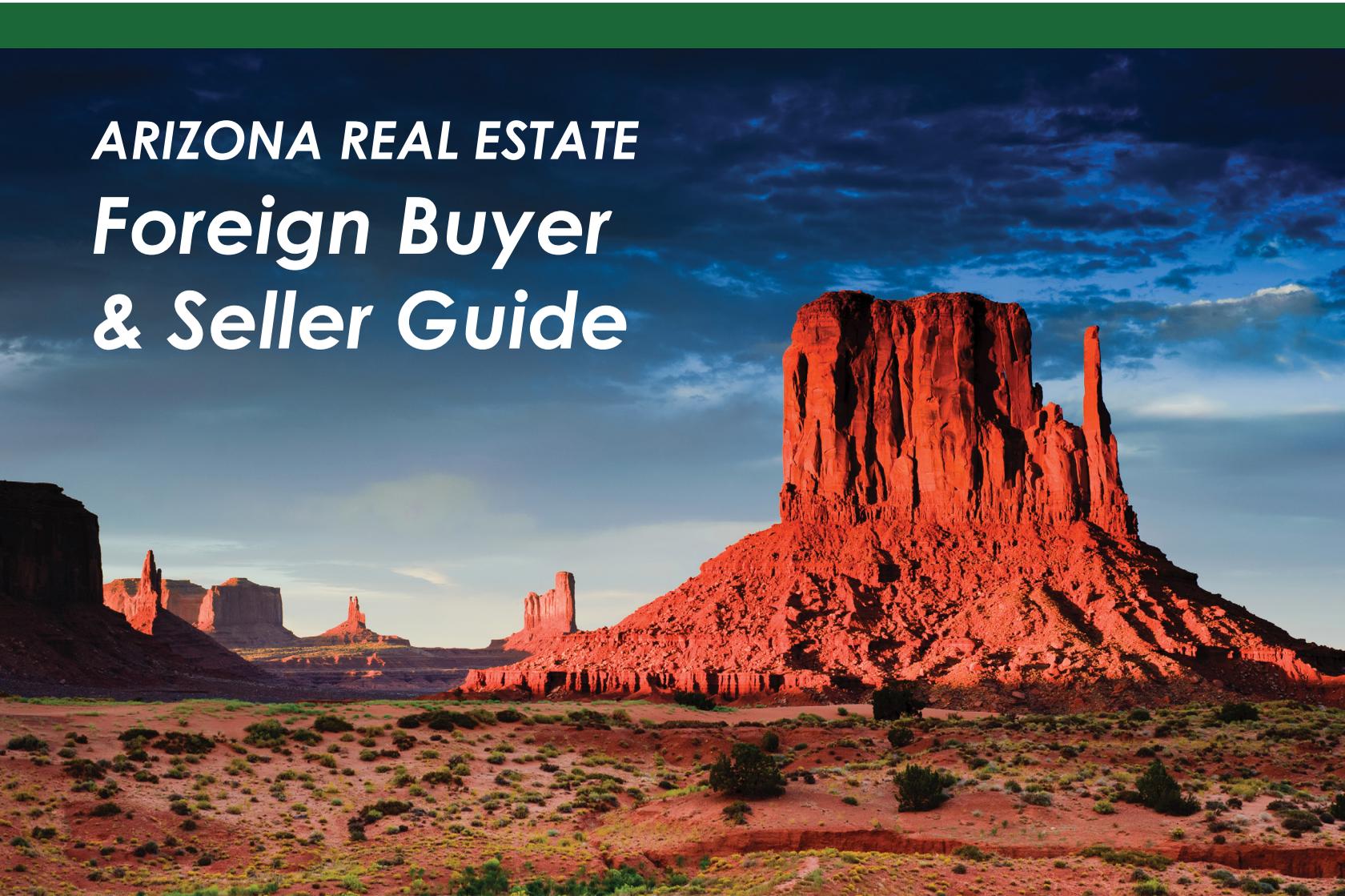


ARIZONA REAL ESTATE
Foreign Buyer
& Seller Guide



GRAND CANYON

A Division of FNTA

TITLE AGENCY

A Fortune 500 Company



GRAND CANYON

— A Division of FNTA —

TITLE AGENCY

A Fortune 500 Company

TABLE OF CONTENTS

Table of Contents	3
Company History.....	4
Introduction	7
Steps to Purchase a Property	8
Steps to SELL a Property	9
How Does the Escrow Process Work?	10-12
What is Title Insurance: Frequently Asked Questions	13
Statement of Information	15
Ways of Holding Title	19-20
Taxes and F.I.R.P.T.A.	24-26
Real Property Tax Dates	25
What is F.I.R.P.T.A.: Frequently Asked Questions	27-30
Glossary of Terms	45-46

COMPANY HISTORY

On January 1, 2015, Grand Canyon Title Agency, Inc. was acquired by Fidelity National Title and became Grand Canyon Title Agency, A division of FNTA. Prior to the acquisition, the company operated as an independent agent for its three national underwriters:

Founded in 1982, then locally owned, Grand Canyon Title Agency, Inc. has been providing Residential and Commercial Escrow Services, Title Insurance, Lender Services, Account Servicing, Trustee Sale Guarantee, Ownership & Real Estate Data Research in Arizona for 35 years.

Now a wholly owned subsidiary of a Fortune 500 Company, Grand Canyon Title Agency, A division of FNTA is extremely proud to be a member of the FNF family of companies. Combined with state of the art technology and unprecedented financial strength, Grand Canyon Title Agency will continue to offer the highest levels of customer service to the real estate and lender community.

OUR TEAM

President & County Manager – **Stan A. Feffer**

V.P. Escrow Admin. – **Heidi Velarde**

V.P. Business Development – **Fletcher Wilcox**

V.P. Sales Manager – **Ben Ashley**

Director of Marketing – **Amy LaDow**

OUR PHILOSOPHY

At Grand Canyon Title Agency, a division of FNTA, our philosophy is that our customer's well-being is at the forefront of all our actions. We are convinced that if we serve our customers well, our own success will follow. We encourage innovation and creativity, and consistently strive to find new ways to fulfill our customer's needs. Because of this, we anticipate the rapidly changing needs of our clients and develop new services to meet those needs.

The dedication of our people and their expertise in their respective positions enhance our success. Our commitment to teamwork has proven to produce the best results.

We take great pride in the professional quality of our work. Ours is a highly competitive business, and we aggressively seek to expand our client relationships. Integrity and honesty are at the heart of our business, built on rock solid business practices providing outstanding title and escrow service to customers. The combination of extraordinary people providing unparalleled service continues to build exceptional customer loyalty.





WHAT OUR CLIENTS SAY

“Grand Canyon Title has continually supported our agents with marketing strategies and industry education. Their sales team is the best in the business, pairing us with unparalleled escrow service and business building tools that are impactful.”

- Sandra J. **Orange Sky Realty**

“Grand Canyon Title has been a positive asset to my career. When an efficient escrow officer can be professional and provide bilingual service in today’s market that is a plus. Every one of my customers has been very satisfied and that is one part of my successful sale. I am proud to refer my customers and friends to Grand Canyon Title.”

- Alicia R. **1st USA Realty**

“I think the most of business relationships when they honor their word. When GCTA presented their services & pricing, both seemed too good to be true. After utilizing the team at GCTA, I was blown away at the standard of care, the high level of professionalism, and the ultimate quality of the product. GCTA has delivered above and beyond expectations and for that reason we will do a lot of business together for years to come.”

- Brian N. **North&Co.**

“Having worked with dozens of title companies over the last 30 years, I have found Grand Canyon Title Agency the most responsive title company in the business.”

- Tom T. **RE/Max Excalibur**



We at Grand Canyon Title Agency are proud to be able to provide this helpful guide to understanding the escrow and title process when buying or selling property in Arizona. This booklet has been prepared to give you an overview of the general process involved during the purchase and sale of a home and explain the various roles that we will play in helping to close your transaction. We hope you find this information beneficial in making your transaction and experience a smooth and positive one!

PROPERTY OWNERSHIP IN ARIZONA

Foreign buyers and sellers must comply with a number of state and federal regulations. In particular, buyers of a real property interest must be concerned with the applicability of F.I.R.P.T.A., the Foreign Investment in Real Property Tax Act.

