



# BUYERS GUIDE

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## THE CARPENTER TEAM

### CONTENT DISCLAIMER

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# ABOUT ARIZONA

**Admission to Statehood:** February 14, 1912

**State Land Area:** 114,006 square miles

**Origin of State's Name:** Spanish interpretation of "arizuma," an Aztec Indian word meaning "silver-bearing." Also based on Pima Indian word "arizonac" for "little spring place."

**State Nickname:** The Grand Canyon State

**State Motto:** Ditat Deus God Enriches

**Arizona Area Codes:** (480), (520), (602), (623), (928)

**Bordering States:** California, Colorado, Nevada, New Mexico, Utah

**State Bird:** Cactus Wren

**State Flower:** Saguaro Cactus *Carnegiea gigantea*

**State Population:** 5,743,834 (estimated 2004)

**State Capital:** Phoenix, Maricopa County

**Maricopa County Population:** 3,501,001 (estimated 2004)

**Geographic Center:** Yavapai, 55 miles East SE of Prescott

**Highest Point:** 12,633 feet – Humphreys Peak

**Lowest Point:** 70 feet – Colorado River

## **Economy:**

Agriculture –

Cattle, cotton, dairy products, lettuce, nursery stock, hay

Industry – Copper and other mining, electric equipment,

transportation equipment, machinery, printing and

publishing, food processing, electronics, tourism

**State Flag:** Adopted in 1917, the 13 rays of red and gold on the top half of the Arizona State flag represent both the 13 original colonies of the Union, and the rays of the Western setting sun. Red and gold were also the colors carried by Coronado's Spanish expedition in search of the Seven Cities of Cibola in 1540. The bottom half of the flag has the same Liberty blue as the United States flag. Since Arizona was the largest producer of copper in the nation, a copper star was placed in the flag's center. The flag was adopted in 1917.



# MOVING CHECKLIST

## At Your Present Address

- Post Office: Give forwarding address
- Charge accounts, credit cards
- Subscriptions: Notice requires several weeks
- Friends and relatives

## Bank

- Transfer funds, arrange check cashing in new city
- Obtain cashier's check necessary for closing real estate transaction. Be sure to ask your bank if this check is drawn on an Arizona (your state) Institution
- Arrange credit references

## Insurance

- Notify company of new location for coverages: Life, Health, Fire and Auto

## Utility Company

- Gas, electric, water, telephone, fuel, garbage, cable
- Get refunds on any deposits made

## Delivery Service

- Laundry, newspaper, milk or water

## Medical, Dental, Prescription Histories

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

## School

- School transcripts

## Church, Club, Civic Organizations

- Transfer memberships: get letters of introduction

## Pets

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

## Don't Forget

- Empty freezer; plan use of foods
- Defrost freezer and clean refrigerator. Place charcoal to dispel odors.
- Have appliances serviced for moving.
- Remember arrangements for TV and cable/satellite.
- Clean rugs or clothing before moving.
- Check with your Moving Company, insurance coverage, packing and unpacking labor, arrival day, various shipping papers, method and time of expected payment.
- Plan for special care needs for infants.

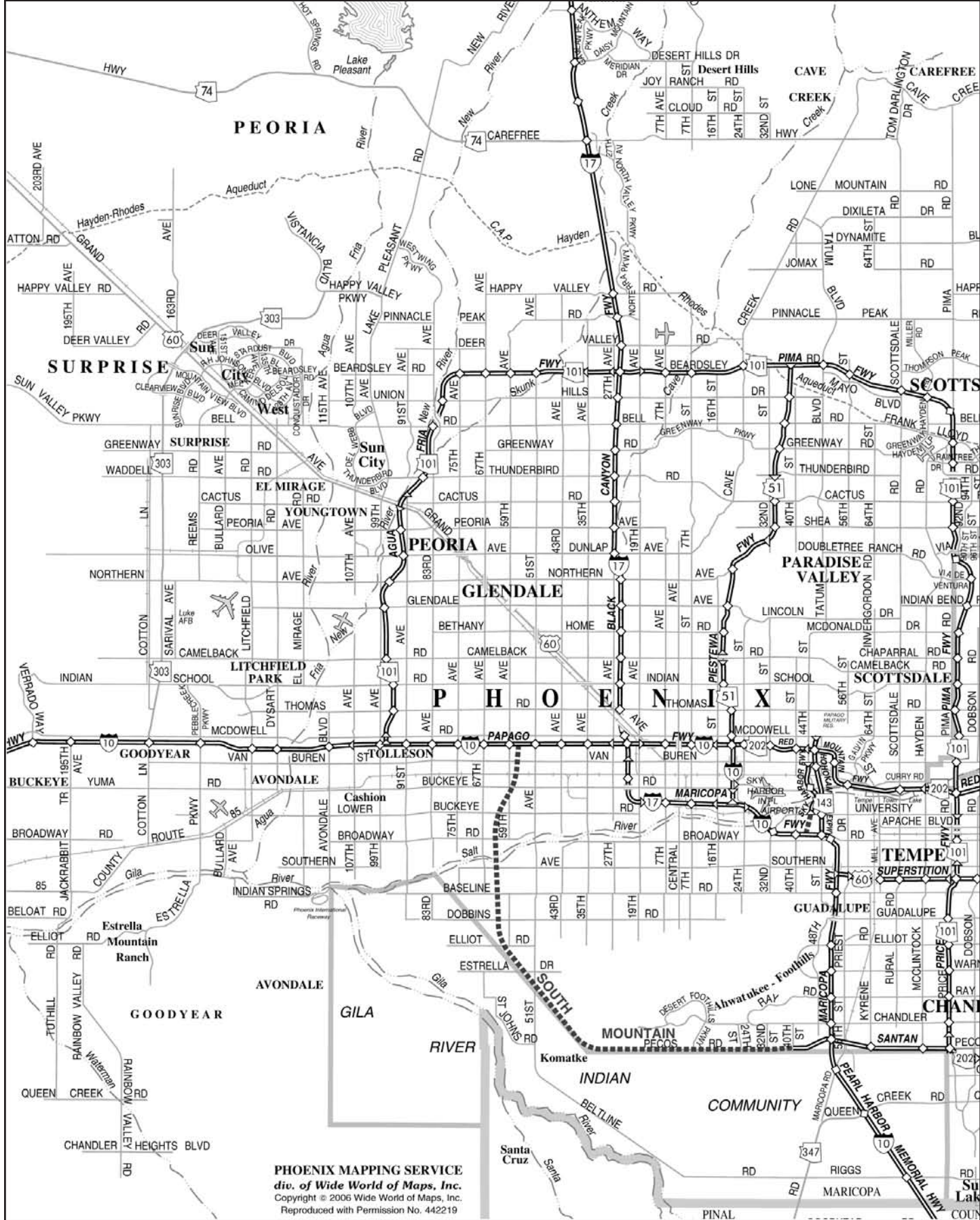
## On Moving

- Carry enough cash or traveler's checks to cover cost of moving services and expenses until you make banking connections in new city
- Carry jewelry and documents yourself, or use registered mail.
- Plan for transporting pets; they are poor traveling companions if unhappy.
- Let a close friend or relative know route and schedule you will travel, including overnight stops; use him/her as message headquarters.
- Double check closets, drawers, shelves to be sure they are empty.
- Leave all old keys and garage door openers needed by new tenant or owner with Realtor® or neighbor.

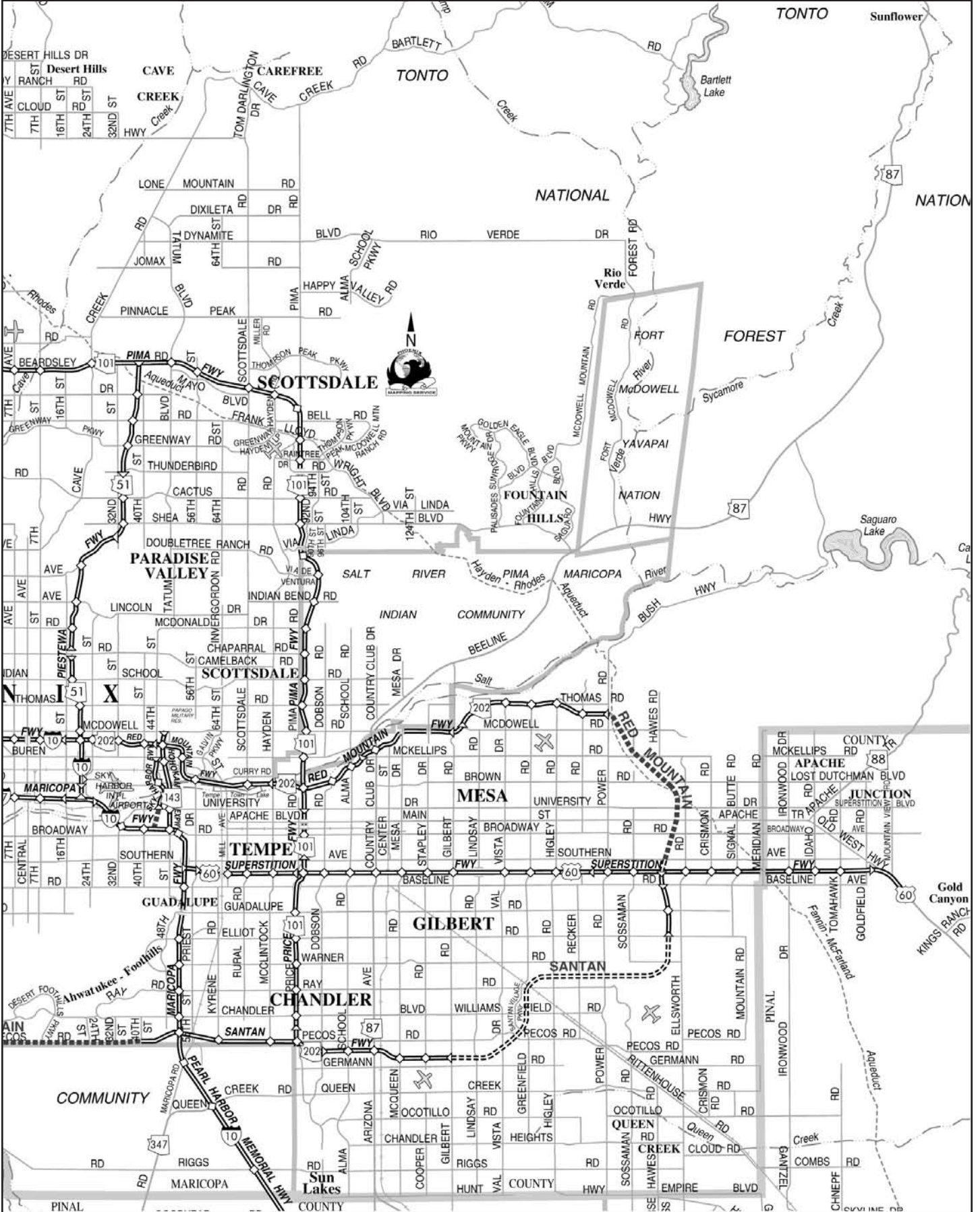
## At Your New Address

- Check on service of telephone, gas, electricity, and water.
- Check pilot light on stove, hot water heater, incinerator, and furnace.
- Have appliances checked.
- Ask mail carrier for mail they may be holding for your arrival.
- Have new address recorded on driver license.
- Visit city offices and register for voting.
- Register car within five days after arrival in state or penalty may have to be paid when getting new license plates.
- Obtain city inspection sticker and transfer motor club membership.
- Apply for state driver license.
- Register family in your new place of worship.
- Register children in school.
- Arrange for medical services: doctor, dentist, etc.

