

SELLERS GUIDE



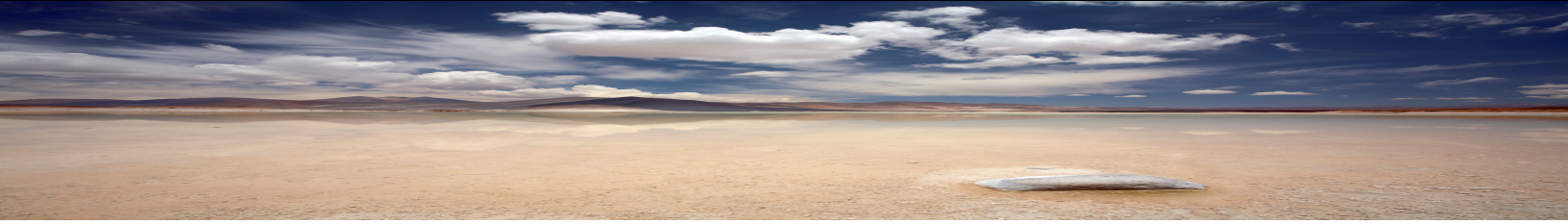
Sellers Guide



EQUITY

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Dear Valued Client,

Thank you for giving me the opportunity to present you with this terrific guide for selling your home. I know that the decision to sell your home is one of the biggest decisions of your lifetime. I understand your thoughts and concerns. I know the value your home has to you financially and I understand how emotional this process can be given the memories that are attached to your home.

As your agent, rest assured that I have and will implement a successful marketing strategy to sell your home in the quickest possible time at the best possible price. The Arizona housing market landscape has certainly changed over the past several months and continues to change. You can be assured that I do extensive research not only on the overall market but as it pertains to your city, your zip code and your neighborhood.

I know you will find the information contained in this “Sellers Guide” to be extremely useful to you. There are some great worksheets to get us started on the journey towards selling your home and you will also find great reference material for questions that are bound to come up along the way.

I look forward to working with you on the sale of your home and will be available to you at all times. My business depends on your satisfaction, my business future depends on your referrals.

So... let's get started!



Seller Guide

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Why Use a REALTOR®?

All real estate licensees are not the same. Only real estate licensees who are members of the NATIONAL ASSOCIATION OF REALTORS® are properly called REALTORS®. They proudly display the REALTOR "®" logo on the business card or other marketing and sales literature. REALTORS® are committed to treat all parties to a transaction honestly. REALTORS® subscribe to a strict code of conduct and are expected to maintain a higher level of knowledge of the process of buying and selling real estate. An independent survey reports that 84% of home buyers would use the same REALTOR® again. Real estate transactions involve one of the biggest financial investments most people experience in their lifetime. Transactions today usually exceed \$100,000. If you had a \$100,000 income tax problem, would you attempt to deal with it without the help of a CPA? If you had a \$100,000 legal question, would you deal with it without the help of an attorney? Considering the small upside cost and the large downside risk, it would be foolish to consider a deal in real estate without the professional assistance of a REALTOR®. But if you're still not convinced of the value of a REALTOR®, here are a dozen more reasons to use one:

- 1. Your REALTOR® can help you determine your buying power** -- that is, your financial reserves plus your borrowing capacity. If you give a REALTOR® some basic information about your available savings, income and current debt, he or she can refer you to lenders best qualified to help you. Most lenders -- banks and mortgage companies -- offer limited choices.
- 2. Your REALTOR® has many resources to assist you in your home search.** Sometimes the property you are seeking is available but not actively advertised in the market, and it will take some investigation by your agent to find all available properties.
- 3. Your REALTOR® can assist you in the selection process by providing objective information about each property.** Agents who are REALTORS® have access to a variety of informational resources. REALTORS® can provide local community information on utilities, zoning, schools, etc. There are two things you'll want to know. First, will the property provide the environment I want for a home or investment? Second, will the property have resale value when I am ready to sell?
- 4. Your REALTOR® can help you negotiate.** There are myriad negotiating factors, including but not limited to price, financing, terms, date of possession and often the inclusion or exclusion of repairs and furnishings or equipment. The purchase agreement should provide a period of time for you to complete appropriate inspections and investigations of the property before you are bound to complete the purchase. Your agent can advise you as to which investigations and inspections are recommended or required.
- 5. Your REALTOR® provides due diligence during the evaluation of the property.** Depending on the area and property, this could include inspections for termites, dry rot, asbestos, faulty structure, roof condition, septic tank and well tests, just to name a few. Your REALTOR® can assist you in finding qualified responsible professionals to do most of these investigations and provide you with written reports. You will also want to see a preliminary report on the title of the property. Title indicates ownership of property and can be mired in confusing status of past owners or rights of access. The title to most properties will have some limitations; for example, easements (access rights) for utilities. Your REALTOR®, title company or attorney can help you resolve issues that might cause problems at a later date.
- 6. Your REALTOR® can help you in understanding different financing options and in identifying qualified lenders.**
- 7. Your REALTOR® can guide you through the closing process and make sure everything flows together smoothly.**
- 8. When selling your home, your REALTOR® can give you up-to-date information on what is happening in the marketplace and the price, financing, terms and condition of competing properties.** These are key factors in getting your property sold at the best price, quickly and with minimum hassle.
- 9. Your REALTOR® markets your property to other real estate agents and the public.** Often, your REALTOR® can recommend repairs or cosmetic work that will significantly enhance the salability of your property. Your REALTOR® markets your property to other real estate agents and the public. In many markets across the country, over 50% of real estate sales are cooperative sales; that is, a real estate agent other than yours brings in the buyer. Your REALTOR® acts as the marketing coordinator, disbursing information about your property to other real estate agents through a Multiple Listing Service or other cooperative marketing networks, open houses for agents, etc. The REALTOR® Code of Ethics requires REALTORS® to utilize these cooperative relationships when they benefit their clients.
- 10. Your REALTOR® will know when, where and how to advertise your property.** There is a misconception that advertising sells real estate. The NATIONAL ASSOCIATION OF REALTORS® studies show that 82% of real estate sales are the result of agent contacts through previous clients, referrals, friends, family and personal contacts. When a property is marketed with the help of your REALTOR®, you do not have to allow strangers into your home. Your REALTOR® will generally prescreen and accompany qualified prospects through your property.
- 11. Your REALTOR® can help you objectively evaluate every buyer's proposal without compromising your marketing position.** This initial agreement is only the beginning of a process of appraisals, inspections and financing -- a lot of possible pitfalls. Your REALTOR® can help you write a legally binding, win-win agreement that will be more likely to make it through the process.
- 12. Your REALTOR® can help close the sale of your home.** Between the initial sales agreement and closing (or settlement), questions may arise. For example, unexpected repairs are required to obtain financing or a cloud in the title is discovered. The required paperwork alone is overwhelming for most sellers. Your REALTOR® is the best person to objectively help you resolve these issues and move the transaction to closing (or settlement).