Title insurance provides a policy holder against the challenges to rightful ownership of real property, challenges that arise from circumstances of past ownerships. Each successive owner brings the possibility of title challenges to the property. Escrow services are provided to coordinate the closing, including the collection and disbursement of funds related to the transaction.

Grand Canyon Title Agency has provided this guidebook for informational purposes only. This guidebook is not intended to offer legal or financial advice. It is strongly recommended that you seek professional advice from an attorney and/or your tax advisor to determine the legal and financial consequences of buying or selling a house.

THE PROCESS OF BUYING YOUR HOME



THE PROCESS OF SELLING YOUR HOME



ESCROW

HOW DOES THE ESCROW PROCESS WORK?

An escrow is a depository for all monies, instructions and documents necessary for the purchase of your home, including funds for down payment, the lender's funds and documents for the new loan. It all begins with the offer and acceptance skillfully negotiated by the real estate agents representing buyer and seller.

The Buyer(s)

- Tenders a written offer to purchase (or accepts the seller's counter-offer) accompanied by a good faith deposit amount.
- Applies for a new loan, completing all required forms and may pay for a credit report. Approves and signs the escrow instructions and other related instruments required to complete the transaction.
- Approves the preliminary report and any property disclosure or inspection report called for by the purchase and sale agreement.
- Approves, signs new loan documents and fulfills any remaining condition contained in the contract, lender's instructions and/or the escrow instructions.
- Deposits funds necessary to close the escrow. Approves any changes by signing amendments in the escrow instructions.

The Seller(s)

- Accepts Buyer's Offer to Purchase and initial good faith deposit to open escrow.
- Submits documents and information to escrow holder, such as: addresses of Lien holders, tax receipts, equipment warranties, home warranty contracts, any leases and/or rental agreements.
- Approves and signs the escrow instructions, grant deed and other related document required to complete the transaction.
- Reviews inspections, receives clearance, approves final reports and/or repairs to the property as required by the terms of the purchase and sale agreement.
- Fulfills any remaining conditions specified in the contract and/or escrow instructions; approves the payoff demands and/or beneficiary's statements.
- Approves any final changes by signing amendments to the escrow instructions or contract.

ESCROW

HOW DOES THE ESCROW PROCESS WORK?

THE LENDER (WHEN APPLICABLE)

- Accepts the new loan application and other related documents from the Buyer(s) and begins the qualification process.
- Orders and reviews the property appraisal, credit report, verification of employment, verification of deposit(s), preliminary report and other related information.
- Submits the entire package to the loan committee and/or underwriters for approval. When approved, loan conditions and title insurance requirements are established.
- Informs Buyer(s) of loan approval terms, commitment expiration date and provides a good faith estimate of the closing costs.
- Deposits the new loan documents and instructions with the escrow holder for Buyer's approval and signature.
- Reviews and approves the executed loan package and coordinates the loan funding with the escrow officer.

The escrow holder acts in a limited fiduciary capacity for both principals within the authority of the escrow instructions. Escrow cannot be completed until the terms and conditions of the instructions have been satisfied and all parties have signed escrow documents. The escrow holder takes instructions based on the terms of the purchase agreement and the lender's requirements.

OPENING ESCROW

The selection of the escrow holder is normally done by agreement between the principals to a transaction. Typically, the escrow is then opened by the real estate agent.

The escrow office will need some basic information in order to open and proceed with the escrow:

- Correct street address, and parcel number of subject property if available
- Sales price
- Full names of all parties involved in the transaction and their marital status
- Contact information for all parties
- Existing lender name, loan number, contact information and approximate unpaid balance
- Homeowner's association (HOA) information, such as mailing address, contact information and how much the dues are and when they are paid
- HOA management company information (if any)

ESCROW

HOW DOES THE ESCROW PROCESS WORK?

In general, the first item to be deposited with the escrow agent is the buyer's initial deposit. The escrow file will grow, item by item, until all of the conditions have been met and the escrow is ready to close.

Escrow may be opened via telephone, email, website or in person, depending upon the preference of the real estate agent. An escrow file number is assigned and the appropriate information is entered into the computer. Upon issuance of the escrow file number, the escrow officer will order a title commitment from the title department. Generally, the buyer deposits their earnest money with the escrow holder. Prior to the close of escrow the buyer deposits the balance of the funds required and agreed upon by the principals with the escrow holder.



WHAT IS TITLE INSURANCE

The purchase of real estate is likely the single largest investment people make in their lifetime. It is only prudent that one would want to safeguard their rights and investment! Title insurance protects the rights and interest in the property by ensuring the transfer of ownership is properly completed and the new owner receives protection from future claims against the property. It is the most effective and accepted way to protect ownership rights.

Because land endures over generations, many people may develop rights and claims to a particular property. The current owner's rights, which often involve family and heirs, may be obscure. There may be other parties such as government agencies, public utilities, vendors or private contractors who also have rights to the property. These interests may limit the title for any buyer.

Before the real estate transaction closes, Grand Canyon Title Agency performs an extensive search of all recorded documents related to the property. These records are examined by experienced title officers to determine their potential effect on the status of ownership. This thorough examination allows any pending title flaws to be identified and cleared prior to the purchase of the property. Title insurance companies work to limit risk and prevent losses caused by defects in the title before the closing.

If title insurance companies work to eliminate risk and prevent losses caused by defects in the title BEFORE the closing, then why is a title insurance policy necessary?

Even with the most thorough search, some title flaws may still go undetected. Among the most common are forgery, invalid court proceedings, mistaken legal interpretation, defective deeds, confusion due to similarity of names, previously unrecognized rights of spouses and heirs. Protection against these flaws and other claims is provided by the title insurance policy, which is issued after your transaction is complete.

Two types of policies are customarily issued at this time: the Owner's Policy, which covers the Buyer for the full amount paid for the property, and the Lender's Policy, which covers the Lending Institution with additional coverage over the life of the loan.

Unlike other forms of insurance, the title insurance policy requires only one premium for a policy to protect the purchasers and their heirs for as long as they own the property. There are no renewal premiums or expiration dates, unless the property is refinanced with another lender. In this case, only a new lender's policy will be required.

Each policy is a contract of "indemnity." It agrees to assume the responsibility for legal defense of your title for any defect covered under the policy terms and to reimburse you for all actual financial losses up to the policy limits.



TITLE INSURANCE STATEMENT OF INFORMATION

What’s in a name? When a title company seeks to uncover matters affecting title to real property, the answer is, “Quite a bit.”

A Statement of Information (or SI) provides title companies with the information they need to distinguish the buyers and sellers of real property from others with similar names. After identifying the true buyers and sellers, title companies may disregard judgments, liens or other matters on the public records under similar names.

A properly completed Statement of Information will allow the title company to differentiate between individuals with the same or similar names when searching documents recorded by name. This protects all parties involved and allows the title company to competently carry out its duties without unnecessary delay.

(example)

**STATEMENT OF INFORMATION
CONFIDENTIAL INFORMATION
FOR YOUR PROTECTION**

Escrow No.: _____

Completion of this statement expedites your application for title insurance, as it assists in establishing identity, eliminating matters affecting persons with similar names and avoiding the use of fraudulent or forged documents. Complete all blanks (please print) or indicate "none" or "N/A." If more space is needed for any item(s), use the reverse side of the form. Each party (and spouse/domestic partner, if applicable) to the transaction should personally sign this form.

NAME AND PERSONAL INFORMATION

First Name _____ Middle Name _____ Last Name _____ Maiden Name _____ Date of Birth _____
(If none, indicate)

Home Phone _____ Business Phone _____ Birthplace _____
 Cell Phone _____ Fax _____ Email _____
 Social Security No. _____ Driver's License No. _____
 List any other name you have used or been known by _____
 State of residence _____ I have lived continuously in the U.S.A. since _____
 Are you currently married? If yes, complete the following information:
 Date and place of marriage _____
 Spouse: _____ Date of Birth _____
First Name Middle Name Last Name Maiden Name
(If none, indicate)
 Home Phone _____ Business Phone _____ Birthplace _____
 Cell Phone _____ Fax _____ Email _____
 Social Security No. _____ Driver's License No. _____
 List any other name you have used or been known by _____
 State of residence _____ I have lived continuously in the U.S.A. since _____
 Are you currently a registered domestic partner? If yes, complete the following information:
 Domestic Partner: _____ Date of Birth _____
First Name Middle Name Last Name Maiden Name
(If none, indicate)

TITLE COMMITMENT

The Title Commitment indicates the type of title insurance requested by the proposed insured. It defines exclusions and exceptions from coverage under which the policy will be issued. This Title Commitment is issued prior to a final policy of insurance and is necessary to ensure that a policy can be offered. The Title Commitment is reviewed for the following:

OWNERSHIP VESTING

The name(s) on the Title Commitment should be the same as those for the seller on the signed purchase contract. Only the true owner of record can sell the subject property that is in the contract for sale.