# PHOENIX AREA MAP



# PHOENIX AREA MAP



# IMPORTANT NUMBERS & WEBSITES

## Emergency Numbers

Emergency .....	911	
City of Phoenix Police Department .....	(602) 262-7626	<a href="http://www.phoenix.gov/police">www.phoenix.gov/police</a>
Poison Control Center .....	(602) 495-4884	<a href="http://www.bannerpoisoncontrol.com">www.bannerpoisoncontrol.com</a>
Samaritan Regional Emergency Hotline .....	(602) 253-3334	<a href="http://www.bannerhealth.com">www.bannerhealth.com</a>
Crisis Services .....	(602) 249-1749	
Drug Abuse Hotline .....	(800) 992-9239	
Suicide Prevention Hotline .....	(480) 784-1500	
Youth Crisis Hotline .....	(800) 448-4663	

## Police

Chandler .....	(480) 782-4130	<a href="http://www.chandlerpd.com">www.chandlerpd.com</a>
Gilbert .....	(480) 892-3434	<a href="http://www.ci.gilbert.az.us/police">www.ci.gilbert.az.us/police</a>
Glendale .....	(623) 930-3000	<a href="http://www.ci.glendale.az.us/police">www.ci.glendale.az.us/police</a>
Mesa .....	(480) 644-2211	<a href="http://www.ci.mesa.az.us/police">www.ci.mesa.az.us/police</a>
Peoria .....	(623) 979-4222	<a href="http://www.peoriaaz.com/police">www.peoriaaz.com/police</a>
Phoenix .....	(602) 262-6151	<a href="http://www.phoenix.gov/police">www.phoenix.gov/police</a>
Scottsdale .....	(480) 391-5000	<a href="http://www.scottsdaleaz.gov/departments">www.scottsdaleaz.gov/departments</a>
Tempe .....	(480) 966-6211	<a href="http://www.tempe.gov/police">www.tempe.gov/police</a>

## Fire Department

Chandler .....	(480) 782-2120	<a href="http://www.chandlerfire.org">www.chandlerfire.org</a>
Gilbert .....	(480) 545-6874	<a href="http://www.ci.gilbert.az.us/fire">www.ci.gilbert.az.us/fire</a>
Glendale .....	(623) 930-3400	<a href="http://www.ci.glendale.az.us/fire">www.ci.glendale.az.us/fire</a>
Mesa .....	(480) 644-2101	<a href="http://www.ci.mesa.az.us/fire">www.ci.mesa.az.us/fire</a>
Peoria .....	(623) 412-7440	<a href="http://www.peoriaaz.com/fire">www.peoriaaz.com/fire</a>
Phoenix .....	(602) 262-3394	<a href="http://www.ci.phoenix.az.us/fire">www.ci.phoenix.az.us/fire</a>
Scottsdale .....	(480) 994-3886	<a href="http://www.ruralmetro.com">www.ruralmetro.com</a>
Sun City .....	(623) 974-2321	<a href="http://www.suncityfire.com">www.suncityfire.com</a>
Tempe .....	(480) 350-8850	<a href="http://www.tempe.gov/fire">www.tempe.gov/fire</a>

## City Government

Apache Junction .....	(480) 982-8002	<a href="http://www.ajcity.net">www.ajcity.net</a>
Chandler .....	(480) 782-2220	<a href="http://www.chandleraz.org">www.chandleraz.org</a>
Glendale .....	(623) 930-2000	<a href="http://www.ci.glendale.az.us">www.ci.glendale.az.us</a>
Mesa .....	(480) 644-2011	<a href="http://www.ci.mesa.az.us">www.ci.mesa.az.us</a>
Peoria .....	(623) 773-7000	<a href="http://www.peoriaaz.com">www.peoriaaz.com</a>
Phoenix .....	(602) 262-6011	<a href="http://www.cityofphoenix.org">www.cityofphoenix.org</a>
Scottsdale .....	(480) 312-6500	<a href="http://www.ci.scottsdale.az.us">www.ci.scottsdale.az.us</a>
Tempe .....	(480) 967-2001	<a href="http://www.tempe.gov">www.tempe.gov</a>
Gilbert .....	(480) 503-6000	<a href="http://www.ci.gilbert.az.us">www.ci.gilbert.az.us</a>

## Maricopa County Government

Assessor's Office .....	(602) 506-3406	<a href="http://www.maricopa.gov/assessor">www.maricopa.gov/assessor</a>
Recorder's Office .....	(602) 506-3535	<a href="http://www.maricopa.gov">www.maricopa.gov</a>
Treasurer's Office .....	(602) 506-8511	<a href="http://www.treasurer.maricopa.gov">www.treasurer.maricopa.gov</a>
Zoning Office .....	(602) 506-3301	<a href="http://www.maricopa.gov/planning">www.maricopa.gov/planning</a>

# IMPORTANT NUMBERS & WEBSITES

## State Government

Driver's License & Vehicle Registration .....	(602) 255-0072	<a href="http://www.azdot.gov">www.azdot.gov</a>
Arizona Income Tax Information .....	(602) 255-3381	<a href="http://www.azdor.gov">www.azdor.gov</a>
Maricopa County Information .....	(602) 506-3011	<a href="http://www.maricopa.gov">www.maricopa.gov</a>
Voter Registration .....	(602) 506-1511	<a href="http://www.azsos.gov/election/voterregistration.htm">www.azsos.gov/election/voterregistration.htm</a>

## Post Offices

General Information .....	(602) 407-2049	<a href="http://www.usps.com">www.usps.com</a>
Chandler .....	(480) 407-2011	
Fountain Hills .....	(800) 275-8777	
Gilbert .....	(480) 892-0010	
Glendale .....	(623) 842-0099	
Mesa .....	(480) 969-9171	
Peoria .....	(623) 979-1841	
Phoenix .....	(602) 407-2028	
Scottsdale .....	(480) 949-7100	
Sun City .....	(623) 974-3623	
Tempe .....	(480) 894-2128	

## Utilities

Arizona Public Service (APS) .....	(602) 371-7171	<a href="http://www.aps.com">www.aps.com</a>
Salt River Project (SRP) .....	(602) 236-8888	<a href="http://www.srpnet.com">www.srpnet.com</a>
Southwest Gas (SW Gas) .....	(602) 861-1999	<a href="http://www.southwestgas.com">www.southwestgas.com</a>
Qwest Communications .....	(800) 244-1111	<a href="http://www.qwest.com">www.qwest.com</a>
Cox Communications .....	(602) 277-1000	<a href="http://www.cox.com/phoenix">www.cox.com/phoenix</a>
Cable America .....	(480) 558-7260	<a href="http://www.cableamerica.com">www.cableamerica.com</a>

## Airports

Mesa – Falcon Field Airport .....	(480) 644-2444	<a href="http://www.ci.mesa.az.us/airport">www.ci.mesa.az.us/airport</a>
Phoenix – Deer Valley Airport .....	(623) 869-0975	<a href="http://www.phoenix.gov/Aviation/DeerValley">www.phoenix.gov/Aviation/DeerValley</a>
Glendale Municipal Airport .....	(923) 931-5555	<a href="http://www.ci.glendale.az.us/airport">www.ci.glendale.az.us/airport</a>
Phoenix Goodyear Airport .....	(623) 932-1200	<a href="http://www.phoenix.gov/Aviation/Goodyear">www.phoenix.gov/Aviation/Goodyear</a>
Phoenix – Sky Harbor International Airport.....	(602) 273-3300	<a href="http://www.phxskyharbor.com">www.phxskyharbor.com</a>
Scottsdale Airport .....	(480) 312-2321	<a href="http://www.scottsdaleairport.com">www.scottsdaleairport.com</a>
Mesa – Williams Gateway Airport.....	(480) 988-7600	<a href="http://www.flywga.org">www.flywga.org</a>
Chandler – Chandler Municipal Airport.....	(480) 782-3540	<a href="http://www.chandler.gov/default.aspx?pagelD=318">www.chandler.gov/default.aspx?pagelD=318</a>

## Community Numbers

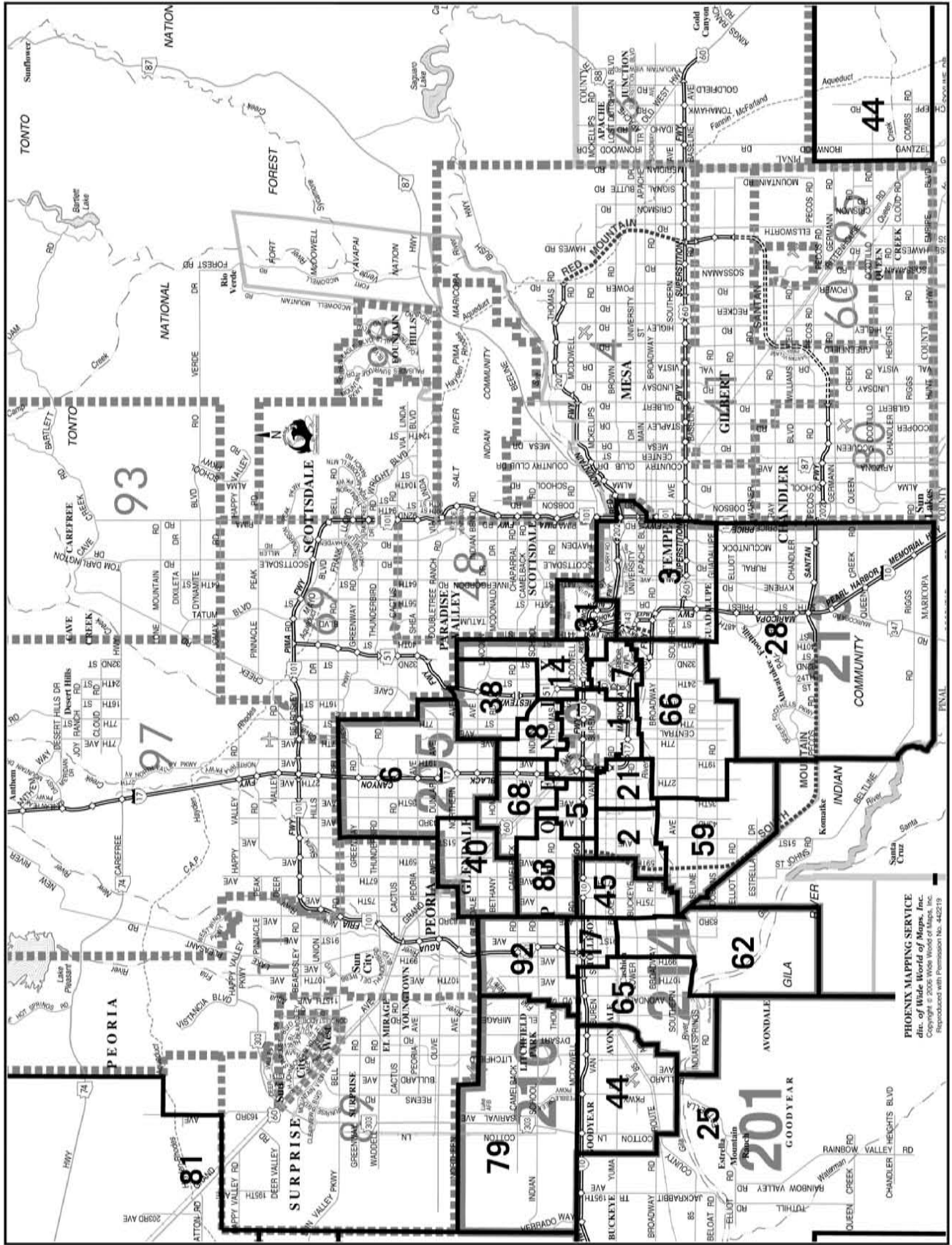
Arizona Department of Education.....	(602) 542-5393	<a href="http://www.ade.state.az.us">www.ade.state.az.us</a>
Phoenix Transit System.....	(602) 253-5000	<a href="http://www.valleymetro.org">www.valleymetro.org</a>
Visitors Hotline.....	(602) 252-5588	<a href="http://www.phoenixcvb.com">www.phoenixcvb.com</a>
Federal Tax Information .....	(800) 829-3676	<a href="http://www.irs.gov">www.irs.gov</a>