Preparing Your Home For Sale

OUTSIDE

- ◇ Lawn mowed and trimmed
- ◇ Landscape shrubs/plants trimmed
- ◇ Sprinkler systems in order
- ◇ Sprinkler systems set for non showing hours
- ◇ Bulbs in exterior lighting all working
- ◇ Gutters clean of debris
- ◇ Deck rails, hand rails secure
- ◇ Exterior trim painted
- ◇ Exterior door handles polished
- ◇ Exterior door freshly painted or stained
- ◇ Weeds in yard fully removed
- ◇ Sidewalks neatly edged
- ◇ Clean grease or oil on driveway
- ◇ All fencing clean
- ◇ Replace doormat if worn
- ◇ Outside windows clean
- ◇ No obstruction on "For Sale" sign

GARAGE

- ◇ Storage or packing boxes stored off site if possible
- ◇ Other items neatly boxed and stored
- ◇ Garage floor clean
- ◇ Remove clutter and tidy up shelves

KITCHEN

- ◇ All appliances clean
- ◇ Clean and clear countertops
- ◇ Pantry well organized
- ◇ Dishes out of sink
- ◇ All cabinets well organized
- ◇ All faucets working properly
- ◇ Oven clean
- ◇ Refrigerator free of odors
- ◇ Freezer defrosted and free of odors

CLOSETS

- ◇ Clean and free of clutter
- ◇ Clothes organized
- ◇ Shoes organized
- ◇ Clutter removed
- ◇ Dirty clothes out of sight
- ◇ Valuables secured (jewelry etc..)
- ◇ Free of odors
- ◇ Create extra room to look ample

BEDROOMS

- ◇ Repair cracks in ceilings and walls
- ◇ Remove personal items (photos etc..)
- ◇ Remove clutter
- ◇ Draperies and blinds clean
- ◇ Fresh paint if needed
- ◇ Toys, video games etc... put away
- ◇ Beds neatly made
- ◇ Blinds and shades open to let in natural light

BATHROOMS

- ◇ All sinks, tubs, showers and countertops clean
- ◇ Grout in tiles and sinks clean
- ◇ All joints are caulked
- ◇ All fixtures including exhaust fans are working
- ◇ Install new shower curtain if needed
- ◇ Store all shampoos, toiletries etc...
- ◇ Repair leaky faucets
- ◇ Toilets clean and working properly
- ◇ All glass and mirrors clean

LIVING AREAS

- ◇ All windows clean
- ◇ Neutral colored walls
- ◇ Draperies and blinds clean
- ◇ Carpets steam-cleaned
- ◇ Clutter removed
- ◇ Furniture positioned to showcase size and space
- ◇ All toys, video games etc... put away
- ◇ Extra books or magazines removed
- ◇ All lighting functioning properly
- ◇ Shades and windows open to allow natural light
- ◇ Any signs or smells of pet removed

DAY OF SHOWING

- ◇ Open all drapes and curtains
- ◇ Leave porch lights on at night to showcase
- ◇ Avoid cooking a meal that would leave distinct odors
- ◇ Keep all pets in an area away from prospects
- ◇ Keep children occupied in one room
- ◇ If possible, leave the house while being shown
- ◇ Give brief polite answers if asked a question
- ◇ Allow your agent to show
- ◇ Allow your agent to negotiate



STEPS TO SELLING YOUR HOME



STEP 1 - DEFINE NEEDS

Write down all the reasons for selling your home. Ask yourself, "Why do I want to sell and what do I expect to accomplish with the sale?" For example, reasons for selling include: a growing business that needs more space or a job opportunity that necessitates a move to another city. Things you want to accomplish with the sale may include the time frame in which you'd like to sell or a particular profit margin. Work with your real estate agent to map out the best path to achieve your objectives and set a realistic time frame for the sale.

STEP 2 - PRICING STRATEGY

Your next objective should be to determine the best possible selling price for your house. You will need to take into account the state of the local market, the condition of your home and sales of comparable homes in your neighborhood. It is often hard to maintain a non-biased view of your property, so you will want to gather the necessary information in the most objective way possible. If you want a truly objective opinion about the price of your home you could have an appraisal done. This may cost between \$300 and \$500. Be reasonable about the price you set. You will always be better off setting a fair market value price than setting your price too high. If your home stays on the market too long because it is overpriced, potential buyers may think that something is wrong with it and you may end up selling it for less than what you could have gotten if you had started out with a realistic asking price.

STEP 3 - PREPARE YOUR HOME

It's time to get your home in "showing and selling" condition. Most of us don't keep our homes in the condition they need to be in to be sold. Piles of boxes in the garage, a broken porch light and even an overgrown garden just seem normal after awhile. It's time to break out of that owner's mindset and get your house in tip-top shape. How your home looks will impact how quickly it sells and the price the buyer is willing to offer. First impressions are the most important. Work with your real estate agent to help you take a fresh look at your home. Do the shrubs need pruning? Do you need to repaint? What's normal for you may be unacceptable to the buyer. Make your interior appear more spacious by removing appliances from countertops, and clearing knickknacks off coffee tables and shelves.

- Organize your closets and kitchen cabinets.
- Make sure items stored in the attic or basement are tidy.
- Open the curtains or blinds during the day to maximize the natural light.
- Turn on the lights at night to create a welcoming environment for prospective buyers.
- A home with too much "personality" is harder to sell. Consider painting walls white and removing clutter. This will help the buyer to visualize the home as theirs.

STEP 4 - MARKETING STRATEGY

Now that your home is ready, it's time to put it up for sale and market it. Establishing a marketing strategy with your real estate agent is a must. Your agent will expose your home to the greatest number of potential buyers possible. He or she will use a marketing plan that will bring not only the most buyers, but also the most qualified buyers to your doorstep. There are many different ways to get the word out that your home is for sale. A yard sign, flyers, and direct marketing are just a few of the many options available. If you are in a buyer's market you will have to be extra careful when choosing a plan. You don't want your property to sit unnoticed. You and your agent should structure your marketing strategy so that the first 3-6 weeks that your house is on the market will be the busiest.

STEP 5 - RECEIVE AN OFFER

When a buyer decides they like your home, they will make you a written offer. Your real estate agent will advise you as to whether or not the prospective buyer is qualified to purchase your home. After all, who needs to review an offer from a buyer that is unable to buy it? After determining the buyer's qualifications, you and your agent will review the written contract, taking care to understand what is required of both parties to execute the transaction. The contract should protect the interests of all parties.