EXCEPTIONS

Bonds, Deeds of Trust, property taxes, Conditions Covenants and Restrictions (CC&Rs), all recorded documents, and easements of record are carefully reviewed. Experienced escrow officers and title companies go out of their way to resolve problems quickly and accurately.

INFORMATIONAL NOTES

This is the area of the report in which important facts about the property are discovered. In some cases, these notes contain information that could affect the title of the subject property.

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, homeowner's 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.

REQUIREMENTS:

Requirements are items that Grand Canyon Title Agency must remove and/or record with the county in order to provide a clear title to the seller. Requirements may include property tax, tax liens, judgments, assessments, homeowners association dues, or a variety of other items that may be associated with the property or property owners.

If at any time you require assistance or have questions regarding your title commitment, please contact your escrow officer. Our staff will be happy to assist you!

GENERAL TITLE POLICY COMPARISON

COMPARISON	STANDARD COVERAGE	ALTA Extended Coverage <small>Extra 40-50% charge & Survey Requirement</small>	ALTA Residential <small>(Existing 1-4)</small>	ALTA Homeowner's <small>(Existing 1-4)</small> <small>EXTRA 10% CHARGE</small>
1. Someone else owns a recorded interest in your title.	X	X	X	X
2. A document is not properly signed, sealed, acknowledged, or delivered.	X	X	X	X
3. Forgery, fraud, duress, incompetency, incapacity, or impersonation.	X	X	X	X
4. Defective recording of any document.	X	X	X	X
5. Unmarketability of title.	X	X	X	X
6. Lack of a right of access to and from the land.	X	X	X	X
7. Mechanic's lien protection for work or materials done prior to the policy date, except where the insured has agreed to same.		X	X	X
8. Unrecorded liens by the homeowner's association.		X	X	X
9. Others have rights arising out of leases, contracts, or options.		X	X	X
10. Someone else has an easement on your land.		X	X	X
11. Forced removal of the residential structure because it extends onto other land or onto any easement, or it violates a restriction shown in Schedule B, or an existing zoning law.			X	X
12. Plain understandable policy language.			X	X
13. Automatic inflation coverage increasing policy amount up to 150%.			X	X
14. Building permit/zoning violations by prior owners.				X
15. Subdivision Map Act Coverage.				X
16. Restrictive covenant violations by prior owners.				X
17. Enhanced access coverage.				X
18. Map inconsistency protection.				X
19. Mineral extraction structure damage.				X
20. Post policy encroachment.				X
21. Post policy forgery.				X
22. Living trust coverage.				X
23. Forced removal of existing structures including boundary walls and fences due to encroachment onto adjoining land.				X
24. Supplemental real estate taxes by a taxing authority for taxes not previously assessed prior to date of policy because of construction or a change in ownership before the policy date.				X

Please note that the above coverages are subject to the specific exceptions to Title, Exclusions, and the Conditions and Stipulations as set forth in each policy form. Special conditions and deductibles apply for certain coverages in the ALTA Homeowner's policy. Policy coverage is subject to change without notice, except as required by the Arizona Department of Insurance.



TITLE INSURANCE

WAYS OF

HOLDING TITLE

SOLE OWNERSHIP

Sole ownership may be described as ownership by an individual or other entity capable of acquiring title. Examples of common vesting cases of sole ownership are:

1. A Single Man or Woman:

A man or woman who is not legally married. For example: Bruce Buyer, a single man.

2. A Married Man or Woman as His or Her Sole and Separate Property:

A married man or woman who wishes to acquire title in his or her name alone. The title company insuring title will require the spouse of the married man or woman acquiring title to specifically disclaim or relinquish his or her right, title and interest to the property. This establishes that both spouses title to the property to be granted to one spouse as that spouse's sole and separate property. For example: Bruce Buyer, a married man, as his sole and separate property.

CO-OWNERSHIP

Title to property owned by two or more persons may be vested in the following forms:

1. Community Property:

A form of vesting title to property owned together by married persons. Community property is distinguished from separate property, which is property acquired before marriage, by separate gift or bequest, after legal separation, or which is agreed in writing to be owned by one spouse or registered domestic partner. In Arizona, real property conveyed to a married person is presumed to be community property, unless otherwise stated. Since all such property is owned equally, both parties must sign all agreements and documents transferring the property or using it as security for a loan. Each owner has the right to dispose of his/her one half of the community property, by will. For example: Bruce Buyer and Barbara Buyer, husband and wife, as community property.

2. Community Property with Right of Survivorship:

All of the characteristics of "Community Property" outlined above but adds the benefit of the right of survivorship similar to title held in joint tenancy. There may be tax benefits for holding title in this manner. On the death of an owner, the deceased's interest ends and the survivor owns the property. For example: Bruce Buyer and Barbara Buyer, husband and wife, as community property with right of survivorship.

TITLE INSURANCE

WAYS OF HOLDING TITLE

3. **Joint Tenancy:**

A form of vesting title to property owned by two or more persons, who may or may not be married, in equal interests, subject to the right of survivorship in the surviving joint tenant(s). Title must have been acquired at the same time, by the same conveyance, and the document must expressly declare the intention to create a joint tenancy estate. When a joint tenant dies, title to the property is automatically conveyed by operation of law to the surviving joint tenant(s). Therefore, joint tenancy property is not subject to disposition by will. For example: Bruce Buyer, George Buyer, as joint tenants.

4. **Tenancy in Common:**

A form of vesting title to property owned by any two or more individuals in undivided fractional interests. These fractional interests may be unequal in quantity or duration and may arise at different times. Each tenant in common owns a share of the property, is entitled to a comparable portion of the income from the property and must bear an equivalent share of expenses. Each co-tenant may sell, lease or will to his/her heir that share of the property belonging to him/her. For example: Bruce Buyer, a single man, as to an undivided 3/4 interest and Penny Purchaser, a single woman, as to an undivided 1/4 interest, as tenants in common.

OTHER WAYS OF VESTING TITLE INCLUDE AS:

1. **A Corporation*:**

A corporation is a legal entity, created under state law, consisting of one or more shareholders but regarded under law as having an existence and personality separate from such shareholders.

2. **A Partnership*:**

A partnership is an association of two or more persons who can carry on business for profit as co-owners, as governed by the Uniform Partnership Act. A partnership may hold title to real property in the name of the partnership.

3. **Trustees of a Trust***

A Trust is an arrangement whereby legal title to property is transferred by the grantor to a person called a trustee, to be held and managed by that person for the benefit of the people specified in the trust agreement, called the beneficiaries.

4. **Limited Liability Companies (LLC)*:**

This form of ownership is a legal entity and is similar to both the corporation and the partnership. The operating agreement will determine how the LLC functions and is taxed. Like the corporation its existence is separate from its owners.

*In cases of corporate, partnership, LLC or trust ownership required documents may include corporate articles and bylaws, partnership agreements, LLC operating agreements and trust agreements and/or certificates.

WHAT ARE CLOSING COSTS

Closing costs are often confusing. Below is a list of costs, along with explanations for each. When you apply for your loan, you will receive a Good Faith Estimate of these charges.

Appraisal Fee: A fee to pay an independent appraiser.

Credit Report Fee: A one time fee covering the cost of the credit report.

Document Preparation Fee: There may be a separate fee covering the preparation of the final legal papers.

Homeowner's Fee: Some associations may require an upfront deposit or dues, as well as a fee to transfer their records from seller to buyer (Transfer Fee). These amounts vary for each association.

Loan Discount: A one time fee to adjust the yield on the loan to what market conditions demand (often called POINTS).

Loan Origination Fee: A one time fee charged by the lender for their administrative costs.

Miscellaneous Title Charges: The title company may charge fees for items such as a title search, title examination, document preparation, recording fees, notary fees, and closing or settlement fee.