## Professional Sports

Arizona Cardinals.....	(602) 379-0102	<a href="http://www.azcardinals.com">www.azcardinals.com</a>
Arizona Diamondbacks .....	(602) 514-8400	<a href="http://www.azdiamondbacks.com">www.azdiamondbacks.com</a>
Arizona Rattlers .....	(602) 514-8383	<a href="http://www.azrattlers.com">www.azrattlers.com</a>
Phoenix Coyotes .....	(480) 473-5600	<a href="http://www.phoenixcoyotes.com">www.phoenixcoyotes.com</a>
Phoenix Mercury.....	(602) 252-9622	<a href="http://www.phoenixmercury.com">www.phoenixmercury.com</a>
Phoenix Suns.....	(602) 379-7867	<a href="http://www.suns.com">www.suns.com</a>



# MARICOPA SCHOOL DISTRICTS



PHOENIX MAPPING SERVICE  
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# SCHOOL DISTRICTS

## Elementary School Districts

1 – Phoenix	(602) 257-3790
2 – Riverside	(602) 272-1339
3 – Tempe	(480) 730-7102
5 – Isaac	(602) 455-6700
6 – Washington	(602) 347-2600
7 – Wilson	(602) 681-2200
8 – Osborn	(602) 707-2000
14 – Creighton	(602) 381-6000
17 – Tolleson	(623) 936-9740
21 – Murphy	(602) 353-5000
25 – Liberty	(623) 327-2940
28 – Kyrene	(480) 783-4000
31 – Balsz	(602) 629-6400
33 – Buckeye	(623) 386-4487
38 – Madison	(602) 664-7900
40 – Glendale	(623) 842-8100
44 – Avondale	(623) 772-5000
45 – Fowler	(623) 707-4500
47 – Arlington	(623) 386-2031
49 – Palo Verde	(623) 327-3690
59 – Laveen	(602) 237-9100
60 – Higley	(480) 279-7000
62 – Union	(623) 247-5744
63 – Aguila	(928) 685-2222
65 – Littleton	(623) 478-5600
66 – Roosevelt	(602) 243-4800
68 – Alhambra	(602) 336-2921
71 – Sentinel	(928) 454-2474
75 – Morristown	(623) 388-2336
79 – Litchfield Pk	(623) 535-6000
81 – Nadaburg	(623) 388-2321
83 – Cartwright	(623) 691-4026
86 – Mobile	(520) 568-2280
90 – Saddle Mtn	(623) 474-5100
92 – Pendergast	(623) 772-2200
94 – Paloma	(928) 683-2588

## Unified School Districts

1 – Phoenix	(602) 257-3790
4 – Mesa	(480) 472-0200
9 – Wickenburg	(928) 668-5350
11 – Peoria	(623) 486-6000
24 – Gila Bend	(928) 683-2225
41 – Gilbert	(480) 497-3300
43 – Apache Jcnctn	(480) 982-1110
48 – Scottsdale	(480) 484-6100
69 – Paradise Valley	(602) 867-5100
80 – Chandler	(480) 812-7000
89 – Dysart	(623) 876-7000
93 – Cave Creek	(480) 575-2000
95 – Queen Creek	(480) 987-5935
97 – Deer Valley	(623) 445-5000
98 – Fountain Hills	(480) 664-5000

## High School Districts

201 – Buckeye Union	(623) 386-9701
205 – Glendale Union	(623) 435-6001
210 – Phoenix Union	(602) 271-3100
213 – Tempe Union	(480) 839-0292
214 – Tolleson Union	(623) 247-4222
216 – Agua Fria Union	(623) 932-7000

## Other School Information

### Other District Information

in Maricopa County.....(602) 506-3866

### AZ Dept. of Education

School Report Cards.....(602) 542-5393

### Secondary Schools in AZ Accredited by

North Central Assoc.....(602) 542-5393

## School Immunizations

Arizona state law requires children, individuals more than 18 years of age, or emancipated persons, have immunizations as outlined below to enter or transfer into public, private or charter elementary and secondary schools (grades kindergarten through 12). The list of immunizations includes; Polio (OPV and/or IPV), Diphtheria, Tetanus, and Pertussis, Td or Tdap booster, Measles, Mumps, Rubella (MMR), Hepatitis B, Varicella (Chickenpox). Children who have had Chicken Pox are not required to receive a Varicella vaccine.

For specific requirements and dosages, or for exemptions, call the County Health Department at (602) 506-6767, your school administration office, or your personal physician. Additional information can be found at the Arizona Department of Education web site, [www.ade.az.gov](http://www.ade.az.gov) or by calling (602) 364-1530.



# GENERAL INFORMATION

## 3d[l a ` S HMZ [U^VDW[ef dSf [a ` ~ 6 d[hWd >[UW eW

As a new resident to the State of Arizona, you are required to obtain an Arizona driver license and to register your vehicles in this State. By definition, you are an Arizona resident and must comply with state law requirements if you work in Arizona (other than for seasonal agricultural work), place children in school without paying the tuition rate of a nonresident, have a business with an office in Arizona, and that bases and operates vehicles in this state, obtain a state license or pay school tuition fees at the same rate as an Arizona resident, have a business that operates vehicles to transport goods or passengers within Arizona or remain in Arizona for a total of 7 months or more during any calendar year, regardless of your permanent residence. An "out-of-state student" enrolled with 7 or more semester hours is not considered a resident, even if employed. Military personnel based in Arizona who qualify for exemption under the Soldiers and Sailors Relief Act are not considered Arizona residents.

Arizona state law requires that all applicants for an original driver license or identification card present two forms of identification, one must have your photo (or three forms of identification if no photo identification is available). All must be originals or copies certified by the issuing agency. All must be in English. You are required to provide your Social Security Number. It will be used to verify your identity and to comply with federal and state child support enforcement laws. It will not be used as your driver license number.

If you are under 18, your application for an instruction permit or driver license must be signed by at least one adult. The adult will be responsible for any negligence or willful misconduct when you are driving. For more information, please contact the Arizona Department of Transportation in Phoenix at (602) 255-0072, and elsewhere in Arizona at (800) 251-5866.

Arizona has many people from other states who are now residents and visitors. This in itself can cause problems because of the differences between laws here and laws "back home". What applies there may not apply here. Use extra caution when driving in any state with a growing population and a wealth of tourists.

Arizona has tough drunk driving laws. Driving privileges can be revoked on the spot. Convictions can bring large fines, time in jail and a suspended or revoked license.

Left turn arrows vary from city to city. Some appear before the green light and some appear after.

Photo radar is currently catching speeders in several cities in the metropolitan area, and camera are also snapping pictures of drivers running red lights at certain intersections. Tickets are mailed to the registered car owners.



## E73F 47>F D7C G; D7? 7@FE

Occupants of the front seat of a vehicle must have the lap and shoulder belt properly adjusted and securely fastened at all times while the vehicle is in motion.

Any children five years old or younger must be in a qualified child-restraint seat in the back seat of the car. Infants should be in a reclined infant car seat or convertible seat in the infant position, and must face the rear of the car. Never use a car seat in a seat where there is an air bag. It is recommended that children weighing 40 to 80 pounds use booster seats. Any children under twelve years should ride in the back seat with a lap and shoulder belt securely fastened.

# GENERAL INFORMATION

## B7FE

Maricopa County law requires that all dogs (and cats) over four months wear a collar displaying a current license. In addition, it is a good idea to attach a separate tag that lists your name, address, and phone number. The law also prohibits you from allowing your dog/cat to roam freely outside of your property at any time. When you take your dog/cat outside of its confined area, it must be restrained on a leash that is no longer than six feet in length.

According to the law, all dogs over the age of three months are required to have a license and rabies vaccination (the vaccination must be administered by a licensed veterinarian). The law covers all unincorporated areas in Maricopa County, the town of Queen Creek, and all other municipalities within Maricopa County with the exception of Fountain Hills and Native American reservations.

For lost pets, check the Maricopa County's Pets 911 web site, [www.1888Pets911.org](http://www.1888Pets911.org). To report a lost or found pet, call 1-888-PETS911. Another resource for lost and found pets is [www.Pet-ark.com](http://www.Pet-ark.com). At Maricopa Animal Care and Control, animals that are found are held in "Lost and Found" for 72 hours then evaluated for adoption status. If your dog is licensed and we have your current address on file, we will attempt to contact you.



# BUYER

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Contact Licensed Real Estate Agent

Obtain Pre-Approval from Lender

Market Education

View Properties

Write Offer with Real Estate Agent

Purchase Offer Presented to Seller

Negotiate Terms of Purchase Contract (Agents)

Offer Accepted

Open Escrow

Deposit Earnest Money

Disclosures and Inspections

Title Search and Preliminary Title Report

Additional Negotiations – If Necessary (Agents)

Signing of Documents

Additional Funds Deposited – If Applicable

Loan Funding

Close of Escrow – Documents Recorded at County Recorder's Office

Get Keys and Move In!

## : a i f a 4WJa \_ WS 4gkVd

You are about to embark on one of the most important and exciting decisions in your lifetime, the selection and purchase of a home. It is a decision that will bring you years of comfort and joy. Yet, the idea of spending your free time evaluating homes and neighborhoods, figuring your down payment and monthly costs, applying for a loan, and finalizing the purchase can be an overwhelming process. For some buyers, the process is tedious and confusing. This is why consulting a professional Realtor® is a smart decision.

A licensed real estate agent can help you find a house, efficiently and quickly. Discuss with your agent the type of home you believe will be right for your needs. Is your family growing? Do you entertain a lot? Garden? Barbeque? Work at home? Are you a chef? A wardrobe buff? Are you a fixer-upper or a total couch potato?

Your Realtor's® expertise and experience will be crucial in helping you find the right home of your dreams. He/she has access to the Multiple Listing Services (MLS), which provides information on virtually every home for sale in the market. This is a useful tool because it provides the most current comparative information available for more informed shopping.

In addition, your agent will show you homes that you can comfortably afford. He/she will have the resources to help you understand how much a lender will let you borrow and on what basis it's calculated. Once you have calculated a price range, your Realtor® will work with you to establish the criteria that will lead you to the right home.

When you are ready to make an offer, your Realtor® can assist you. He/she cannot suggest a lower price than what is listed, but he/she can tell you what comparable homes are selling for in the same neighborhood. Your Realtor® will act as the intermediary between you and the seller who is likely to also be represented by an agent. If there are negotiations over price, closing dates, contingencies, and items – such as appliances – to be left or taken, your Realtor® will be your representative.

Once your offer is accepted, you will have a lot to do in a short period of time. Your Realtor® will direct you to a lender, and inspection and insurance professionals and Title Company for your escrow and title needs. He/she will keep you on track and organized.

### **Shop smarter...not harder.**

Fine tune those dreams of your next home by working on the answers to two questions:

1. How much house can you afford?
2. What are your needs and preferences in a home?

### **How Much House Can You Afford?**

Though you may be willing to spend until it hurts, the name of the game is how much a lender calculates you can afford. Your Realtor® will put you in touch with a lender that he/she trusts to help you through the financial process of pre-qualifying (targeting the amount that a financial institution will lend you).

In general, lenders allow your total monthly housing costs to go as high as but not more than 30% of your gross monthly income. The second requirement is that not more than 36% of your gross monthly income can be tied up in total monthly house payment and payments on outstanding long term debt.