After you accept the offer, it may be too late to make any changes. The contract, though not limited to this list, should include the following:

- Legal description of the property
- Offer price
- Down payment
- Financing arrangements
- List of fees and who will pay them
- Deposit amount
- Inspection rights and possible repair allowances
- Method of conveying the title and who will handle the closing
- Appliances and furnishings that will stay with the home
- Settlement date
- Contingencies
- Remember that the legalities of this phase are very important. If you have any questions or concerns, be certain to address them with your real estate agent right away.

STEP 6 - NEGOTIATE TO SELL

Most offers to purchase your home will require some negotiating to come to a win-win agreement. Your real estate agent is well versed on the intricacies of the contracts used in your area and will protect your best interest throughout the bargaining. Your agent also knows what each contract clause means, what you will net from the sale and what areas are easiest to negotiate. Your agent will review the written offer with you to make sure you thoroughly understand what the buyers are offering and what they are asking you for in return.

Some Negotiable items include:

- Price
- Financing
- Closing costs
- Repairs
- Appliances and fixtures
- Landscaping
- Painting
- Occupancy time frame

Once both parties have agreed on the terms of the sale, your agent will prepare a contract. Remember...bargaining is not a winner-take-all deal. It is a business process that involves compromise and mutual respect.

STEP 7 - OTHER NEGOTIATIONS

Once you accept an offer to sell your house you will need to make a list of all the things you and your buyer must do before closing. The property may need to be formally appraised, surveyed, inspected or repaired. Depending on the specifics reached during the negotiations, you may pay for all, some or none of these items. If each procedure returns acceptable results as defined by the contract, then the sale may continue. If there are problems with the home, the terms set forth in the contract will dictate your next step. Depending on the contract, you or the buyer may decide to walk away, open a new round of negotiations or close.

STEP 8 - PRE-CLOSE PREPARATION

A few days before the closing you will want to contact the entity that is closing the transaction and make sure the necessary documents are going to be ready to sign on the appropriate date. It would be a shame to get this close to selling and have the deal fall through because of a missing form. Begin to make arrangements for your upcoming move if you have not done so. Check out our Relocation Center to get started.

STEP 9 - CLOSING

"Closing" refers to the meeting where ownership of the property is legally transferred to the buyer. Your agent will be present during the closing to help explain the process and forms to you and make sure everything goes as planned. By being present during the closing, he or she can mediate any last minute issues that may arise. In some states, an attorney is required and you may wish to have one present.

As the seller, you will need to be prepared to hand over any necessary documentation regarding the property and, depending on the arrangements made during negotiations, you may be required to have done something specific in order to close. Be sure to read all the documents and ask questions. It is important you understand every document you are signing.

Congratulations on the successful sale of your home! Now that you have closed, prepare to vacate your home in the time frame agreed upon. You should make a list of all the items you will need to do to turn the property over to the new owners. For example, make sure to cancel electricity, gas, lawn care, cable, etc., or if the new owner is going to retain some of the services, change the name on the account. The home and all items specified by the contract should be prepared appropriately for the new owners.



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Home Features Self-Evaluation

Use this evaluation to help your agent describe the key selling features of your home.

Home Address _____

THE HOME **Good Avg Poor**

Square Footage _____

of Bedrooms _____

of Bathrooms _____

Practicality of Floor Plan _____

Interior Wall Condition _____

Closet/Storage Space _____

Pool/Spa _____

Fireplace _____

Cable/Satellite TV _____

Landscaping _____

Exposure _____

Curb Appeal _____

Lawn/Yard Space _____

Fence/Walls _____

Patio/Deck _____

Garage _____

Energy Efficiency _____

Screens/Windows _____

Roof _____

Kitchen _____

Other notes on the Home: _____

THE NEIGHBORHOOD **Good Avg Poor**

Appearance of nearby homes _____

Traffic _____

Noise Level _____

Safety/Security _____

Age Mix of Inhabitants _____

Pet Restrictions _____

Parking _____

Zoning Regulations _____

Fire Protection _____

Police _____

SCHOOLS **Good Avg Poor**

Age/Condition _____

Reputation _____

Quality of Teachers _____

Achievement Test Scores _____

Play Areas _____

Curriculum _____

Class Size _____

CONVENIENCE TO **Good Avg Poor**

Supermarket _____

Schools _____

Work _____

Shopping _____

Child Care _____

Hospitals _____

Doctor/Dentist _____

Recreation/Parks _____

Restaurants _____

Entertainment _____

Church/Synagogue _____

Airport _____

Highways _____



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Important Terms to Know

REALTOR: The term REALTOR® is a federally registered membership mark used by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and agree to abide by its strict Code of Ethics. Not all real estate licensees are REALTORS®.

LISTING AGREEMENT: A listing agreement is an employment contract between a seller and a listing broker. The agreement establishes the duties of the broker and the terms under which the broker will earn a commission.

BUYER-BROKER AGREEMENT: A buyer-broker employment agreement is an employment agreement between a buyer and a broker that employs the broker to locate property and negotiate terms and conditions acceptable to the buyer for the purchase of a home. The buyer usually agrees to work exclusively with the broker and the compensation that the buyer is obligated to pay is often offset by any compensation the broker receives from the listing agent.

AGENCY: Agency is the relationship that occurs when a broker represents a buyer or seller in a real estate transaction. An agent has fiduciary duties to the client, such as confidentiality, accounting, reasonable care, loyalty, obedience, advocacy, and disclosure.

DUAL AGENCY: Dual agency occurs when one broker individually, or two agents within the same brokerage firm, represent both buyer and seller in a real estate transaction. Dual agency is legal with consent.

MLS: The Multiple Listing Service ("MLS") is a repository of information on homes for sale. The MLS is also a means by which broker participants make offers of compensation to other broker participants for bringing a ready, willing and able buyer for the property.

CONTRACT: A contract is an agreement to do or not to do something. A contract for the sale of a home must be in a signed writing to be enforceable. The Arizona Association of REALTORS® ("AAR") Residential Resale Real Estate Purchase Contract is the most common form of contract for the transfer of resale residential real property in Arizona.

CONTINGENCY: A contingency is a clause in a contract that requires the completion of a certain act before the parties are obligated to perform their contractual obligations. The most common contingencies are financing, acceptable property condition, and condition of title.

AS IS: In an "AS IS" contract the seller is saying that the property will be sold in its existing physical condition and the buyer is taking the property's condition into account when making an offer. The clause does not negate a seller's common law duty to disclose known latent material defects.