PMI Premium: Depending on your down payment, you may have to pay an upfront fee for mortgage insurance. Lenders also may require monies to be held by them in a reserve account.

Prepaid Interest: A per diem charge that may vary depending on the day of the month your loan closes.

Taxes and Hazard Insurance: Depending on the month your property closes, you may be required to reimburse the seller for property taxes. You will have to pay a hazard insurance premium upfront and may be required by the lender to put a certain amount of taxes and insurance in a reserve account. This account is held by the lender.

CLOSING COST GUIDE

THE SELLER CAN GENERALLY EXPECT TO PAY FOR:

- Owner's title insurance premiums
- Real estate commission
- 1/2 the escrow fee (except VA)
- If agreed upon in the contract, any loan fees required by buyer's lender
- Payoff all loans
- Interest accrued to lender being paid off, statement fees, reconveyance fees, and any prepayment penalties
- If agreed upon in the contract, termite repairs or treatment
- If agreed upon in the contract, home warranty
- 1/2 of Recording Service Fees
- Any judgments, tax liens, etc. against the seller
- Tax proration (for any taxes unpaid at time of transfer of title)
- Any and all delinquent taxes
- Homeowner's Association transfer fees (at times split) and disclosure fee usually paid by seller according to HOA addendum
- Any unpaid Homeowner's Association dues
- Any bonds or assessments (according to contract)

THE BUYER CAN GENERALLY EXPECT TO PAY FOR:

- Lender's title policy premiums
- 1/2 of the escrow fee (except VA)
- Document preparation (if applicable)
- Notary fees (if applicable)
- 1/2 of a Recording Service Fees
- Homeowner's Association transfer fee (usually split by buyer and seller)
- Two months of Homeowner's Association dues upfront
- If agreed upon in contract, all new loan charges (except as required by lender for seller to pay)
- Interest on the new loan, from date of funding to 30 days prior to the first payment date
- If agreed upon in the contract, home warranty
- Fire insurance premium for the first year
- All pre-pays
- Termite inspection



ESCROW TAXES & FIRPTA

There are many types of tax issues which should be considered during a real estate transaction. Grand Canyon Title Agency provides the following information as a resource only and always recommends a seller and buyer consult with their legal and tax professionals for advice.

Topics we will briefly overview which may be a part of, or a result of, your sale or purchase include:

- Change of Ownership forms
- E.I.R.P.T.A.
- Property taxes

The I.R.S. provides many resources which help explain the tax aspects of real estate transactions. A few of these include:

Publication #515: Withholding of Tax on Nonresident Aliens and Foreign Entities
Publication #523: Selling Your Home

Publication# 530: Tax Information for First Time Homeowners

Publication #544: Sales and Other Dispositions of Assets

Publication #551: Basis of Assets

FEDERAL REQUIREMENTS

The Internal Revenue Service (IRS) requires escrow agents to report certain information pertaining to sales of real property. Under the Tax Reform Act of 1986, reportable transactions include sales and exchanges of properties including, but not limited to, houses, townhouses and condominiums. Also reportable is stock in cooperative housing corporations and affixed mobile homes.

The seller is required to provide their correct taxpayer identification number (social security number), as well as the closing date of the transaction and gross proceeds of the transaction to the escrow agent.

THE FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT (FIRPTA)

The Foreign Investment in Real Property Tax Act (FIRPTA) of 1980 authorizes the United States to tax foreign persons who are non-resident aliens selling U.S. real property interests. A U.S. real property interest includes sales of interests in parcels of real property.

ESCROW TAXES & FIRPTA

Persons purchasing U.S. real property interests (transferee) from non-resident aliens (transferor), certain purchasers' agents, and settlement agent are required to withhold up to 15% of the amount realized (the purchase/sales price of the real estate going to transferor) and remit that amount to the Internal Revenue Service within 20 days of the transaction, unless an exemption applies.

Withholding is intended to ensure U.S. taxation of gains realized on disposition of real property interests. The transferee/buyer is the withholding agent. If you are the transferee/buyer, you must find out if the transferor/seller is a foreign person/nonresident alien. If the transferor is a foreign person/non-resident alien and you fail to withhold, you may be held liable for the tax.

COVERAGE OF FIRPTA

Definition of "Non-resident Alien" (Foreign Person)

A non-resident alien is defined for federal income tax purposes as an individual who is neither a U.S. citizen nor a resident of the U.S. within the meaning of the Internal Revenue Code. An alien individual is a resident of the U.S. for federal income taxes if he or she:

1. Has been issued a green card (been admitted as a Lawful Permanent Resident in the U.S.) at any time during or prior to the calendar year; or
2. Has maintained a "substantial presence" in the U.S., which means the alien (a) is physically present in the U.S. for 183 days or more during the calendar year or (b) if the alien is physically present in the U.S. for at least 31 days during the current year, the alien may be treated as a resident in the current year by the following calculation:
 - a) Each day of presence in the current year is counted as a full day;
 - b) Each day of presence in the 1st preceding year is counted as 1/3 of a day;
 - c) Each day of presence in the 2nd preceding year is counted as 1/6 of a day.

If the total of (a) + (b) + (c) is 183 days or more, the alien may be a U.S. tax resident unless the alien files certain required information with the IRS to claim the benefit of any relevant exception. If the foreign person is neither a U.S. citizen nor falls within description (1) or (2), he or she is a non-resident alien and is subject to FIRPTA withholding unless an exception applies.

ESCROW TAXES & FIRPTA

EXCEPTIONS

- Home Use/\$300K Exception - One of the most common exceptions to FIRPTA withholding is that the transferee is not required to withhold tax in a situation in which the transferee purchases real estate for use as his/her home and the purchase price is not more than \$300,000. In this case, the transferee or a member of his family must have definite plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the date of transfer.
- Withholding Certificate - Another exception from FIRPTA withholding occurs when the IRS issues a withholding certificate. The transferee, the transferee's agent, or the transferor may request a withholding certificate and the IRS will generally act on these requests within 90 days after receipt of a complete application (Form 8288-B), including the Taxpayer Identification Numbers (TINs) of all parties to the transaction. Form 8288-B requires a description of the real property interest being sold, the sales price, a calculation of the maximum tax owed, and evidence that the seller has no unsatisfied FIRPTA withholding obligations with respect to the purchase of the real property interest.

A transferor that applies for a withholding certificate must notify the transferee in writing that the certificate has been applied for on the day of or the day prior to the transfer. If the withholding certificate is obtained, the non-resident alien must file a U.S. tax return for the year of sale and pay the appropriate amount of tax due at that time. Please note that if the principal purpose of a transferee's applying for a withholding certificate is to delay remitting the withheld tax to the IRS, the transferee will be subject to interest and penalties.

- The disposition of a U.S. real property interest by a foreign person is subject to income tax withholding
- Requires up to 15% of sales price be withheld, unless an exception applies
- Buyer's responsibility to report and withhold, not the escrow officer
- Seller can request a waiver or reduced withholding on Form 8288 B
- Payment and Forms 8288 and 8288 A are due within 20 days of closing
- IRS penalties are steep if forms and/or payment are received late.

FIRPTA

FREQUENTLY

ASKED QUESTIONS

What sales are covered by FIRPTA?

All Sales, including installment sales, exchanges, foreclosures, deeds in lieu of foreclosure and other transactions by a “foreign person” of U.S. property that closed on and after January 1, 1985 (unless an exemption applies).

What instruction is contained in the AAR Contracts?

The Arizona Association of Realtors has written an instruction relative to FIRPTA in all of their contracts. In the AAR Residential Resale Contract, the FIRPTA provision states:

“Foreign Sellers: The Foreign Investment in Real Property Tax Act (“FIRPTA”) is applicable if Seller is a non-resident alien individual, foreign corporation, foreign partnership, foreign trust, or foreign estate (“Foreign Person”). Seller agrees to complete, sign, and deliver to Escrow Company a certificate indicating whether Seller is a Foreign Person. FIRPTA requires that a foreign seller may have federal income taxes up to 15% of the purchase price withheld, unless an exception applies. Seller is responsible for obtaining independent legal and tax advice.”

Who must file?

A Buyer or other transferee of a U.S. real property interest is responsible to withhold the tax from the Seller and to pay the tax to the IRS.