Lenders use slightly different formulas for arriving at "total monthly house payment". These costs generally include your mortgage principal and interest payment, property taxes as a monthly figure, and hazard insurance as a monthly figure. These four items are referred to as PITI (principal, interest, taxes and insurance). If you're required to pay private mortgage insurance (PMI) because your down payment is less than 20%, those premium payments will also be included. If you decide to buy a condominium or town house, the monthly homeowner's association fees will be included. Keep in mind, these formulas aren't cut and dried and things change from lender to lender, so your best bet is to consult.

## Get your Financing in order

You can get together with a lender to get your loan application completed and the financing process started. Be prepared to provide the lender with copies of any important and necessary information.

## Making your Purchase

Once you have found the perfect house, your Realtor® will take you through the purchasing process:

- Submit your offer to buy the house. The seller may accept your first offer, or you may go through one or several counter-offers before you and the seller agree on the terms of the sale. Once you both agree, you have a contract of sale which spells out the details and responsibilities of all parties involved in the transaction.

## Making the Decisions About Your Purchase

Below are some of the items you will need to consider and how the purchase process works.

### How Much Should You Offer to Pay?

Should you offer to pay the seller's asking price or a lower one? Consider such factors as: How long has the house been on the market? Is its price reasonable? Your Realtor® can show you comparable home sales (comps) for similar properties in the neighborhood to help you. How competitive is the area's home buying market? If the seller is offering an assumable mortgage or financing, how much is it worth to you?

### What Happens to the Earnest Money?

A "deposit" is made, in part, to show the seller your seriousness about buying. Your Realtor® will inform you of the amount that is usually given in your area. The seller doesn't actually receive the earnest money. A third party, Title Company, holds the amount in a special trust or escrow account until the sale is closed or the contract is broken.

### How Does the Seller Prove the "Title" is Clear?

A "title" spells out who has the right to ownership of a property. It is said to be "clear" if there are no substantial claims or liens (such as a mortgage) against it. A standard contract asks you, in essence, how you want the seller to show you that he or she owns the property and that the "title" has no claims against it that would prevent transfer to you.

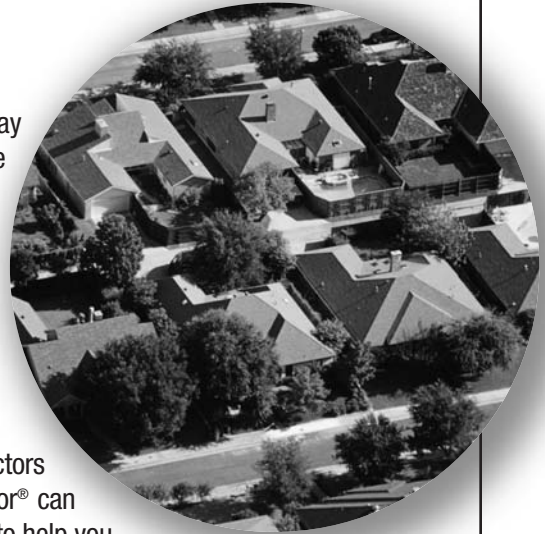
A "title search" is done by Title Company and an Owner's Policy of Title Insurance is issued. In order to issue this insurance policy, which protects you against losses that come from claims against the title, Because you are insured (usually for the sales price), the owner's insurance provides the most protection.

A Title Report is prepared showing a brief history of the ownership and any legal documents that affect its title.

### What conditions do you want to place on the home you're buying?

When you commit to buy the home through your offer, you may make that commitment contingent upon certain things happening, such as you securing financing for the home. In a similar vein, you may make the purchase contingent upon the sale of your present home by a certain time and under certain terms.

You will also want to make sure the home is in good shape. You may make the contract subject to your being satisfied with a building inspector's report and/or an inspection for termites. The purchase should also be subject to your being satisfied with your own inspection of the home just prior to closing.



# BUYER

## What are you buying?

The contract should spell out everything that is part of the purchase that may not be clearly part of the real estate. Common items that could cause questions include appliances, light fixtures (such as the chandelier in the dining room), shades, blinds, curtains and rods, sun screens, shelving or cabinets, potted flowers, shrubs and trees, or perhaps a swing set that is cemented down.

## What special provisions should be included?

Most contracts for sale include some standard provisions, such as one for property taxes, insurance costs, utility bills, and special assessments to be prorated at closing between buyer and seller. Others outline particulars about what happens if the property is damaged before closing or if the seller or buyer fails to go through with the sale. You may want to add your own special provisions. For example, you may want a new home builder to provide you with home warranty insurance at no cost to you.

## The settlement process

All the pieces are starting to come together. Your lender has approved your loan. Except for the seller's paying off the existing mortgage, the title is clear. The property inspector you hired has submitted a report and finds no major structural or mechanical flaws in the house. You, your Realtor®, and the seller's agent have completed a "walk-through", a final inspection of the property. (The walk-through inspection assures you that no damage has occurred since the property inspector looked over your house, or that work you specified in the contract was completed.)

## What are all those closing costs?

After you applied for your loan, you should receive from your lender a "good faith estimate" of the fees charged for closing. This good faith estimate includes fees charged not only by the lender, but all parties involved.

The uniform settlement sheet you receive at closing will be divided into categories so that it's easier to see what the charges are related to. For example, some of the categories are: payments connected with loan, the title, money that must be placed in escrow, money that must be paid in advance to the lender, the broker's commission, recording fees, and document preparation fees.

In your contract, you and the seller agree who will pay what and although it's likely you won't by paying all the closing costs, here's a general rundown on what some of the costs include.

## Charges related to the loan

The loan origination fee covers the lender's administrative costs. The loan discount, referred to as points (each point being equal to 1 percent of the loan amount), is extra interest paid to the lender to make up the difference between market interest and the interest of the loan.

## Why do lenders charge points?

Whenever governmental regulation, state usury laws and/or competitive practices prohibit the lender from charging a rate of interest which would make the real estate loan competitive with other fields of investments, the lender must seek some other methods of increasing the yield for the investors. By charging "points", the lender can bring the real estate loan up to those other investments. Please contact your lender for additional information.

## Are "points" called by different names?

Yes. Commitment Fee, Discount Fee, Warehousing Fee, Funding Fee, etc.

## Who must pay the points?

**FHA:** The Buyer is usually charged with the Loan Origination Fee. The Discount Fee can be paid by the Buyer or Seller.

**VA:** The Buyer is usually charged with the Loan Origination Fee and the Funding Fee. Discount Fee may be paid by Seller, Buyer or split.

**Conventional:** Points can be paid by the Buyer, the Seller, or split between the two. State on Contract of Sale!

**City/County/State government sponsored loans:** As published by them.



## **Do the number of points charged fluctuate?**

Yes. If rates on mortgage loans are lower than other investments (such as stocks, bonds, etc.) then funds will be drawn away from the mortgage market. Also, when there is a heavy demand upon the money market because of business needs, military requirements or other government borrowing, the result is that money for home mortgages becomes scarce and more expensive. When that occurs, more points can be charged. Points balance the market. Points are not set by government regulation but by each lender individually.

## **Is FHA or VA financing unfair to sellers?**

No. Homes can sell faster because more buyers can qualify with the lower down payment requirement, lower interest rate, or long term loans with lower monthly payments. The purpose of these loans is to provide purchasers the opportunity to buy homes with minimal cash investment thus providing a bigger market for sellers.

## **Are points deductible for income tax purposes?**

Points on a home are deductible if they are generally charged in the geographical area where the loan is made. If you are in doubt about points being deductible you should contact your tax return preparer.

Other charges will most likely include an appraisal fee (to make sure the house is worth what you're paying for it, thereby assuring the lender that the house has enough value to cover the loan amount), and a credit report. If you are required to pay PMI (Private Mortgage Insurance for less than 20% down), a charge will be included since the lender obtains the insurance for you. If you are assuming the seller's mortgage rather than getting a new loan, an assumption fee will be listed.

## **Items paid in advance to the lender**

Items paid in advance generally include mortgage interest (from the closing date and the date your first payment is due), the first year's hazard insurance, and, if required, the first year's PMI premium.

## **Deposits or reserves with the lender**

Extra amounts (usually 2 months) for hazard insurance, property taxes (this depends on the time of year you close the transaction), and PMI (if required). If you are buying a condominium or town house, you may also have to pay some portion of the homeowner's association fees.

## **Title charges**

Title charges include fees for the title search and fees for preparing the documents for closing and transfer of title. There will be a one time fee/premium for the owner's title insurance and a one time fee/premium for the lenders title insurance. For more information, please refer to the title and escrow section.

## **Recording and transfer charges**

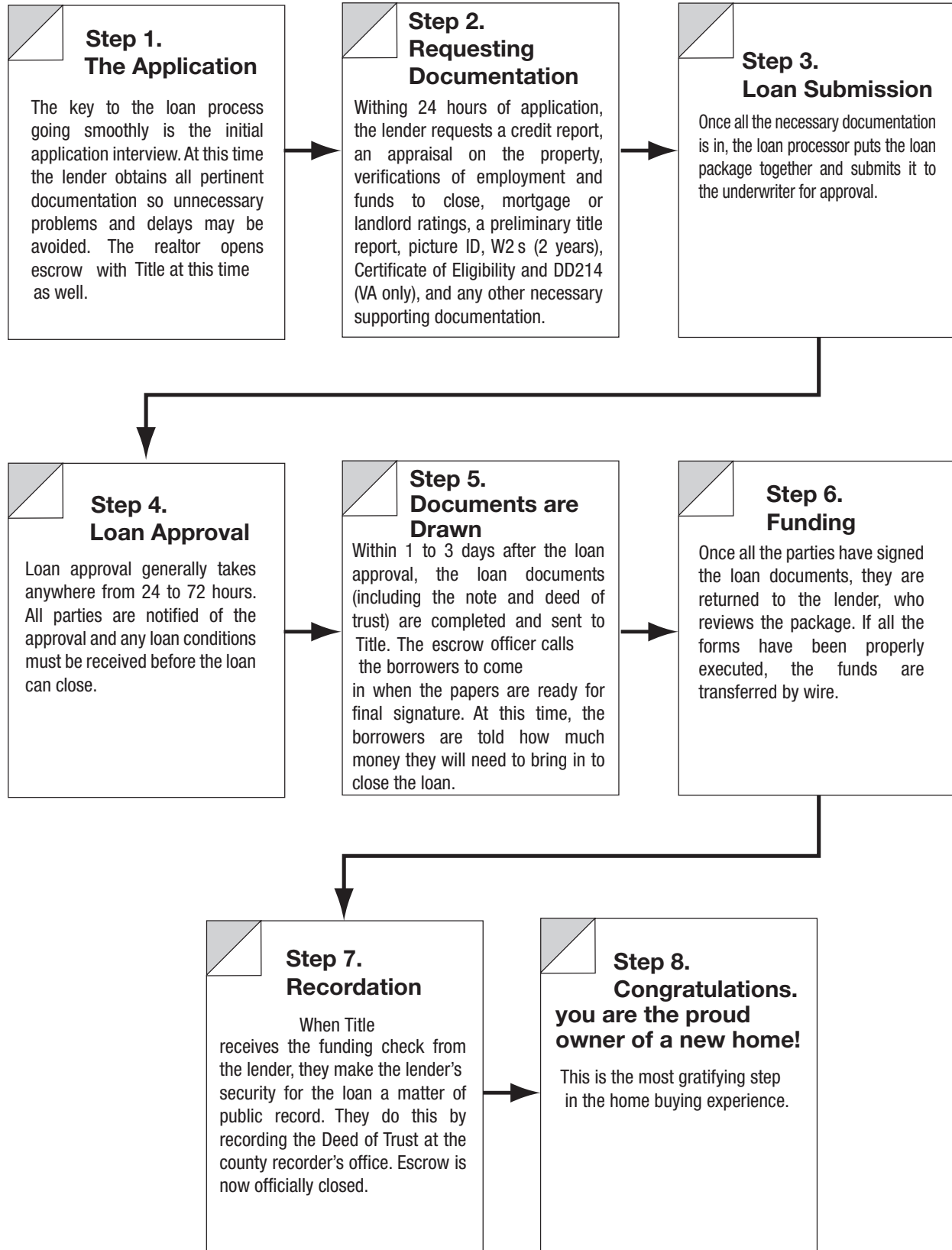
These fees are for recording the Deed of Trust (mortgage) and the grant deed. There may also be transfer taxes which are fees for transferring property, and notary fees.