FIXTURES AND PERSONAL PROPERTY: A fixture is an item that was once personal property, but is affixed to the home in such a manner as to become a part of the home itself. A buyer purchases the fixtures affixed to the home, but personal property is not part of the transaction unless it is listed in the contract. The contract should specifically identify all items that are to be conveyed in the transaction.

RIGHT OF FIRST REFUSAL: A first right of refusal is a provision in a contract that requires the owner of a home to give another party (usually a tenant) the first opportunity to purchase or lease the property before it is offered for sale to another.

ESCROW INSTRUCTIONS: Escrow instructions are instructions to the escrow company on how to carry out the terms of a contract. The contract is often used as escrow instructions. Other times, the escrow instructions are pre-printed forms from the escrow company with any necessary additional or supplemental instructions.

TITLE COMMITMENT: The title commitment generally reflects the condition of the title to the home. The commitment tells the buyer whether the taxes and assessments are paid, whether there are deed restrictions, liens and easements on the property, and what the requirements are to the issuance of title insurance on the home.

TITLE INSURANCE: There are generally two title insurance policies issued at close of escrow, the owner's policy and the lender's policy. The owner's policy is an insurance policy that protects a homeowner from defects in the title to the home, such as a forged deed. The lender's policy protects the lender against the same sort of title defects until the loan is paid.

CONDITIONS, COVENANTS & RESTRICTIONS ("CC&R'S"): CC&R's are recorded against the home and are an enforceable contract. The CC&R's empower the homeowner's association, if there is one, to control certain aspects of the home. If there is no homeowner's association, the CC&R's can be enforced by the other homeowners. A homebuyer should always carefully read the CC&R's (and any other association documents) because the buyer will be obligated to comply with all the rules and restrictions.

EASEMENT: An easement gives persons other than the owner access to or a right of way over the homeowner's property. Common easements include utility easements and roadway easements.

HOMESTEAD EXEMPTION: The homestead exemptions the home in which the person resides from attachment, execution and forced sale due to a non-consensual judgment or lien, up to \$150,000 in value or equity. The homestead exemptions only prevents certain creditors, such as judgment creditors, from taking the first \$150,000 of equity in a person's home to satisfy a debt. Liens that a person allows to be recorded against the home, such as a mortgage or deed of trust are not affected by the homestead exemption. Homeowners do not need to take any action to assert the homestead exemption because the exemption attaches automatically.



The Closing

“Close of escrow” is a term that most people know, but the closing process often remains a mystery even to seasoned Buyers and Sellers.

Unlike many other states, Arizona does not use a formal “sit down” closing with Buyers and Sellers, their agents, bankers and attorneys seated around a table. Often the Sellers have already signed the needed documents before the Buyer’s loan is completed, and it is not uncommon for the Buyers and Sellers to never meet.

The closing process usually begins 2 to 4 days prior to the scheduled close of escrow with the lender delivering the Buyer’s loan package and closing instructions to the title company. The escrow officer then prepares a settlement statement containing a full accounting of all the costs in the transaction, notifies the Buyers of any additional funds needed to close and sets an appointment for the Buyers to sign the loan documents.

When the lender’s documents have been signed, they are returned via messenger, express mail or fax to the lender’s loan closer who will review and approve the package for funding. After the package receives final approval, the closer notifies the escrow officer that loan proceeds are available. Once all required funds are **deposited and available for withdrawal in the escrow bank account**, the deed is released for recording. When the deed records, escrow has “closed”.

Because this is an informal process, it requires a coordination of efforts among all the parties to ensure a timely, successful closing. Employing an experienced real estate professional to captain the “closing team” is the best way to make sure your escrow closes on time. Many variables can come into play which could delay the closing or create last minute “surprises”. Your agent can prepare you for possible problems and have options available to smooth the way.

Closing tips:

Be Available. Time is often short at the closing. Make sure you are prepared to take time from work or other commitments. Be ready to act on short notice.

Be flexible. Even the best laid plans can’t ensure there will be no glitches at closing time. It may be necessary to juggle or rearrange at the last minute.

Ensure that the escrow officer has all needed information. Provide the name and number of your lender and insurance agent, the source of your closing funds, your schedule, and any adjustments to the settlement costs as soon as possible.

Remember that state law requires available funds for the closing. The funds you use to close are the same funds the title company will use for payments at close of escrow, so your funds must be “immediately negotiable”. Personal, money market, or investment broker’s checks will not be accepted since they all are subject to collection and cannot be immediately converted to cash at the title company’s bank. Even cashier’s checks require a hold of one day after bank deposit, so be sure to deposit all closing funds at least 2 days prior to your anticipated closing date. Only funds wired directly into the escrow bank account are available immediately upon deposit.

Communicate with your loan officer to determine any last minute requirements of the loan funding. Bank statements, credit explanation letters, check copies or payment of debts are some requirements made by the lender which could delay the closing or add needless stress. You should also ensure that your lender is prepared to have their loan proceeds in the escrow bank account available for withdrawal prior to the scheduled closing. Failure to have available loan proceeds will delay your closing.

Ask your agent to be present at the closing. Your escrow officer has no knowledge of conversations between the parties, how the contract was negotiated, what representation were made by the lender, or other specifics of the sale beyond the terms printed in the purchase contract. The contract and the lender’s closing instructions are the escrow officer’s “bible” at closing and Buyers often have questions or concerns that can only be addressed by someone who has been more closely involved... your agent.

If you wish to review the closing documents, ask your agent, loan officer or the escrow officer to provide copies of pertinent documents in advance. Trying to read and absorb the dozens of documents in your loan package at the signing will be very time consuming. Make a list of questions and your agent, escrow officer or loan officer should be able to address any concern easily.



Understanding Arizona's “Good Funds” Requirements

Arizona is a “Good Funds” State. This means no funds may be disbursed from an escrow account until those funds are **physically available for withdrawal** in the escrow agent’s Trust Account. **All Customer deposits and Lender’s loan proceeds checks will need to clear the payor’s bank prior to closing.**

Below are **minimum guidelines** for determining availability of Good Funds. The timeframes indicated are **business days** after the funds have been **deposited into our bank, NOT AFTER RECEIPT BY THE ESCROW OFFICER.**

Available the Day of Bank Deposit

- ◇ Electronic Transfer/Wired Funds
(Required for **same day** Loan and Closing Funds)
- ◇ Your Title Agency Checks

Available One Day *After* Deposit

- ◇ Cashier’s, Official, Certified and Teller’s checks from federally insured banks only**

****Must be verified by the Customer’s Bank prior to close of escrow**

Available 3 Days After Deposit

- ◇ Local Personal Checks**
- ◇ Other Credit Union Checks (Local) **
- ◇ Corporate Checks (Local) **

Available 7 Days After Deposit

- ◇ All Non-Local Checks
- ◇ Non-FDIC Insured Checks**

**** All Checks are Subject to Verification of Payment by the Customer’s Bank**

MONEY ORDERS, TRAVELER’S CHECKS, DRAFTS, FOREIGN BANK CHECKS, THIRD PARTY CHECKS AND CASH ARE NEVER ACCEPTABLE FORMS OF DEPOSIT.