Who is responsible for withholding?

A Buyer or other transferee is responsible under the IRS for withholding the tax from the Seller and paying it to the IRS.

What percentage should be withheld?

15% of the gross proceeds (sales price), unless an exemption applies. Foreign entities are subject to a withholding of 35%.

What forms would the Seller use to notify the Escrow Company of his status if the Seller is a U.S. Citizen?

W-9 form – this form would be the form submitted by the Seller to the withholding agent (Buyer) to show the Buyer that he is a U.S. Citizen. It makes affirmative statements as to the Seller’s status.

“How do I know when to use Form W-9?” Withholding agents (That would be the Buyer), may require signed Forms W-9 from U.S. Exempt recipients to overcome any presumptions of foreign status.

FIRPTA

FREQUENTLY

ASKED QUESTIONS

What forms would the Seller use to notify the Escrow Company of his status if the Seller is NOT a U.S. Citizen?

W-8BEN form – this form would be the form submitted by the Seller to the Withholding Agent (Buyer) to notify the Buyer that he is NOT a U.S. Citizen.

The form states “if you receive certain types of income, you must provide Form W-8BEN to: Establish that you are not a U.S. Citizen”

You may also be required to submit Form W-8BEN to the withholding agent if you are a foreign person and you are the beneficial owner of an amount subject to withholding.

EXEMPTIONS

What are the exemptions to FIRPTA?

If the property is owned by a U.S. Citizen, OR a Resident Alien (holder of a “green card” that has not been revoked), then there is no FIRPTA withholding required.

If the Seller is a foreign person, are there any exemptions available?

Yes, there can be an exemption to the FIRPTA withholding, but the transaction must qualify. If the Seller believes they are entitled to an exemption, they should contact their tax attorney, or CPA immediately upon considering whether to sell the property or not. The exemption process can take time and very specific documentation must be provided to the IRS before the Seller can know if they have been approved for an exemption.

What if the Seller believes he can qualify for an exemption?

If the Seller believes he does not have any tax liability, he may be able to obtain an exemption. One example of this would be if he purchased the property at a higher price and now he has a capital loss on the property.

In order for the Seller to obtain an exemption, he would complete 8288B form. This is the application for an Exemption/Withholding Certificate. This form can be submitted by the Seller prior to closing or at closing. The escrow holder will most likely want to see this form and either have the Seller’s tax attorney send it to IRS or the escrow holder will send it in. If the Seller is simultaneously applying for the ITIN, these forms should be sent together.

FIRPTA

FREQUENTLY ASKED QUESTIONS

Will the escrow holder will still hold the 15% in the escrow pending receipt of the Exemption Certificate?

Yes, IRS can issue a Withholding Certificate specifying that no withholding, or a reduced amount of withholding is necessary. A withholding certificate would normally be available when, for example, taxes due on the Seller's gain will be less than 15% of the sales price.

What if the Seller does NOT have an ITIN (Individual Tax Identification Number)?

If the Seller does not have an ITIN, he must obtain one. To do that, he must complete IRS form W-7. This is the application for an ITIN. He should do that immediately upon acquiring the property, but if he does not obtain the ITIN, it can be completed and sent in with the withholding funds at closing.

What if the Buyer does not have an ITIN?

The buyer would complete IRS form W-7. This is the application for an ITIN. Since it's the Buyer who is responsible to collect the withholding funds from the Seller and it's the Buyer's responsibility to remit this to the IRS, the Buyer needs to have his own ITIN to complete the forms.

NO WITHHOLDING is required if ALL of these three apply:

1. Is the property a residential property?
2. Is the sales price of the property UNDER \$300,000?
3. Is the buyer going to occupy the property as his primary residence? (Meaning that the buyer or a member of his family has definite plans to reside in the property for at least 50% of the number of days the property is used during each of the first two years following the date of transfer.)

In order for there to be an exemption, even if the Seller is a foreign person, the answers to ALL of these questions must be yes. If the answer is "yes", then the entire transaction is EXEMPT from FIRPTA withholding.

When to file:

If all the documents are completed and if the Buyer has withheld the 15% from the Seller, then the transferee (Buyer) must file Form 8288 and transmit the tax withheld to the IRS by the 20th day after the date of transfer.

Failure to provide the complete and necessary forms could cause penalties and interest to accrue against the Buyer.

The 8288 form must be completed with information not only from the Seller, but the Buyer as well. The Buyer must submit this form with this own ITIN (Tax ID number).

FIRPTA

FREQUENTLY

ASKED QUESTIONS

Where to file:

Send Form 8288 with the amount withheld and COMPLETE Copies A and B of Form(s) 8288-A to the:

IRS - FIRPTA Division

P.O. Box 409101

Ogden, UT 84409

Always check online at www.irs.gov before sending any forms to (a) have the most current form and (b) have the most current address for the IRS

Are there penalties for failure to withhold?

Yes, the penalty starts out with a \$10,000 penalty just for the failure to collect the tax and file the forms on time. Then there are additional interest and penalties tacked on to that.

How can the Seller obtain a withholding certificate?

Either the Buyer or the Seller may apply for a withholding certificate. Normally it will be the Seller's responsibility to obtain the withholding certificate and provide it to the Buyer to avoid withholding.

The IRS generally acts on a withholding certificate request (Form 8288-B) within 90 days after receipt of the request, so this should be obtained as soon as the Seller decides to sell the property.

Can the Escrow be closed holding the 15% from the Seller's proceeds while the Seller goes about obtaining the withholding certificate?

If the Buyer and Seller specifically instruct that the Buyer will hold the funds from the Seller and permit the Seller the time to apply for the withholding, this should be done only upon careful review by the Buyer's and Seller's attorneys or CPA.

Have any other questions?

You can go to the website and look up other information.

Visit <http://www.irs.gov/Individuals/International-Taxpayers/FIRPTA-Withholding>.



IMPORTANT PROPERTY TAX INFORMATION

ANNUAL TAX STATEMENT VALUE NOTIFICATION

1. Annual statements are billed for one calendar year, although they are not issued until the autumn of the current year (September or October).
2. Taxes may be paid in two halves:
 - a. The first installment is due October 1 and delinquent November 1.
 - b. The second installment is due March 1 of the following year and is delinquent May 1.
3. Always check the property description on the tax statement to avoid paying on the wrong property. The Treasurer CANNOT be held responsible for payments made to the wrong property. To assure proper posting of payments and information to your address, please furnish your parcel number when making any payments or inquiries at the Assessor's or Treasurer's office. This number can be found in paperwork supplied to you by your title insurance company and is usually in the following format: 123-45-678. Sometimes this number is followed by a letter denoting that a lot split may have occurred.
4. The law does not recognize failure to receive a tax statement as a reason for waiving interest. The Treasurer must assess interest on all delinquent payments.

5. On or before January 31 of each year, an Assessment Notice is sent from the Assessor to each property owner at the last known address. The notice includes information for the new tax year, such as the property's full cash value, assessed value, classification, and assessment ratio.
6. During a 45 day period after receipt of assessment notice the valuation can be protested through the County Assessor. For information call the Assessor's office at 602-506-3406.

NEW OWNERSHIP

The transfer of ownership information may take 6 months or more to process; therefore new owners may not receive a tax statement of property purchased after November 1 of the previous year. If a tax statement has not been received by October 15, the new owner MUST contact the Treasurer for the statement so the payment can be made before the first half becomes delinquent (by November 1).

MARK YOUR CALENDAR

January 1 - Current taxes become a lien not yet payable. First day to file exemption with the Assessor's office.

February 1 - On or before this date, the Assessor is required to notify property owners of any increase in taxes or of delinquent taxes for previous years sold at auction (three-year redemption).

February 15 - Last day to file an appeal with the Assessor's office if the property owner feels that the values are excessive or that they violate the limitations of increases.

February 28 - Last day to file exemptions.

March 1 - Second half of taxes for the previous year are due and payable.

May 1 - Second half of taxes for previous year are now delinquent.

July 25 - Tax roll is certified.

September 15 - Tax statements are mailed from mid-September to October 1.

October 1 - First half of current year taxes are due and payable. You may pay for the full year at one time.

November 1 - First half of current year taxes are delinquent.

BUYER ATTACHMENT

Document updated:
February 2017



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



ATTENTION BUYER!

You are entering into a legally binding agreement.