## **Closing**

Before closing, any issues (such as problems you found during the walk through) should be resolved. The closing becomes a formality in which your Title Escrow Officer will explain the documents and will ask you to review and sign them.

As a buyer, you'll sign a note in which you agree to pay back the mortgage loan and pledge the house as security until it is paid off. You'll also sign a number of other documents that are required by the government and acknowledgments that you have received all the information you should have about the loan and the transaction. Don't be surprised if some of the documents seem repetitive.

## The Loan Process



## **Mortgage Loan Checklist**

In order to expedite the mortgage loan process, please be sure you bring everything applicable on this list to make your appointment and the loan process as smooth as possible. (Refer to your lender for your specific loan payments.)

- Copy of Sales Contract** (on the purchase of your new home).
- Copy of Sales Contract and certified copy of Closing Statement** (on the sale of your present home).
- Residence History**
  - Past 24 months of residence with complete addresses.
  - Length of time you lived at each residence.
  - Name of landlord and his/her address (if currently renting).
- Employment History**
  - Employers for the past two years with complete addresses.
  - Dates of employment for each place.
  - W-2s of most recent two years.
  - Most recent two year's tax returns (with all schedules).
  - Year-to-date profit and loss statement and current balance sheet (if self-employed)
  - If there have been any gaps in your employment, be prepared to explain.
- Copies of most recent monthly statements for all loans or credit card balances.**
- Accounts**
  - Copies of most recent three month's bank statements for all accounts, stock brokerages, mutual funds, IRAs, Pensions, etc.
- Current Real Estate**
  - Property addresses.
  - Estimated market values.
  - Outstanding loan balances (bring copy of most recent loan statement).
  - Amount of monthly payment.
  - Amount of monthly rental income, if any (copy of rental agreements).
- Personal Property**
  - Net cash value of your life insurance.
  - Year, make and value of all vehicles.
  - Value of your furniture and personal property.
- If applicable, for the following:**
  - Copy of divorce papers.
  - Certificate of eligibility & DD214 (for VA only).
  - Copy of driver license and Social Security Card (for FHA only).

## **Arizona's Good Funds Law**

Arizona Revised Statute 6-843. Disbursements; applicability

- A. Except as provided by subsection B, an escrow agent may only disburse money out of an escrow account if deposits are previously made that are at least equal to the disbursements and the deposits relate directly to the transaction for which the money is being disbursed. The deposits shall be in at least one of the following forms:
  1. Wire transfers so that the monies are received by the escrow agent or the agent's depository.
  2. Except as provided in paragraphs 1, 4 and 5, checks, drafts, negotiable orders of withdrawal, money orders or any other item that has become available for withdrawal in accordance with the federal expedited funds availability act (P.L. 100-86; 101 Stat. 635; 12 United States Code section 4001).

# BUYER

3. Credit transfers through the automated clearing house that are deemed available by the depository institution receiving the credits. The credits must conform to the operating rules set forth by a national automated clearing house association.
  4. Cashier's checks, certified checks or teller's checks that have been deposited in the escrow agent's depository account.
  5. Checks made by an affiliate of a state or federally regulated depository institution where the check is drawn on the affiliated depository institution so that the monies are deposited in the escrow agent's depository account.
- B. An escrow agent may disburse up to five hundred dollars per transaction or any funds that are available as cash without complying with subsection A.
- C. Subsection A does not apply to account servicing.

## **Guide to Closing Costs**

### **Buyer Generally pays...**

- Title insurance premiums\*
- Escrow fee\*
- Notary fees
- Recording charges for all documents in buyer's name
- Termite inspections (according to contract)
- Tax proration (from date of acquisition)
- Homeowner's transfer fee
- All new loan charges (except those required by lender for seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment
- Assumption/change or records fee for takeover of existing loan
- Beneficiary statement fee for assumption of existing loan
- Inspection fees (roof, property inspection, geological, etc.)
- City transfer/conveyance tax (according to contract)
- Fire insurance premium for first year
- Courier fee



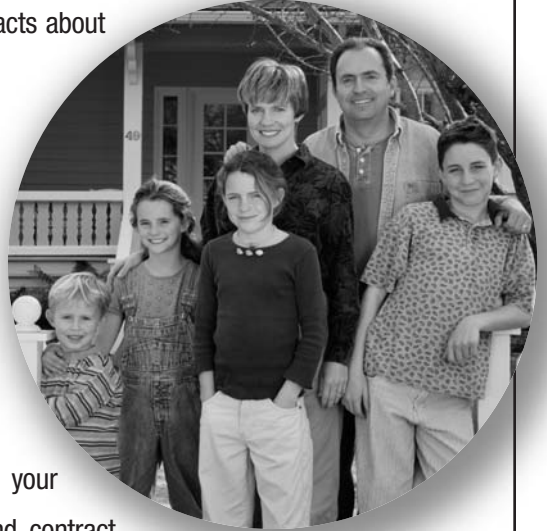
\*These items might not apply to your county. Some counties split their title and escrow fees between the sellers and buyers. While some counties, the Sellers are responsible for paying the title insurance and escrow fees and the Buyers pay the title insurance. Please check with your Title Company Escrow Office for this information.

## **FOR BUYERS**

You've decided to purchase a home – Congratulations! A licensed Realtor can make your home buying experience effortless.

The following are just a few of the many reasons you should work with a Realtor:

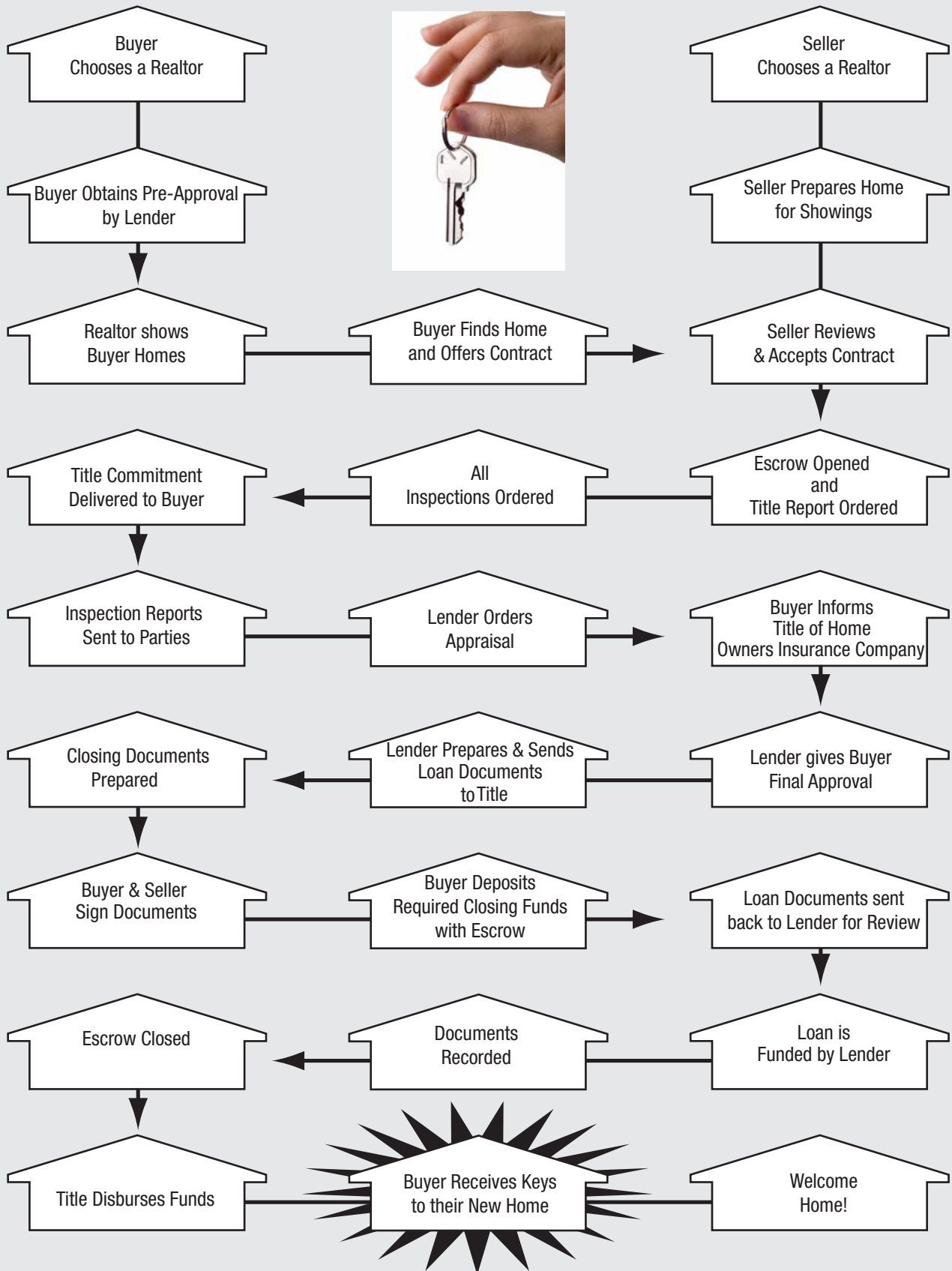
- It's FREE! Your Realtor's® commission is typically paid by the seller.
- Realtors who are member of the Multiple Listing Service (MLS), have hundreds of homes to choose from.
- A Realtor's duty is to get the best possible price and terms for you.
- A Realtor should act in your best interest and provide you with all available facts about properties that could influence your decision to make an offer on a home.
- A Realtor will offer informational materials to help you make a realistic offer.
- A Realtor will prepare and present your offer (purchase contract) to the seller on your behalf.
- A Realtor should give you "what if" scenarios about clauses, timeframes, and requirements in a contract.
- A Realtor should accompany you on your visit to any new home developments to work with builder specific terms and issues.
- A Realtor will track and manage many of the tasks required to close your transactions, such as home inspections, title insurance, home warranty, and contract deadlines.
- A Realtor has the knowledge and expertise to negotiate and resolve any problems that may arise.



The purchase of a home is a major investment. A licensed, real estate professional will work by your side throughout the buying process to assure a successful home purchase.

# ESCROW

## The Life of an Escrow



## **The Escrow Process**

### **What is an Escrow?**

When opening an escrow, the buyer and seller establish terms and conditions for the transfer of ownership of that property. These terms and conditions are given to a neutral third party known as the escrow.

The Escrow Officer, in turn has the responsibility of seeing that these terms of the escrow are carried out. The escrow is an independent third party – the vehicle by which the interest of all parties to the transaction are protected.

### **How Does the Escrow Process Work?**

The Escrow Officer takes instructions based on the terms of your Purchase Contract and the lender's requirements. The Escrow Officer can hold inspection reports and bills for work performed as required by the Purchase Contract. Other elements of the escrow include hazard and title insurance, and the conveyance deed from the seller to you. Escrow cannot be completed until these items have been satisfied and all parties have signed escrow documents.

### **What Does the Escrow Company Do?**

The escrow company is a neutral third party, that maintains the escrow and impartially oversees the escrow process, ensuring that all conditions of the sale are properly met.