A local check is one drawn against a bank located in the same processing district as our depository bank. Any account with an ABA number beginning with “12” or “32” is in our processing district and is a local check.

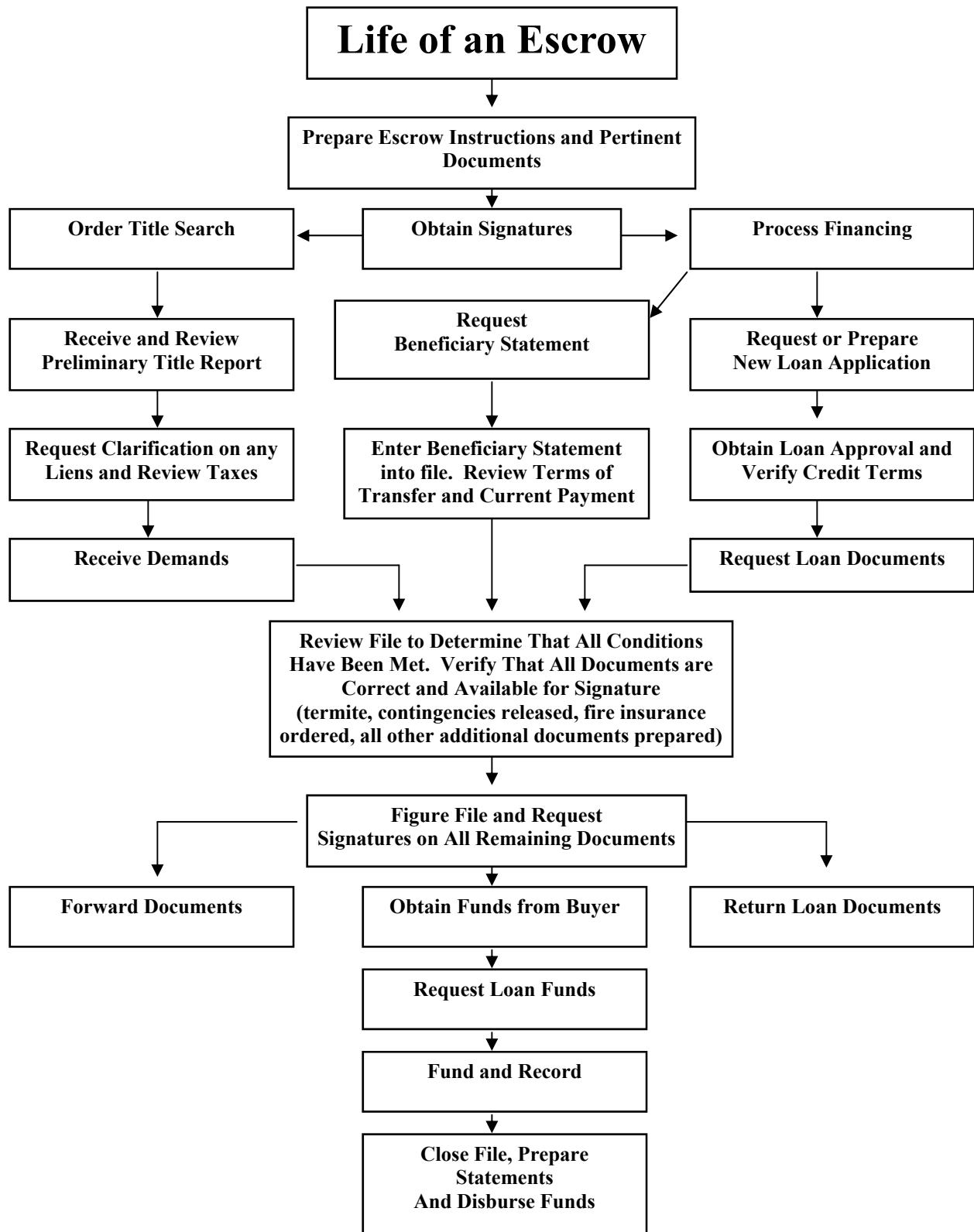
Funds availability is always subject to payment by the bank upon which the check is drawn. Since it can take 14 days or more to receive notification of NSF and returned items from the paying bank, **any disbursements within 14 days of deposit of a personal check will require verification of payment by the paying bank.**

The timeframes above are minimums only. Each situation is unique and compliance with Arizona’s Good Funds Statute may require more time than stated depending on the type and source of deposit.

Wired Funds are required to avoid a delay in your closing. If you intend to make an escrow deposit by other means, contact your escrow officer immediately for specific instructions or information. **Equity Title Agency assumes no liability for closing delays due to failure of any party, including Lender, to provide Good Funds.**