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

If important to you, hire a qualified:

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

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

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

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

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

Buyer's Check List

RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated:
February 2017



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



1. PROPERTY

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

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SELLER	SELLER

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BUYER	BUYER

Residential Resale Real Estate Purchase Contract >>

- 1g. 39. **Fixtures and Personal Property:** For purposes of this Contract, fixtures shall mean property attached/affixed to the Premises.
40. Seller agrees that all existing: fixtures on the Premises, personal property specified herein, and means to operate fixtures and
41. property (i.e.- remote controls) shall convey in this sale. Including the following:
- 42. • built-in appliances
 - 43. • ceiling fans and remote controls
 - 44. • central vacuum, hose, and attachments
 - 45. • draperies and other window coverings
 - 46. • fireplace equipment (affixed)
 - 47. • floor coverings (affixed)
 - 48. • free-standing range/oven
 - 49. • garage door openers and remote controls
 - light fixtures
 - mailbox
 - media antennas/satellite dishes (affixed)
 - outdoor fountains and lighting
 - outdoor landscaping (i.e. – shrubbery, trees and unpotted plants)
 - shutters and awnings
 - speakers (flush-mounted)
 - storage sheds
 - storm windows and doors
 - stoves: gas-log, pellet, wood-burning
 - timers (affixed)
 - towel, curtain and drapery rods
 - wall mounted TV brackets and hardware (excluding TVs)
 - water-misting systems
 - window and door screens, sun shades
51. If owned by Seller, the following items also are included in this sale:
- 52. • affixed alternate power systems serving the Premises (i.e. – solar)
 - in-ground pool and spa/hot tub equipment and covers (including any mechanical or other cleaning systems)
 - security and/or fire systems and/or alarms
 - water purification systems
 - water softeners
53. the Premises (i.e. – solar)
- 54.
55. **Additional existing personal property included in this sale** (if checked):
56. refrigerator (description): _____
57. washer (description): _____
58. dryer (description): _____
59. above-ground spa/hot tub including equipment, covers, and any mechanical or other cleaning systems (description): _____
60. _____
61. other personal property not otherwise addressed (description): _____
62. other personal property not otherwise addressed (description): _____
63. **Additional existing personal property included shall not be considered part of the Premises and shall be transferred with no**
64. **monetary value, and free and clear of all liens or encumbrances.**
65. Leased items shall **NOT** be included in this sale. Seller shall deliver notice of all leased items within three (3) days after Contract
66. acceptance. Buyer shall provide notice of any leased items disapproved within the Inspection Period or five (5) days after receipt
67. of the notice, whichever is later.
68. **IF THIS IS AN ALL CASH SALE: Section 2 does not apply - go to Section 3.**

2. FINANCING

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

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SELLER	SELLER

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Initials>

BUYER	BUYER

Residential Resale Real Estate Purchase Contract >>

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

3. TITLE AND ESCROW

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

117. _____
 ESCROW/TITLE COMPANY

118. _____
 ADDRESS CITY STATE ZIP

119. _____
 EMAIL PHONE FAX

- 3b. 120. **Title and Vesting:** Buyer will take title as determined before COE. **If Buyer is married and intends to take title as his/her sole 121. and separate property, a disclaimer deed may be required.** Taking title may have significant legal, estate planning and tax 122. consequences. Buyer should obtain **independent** legal and tax advice.
- 3c. 123. **Title Commitment and Title Insurance:** Escrow Company is hereby instructed to obtain and deliver to Buyer and Seller directly, 124. addressed pursuant to 8s and 9c or as otherwise provided, a Commitment for Title Insurance together with complete and legible copies 125. of all documents that will remain as exceptions to Buyer's policy of Title Insurance ("Title Commitment"), including but not limited to 126. Conditions, Covenants and Restrictions ("CC&Rs"); deed restrictions; and easements. Buyer shall have five (5) days after receipt of the 127. Title Commitment and after receipt of notice of any subsequent exceptions to provide notice to Seller of any items disapproved. Seller 128. shall convey title by warranty deed, subject to existing taxes, assessments, covenants, conditions, restrictions, rights of way, easements 129. and all other matters of record. Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's 130. Title Insurance Policy or, if not available, a Standard Owner's Title Insurance Policy, showing title vested in Buyer. Buyer may acquire 131. extended coverage at Buyer's own additional expense. If applicable, Buyer shall pay the cost of obtaining the ALTA Lender Title 132. Insurance Policy.

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_____	_____
SELLER	SELLER

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_____	_____
BUYER	BUYER

Residential Resale Real Estate Purchase Contract >>

- 3d.** 133. **Additional Instructions:** (i) Escrow Company shall promptly furnish notice of pending sale that contains the name and address of
134. Buyer to any homeowner's association(s) in which the Premises are located. (ii) If Escrow Company is also acting as the title agency
135. but is not the title insurer issuing the title insurance policy, Escrow Company shall deliver to Buyer and Seller, upon deposit of funds, a
136. closing protection letter from the title insurer indemnifying Buyer and Seller for any losses due to fraudulent acts or breach of escrow
137. instructions by Escrow Company. (iii) All documents necessary to close this transaction shall be executed promptly by Seller and
138. Buyer in the standard form used by Escrow Company. Escrow Company shall modify such documents to the extent necessary to be
139. consistent with this Contract. (iv) Escrow Company fees, unless otherwise stated herein, shall be allocated equally between Seller and
140. Buyer. (v) Escrow Company shall send to all parties and Broker(s) copies of all notices and communications directed to Seller, Buyer
141. and Broker(s). (vi) Escrow Company shall provide Broker(s) access to escrowed materials and information regarding the escrow. (vii)
142. If an Affidavit of Disclosure is provided, Escrow Company shall record the Affidavit at COE.
- 3e.** 143. **Tax Prorations:** Real property taxes payable by Seller shall be prorated to COE based upon the latest tax information available.
- 3f.** 144. **Release of Earnest Money:** In the event of a dispute between Buyer and Seller regarding any Earnest Money deposited with
145. Escrow Company, Buyer and Seller authorize Escrow Company to release the Earnest Money pursuant to the terms and conditions
146. of this Contract in its sole and absolute discretion. Buyer and Seller agree to hold harmless and indemnify Escrow Company against
147. any claim, action or lawsuit of any kind, and from any loss, judgment, or expense, including costs and attorney fees, arising from or
148. relating in any way to the release of the Earnest Money.
- 3g.** 149. **Prorations of Assessments and Fees:** All assessments and fees that are not a lien as of COE, including homeowner's association
150. fees, rents, irrigation fees, and, if assumed, insurance premiums, interest on assessments, interest on encumbrances,
151. and service contracts, shall be prorated as of COE or Other: _____
- 3h.** 152. **Assessment Liens:** The amount of any assessment lien or bond including those charged by a special taxing district, such as a
153. Community Facilities District, shall be prorated as of COE.

4. DISCLOSURE

- 4a.** 154. **Seller's Property Disclosure Statement ("SPDS"):** Seller shall deliver a completed AAR Residential SPDS form to Buyer
155. within three (3) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Inspection
156. Period or five (5) days after receipt of the SPDS, whichever is later.
- 4b.** 157. **Insurance Claims History:** Seller shall deliver to Buyer a written five (5) year insurance claims history regarding the Premises (or a
158. claims history for the length of time Seller has owned the Premises if less than five (5) years) from Seller's insurance company or an
159. insurance support organization or consumer reporting agency, or if unavailable from these sources, from Seller, within five (5) days
160. after Contract acceptance. Buyer shall provide notice of any items disapproved within the Inspection Period or five (5) days after
161. receipt of the claims history, whichever is later.
- 4c.** 162. **Foreign Sellers:** The Foreign Investment in Real Property Tax Act ("FIRPTA") is applicable if Seller is a non-resident alien
163. individual, foreign corporation, foreign partnership, foreign trust, or foreign estate ("Foreign Person"). Seller agrees to complete,
164. sign, and deliver to Escrow Company a certificate indicating whether Seller is a Foreign Person. FIRPTA requires that a foreign
165. seller may have federal income taxes up to 15% of the purchase price withheld, unless an exception applies. Seller is responsible
166. for obtaining independent legal and tax advice.
- 4d.** 167. **Lead-Based Paint Disclosure:** If the Premises were built prior to 1978, Seller shall: (i) notify Buyer of any known lead-based paint
168. ("LBP") or LBP hazards in the Premises; (ii) provide Buyer with any LBP risk assessments or inspections of the Premises in Seller's
169. possession; (iii) provide Buyer with the Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards, and any
170. report, records, pamphlets, and/or other materials referenced therein, including the pamphlet "Protect Your Family from Lead in Your
171. Home" (collectively "LBP Information"). Buyer shall return a signed copy of the Disclosure of Information on Lead-Based Paint and
172. Lead-Based Paint Hazards to Seller prior to COE.