The escrow duties include:

- Serve as the neutral agent and the liaison between all parties involved.
- Request a Preliminary Title Search to determine the status of title to the property.
- Comply with the lender's requirements as specified on its instructions to escrow.
- Receive and handle purchase funds from the buyer.
- Prepare or secure the deed and documents related to the escrow.
- Prorate taxes, interest, insurance and rents.
- Secure releases of all contingencies or other conditions imposed on the escrow.
- Record the deed and any other documents.
- Request the title insurance policy.
- Close the escrow pursuant to instructions supplied by the seller, buyer, and lender, if any.
- Distribute funds as authorized by the instructions, including charges for title insurance, recording fees, real estate commissions and loan payoffs.
- Prepare final statements for all parties involved that account for the disposition of all funds held in the escrow account.

### **How Do I Open an Escrow?**

When your offer has been accepted, your real estate agent will open escrow. As soon as you execute the Purchase Contract, he/she will place your initial deposit (earnest money) into an escrow account

Written evidence of the deposit is generally included in your copy of the sales contract. The funds will then be deposited in a separate escrow account and processed through your local bank.

### **What Information Will I Have to Provide?**

You may be asked to complete a State of Identity as part of the paperwork. Because many people have the same name, the Statement of Identity is used to identify the specific person involved in the transaction through such information as date of birth, social security number, etc. This information is strictly confidential.

### **How Long is an Escrow?**

The length of an escrow is determined by the terms of the Purchase Contract and can range from a few days to several months. The average length of an escrow is usually 30 to 45 days.

### **When Do I Sign Closing Documents and Where?**

A few days before closing, your Escrow Officer or your Realtor® will contact you to make the appointment for you to sign your closing documents. At this time, your Escrow Officer will also tell you the amount of money you will need to bring in.

# ESCROW

## Your Appointment

This is a list of items you will need in preparation for your appointment to sign escrow papers:

- **Identification** – *All parties* – There are several acceptable forms of identification which may be presented. One of the following forms must be presented at the signing of escrow in order for the signature to be notarized: a current driver license, or State of Arizona Department of Motor Vehicles ID card.
- **Cashier's Check** - *Buyers* – You need a cashier's check or a certified check issued by an Arizona or your (your state) financial institution in the amount given to you by your Escrow Officer.
- **Lender's Requirements** – *Buyers* – Check with your lender to make sure you have satisfied all your lender's requirements before coming to Title to sign your papers.
- **Fire and Hazard Insurance** – *Buyers* – You must have fire and hazard insurance in place before the lender will send money to Title to fund the loan. Whenever you buy a home, you must have insurance. Once you have spoken to your insurance agent, call Title with the insurance agent's name and phone number so they can make sure that the policy complies with your lender's requirements.
- **Title to Your Home** – *Buyers* – You may refer to the "Ways to Take Title" (on the following page) for general information with regard to holding title, but it is best to contact your attorney or tax consultant.

## Final Proceeds Check - Sellers

The proceeds check is disbursed upon the close of escrow and your Escrow Officer is able to verify with the County Recorder that the documents have recorded and legal transfer has occurred. The proceeds check can be delivered to your Realtor® so that he/she can deliver it to you, or you may make alternate arrangements with your title company.

## Escrow Closing

The escrow closing is the legal transfer of title to the property from the seller to the buyer. Usually the Conveyance Deed and the Deed of Trust are recorded within one working day of receipt of loan funds. This completes the transaction and signifies the close of escrow.

## When Will I Get the Deed?

The deed to your new home will be mailed directly to you by the County Recorder's Office several weeks after the close of escrow. Be sure to keep it in a safe place.





# TITLE

## Ways to Take Title in Arizona

Community Property	Joint Tenancy with Right of Survivorship	Community Property with Right of Survivorship	Tenancy in Common
Requires a valid marriage between two persons.	Parties need not be married; may be more than two joint tenants.	Requires a valid marriage between two persons.	Parties need not be married; may be more than two tenants in common.
Each spouse holds an undivided one-half interest in the estate.	Each joint tenant holds an equal and undivided interest in the estate, unity of interest.	Each spouse holds an undivided one-half interest in the estate.	Each tenant in common holds an undivided fractional interest in the estate. Can be disproportionate, e.g., 20% and 80%; 60% and 40%; 20% 20%, 20% and 40%; etc.
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, mortgaged or devised to a third party.
Requires signatures of both spouses to convey or encumber.	Requires signatures of all joint tenants to convey or encumber the whole.	Requires signatures of both spouses to convey or encumber.	Requires signatures of all tenants to convey or encumber the whole.
Each spouse can devise (will) one-half of the community property.	Estate passes to surviving joint tenants outside of probate.	Estate passes to the surviving spouse outside of probate.	Upon death the tenant's proportionate share passes to his or her heirs by will or intestacy.
Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication.	No court action required to "clear" title upon the death of joint tenant(s).	No court action required to "clear" title upon the first death.	Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication.
Both halves of the community property are entitled to a "stepped up" tax basis as of the date of death.	Deceased tenants 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.

*Note: Arizona is a community property state. Property acquired by a husband and wife is presumed to be community property unless legally specified otherwise. Title may be held as "Sole and Separate." If a married person acquires title as sole and separate, his or her spouse must execute a disclaimer deed to avoid the presumption of community property. Parties may choose to hold title in the name of an: entity, e.g., a corporation; a limited liability company; a partnership (general or limited), or a trust. Each method of taking title has certain significant legal and tax consequences; therefore, you are encouraged to obtain advice from an attorney or other qualified professional.*

## **Title Insurance**

### **What is Title Insurance?**

Title insurance is a contract of indemnity which guarantees that the title to the property is as reported. If its not as reported, we will reimburse the buyers for actual loss or damage under the condition specified in the policy. The title policy covers the insured for their loss up to the amount of the policy.

Title insurance assures owners that they are acquiring clear title. Title insurance is designed to eliminate risk or loss caused by defects in title from the past. Title insurance provides coverage only for title problems which were already in existence at the time the policy was issued.

### **Title Search**

The title company works to eliminate risks by performing a search of the public records or through our own plant. The search consists of public records, laws and court decisions pertaining to the property to determine the current recorded ownership, any recorded liens or encumbrances or any other matters of record which could affect the title to the property.

A preliminary report contains vital information which can affect the close of escrow: ownership of the subject property, how the current owners hold title, matters of record that specifically affect the subject property or the owners of the property, a legal description of the property and an informational plat map.

### **What Does a Title Policy Cover?**

Not all risks can be determined by a title search, since certain things such as forgeries, identity of persons, incompetency, failure to comply with the law, or incapacity cannot be disclosed by an examination of the public records.

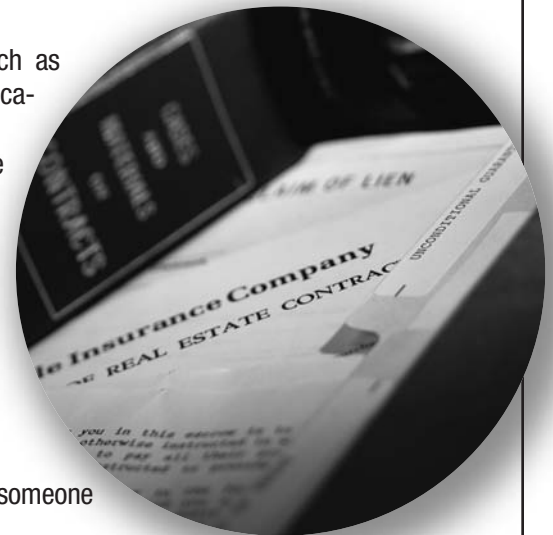
The preliminary title report is an offer to insure under certain situations, the title policy is a contract that gives coverage against such problems.

The Arizona Land Title Association (ALTA) is the standard policy of title insurance in Arizona.

### **What Does ALTA Cover?**

- A forged signature on the deed.
- Mistakes in the interpretation of wills or other legal documents.
- Deeds delivered without the consent of the grantor.
- Deeds and mortgages signed by persons not of sound mind, by minors or by someone listed as single but in fact, married.
- Impersonation of the real owner.
- Errors in copying or indexing.
- Falsification of records.
- Undisclosed or missing heirs.
- Recording mistakes.
- With regard to lenders coverage it covers:
  - the priority of the insured mortgage
  - the invalidity or unenforceability of the insured assignment
  - the invalidity or unenforceability of the lien of the insured mortgage of the title.

For a more comprehensive list of policy coverages, please refer to the Title Policy Comparison Chart.



# TITLE

## Title Policy Comparison

COVERED TITLE RISKS	Standard Owner's ALTA Policy	Plain Language Policy	ALTA Homeowner's Policy
1. Someone else owns an interest in your title	X	X*	X*
2. A document is not properly executed (signed), acknowledged or delivered"	X	X*	X*
3. Forgery, fraud, duress, incompetence, incapacity or impersonation"	X	X*	X*
4. Defective recording of any document	X	X*	X*
5. There are no Covenants, Conditions and Restrictions"	X	X*	X*
6. There are recorded Covenants, Conditions and Restrictions limiting the use of your land"	X	X*	X*
7. There is a lien on your title because of a previous Deed of Trust	X	X*	X*
8. There is a lien on your title because of a recorded Judgment, Tax or Special Assessment"	X	X*	X*
9. There is a lien on your title because of a recorded charge by a Homeowner's Association	X	X*	X*
10. Available to investors (1 to 4 units)	X	X	X
11. The title is unmarketable	X	X	X*
12. Mechanics lien—Unrecorded mechanic's lien protection for work contracted by the seller		X	X
13. Forced removal of existing structure because it violates an existing zoning law		X	X
14. Forced removal of existing structure because it violates a restriction in Schedule B		X	X
15. Forced removal of existing structure because of encroachment (other than a boundary wall/fence)		X	X
16. Single family residence violates a restriction in Schedule B or a zoning ordinance		X	X
17. Pays rent for substitute land or facilities		X	X
18. Unrecorded lien by a Homeowner's Association		X	X
19. Unrecorded easements (i.e., other than easements shown in Schedule B of policy)"		X	X
20. Rights under unrecorded leases, unrecorded contracts of sale or options"		X	X
21. Plain Language		X	X
22. Legal access - You do not have a legal right of access to and from your land		X	X
23. Physical access - Vehicular and pedestrian			X
24. Building permit violations			NEW
25. Subdivision compliance			NEW
26. Life of the policy coverage against forgery			NEW
27. Life of the policy coverage against encroachment			NEW
28. Life of the policy coverage against structural damage from mineral extraction			+
29. Life of the policy Living Trust coverage			+
30. Map not consistent with legal description			+
31. Post policy automatic increase in coverage up to 125%			NEW
32. Other defects, liens, or encumbrances"			X

Plain language not available on split lot or sectional

Offered previously at an additional charge

\*Available on LTAA Standard Owner's Policy

NOTE: Because of the nature of location of certain properties, an inspection of the property may be necessary to determine if additional exceptions from coverage need to be shown in Schedule B of the residential policy. All exceptions from coverage will be noted in the Commitment for Title Insurance. The foregoing table is intended to highlight only some of the aspects of coverage and is not to be construed as expanding or limiting the coverage as set forth in the mentioned title policies. Copies of these policies are available upon request. Any decision on coverage should be made only after review of the policies themselves.

## **Explanation of Title Commitment**

*Also referred to as a Prelim., or Preliminary Title Commitment.*

### **Schedule A:**

The Schedule A of your title commitment contains general information about the transaction such as the property's legal description, sales price, loan amount, lender, and the names and marital status of both the seller and buyer.

### **Schedule B:**

The Schedule B contains exceptions that are associated with the property such as easements, homeowners association by-laws, covenants, conditions and restrictions (CC&R's), recorded easements, leases and various other items of records that transfer along with the subject property. They are called "exceptions" because clear title will be given and the buyer's rights are subject to these items.

