will be disbursed to the seller and other appropriate payees. Once escrow is closed, you will receive the keys to your new home from your real estate agent!

## **AFTER THE CLOSING**

Keep all documents in a safe place and keep an eye on your mail for important documents to come.

## **LOAN PAYMENTS**

Payments on your loan are generally made with coupon books, monthly statements, or online bill pay. Contact your lender with any questions regarding your loan payments, taxes, or impounds.



## **HOME WARRANTY REPAIRS**

If covered items break, call your home warranty company directly **before** scheduling repairs.

## **RECORDED DEED**

The recorded deed will be mailed directly to you 7-10 days after close of escrow.

## **TITLE INSURANCE POLICY**

Lawyers Title and Grand Canyon Title Agency will mail your policy to you within 30 days.

## **PROPERTY TAXES**

Paying your property taxes is your responsibility, and depending on the month you purchase your home, you may or may not receive a statement. Refer to page 15 for important tax dates. If you have a new loan, check with your lender to see if your taxes are included with your monthly loan payment.



## Ready. Set. Move!

### OLD HOME

- Pack up your belongings. Make sure to put detailed labels on each box (you will thank yourself when you get to the unpacking phase). If you are using a moving company, make a detailed inventory of the boxes they will be moving. This will help you verify they are all delivered safely to your new house.
- Transport valuables with you. Cancel your old utilities and collect any deposit refunds.
- Empty and defrost refrigerator.
- Set up key transfer with your real estate agent.
- Don't forget about the garage door openers.
- Change your address and transfer records (if applicable) with the following places/services:
  - U.S. Postal Service
  - Bank Accounts/Credit Card Companies
  - Investment Accounts
  - Cell Phone Company
  - Department of Motor Vehicles
  - Insurance Companies
  - Memberships
  - Publications
  - Voter Registration
  - Human Resources/Payroll at Your Work
  - Doctors, Dentists, and Veterinarians
  - Schools
  - Friends and Family

### NEW HOME:

- Change your locks on all outside doors to ensure you and your family are the only people with keys.
- Set-up utilities and services including:
  - Water, Trash, and Sewer
  - Electric
  - Gas
  - Cable, Satellite, and Internet
- Familiarize yourself with the location of your circuit breaker and water shut-off valve. Plan for emergencies by installing or replacing batteries in the fire alarms and carbon monoxide detectors, and purchase new fire extinguishers.
- Complete minor (or major) repairs and projects such as painting or anything that needs to be tackled from the home inspection report.
- Clean your new house. Do a deep cleaning to start off FRESH! It's much easier to clean before you unpack.
- Unpack. Decorate and make the space your own. Consider donating items that do not fit in your new house. Recycle boxes and moving materials.
- Explore your new neighborhood and meet your neighbors.
- **Settle in and enjoy your new home!**

# Glossary of **REAL ESTATE TERMS**

**Abandonment of Homestead:** An instrument to terminate a homestead interest.

**Acceleration Clause:** A clause in a note, mortgage or deed of trust which give the lender the right to demand payment in full upon a happening of a certain event, such as a default.

**Acknowledgment:** A formal declaration made before a notary, stating the instrument was duly executed by the designated person.

**Adverse Possession:** A method of acquiring real property from the owner because of continuous, hostile, and visible use of the property for a prescribed length of time.

**Affidavit:** A sworn statement by an individual.

**Affidavit of Value:** A sworn statement required by the state to be attached to all conveyances, unless it has been specifically exempted. It includes the legal description, tax parcel number, and the value of the property.

**Agreement for Sale:** An instrument that conveys the equitable title to real property and states the manner of payment required for payment in full.

**Amortize:** A gradual decrease of a debt based on structured payments over a designated number of years.

**Assessment:** A levy or tax imposed on land to raise revenue or to pay for improvements which benefit the land.

**Attachment:** A legal procedure where property is taken into custody pending the outcome of a lawsuit.

**Attorney in Fact:** An agent authorized to act for another by virtue of a power of attorney.

**Balloon Payment:** A final payment on a note which is greater than the preceding installments.

**Base File:** A title file that includes all previous title search information on a particular property.

**Beneficiary:** One who benefits from a trust, or the mortgagee under a deed of trust.

**Bill of Sale:** An instrument that transfers personal property.

**Bulk Sale:** The sale of a business.

**Chain of Title:** A chronological list of the recorded instruments affecting title to real property.

**Chattel:** Personal property.

**Cloud on the Title:** An irregularity in the chain of title that could affect the interest of the owner.

**Community Property:** All property acquired by either husband or wife during the marriage except what is acquired by gift, devise, or descent.