173. LBP Information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct LBP risk
174. assessments or inspections during Inspection Period.

175. Seller shall provide LBP Information within five (5) days after Contract acceptance. Buyer may within ten (10) days
176. or _____ days after receipt of the LBP Information conduct or obtain a risk assessment or inspection of the Premises for the
177. presence of LBP or LBP hazards ("Assessment Period"). Buyer may within five (5) days after receipt of the LBP Information or five
178. (5) days after expiration of the Assessment Period cancel this Contract.

179. Buyer is further advised to use certified contractors to perform renovation, repair or painting projects that disturb lead-based paint in
180. residential properties built before 1978 and to follow specific work practices to prevent lead contamination.

181. If Premises were constructed prior to 1978, **(BUYER'S INITIALS REQUIRED)** _____ BUYER BUYER

182. If Premises were constructed in 1978 or later, **(BUYER'S INITIALS REQUIRED)** _____ BUYER BUYER

>>

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BUYER	BUYER

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- 4e. 183. **Affidavit of Disclosure:** If the Premises are located in an unincorporated area of the county, and five (5) or fewer parcels of
184. property other than subdivided property are being transferred, Seller shall deliver a completed Affidavit of Disclosure in the form
185. required by law to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items
186. disapproved within the Inspection Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
- 4f. 187. **Changes During Escrow:** Seller shall immediately notify Buyer of any changes in the Premises or disclosures made herein,
188. in the SPDS, or otherwise. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by this
189. Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after
190. delivery of such notice to provide notice of disapproval to Seller.

5. WARRANTIES

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

6. DUE DILIGENCE

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

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Residential Resale Real Estate Purchase Contract >>

6e. 237. Insurance: IF HOMEOWNER'S INSURANCE IS A MATERIAL MATTER TO BUYER, BUYER SHALL APPLY FOR AND
238. OBTAIN WRITTEN CONFIRMATION OF THE AVAILABILITY AND COST OF HOMEOWNER'S INSURANCE FOR THE
239. PREMISES FROM BUYER'S INSURANCE COMPANY DURING THE INSPECTION PERIOD. Buyer understands that any
240. homeowner's, fire, casualty, flood or other insurance desired by Buyer or required by lender should be in place at COE.

6f. 241. Sewer or On-site Wastewater Treatment System: The Premises are connected to a:

242. [] sewer system [] conventional septic system [] alternative system

243. IF A SEWER CONNECTION IS A MATERIAL MATTER TO BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION
244. PERIOD. If the Premises are served by a conventional septic or alternative system, the AAR On-site Wastewater Treatment Facility
245. Addendum is incorporated herein by reference.

246. (BUYER'S INITIALS REQUIRED) BUYER BUYER

6g. 247. Swimming Pool Barrier Regulations: During the Inspection Period, Buyer agrees to investigate all applicable state, county, and
248. municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance with said regulations prior to
249. occupying the Premises, unless otherwise agreed in writing. If the Premises contains a Swimming Pool, Buyer acknowledges receipt
250. of the Arizona Department of Health Services approved private pool safety notice.

251. (BUYER'S INITIALS REQUIRED) BUYER BUYER

6h. 252. BUYER ACKNOWLEDGMENT: BUYER RECOGNIZES, ACKNOWLEDGES, AND AGREES THAT BROKER(S) ARE NOT
253. QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PREMISES OR THE SURROUNDING
254. AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO ASSIST IN BUYER'S
255. DUE DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PREMISES AND THE
256. SURROUNDING AREA IS BEYOND THE SCOPE OF BROKER'S EXPERTISE AND LICENSING, BUYER EXPRESSLY
257. RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY DEFECTS OR CONDITIONS THAT COULD
258. HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION.

259. (BUYER'S INITIALS REQUIRED) BUYER BUYER

6i. 260. Inspection Period Notice: Prior to expiration of the Inspection Period, Buyer shall deliver to Seller a signed notice of any items
261. disapproved. AAR's Buyer's Inspection Notice and Seller's Response form is available for this purpose. Buyer shall conduct all
262. desired inspections and investigations prior to delivering such notice to Seller and all Inspection Period items disapproved shall be
263. provided in a single notice.

6j. 264. Buyer Disapproval: If Buyer, in Buyer's sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller a
265. signed notice of the items disapproved and state in the notice that Buyer elects to either:

266. (1) Immediately cancel this Contract, in which case:

267. (a) If Buyer's notice specifies disapproval of items as allowed herein, the Earnest Money shall be released to Buyer.

268. (b) If Buyer's notice fails to specify items disapproved as allowed herein, the cancellation will remain in effect but Buyer has
269. failed to comply with a provision of this Contract and Seller may deliver to Buyer a cure notice as required by Section 7a.
270. If Buyer fails to cure their non-compliance within three (3) days after delivery of such notice, Buyer shall be in breach and
271. Seller shall be entitled to the Earnest Money. If, prior to expiration of the Cure Period, Buyer delivers notice specifying
272. items disapproved as allowed herein, Buyer shall be entitled to a return of the Earnest Money.

273. OR

274. (2) Provide Seller an opportunity to correct the items disapproved, in which case:

275. (a) Seller shall respond in writing within five (5) days or _____ days after delivery to Seller of Buyer's notice of items
276. disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall conclusively be deemed
277. Seller's refusal to correct any of the items disapproved.

278. (b) If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any repairs in a
279. workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3) days
280. or _____ days prior to the COE Date.

281. (c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel this Contract within five (5) days
282. after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs first, and the
283. Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as provided,
284. Buyer shall close escrow without correction of those items that Seller has not agreed in writing to correct.

285. VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS. Only a written agreement signed by both parties will extend
286. response times or cancellation rights.

287. BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN
288. THE SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE
289. TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.

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6k. 290. **Home Warranty Plan:** Buyer and Seller are advised to investigate the various home warranty plans available for purchase. The
291. parties acknowledge that different home warranty plans have different coverage options, exclusions, limitations, service fees and
292. most plans exclude pre-existing conditions.

293. A Home Warranty Plan will be ordered by Buyer or Seller with the following optional coverage
294. _____, to be issued by _____ at a cost

295. not to exceed \$ _____, to be paid for by Buyer Seller Split evenly between Buyer and Seller

296. Buyer declines the purchase of a Home Warranty Plan.

297. **(BUYER'S INITIALS REQUIRED)** _____ BUYER BUYER

6l. 298. **Walkthrough(s):** Seller grants Buyer and Buyer's inspector(s) reasonable access to conduct walkthrough(s) of the Premises for
299. the purpose of satisfying Buyer that any corrections or repairs agreed to by Seller have been completed, and the Premises are
300. in substantially the same condition as of the date of Contract acceptance. If Buyer does not conduct such walkthrough(s), Buyer
301. releases Seller and Broker(s) from liability for any defects that could have been discovered.

6m. 302. **Seller's Responsibility Regarding Inspections and Walkthrough(s):** Seller shall make the Premises available for all inspections
303. and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller's expense, have all utilities on, including any propane,
304. until COE to enable Buyer to conduct these inspections and walkthrough(s).

6n. 305. **IRS and FIRPTA Reporting:** The Foreign Investment in Real Property Tax Act ("FIRPTA") provides that, if a seller is a Foreign
306. Person, a buyer of residential real property must withhold federal income taxes up to 15% of the purchase price, unless an exception
307. applies. If FIRPTA is applicable and Buyer fails to withhold, Buyer may be held liable for the tax. Buyer agrees to perform any acts
308. reasonable or necessary to comply with FIRPTA and IRS reporting requirements and Buyer is responsible for obtaining independent
309. legal and tax advice.