## **Definitions of Closing Costs**

Below is an overview of the types of closing costs you may incur on your own. Some are one time fees, while others recur over the life of the loan. When you apply for your loan, you will receive a Good Faith Estimate of Settlement Charges.

### **Loan Origination Fee**

This fee covers the lender's administrative costs in processing the loan. A one time fee often expressed as a percentage of the loan.

### **Appraisal Fee**

This is a one time fee that pays for an appraisal - a statement of property value - for the lender. The appraisal is made by an independent fee appraiser.

### **Credit Report Fee**

This one time fee covers the cost of the credit report that is run by an independent credit reporting agency.

### **Title Insurance Fees**

There are two title policies, a lender's policy (which protects the lender against loss due to defects in the title) and an owner's title policy (which protect you as the buyer). These are both one time fees.

### **Escrow Fee**

Fee charged by the title company to handle funds and documents of buyers and sellers.

### **Document Preparation Fee**

There may be a separate, one time fee that covers the preparation of the final legal papers, including the note and deed of trust.

### **Prepaid Interest**

Depending on the time of the month your loan closes, this charge may vary from a full month's interest to just a few days. If your loan closes at the beginning of the month, you will probably have to pay the maximum amount. If your loan closes at the end of the month, you will only have to pay a few days' interest.

### **PMI Premium**

Depending on the amount of your down payment, you may be required to pay an up front fee for mortgage insurance (which protects the lender against loss due to foreclosure). You may also be required to put a certain amount for PMI into a special reserve account (an impound account) held by the lender.

### **Taxes and Hazard Insurance**

Depending on the month you close, you may be required to reimburse the seller for property taxes. You will also need to pay for an entire year's hazard insurance premium up front. In addition, you may also be required to put a certain amount for taxes and impounds into a special reserve (impound) account held by the lender.

### **Recording Fees**

Fee paid to county to record documents.

### **Inspection Fees**

Fees charged for various inspections of said property.

### **Home Warranty Plan**

Optional Warranty Package that pays for repair/replacement of home's major systems and appliances.

## GLOSSARY

**Acceleration Clause** – A clause in a Deed of Trust or note that accelerates or hastens the time when the debt becomes due. For example, most deeds of trust of loans contain a provision that the note shall become due immediately upon the sale or transfer of title of the loan, or upon failure to pay an installment of principal or interest. This is also called a due on sale clause.

**Adjustable Rate Mortgage** – A mortgage instrument with an interest rate that is periodically adjusted to follow a preselected published index. The interest rate is adjusted at certain intervals during the loan period.

**Agency** – Any relationship in which one party (agent) acts for or represents another (principal) under the authority of the principal. Agency involving real property should be in writing, such as listing, trust, powers of attorney, etc.

**Amortization** – Payment of debt in regular, periodic installments of principal and interest, as opposed to interest only payments.

**Appraisal** – An opinion of value based on factual analysis. Legally, an estimation of value by two disinterested persons of suitable qualifications.

**APR (Annual Percentage Rate)** – The yearly interest percentage of a loan, as expressed by the actual rate of interest paid. The APR is disclosed as a requirement of federal truth in lending statutes.

**Assessed Value** – Value placed upon property for property tax purposes by the tax collector.

**Assessment** – A levy against property in addition to general taxes. Usually for improvements such as streets, sewers, etc.

**Assumption of Mortgage** – Agreement by a buyer to assume the liability under an existing note secured by a mortgage or deed of trust. The lender usually must approve the new debtor in order to release the existing debtor (usually the seller) from liability.

**Balloon Note** – A note calling for periodic payments which are insufficient to fully amortize the face amount of the note prior to maturity, so that a principal sum known as a “balloon” is due at maturity.

**Beneficiary** – (1) One for whose benefit a trust is created. (2) In states in which deeds of trust are commonly used instead of mortgages, the lender (mortgagee) is called the beneficiary.

**Borrower** – One who borrows funds, with the express or implied intention of repaying the loan in full, or giving the equivalent.

**Breach of Contract** – Failure to perform a contract, in whole or in part, without legal excuse.

**Broker, Real Estate** – One who is licensed by the state to carry on the business of dealing in real estate. A broker may receive a commission for his/her part in bringing together a buyer and seller, landlord and tenant, or parties to an exchange.

**Buy Down** – A fixed rate loan where the interest rate and payment are reduced for a specific period of time by paying the interest up front to subsidize the lower payment.

**Chain of Title** – The chronological order of conveyances of a parcel of land, from the original owner to the present owner.

**Clear Title** – Real property against which there are no liens, especially involuntary liens (mortgages).

**Closing** – In real estate sales, the final procedure in which documents are executed and/or recorded, and the sale (or loan) is completed.

**Closing Costs** – Expenses incidental to a sale of real estate, such as loan fees, title fees, appraisal fees, etc.

**Closing Statement** – The statement which lists the financial settlement between buyer and seller, and the costs each must pay.

**Cloud on Title** – An invalid encumbrance on real property, which, if valid, would affect the rights of the owner. For example: A sells lot 1, tract 1, to B. The deed is mistakenly drawn to read lot 2, tract 1. A cloud is created on lot 2 by the recording of the erroneous deed. The cloud may be removed by quitclaim deed, or, if necessary, by court action.

# GLOSSARY

**Community Property** – Arizona is a community property state. There is a statutory presumption that all property acquired by husband and wife is community property. Community property is a method of co-ownership for married persons only. Upon death of one of the spouses, the deceased spouse's interest will pass by either a will or intestate succession.

**Community Property with Right of Survivorship** – Community property with right of survivorship is a method of ownership by husband and wife that vests title in the surviving spouse upon the death of one of the spouses.

**Consideration** – Anything which is, legally, of value, and induces one to enter into a contract.

**Conventional Mortgage** – A mortgage or deed of trust not obtained under a government insured program such as FHA or VA.

**Conveyance** – Transfer of title to land. Includes most instruments by which an interest in real estate is created, mortgaged or assigned.

**Covenants, Conditions and Restrictions (CC&Rs)** – A term used in some areas to describe the restrictive limitations which may be placed on property.

**Deed** – Actually, any one of many conveyancing or financing instruments, but generally a conveyancing instrument, given to pass fee title to property upon sale.

**Deed of Trust** – An instrument used in many states in place of a mortgage. Property is transferred to a trustee by the borrower (trustor), in favor of the lender (beneficiary), and reconveyed upon payment in full.

**Deposit** – Money given by the buyer with an offer to purchase. Shows good faith. Also called earnest money.

**Discount Points** – A negotiable fee paid to the lender to secure financing for the buyer. Discount points are up front interest charges to reduce the interest rate on the loan over the life, or a portion, of the loan's term. One discount point equals one percent of the loan amount.

**Disposable Income** – Income, usually monthly income, left over after fixed obligations and living expenses for that period of income are paid.

**Documentary Transfer Tax** – A state tax on the sale of real property, based on the sale price.

**Down Payment** – Cash portion paid by a buyer from his/her own funds, as opposed to that portion of the purchase price which is being borrowed.

**Encumbrance** – A claim, lien, charge, or liability attached to and binding real property. Any right to, or interest in, land which may exist in one other than the owner, but which will not prevent the transfer of the fee title.

**Equity** – The market value of real property, less the amount of existing liens.

**Execute** – To complete, the finish, in real estate deeds, to sign, seal, and deliver.

**Fair Credit Reporting Act** – A federal law giving one the right to see his/her credit report so that errors may be corrected. A lender refusing credit based on a credit report must inform the buyer which company issued the report. The buyer may see the report without charge if refused credit.

**Federal Home Loan Banks** – A system of 11 regional banks established by the Home Loan Bank act of 1932 in order to keep a permanent supply of money available for home financing.

**Fee Simple** – An estate under which the owner is entitled to unrestricted powers to dispose of the property, and which can be left by will or inherited. Commonly, a synonym for ownership.

**F.H.A.** (Federal Housing Administration) – A federal agency which insures first mortgages, enabling lenders to loan a very high percentage of the sale price.

# GLOSSARY

**FHLMC** (Freddie Mac) – Federal Home Loan Mortgage Corporation. A federal agency purchasing first mortgages, both conventional and federal insured, from members of the Federal Reserve System and the Federal Home loan Bank System.

**First Mortgage** – A mortgage having priority over all other voluntary liens against certain property.

**Fixed Rate Mortgage** – A mortgage having a rate of interest which remains the same for the life of the mortgage.

**Flood Insurance** – Insurance indemnifying banks against loss by flood damage. Required by lenders (usually banks) in areas designated (federally) as potential flood areas. The insurance is private but federally subsidized.

**FNMA** (Fannie Mae) – Federal National Mortgage Association. A private corporation dealing in the purchase of first mortgages, at discounts.

**GNMA** (Ginnie Mae) – Government National Mortgage Association. A federal association, working with F.H.A., which offers special assistance in obtaining mortgages, and purchases mortgages in a secondary capacity.

**Good Faith** – Something done with good intentions, without knowledge of fraudulent circumstances, or reason to inquire further.

**Grant Deed** – One of the many types of deeds used to transfer real property. Grantee – one to whom a grant is made, generally the buyer. Grantor - one who grants property or property rights.

**Hazard Insurance** – Real estate insurance protecting against loss caused by fire, some natural causes, vandalism, etc., depending upon the terms of the policy.

**Homeowners' Association** – (1) An association of people who own homes in a given area, formed for the purpose of improving or maintaining the quality of the area. (2) An association formed by the builder of condominiums or planned developments, and required by statute in some states. The builder's participation as well as the duties of the association are controlled by statute.

**Homeowners' Insurance** – Includes the coverage of Hazard Insurance plus added coverage such as personal liability, theft away from the home (items stolen from the insured's car), and other such coverage.

**Housing Starts** – Number of houses on which construction has begun. The figures are used to determine the availability of housing, used for real estate loans, need for labor and materials, etc.

**Impound Account** – Account held by a lender for payment of taxes, insurance, or other periodic debts against real property. The borrower pays a portion of, for example, the yearly taxes, with each monthly payment. The lender pays the tax bill from the accumulated funds.

**Index** – An index used to adjust the interest rate of an adjustable rate mortgage loan. For example: the change in U.S. Treasury securities (T- bills) with a 1 year maturity. The weekly average yield on said securities, adjusted to a constant maturity of one year, which is the result of weekly sales, may be obtained weekly. This change in interest rates is the "index" for the change in the specific adjustable rate mortgage.

**Instrument** – Any writing having legal form and significance, such as a deed, mortgage, will, lease, etc.

**Interest Rate** – The percentage of an amount of money which is paid for its use for a specified time, usually expressed as an annual percentage.

**Interest Rate Cap** – The maximum interest rate increase of an adjustable rate loan. For example, a 6% loan with a 5% interest rate cap would have a maximum interest for the life of the loan which would not exceed 11%.

**Joint Tenancy** – An undivided interest in property, taken by two or more joint tenants. The interests must be equal, occurring under the same conveyance, and beginning at the same time. Upon the death of a joint tenant, the interest passes to the surviving joint tenants, rather than to the heirs of the deceased.



## GLOSSARY

**Joint Tenancy with Right of Survivorship** – An undivided interest in property taken by two or more joint tenants. The interest must be equal; occurring under the same conveyance, and beginning at the same time. Upon death of a joint tenant, the interest passes to the surviving joint tenant or tenants, rather than to the heirs of the deceased. If a married couple acquires title as joint tenants with right of survivorship, they must specifically accept the joint tenancy to avoid the presumption of community property.

**Late Charge** – A charge to the borrower for failure to pay an installment payment on time.

**Lease** – An agreement by which an owner of real property gives the right of possession to another for a specified period of time and for a specified consideration (rent). Title does not pass.

**Legal Description** – A method of geographically identifying a parcel of land, which is acceptable in a court of law. A description of a parcel of land sufficient to identify the property such as a lot and tract number.