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Who Pays What

	CTM	FHA	VA	CONV	CASH
Down Payment	Buyer	Buyer	Buyer	Buyer	Buyer
Termite Inspection –On VA	Buyer	Buyer	Buyer	Buyer	Buyer
Property Inspection – <i>If required by Buyer</i>	Buyer	Buyer	Buyer	Buyer	Buyer
Property Repairs (if any) – <i>Negotiable except VA</i>	Seller	Seller	Seller	Seller	Seller
New Loan Origination Fee - <i>Negotiable</i>		Buyer	Buyer	Buyer	
Discount Points - <i>Negotiable</i>		Buyer	Buyer	Buyer	
Document Preparation Fee – <i>Charge Seller on VA</i>		Buyer	Seller	Buyer	
Credit Report	Buyer	Buyer	Buyer	Buyer	
Appraisal or Extension Fee – <i>Negotiable</i>		Buyer	Buyer	Buyer	
Interest on Seller's Existing Loan	Prorate	Seller	Seller	Seller	Seller
Existing Loan Payoff		Seller	Seller	Seller	Seller
Existing Loan Payoff Demand		Seller	Seller	Seller	Seller
Loan Prepayment Penalty – <i>If any</i>		Seller	Seller	Seller	Seller
Next Month's PITI Payment	Buyer	Buyer	Buyer	Buyer	
Prepaid Interest – <i>Approximately 30 days</i>		Buyer	Buyer	Buyer	
Mortgage Transfer Fee	Split				
Reserve Account Balance – <i>On Seller's existing loan</i>	Prorate	Seller	Seller	Seller	Seller
FHA MIP, VA Funding Fee, PMI Premium	Prorate	Buyer	Buyer	Buyer	
Assessments Payoff (Unless Prorated) – <i>Sewer, Paving, etc.</i>	Seller	Seller	Seller	Seller	Seller
Lender Required Reserves		Buyer	Buyer	Buyer	
Taxes – <i>Prorated at close of escrow</i>	Prorate	Prorate	Prorate	Prorate	Prorate
Tax Service Contract		Buyer	Seller	Buyer	
Fire/Hazard Insurance	Buyer	Buyer	Buyer	Buyer	Buyer
Flood Insurance		Buyer	Buyer	Buyer	
Homeowner Association (HOA) Transfer Fee - <i>Negotiable</i>	Split	Split	Seller	Split	Split
HOA/Disclosure Fee	Seller	Seller	Seller	Seller	Seller
Current HOA Payment	Prorate	Prorate	Prorate	Prorate	Prorate
Next Month's HOA Payment	Buyer	Buyer	Buyer	Buyer	Buyer
Home Warranty Premium - <i>Negotiable</i>					
Realtor® Commissions	Seller	Seller	Seller	Seller	Seller
Homeowners Title Policy	Seller	Seller	Seller	Seller	Seller
Lenders Title Policy and Endorsements		Buyer	Buyer	Buyer	
Account Servicing Set-up Fee - <i>Negotiable</i>	Split				
Escrow Fee – <i>Note: Charge Seller on VA Loan</i>	Split	Split	Seller	Split	Split
Recording Fees – <i>Flat Rate</i>	Split	Split	Split	Split	Split
Reconveyance/Satisfaction Fee		Seller	Seller	Seller	Seller
Courier/Express Mail Fees	Split	Split	Seller	Split	Split
Outgoing Wire Fees – <i>By Benefiting Party</i>			Seller		
Email Loan Documents		Buyer	Seller	Buyer	

Inspections

Real Estate contracts often contain contingency clauses that allow buyers to inspect the property physically (usually at their expense). This inspection provides a comprehensive review of the infrastructure of the property.

Which inspection to order is usually a matter of observation and knowledge of what is critical to a particular region or area. Below is a list of three most common types of inspection:

Structural Pest Control

- To determine any active infestation by wood destroying organisms
- Section I on the report will be items that need immediate attention because of active infestation and lenders usually want the work performed prior to funding the loan.
- Section II on the report will be items that could cause infestation and, if not corrected, could cause damage.

Physical Inspection

- This inspection encompasses roof, plumbing, electrical, heating and any other accessible area of the structure.
- A detailed report will be written with recommendations for repair or for further inspection by a specialist.

Some Other Common Inspections

- Energy Audit
- Well and Septic
- Seismic
- Hazardous Materials
- Zoning and Building Permit Compliance
- Geotechnical
- Water Conservation
- Contractor's Home Inspection
- Chimney Inspection
- Heating and Air Conditioning
- Structural Engineering

Home Warranties

As a Real Estate professional, it is my duty to inform both Buyer and Seller about the advantages of home warranty protection. This Policy protects the Buyer by paying for certain repairs and costs of major mechanical systems and major appliances in the home such as heating and air-conditioning. There are a variety of plans available, and I would be happy to gather a selection of plans for you to review.

Benefits of Home Warranty Coverage to the Seller

- Home may sell faster and at a higher price
- Optional coverage during the listing period
- Protection from legal disputes that occur after the sale
- Increases the marketability of your home

Benefits of Home Warranty Coverage to the Seller

- Warranty Coverage for your major system and built-in appliances
- Protects your cash flow
- Puts a complete network of qualified service technicians at your service
- Low deductible





Seller Advisory

When in doubt – disclose!



Sellers are obligated by law to disclose all known material (important) facts about the property to the buyer. Arizona law requires that you disclose material facts about the property whether or not you are asked by the buyer or a real estate agent, or when asked to complete a disclosure form. There are also some very specific seller disclosures that you are required by statute to make. For example, sellers are required to disclose information on lead based paint in homes built prior to 1978, and if the property is in the vicinity of a military or public airport. You may also be required to complete and record an affidavit of disclosure if you are selling property in an unincorporated area of a county.

If the buyer asks you about an aspect of the property, you have a duty to disclose the information, regardless of whether or not you consider the information material. You also have a legal duty to disclose facts when disclosure is necessary to prevent a previous statement from being misleading or misrepresented: for example, if something changes. However, a seller does not generally have a legal obligation to correct defects in the property, as long as the defects are disclosed. Any correction of the defects is a matter of contract negotiation between you and the buyer.

If you do not make the legally required disclosures, you may be subject to civil liability. Under certain circumstances, nondisclosure of a fact is the same as saying that the fact does not exist. Therefore, nondisclosure may be given the same legal effect as fraud.

The Arizona Association of REALTORS® Seller's Property Disclosure Statement ("SPDS") is designed to assist you in making these legally required disclosures and to avoid inadvertent nondisclosures of material facts.

You should complete the SPDS by answering all questions as truthfully and as thoroughly as possible. Attach copies of any available invoices, warranties, inspection reports, and leases, to insure that you are disclosing accurate information. Also, use the blank lines to explain your answers. If you do not have the personal knowledge to answer a question, it is important not to guess — use the blank lines to explain the situation.

The SPDS is divided into six general sections:

- 1) Ownership and Property:** This section asks for general information about the property, such as location, ownership and occupancy. Any seller, whether or not that seller has actually lived in the property, should be able to answer most, if not all, of the questions in this section.
- 2) Building and Safety Information:** This section asks for information regarding the physical aspects of the property. You should disclose any past or present problems with the property and any work or improvements made to the property. You are also asked specifically to disclose any knowledge of past or current presence of termites or other wood destroying

organisms on the property, and whether scorpions or other possible "pests" have ever been present on the property. Although many sellers will answer affirmatively to these questions, they were necessitated by lawsuits involving the alleged non-disclosure of these natural inhabitants.