7. REMEDIES

7a. 310. **Cure Period:** A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any
311. provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the
312. non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become a
313. breach of Contract. **If Escrow Company or recorder's office is closed on the last day of the Cure Period, and COE must occur**
314. **to cure a potential breach, COE shall occur on the next day that both are open for business.**

7b. 315. **Breach:** In the event of a breach of Contract, the non-breaching party may cancel this Contract and/or proceed against the
316. breaching party in any claim or remedy that the non-breaching party may have in law or equity, subject to the Alternative Dispute
317. Resolution obligations set forth herein. In the case of Seller, because it would be difficult to fix actual damages in the event of
318. Buyer's breach, the Earnest Money may be deemed a reasonable estimate of damages and Seller may, at Seller's option, accept
319. the Earnest Money as Seller's sole right to damages; and in the event of Buyer's breach arising from Buyer's failure to deliver the
320. notice required by Section 2b, or Buyer's inability to obtain loan approval due to the waiver of the appraisal contingency pursuant to
321. Section 2l, Seller shall exercise this option and accept the Earnest Money as Seller's sole right to damages. An unfulfilled
322. contingency is not a breach of Contract. The parties expressly agree that the failure of any party to comply with the terms and
323. conditions of Section 1d to allow COE to occur on the COE Date, if not cured after a cure notice is delivered pursuant to Section 7a,
324. will constitute a material breach of this Contract, rendering the Contract subject to cancellation.

7c. 325. **Alternative Dispute Resolution ("ADR"):** Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this
326. Contract in accordance with the REALTORS® Dispute Resolution System, or as otherwise agreed. All mediation costs shall be paid
327. equally by the parties. In the event that mediation does not resolve all disputes or claims, the unresolved disputes or claims shall
328. be submitted for binding arbitration. In such event, the parties shall agree upon an arbitrator and cooperate in the scheduling of
329. an arbitration hearing. If the parties are unable to agree on an arbitrator, the dispute shall be submitted to the American Arbitration
330. Association ("AAA") in accordance with the AAA Arbitration Rules for the Real Estate Industry. The decision of the arbitrator shall be
331. final and nonappealable. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction.
332. Notwithstanding the foregoing, either party may opt out of binding arbitration within thirty (30) days after the conclusion of the
333. mediation conference by notice to the other and, in such event, either party shall have the right to resort to court action.

7d. 334. **Exclusions from ADR:** The following matters are excluded from the requirement for ADR hereunder: (i) any action brought in the
335. Small Claims Division of an Arizona Justice Court (up to \$3,500) so long as the matter is not thereafter transferred or removed from
336. the small claims division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or
337. agreement for sale; (iii) an unlawful entry or detainer action; (iv) the filing or enforcement of a mechanic's lien; or (v) any matter that
338. is within the jurisdiction of a probate court. Further, the filing of a judicial action to enable the recording of a notice of pending action
339. ("lis pendens"), or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the
340. obligation to submit the claim to ADR, nor shall such action constitute a breach of the duty to mediate or arbitrate.

7e. 341. **Attorney Fees and Costs:** The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this
342. Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert
343. witness fees, fees paid to investigators, and arbitration costs.

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8. ADDITIONAL TERMS AND CONDITIONS

- 8a. 344. _____
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8q. 443. Broker on behalf of Buyer:

444. _____
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

445. _____
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

446. _____
 PRINT FIRM NAME FIRM MLS CODE

447. _____
 FIRM ADDRESS STATE ZIP CODE FIRM STATE LICENSE NO.

448. _____
 PREFERRED TELEPHONE FAX EMAIL

8r. 449. Agency Confirmation: Broker named in Section 8q above is the agent of (check one):

450. Buyer; Seller; or both Buyer and Seller

8s. 451. The undersigned agree to purchase the Premises on the terms and conditions herein stated and acknowledge receipt of a copy hereof including the Buyer Attachment.

453. ^ BUYER'S SIGNATURE MO/DA/YR ^ BUYER'S SIGNATURE MO/DA/YR

454. ^ BUYER'S NAME PRINTED ^ BUYER'S NAME PRINTED

455. _____
 ADDRESS ADDRESS

456. _____
 CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

9. SELLER ACCEPTANCE

9a. 457. Broker on behalf of Seller:

458. _____
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

459. _____
 PRINT AGENT'S NAME AGENT MLS CODE AGENT STATE LICENSE NO.

460. _____
 PRINT FIRM NAME FIRM MLS CODE

461. _____
 FIRM ADDRESS STATE ZIP CODE FIRM STATE LICENSE NO.

462. _____
 PREFERRED TELEPHONE FAX EMAIL

9b. 463. Agency Confirmation: Broker named in Section 9a above is the agent of (check one):

464. Seller; or both Buyer and Seller

9c. 465. The undersigned agree to sell the Premises on the terms and conditions herein stated, acknowledge receipt of a copy hereof and grant permission to Broker named in Section 9a to deliver a copy to Buyer.

467. Counter Offer is attached, and is incorporated herein by reference. Seller **must sign and deliver** both this offer and the

468. Counter Offer. If there is a conflict between this offer and the Counter Offer, the provisions of the Counter Offer shall be controlling.

469. ^ SELLER'S SIGNATURE MO/DA/YR ^ SELLER'S SIGNATURE MO/DA/YR

470. ^ SELLER'S NAME PRINTED ^ SELLER'S NAME PRINTED

471. _____
 ADDRESS ADDRESS

472. _____
 CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

473. **OFFER REJECTED BY SELLER:** _____, 20____, _____
 MONTH DAY YEAR (SELLER'S INITIALS)

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



GLOSSARY

OF TERMS

Agency

A legal relationship in which someone (principal) hires someone else (agent) to represent them to a third party.

Application Fee

A fee to cover some of the charges of the loan process.

Appraisal Fee

A fee charged by the lender for an appraisal.

Assessed Value

The value placed on property by the County Assessor as a basis for taxation.

Balloon Payment

An instance in which the final installment payment on a note is greater than the preceding payments, and pays the note in full.

Chain of Title

A history of conveyances and encumbrances affecting the title of real property.

Conventional Mortgage

A mortgage securing a loan made by investors without government underwriting, which is not FHA insured or VA guaranteed.

Convey or Conveyance

Process of transferring ownership of property from one person to another.

Courier Fee

Charges for delivery.

Credit Report Fee

Assessed by the lender for a required credit report from a credit bureau.

Deed

A document which, when properly executed and delivered, conveys title of real property.

Disclosure

To make known or public. When dealing with real property, all disclosures should be made in writing.

Discount Points

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

Earnest Money

Money deposited by a buyer as evidence of good faith.

Encumbrance

Anything that effects or limits the ownership of real property, such as mortgages, liens, easements or restrictions of any kind.

Escrow Fee

Charges by the title company to service the transaction and to escrow money and documents, usually paid by the buyer.

Escrow

The deposit of documents and funds with instructions to a neutral third party to carry out the provisions of an agreement or contract.

GLOSSARY OF TERMS

Fair Market Value

The price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure.

Loan Origination Fee

Normally 1% of the loan amount, charged by the lender to the buyer.

Mortgage

A legal document that provides security for repayment of a promissory note.

Mortgage Title Policy

Required by lenders to ensure a valid lien. It does not protect the buyer. Also required for 2nd mortgages.

Owner's Title Policy

Insures the buyer against loss due to any defects of the title not excepted to or excluded from the policy.

Points

Paid by the buyer or seller. One point is equal to one percent of the loan amount.

Principal

The employer of an agent in an agency relationship.

Recording Fee

Charged by the County Recorder to record documents in the public records.

Septic Inspection

The septic system must be certified by a state approved inspector.

Survey

Survey of property required by the lender or title insurer. Survey will show lot size, easements, any encroachments, locations of improvements, etc.

Tax Service Fees

Required by the lender for collection and disbursement of taxes by a servicing company.

Termite Inspection

(Wood Infestation)

Required by buyer or lender to show property is free and clear of active termites and any wood destroying insects.

Title Policy

Insurance policy of the ownership of real property against defects in title.

Title

Means ownership in dealing with real property.

Underwriting Fee

Charges by the lender to underwrite a loan.

VA Funding Fee

Veteran's Administration charge for originating a VA loan.

Warehouse Fee

Charged by the lender to hold the loan locally before selling it in the secondary mortgage market to an investor.

Zoning

Act of city authorities specifying type of use for property.



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