**Lien** – An encumbrance against property for money, either voluntary or involuntary. All liens are encumbrances but all encumbrances are not liens.

**Lis Pendens** – A legal notice recorded to show pending litigation relating to real property, and giving notice that anyone acquiring an interest in said property subsequent to the date of the notice may be bound by the outcome of the litigation.

**Loan Origination Fee** – A one time set up fee charged by a lender.

**Loan Package** – The file of all items necessary for the lender to decide to give or not give a loan. These items would include the information on the prospective borrower (loan application, credit report, financial statement, employment letters, etc) and information on the property (appraisal, survey, etc).

**Maintenance Reserve** – Money reserved to cover anticipated maintenance costs.

**Maker** – One who executes (signs) as the maker (borrower) of a note.

**Marketability** – Saleability. The probability of selling property at a specified time, price and terms.

**Marketable Title** – Title which can be readily marketed (sold) to a reasonably prudent purchaser aware of the facts and their legal meaning concerning liens and encumbrances.

**Market Price** – The price a property brings in a given market. Commonly used interchangeably with market value, although not truly the same.

**Material Fact** – A fact upon which an agreement is based, and without which, said agreement would not be made.

**Maturity** – (1) Termination period of a note. For example: a 30 year mortgage has a maturity of 30 years. (2) In sales law, the date a note becomes due.

**Mechanics Lien** – A lien created by statute for the purpose of securing priority of payment for the price or value of work performed and materials furnished in construction or repair of improvements to land, and which attaches to the land as well as the improvements.

**Moisture Barrier** – Insulating materials used to prevent the build up of moisture (condensation) in walls and other parts of a building.

**Mortgagee** – The party lending the money and receiving the mortgage. Some states treat the mortgagee as the “legal” owner, entitled to rents from the property. Other states treat the mortgagee as a secured creditor, the mortgagor being the owner. The latter is the more modern and accepted view.

**Mortgage Credit Certificate (MCC) Program** – A first time homebuyer program subject to purchase price and income limits and limited to Alameda, Contra Costa, San Mateo and Santa Clara counties. The MCC program is actually a special tax credit and assists buyers in qualifying on almost any loan program.

# GLOSSARY

**Mortgage Insurance** – Insurance written by an independent mortgage insurance company protecting the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sale price. The Federal Government writes this form of insurance through the FHA and VA.

**Mortgagor** – They party who borrows the money and gives the mortgage.

**Multiple Listing** – An exclusive listing, submitted to all members of an association, so that each may have an opportunity to see the property.

**Note** – A unilateral agreement containing an express and absolute promise of the signer to pay to a named person, or order, or bearer, a definite sum of money at a specified date or on demand. Usually provides for interest and, concerning real property, is secured by a mortgage or trust deed.

**Notice of Action** – A recorded notice that real property may be subject to a lien, or even that the title is defective, due to pending litigation. Notice of a pending suit, also called “Lis Pendens”.

**Notice of Cessation** – A notice stating that work has stopped on a construction project. Done to accelerate the period of filing a mechanic’s lien.

**Notice of Completion** – A notice, recorded to show that a construction job is finished. The length of time in which mechanic’s liens may be filed depends upon when and if a notice of completion is recorded.

**Notice of Default** – A notice filed to show that the borrower under a mortgage or deed of trust is in default (behind on the payments).

**Offer** – A presentation or proposal for acceptance, in order to form a contract. To be legally binding, an offer must be definite as to price and terms.

**Offer and Acceptance** – Necessary elements of a contract to sell real estate.

**Origination Fee** – A fee made by a lender for making a real estate loan. Usually a percentage of the amount loaned, such as one percent.

**Owner Occupied** – Property physically occupied by the owner.

**Ownership** – Rights to the use, enjoyment, and alienation of property, to the exclusion of others. Concerning real property, absolute rights are rare, being restricted by zoning laws, restrictions, liens, etc.

**Payment Cap** – A maximum amount for a payment under an Adjustable Mortgage Loan, regardless of the increase in the interest rate. If the payment is less than the interest alone, negative amortization is created.

**Payoff** – The payment in full of an existing loan or other lien.

**Personal Property** – Any property which is not designated by law as real property.

**Piggyback Loan** – A loan made jointly by two or more lenders on the same property under one mortgage or trust deed. one 90% loan, for example, may have one lender loaning 80% and another (subordinate) lender loaning the top 10% (high risk portion).

**PITI** (Principal, Interest, Taxes and Insurance) – Used to indicate what is included in a monthly payment on real property. Principal, interest, taxes (property) and insurance (hazard) are the four major portions of a usual monthly payment.

**Power of Attorney** – An authority by which one person (principal) enables another (attorney-in-fact) to act for him. (1) General power - authorizes sale, mortgaging, etc., of all property of the principal. Invalid in some jurisdictions. (2) Special power specifies property, buyers, price and terms. How specific it must be varies in each state.

**Preliminary Title Report** – A report showing the condition of title before a sale or loan transaction. After completion of the transaction, a title insurance policy is issued.

# GLOSSARY

**Prepaid Items** – Those expenses of property which are paid in advance and will usually be prorated upon sale, such as taxes, insurance, rent, etc.

**Prepayment Penalty** – A penalty under a note, mortgage, or deed of trust, imposed when the loan is paid before it is due.

**Principal** – (1) The person who gives authority to an agent or attorney. (2) Amount of debt, not including interest. The face value of a note, mortgage, etc.

**Private Mortgage Insurance** – Insurance against a loss by a lender in the event of default by a borrower (mortgagor). The insurance is similar to insurance by a government agency such as FHA, except that it is issued by a private insurance company. The premium is paid by the borrower and is included in the mortgage payment.

**Promisee** – Once to whom a promise has been made, such as the lender under a promissory note.

**Promisor** – One who makes a promise. The borrower under a promissory note.

**Promissory Note** – A promise in writing, and executed by the maker, to pay a specified amount during a limited time, or on demand, or at sight, to a named person, or on order, or to bearer.

**Proration** – To divide (prorate) property taxes, insurance premiums, rental income, etc., between buyer and seller proportionately to time of use, or the date of closing.

**Public Records** – Usually at a county level, the records of all documents which are necessary to give notice. The records are available to the public. All transactions for real estate should be recorded.

**Purchase Agreement** – An agreement between a buyer and seller of real property, setting forth the price and terms of the sale.

**Quitclaim Deed** – A deed operating at a release: intended to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title in the grantor.

**Real Estate** – (1) Land and anything permanently affixed to the land, such as buildings, fences, and those things attached to the buildings, such as light fixtures, plumbing and heating fixtures, or other such items which would be personal property if not attached. The term is generally synonymous with real property, although in some states a fine distinction may be made. (2) May refer to rights in real property as well as the property itself.

**Reconveyance** – An instrument used to transfer title from a trustee to the equitable owner of real estate, when title is held as collateral security for a debt. Most commonly used upon payment in full of a trust deed. Also called a deed of reconveyance or release.

**Recording** – Filing document affecting real property as a matter of public record, giving notice to future purchasers, creditors, or their interested parties. Recording is controlled by statute and usually requires the witnessing and notarizing of an instrument to be recorded.

**Recording Fee** – The amount paid out the recorder's office in order to make a document a matter of public record.

**RESPA** – Real Estate Settlement Procedures Act. A federal statute effective June 20, 1975, requiring disclosure of certain costs in the sale of residential (one to four family) improved property which is to be financed by a federally insured lender.

**Retaining Wall** – A wall used to contain or hold back dirt, water, or other materials of a similar nature.

**Right of Survivorship** – The right of a survivor of a deceased person to the property of said deceased. A distinguishing characteristic of a joint tenancy relationship.

**Sales Contract** – Another name for a sales agreement, purchase agreement, etc.

**Second Mortgage** – A mortgage which ranks after a first mortgage in priority. Properties may have two, three, or more mortgages, deeds of trust, or land contracts, as liens at the same time. Legal priority would determine whether they are called a first, second, third, etc. lien.

# GLOSSARY

**Septic System** – A sewage system, whereby waste is drained through pipes and a tile field ( a system of clay tiles and gravel) into a septic tank. Found in areas where city or county sewers have not yet been installed.

**Septic Tank** – An underground tank into which a sanitary sewer drains from a building. The sewage is held until bacterial action changes the solids into liquids or gasses, which are then released into the ground.

**Signed, Sealed and Delivered** – A phrase indicating that everything necessary to convey has been done by the grantor. Modernly, signed, and delivered are still necessary, but the only seals commonly used are by governments, corporations, and notaries.

**Simple Interest** – Interest computed on principal alone, as opposed to compound interest.

**Special Assessment** – Lien assessed against real property by a public authority to pay costs of public improvements (sidewalks, sewers, street lights, etc.) which directly benefits the assessed property.

**Specific Performance** – An action to compel the performance of a contract, when money damages for breach would not be satisfactory.

**Statement of Identity** – Also called an Identity Statement, a confidential form filled out by buyer and seller to help a title company determine if any liens are recorded against either. Very helpful when people with common names are involved.

**Statute** – A law which comes from a legislative body. A written law, rather than law established by court cases.

**Subordinate** – To make subject or junior to.

**Succession** – The passing of real property by will or inheritance, rather than by grant of a deed or any other form of purchase.

**Survey** – The measurement of the boundaries of a parcel of land, its area and sometimes its topography.

**Take Out Loan** – The “permanent” (long term) financing of real estate after completion of construction.

**Tax Base** – The assessed valuation of real property, which is multiplied by the tax rate to determine the amount of tax due.

**Tax Lien** – (1) A lien for nonpayment of property taxes. Attaches only to the property upon which the taxes are unpaid. (2) A federal income tax lien. May attach to all property of the one owing taxes.

**Tenancy by the Entreaty** – A form of ownership by husband and wife whereby each owns the entire property. In the event of the death of one, the survivor owns the property without probate.

**Tenancy in Common** – An undivided ownership in real estate by two or more persons. The interests need not be equal, and, in the event of the death of one of the owners, no right of survivorship in the other owners exists.

**Tenant** – (1) A holder of property under a lease or other rental agreement. (2) Originally, one who had the right to possession, irrespective of the title interest.

**Terms** – The considerations, other than price, in a sale, lease, mortgage, etc. For example: the way the money will be paid, time to take possession, conditions, etc.

**“Time Is Of The Essence”** – Clause used in contracts to bind one party to performance at or by a specified time in order to bind the other party to performance.

**Title** – The evidence one has of right to possession of property.

**Topography** – The contour of land surface, such as flat, rolling, mountainous, etc.

**Transfer** – The act by which the title to property is conveyed from one person to another.

**Transfer Tax** – State tax on the transfer of real property. Based on purchase price or money changing hands. Also called documentary transfer tax.

## GLOSSARY

**Trust** – A fiduciary relationship under which one holds property (real or personal) for the benefit of another. The party creating the trust is called the settlor, the party holding the property is the trustee, and the party for whose benefit the property is held is called the beneficiary.

**Trustee** – (1) One who is appointed, or required by law, to execute a trust. (2) One who holds title to real property under the terms of a deed of trust.

**Trustor** – The borrower under a deed of trust. One who deeds his property to a trustee as security for the repayment of a loan.

**Veterans Administrations (VA)** – An agency of the Federal government which, among other things, insures and guarantees loans for veterans.

**Warrant** – To legally assure that title conveyed is good and possession will be undisturbed.

**Wrap-Around Mortgage** – A second or junior mortgage with a face value of both the amount it secures and the balance due under the first mortgage. The mortgage under the wrap-around collects a payment based on its face value then pays the first mortgagee. It is most effective when the first has a lower interest rate than the second, since the mortgagee under the wrap-around gains the difference between the interest rates, or the mortgagor under the wrap-around may obtain a lower rate than if refinancing.