**Contiguous:** Parcels of property that are adjoining.

**Decree of Distribution:** A court order after the probate of a deceased person's estate, which when recorded, transfers the title to their heirs.

**Equity:** The monetary interest the owner has in the real property.

**Equitable Title/Ownership:** Ownership by one who does not have legal title, such as a vendee under a land contract.

**Escheat:** Process that reverts property to the state when a deceased owner has no apparent heirs, or when a party does not make claim to monies held in escrow.

**Estate:** The degree, quantity, nature and extent of the interest a person has in real property.

**Estoppel:** A rule of law which precludes a person from alleging or denying certain facts resulting from their previous conduct or admissions.

**Exchange:** Transfer of one property for another.

**Fiduciary:** A trustee.

**Fixtures:** Personal property that becomes real property when attached to real property.

**Foreclosure:** A proceeding in or out of court, to extinguish all rights, title, and interest of the owner of property in order to sell the property to satisfy a lien against it.

**Forfeiture:** The process used by the seller or vendor under a land agreement to recover the property from the buyer or vendee in the event of default

**Garnishment:** A statutory proceeding wherein a court gives directions to a third party regarding the payment of money.

**Heirs:** The persons designated in a will, or by operation of law, to succeed to the estate of a deceased person.

**Hiatus:** A gap unintentionally left when describing two adjacent properties.

**Incompetent:** A person who is incapable of binding himself to an enforceable obligation.



**Indemnity:** A letter or statement wherein one party agrees to hold harmless another party from loss or damage.

**Ingress and Egress:** The liberty of entrance and exit from property.

**Intestate:** A person who dies without leaving a will.

**Judgment:** A decree entered by the court after final determination of the rights of the parties in legal action.

**Lease:** A contract where the owner grants to another the possession or use of their property.

**Letters of Testamentary:** A court order empowering an individual to deal with a deceased person's estate.

**Lien:** A charge upon real property as security for the payment of a debt.

**Life Estate:** The interest in property that exists only for the life of an individual.

**Metes and Bounds Description:** A legal description based on footage and direction prepared through a survey of the property.

**Monuments:** Objects or markers used to fix or establish a property boundary.

**Novation:** Substitution of a new contract, debt or obligation for an existing one, between the same or different parties.

**Order Confirming Sale:** A court order given during a probate or bankruptcy proceeding which authorizes the sale of a part of the estate property.

**Patent:** An instrument used by the state or federal government to transfer title to property.

**Personal Representative:** A court appointed individual who is authorized to deal with the matters of an estate, which was formerly referred to as an administrator or executor.

**Power of Attorney:** An authority or instrument by which one person (principal) enables another (attorney in fact) to act for him.

**Probate:** A court proceeding in which descendant's estate is administered.

**Quiet Title:** A court action that clarifies the title to real property.

**Reconveyance:** Transfer of title to the previous owner, or a release of the lien created by a Deed of Trust

**Reservation:** A reservation created by a grantor in a deed, which establishes a new right or privilege for the benefit of the grantor in the property.

**Resolution:** A formal declaration of the will of the group, such as the Board of Directors of a corporation.

**Restriction:** A limitation upon the owner's use or right to deal with their land.

**Severalty:** An estate held by a person in his own right, without being joined by another person.

**Special Warranty Deed:** A deed that conveys ownership, but only warrants the title to the property for the time period the grantor has had title.

**Subordination:** An agreement in which the existing lien will take an inferior position to a new or junior lien.

**Take Off:** An abstract copy of a summary of matters found in the public records which affect title or rights of person to deal with the property.