- 3) Utilities:** You are asked whether the property currently receives the listed utilities, and if so, to identify the provider. The water source and any known information about drinking water problems should also be disclosed.
- 4) Environmental Information:** A variety of environmental information is requested. In addition to questions regarding environmental hazards, you are asked to disclose any issues relating to soil settlement/expansion, drainage/grade, or erosion; noise from the surrounding area including airport and traffic noise; and any odors or other nuisances. As a result of recent lawsuits and potential health concerns, you are asked specifically if you are aware of any past or present mold growth on the property. Mold spores are everywhere and when mold spores drop in places where there is water damage or excessive moisture, or where there has been flooding, mold will grow. Thus, you are asked to disclose any conditions conducive to mold growth, such as past or present dampness/moisture, flooding, and water damage or water leaks of any kind.
- 5) Sewer/Wastewater Treatment:** There are many questions dealing with the topic of sewer or wastewater treatment as a result of claims involving alleged misrepresentations that the property was connected to a sewer, when in fact it was not. You are asked if the entire property is connected to a sewer and if so, whether the sewer connection has been professionally verified. If the property is served by an on-site wastewater treatment facility, i.e., a septic or alternative wastewater system, a variety of additional information is required.
- 6) Other Conditions and Factors – Additional Explanations:** These blank lines provide space for you to disclose any other important information concerning the property that might affect the buyer's decision-making process, the value of the property, or its use, and to make any other necessary explanations.

Please note: By law, sellers are not obligated to disclose that the property is or has been: (1) the site of a natural death, suicide, homicide, or any other crime classified as a felony; (2) owned or occupied by a person exposed to HIV, or diagnosed as having AIDS or any other disease not known to be transmitted through common occupancy of real estate; or (3) located in the vicinity of a sex offender. However, the law does not protect a seller who makes an intentional misrepresentation. For example, if you are asked whether there has been a death on the property and you know that there was such a death, you should not answer "no" or "I don't know"; instead you should either answer truthfully or respond that you are not legally required to answer the question.

SHORT SALES

FREQUENTLY ASKED QUESTIONS

Q. Can the Seller receive any proceeds from the sale?

A. No. Generally the Lender will not allow the Seller to walk away with any money.

Q. The Seller is current on all home loan payments. Is the Seller eligible for a short sale?

A. Lenders usually will not entertain a Short Sale request if the payments are current, though some exceptions may exist.

Q. Will the Seller be required to pay any money into the closing?

A. It is possible that the Lender will require the Seller or another party to the transaction to pay fees or costs above what the Lender is willing to absorb.

Q. What fees will the Seller's Lender pay to close the short sale?

A. The Lender will generally pay normal Seller closing costs only. Customary title and escrow fees, pre-approved Real Estate commissions, normal HOA transfer and disclosure fees, documentary costs, taxes and recording fees are usually approved. Additional repair and maintenance costs, delinquent HOA fees, judgments or liens will require specific approval. Real Estate commissions may be reduced by the Lender regardless of the amount stated in the Listing Agreement.

Q. When will a Short Sale close?

A. Only when all of the following conditions have been met may the sale close:

- 1. Seller's lender has approved the contract in writing and stipulated an amount for their reduced payoff.**
- 2. Buyer's lender has fully approved the new loan and has funded the loan amount to the escrow in "Good Funds".**
- 3. All requirements listed in the Commitment for Title Insurance have been satisfied or removed.**
- 4. Any additional funds necessary to pay all costs, fees and obligations have been paid into the escrow in "Good Funds" by the Buyer, Seller or other applicable party.**

Q. How long does the Lender have to approve the Short Sale Contract?

A. There is no limit to how long the Lender may take and there is no way to know in advance how long the approval process may take. Each Lender has its' own process. Approval can occur in as little as two weeks, but can take 6 to 12 weeks or more.

Q. Is the Lender required to participate in the Short Sale?

A. No. The Lender has absolute discretion as to its' approval of the Short sale.

Q. Why is the Short Sale contract subject to the Lender's approval when the Buyer and Seller have agreed to the sale.

A. The Seller's Lender is being asked to take less than they are owed in return for releasing their loan. The sales price and costs in the transaction will affect the amount that remains for the loan payoff, so the Lender actually becomes another principal in the transaction.

Q. What happens if the Lender does not approve the Short Sale?

A. Often the Lender will stipulate an amount for the loan payoff that they will accept. In that event, the Buyer, Seller and other interested parties may choose to contribute more money in order to make the sale work. If the Lender rejects the Contract outright then the parties can always agree to increase the purchase price and re-submit the offer to the Lender.

Q. When the Lender is reviewing a Short Sale contract for approval, is the Trustee Sale automatically postponed?

A. No. The Trustee Sale can be held on schedule even if there is a contract under consideration.

Q. Will the Trustee Sale be postponed once the Short Sale Contract is approved?

A. Not automatically. You should inquire about this and specifically request the Sale be postponed if needed.

Q. Is the Buyer still entitled to buy the property under the Short Sale Contract once the Trustee Sale is Held.

A. No. The Lender is not bound to the Short Sale Contract if the property is conveyed at Trustee Sale.



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Continued.....

Q. How can I get the Lender to approve the Short Sale Contract?

A. There is no way to pressure the Lender into approval, however, by knowing exactly what the lender requires and making complete and timely submission of all the Lender's requirements, you greatly improve your chances.

Q. When should I contact the Lender about a potential Short Sale?

A. When, or even before, the property is listed for sale the Seller or Seller's Agent should contact the Lender's Loss Mitigation Dept and request a "Short Sale Package", or a list of all the Lender's Short Sale requirements. Some Lender's require that a contract be in place before they will send a package, but the earlier the contact, the better.

Q. What happens when the Seller's Lender has approved the contract?

A. Once written approval has been obtained from Seller's Lender, they will usually stipulate a time by which the escrow must close. The Buyer should be ready to close as soon as possible. This means that Buyer's Lender will need to expedite the new loan processing, appraisal and approval. Buyer should expedite all necessary inspections and arrange to have good funds needed to close.

Q. What happens if the Buyer can't close within the time frame stipulated by the Seller's Lender.

A. If the escrow has not closed in time to satisfy Seller's Lender then a new written authorization to close will be required. Since the Lender's time requirement is often based upon the net loan proceeds they will receive, it is often necessary for the Lender to obtain new approval for any additional costs incurred by the delay. This approval can take time and is not automatic.

Q. The property has a 1st loan and a 2nd loan. What does that mean in a short sale?

A. Both loans will need to be released, therefore both lenders need to approve the Short Sale.

Q. The Seller's Lender is requiring the Seller to sign an agreement or authorization before closing the Short Sale. What should the Seller do?

A. Some agreements may bind the Seller to repay any forgiven debt. Any party in a short sale should obtain professional legal counsel if they have any questions regarding the transaction or required documents. The Real Estate Agents and the Escrow Officer can't give any legal advice.

Q. I have heard that the IRS will forgive any tax obligation resulting from any forgiven debt from the Short Sale.

A. This may or may not be the case and depends on a number of factors. NEVER make any assumption regarding taxes. All parties should obtain professional financial advice regarding the transaction. The Real Estate Agents and the Escrow Officer can't give any legal or tax advice.