**Testate:** A person who dies leaving a will.

**Trust:** Property that is held by one party for the benefit of another.

**Usury:** An interest rate that is greater than the amount which can be legally charged.

**Waiver:** A voluntary surrender of a right or privilege, such as the right to file a lien.

# LOCATIONS

## ARCADIA

3900 E. Camelback Rd., Suite 150  
Phoenix, AZ 85018

**Phone:** 602.468.7777

**Fax:** 602.926.0476

## ARROWHEAD

17100 N. 67th Ave., Bldg. 2, Suite 200  
Glendale AZ 85308

**Phone:** 623.979.6060

**Fax:** 623.334.4900

## BILTMORE

### COMMERCIAL/RESIDENTIAL

3900 E Camelback Rd., Suite 150  
Phoenix, AZ 85018

**Phone:** 602.954.6774

**Fax:** 602.954.7006

## DC RANCH

20645 N. Pima Rd., Suite 130  
Scottsdale, Az 85255

**Phone:** 480.315.8090

**Fax:** 480.546.4643

## FOUNTAIN HILLS

16845 E. Avenue of the Fountains,  
Suite D110  
Fountain Hills, AZ 85268

**Phone:** 480.337.9940

**Fax:** 928.433.7240

## GILBERT

225 E. Germann Rd., Suite 130  
Gilbert, AZ 85297

**Phone:** 602.474.5406

**Fax:** 602.474.5407

## GOODYEAR

2910 N. Litchfield Rd., Suite 102  
Goodyear, AZ 85395

**Phone:** 623.535.4210

**Fax:** 623.535.7105

## KIERLAND

14648 N Scottsdale Rd., Suite 125  
Scottsdale, AZ 85254

**Phone:** 602.996.0055

**Fax:** 480.315.8091

## LAKESHORE

4677 S Lakeshore Dr., Suite C9  
Tempe, AZ 85283

**Phone:** 480.897.8488

**Fax:** 480.897.8522

## MESA

225 E. Germann Rd., Suite 130  
Gilbert, AZ 85297

**Phone:** 602.474.5406

**Fax:** 602.474.5407

## NORTH CENTRAL

5225 North Central Ave., Suite 107  
Phoenix, AZ 85012

**Phone:** 602.474.5210

**Fax:** 602.581.3083

## PALM VALLEY

2910 N. Litchfield Rd., Suite 102  
Goodyear, AZ 85395

**Phone:** 623.535.4210

**Fax:** 623.535.7105

## QUEEN CREEK

22036 South Ellsworth Rd.  
Queen Creek, AZ 85142

**Phone:** 602.474.5232

**Fax:** 602.865.1874

## SUNLAND

510 S Greenfield Rd., Suite 1  
Mesa, AZ 85206

**Phone:** 480.830.4995

**Fax:** 480.924.2025

## SURPRISE

15331 W. Bell Rd., Suite 100  
Surprise, AZ 85374

**Phone:** 623.518.2795

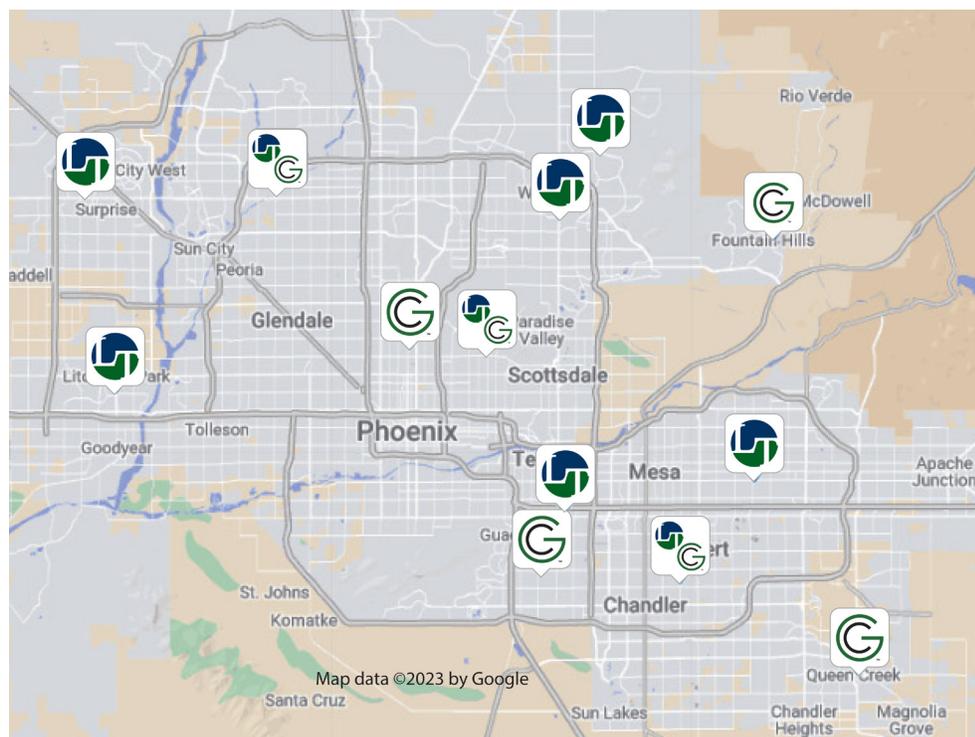
**Fax:** 623.518.2796

## TEMPE

605 W. Knox Rd., Suite 104  
Tempe, AZ 85284

**Phone:** 602.627.0134

**Fax:** 602.865.7994





TWO BRANDS, **ONE COMPANY**