Q. Is it true that after that sale closes, the Seller will not owe anything to the Lender(s)?

A. This will be determined by the Lenders, and Sellers should satisfy themselves that they are comfortable with the Lender's Short Sale Terms.

Q. Can the Escrow Officer negotiate with the Lender to get the Contract approved?


A. No. The Escrow Officer is the neutral third party and can not act as the Seller's agent in dealing with the Lender. The Escrow Officer can act as an intermediary for the parties, and facilitate the transaction by passing on communications and documents. The Escrow Officer has no ability to require any action or enforce any compliance by any party in the transaction.

Q. How much time should be allowed for closing a Short Sale?

A. A general rule of thumb is to allow at least 90 days from Buyer and Seller's Contract acceptance. You may consider adding a provision that the sale can close earlier if the Lenders approval is obtained.



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Capital Gains and Losses
▶ Attach to Form 1065.

IRS TAX TIP 2008-54

If you have a gain from the sale or exchange of your main home, you may be able to exclude all or part of the gain from your income.

Individuals may be able to exclude up to \$250,000 of capital gain, and married taxpayers filing joint returns may be able to exclude up to \$500,000 of gain each time you sell your home, but generally no more frequently than once every two years.

To qualify for this exclusion of gain, you must meet ownership and use tests.

Ownership Test: During the 5 year period ending on the date of sale, you must have owned the home for at least two years.

Use Test: During the 5 year period ending on the date of the sale, you must have lived in the home as your main home at least 2 years.

If you and your spouse file a joint return for the year of the sale, you can exclude the gain if either of you qualify for the exclusion. But both of you would have to meet the use test to claim the \$500,000 maximum amount.

If you do not meet the ownership and use tests, you may be allowed to exclude a reduced amount of the gain realized on the sale of your home if you sold your home because of health reasons, a change in the place of employment, or certain unforeseen circumstances. Unforeseen circumstances include, for example, divorce or legal separation, natural or man-made disasters resulting in a casualty to your home, or an involuntary conversion of your home.

If you can exclude all the gain from the sale of your home, you do not report the gain on your federal tax return. If you cannot exclude all the gain from the sale of your home, or you choose not to, use Schedule D, Capital Gains and Losses, on the Form 1040 to report it.

For more details and information see **IRS Publication 523**, Selling Your Home, available at **IRS.gov** or by calling **800-TAX-FORM (800-829-3676)**

Remember that for the genuine IRS website be sure to use .gov. Don't be confused by internet sites that end in .com, .net or .org or either designations instead of .gov. The address of the official IRS government is **www.irs.gov**

Places to Notify:

- Notify the post office that you are moving. An online Change of Address form is available on the [United States Postal Service Web site. www.USPS.com](http://www.USPS.com)

The following checklist will be helpful:

Utilities

- Sewer District
- Trash
- Cable/Satellite
- Fuel (Oil/Propane)
- Electric
- Gas
- Water
- Telephone

Professional Services

- Doctor(s)
- Dentist
- Accountant
- Lawyer
- Broker
- Insurance Agency

Government Offices

- DMV
- Social Security
- State/Federal Tax **Bureaus**
- City/County Tax Assessor
- Veterans Administration

Personal Accounts

- Credit Card Companies
- Laundry Service
- Auto Finance Company
- Health Club
- Pharmacy
- Dry Cleaner
- Lawn Service
- Banks

Publications

- Newspapers
- Magazines
- Newsletters
- Professional Journals



Preparing the Family:

- Take the family for a farewell visit to some of the places that hold happy memories.
- Have a going-away party for the children and their friends.
- Have some fun for yourself...an open house or an informal dinner or barbecue. Keep it simple.
- Make family travel plans. Reserve hotel rooms and airline tickets as needed.
- If driving, have your car serviced for the trip (check tires, brakes and windshield wipers, fluids, belts, etc.)
- Preparing Household Items:
 - Federal law requires that you dispose of flammables such as fireworks, cleaning fluids, matches, acids, chemistry sets, aerosol cans, ammunition, and poisons such as weed killer. Drain fuel from your power mower and other machinery. Discard partly used cans of oil, paint, thinner, bleach, or any other substances that may be flammable or combustible or those stored in containers that may leak. Please read the complete list of non allowed items.
 - Refillable propane tanks must be purged and sealed by a local propane gas dealer. Discard non-refillable propane tanks which are used for barbecue grills.
 - Set an appointment with a service technician to prepare your major appliances for shipment - or have your agent send someone out who is authorized to perform this service.
 - Set a date for having utilities disconnected. If possible, plan to keep utilities in service through moving day.
 - Have rugs and draperies cleaned. Leave both wrapped when they are returned from the cleaners.
 - Obtain a written appraisal of antique items to verify value. Avoid waxing or oiling wooden antiques (and fine wood furniture) before moving because some products might soften the wood, making it vulnerable to imprinting from furniture pads.
 - Do not clean your upholstered furniture before moving. Moisture could cause mold if furniture must be placed in storage.

Moving Day

Working With the Mover:

- It is your responsibility to see that all of your goods are loaded, so remain on the premises until loading is complete. After making a final tour of the house, check and sign the inventory.
- Last-Minute Details:
 - Leave your phone connected throughout moving day. After the van leaves and you finish last-minute calls, be sure to pack the phone in one of your suitcases.
 - Take a last look around:
 - Water shut off?
 - Furnace shut off?
 - Light switches turned off?
 - All utilities arranged for disconnection?
 - Windows shut and locked?
 - Old house keys surrendered?
 - Have you left anything?

Tax Deductible Moving Expenses

- The cost of trips to the area of a new job to look for a home. Your home shopping expedition does not have to be successful for the cost to be deductible.
- The cost of having your furniture and other household items shipped, including the cost of packing, insurance and storage up to 30 days.
- The cost of lodging and 80% of food expenses for up to 30 days in the new hometown, if these temporary living expenses are necessary because you have not yet found your ideal home or it is not ready when you arrive.
- Certain costs associated with the sale of your old home and purchase of the new one. These expenses include: real estate commissions, legal fees, state transfer taxes, appraisal and title fees, could be used to either reduce the gain on the sale of the previous home or to boost the basis of a new one.

For informational purposes only. For specific tax advice always consult a tax professional

Would you like to save 50% on your escrow fee when you sell your home?

*Would you like to make your home more marketable by offering the buyer
50% off of their escrow fee?*

Ask Your Agent to enroll your listing into the

Equity Escrow Advantage

- ◇ **No Cost to enroll in the program!**
- ◇ **No Cost to your agent!**
- ◇ **Your agent can enroll your listing for you!**
- ◇ **Rate is filed and approved by the State**
- ◇ **Pre-Sale Rate offered ONLY at Equity Title Agency!**



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