Understanding the Purchase Contract and the Transaction Process of Buying Your New Home

These notes don't relieve the necessity or importance of reading thoroughly the contract documentation, as they are very important in understanding your rights and responsibilities as the buyer, and regards to the overall the process. I'll of course, keep you on track the whole way, but I like to prepare you for what to expect to help decrease any anxiety and stress if possible.
Please let me know any questions or concerns at any time.

- Your earnest money (EM) is not deposited until your contract is accepted with receipt of executed contract documents (pg.1, 1c 18). Once accepted, please either drop off or mail check to the Metro Title Co office at 1750 S. Woodlands Blvd., Ste 125, Flagstaff, AZ 86001, attn: Janel Miller. Your earnest money is applied toward your overall cash toward your purchase and is not used for inspections, appraisals, etc., which are non-refundable (pg 2; 2c). *Your earnest money IS refundable with certain terms of the contract explained below*.

- The Inspection period starts the day after contract acceptance via receipt of executed docs (pg. 5; 6a). You will want inspections immediately because even though you may purchase with the possible mindset of "AS-IS", there may be issues we need further specialized inspections such as roofing or mechanical. *Please refer to the "Buyer's Advisory" for information and links for all inspection options to consider.* You will receive the "Buyer's Advisory" among the other Buyer and Purchase Contract documents for your signatures soon. You may also access this doc as well as review other buyer contract docs and helpful links here: Buyer Advisory

- Seller is to provide Seller's Property Disclosure Statement (SPDS) and Insurance Claims History (ICH) within 3-5 days after contract acceptance. You will have 5 days to review and decide to cancel. Seller is obligated to update the SPDS should there be any changes or repairs during escrow and provide receipt to us within 5 days (pg.4; 4a-4f).

- You're Buying the property "AS-IS"; seller is *not* obligated to make any repairs, but we will certainly negotiate terms to request repairs from seller once we obtain a home inspection. Seller *IS* responsible to maintain and make any repairs to ensure the property is in the *same or better condition* as the date we obtain *contract acceptance*. They must also remove all personal property and debris before closing (pg. 5; 5a).

- The Inspection Period allows you the option to cancel contract for reasons pertaining to to the inspection results. We are responsible to provide and specify the reason for cancellation related to the property. It is advised to find a legit reason as an explanation for cancellation when we give notice to Seller to ensure return of your EM back fully (pg. 6; 6j(1).

- After your inspection period and if you decide to pursue property with seller remedying issues, we submit request for any issues to seller on the doc we call BINSR aka: Buyer's Inspection Period Seller's Response (pg. 6; 6j(2)). The *seller has 5 days to review afterwards* to respond to any issues we request (pg 6; 6j(2a)). *You will then you have another 5 days following* to determine if you want to proceed or cancel based on seller's response to your request of the issues to either be repaired, an amount credited at closing, or accepting repairs as un-remedied by seller (pg.6; 6j(2c)).

- Any repairs to be completed as accepted by seller to be done no later than 3 days prior to COE with all receipts made available to buyer (pg. 6;6j(2b)).

- You'll have 5 days to review the Appraisal and can renegotiate sales price if appraised value is lower than the sales price. If there's appraisal issues and seller refuses to re-negotiate the sales price, you may cancel and receive your EM back fully (pg.3; 2l).

- If your Loan cannot be approved after your best attempts you also receive your EM back fully. *You will have to prove this by verifying your attempts with letters from lenders*. Not so easy, thus the recommended pre-qualifying prior to submitting contract (pg. 2; 2c). However, please note that if you fail to have the amount due for down payment and closing cost to complete the financing at time of closing, you are not entitled to receive EM back and seller may retain for collateral damage (pg. 2; 2d).

- You have 5 days once received by the title co to review the CC&R's and Title Insurance including taxes, assessments, HOA info, liens against title, etc., and decide to cancel within the 5 days of receipt (pg. 3; 3c,3d).

- Your **Loan Closing Disclosure (CD)** must be reviewed *no later than 3 days prior to closing*. Your closing funds need to be wired 2 days prior to Closing (pg.2; 2b).

- Your Final Walk Through is also best done prior to signing docs and after any repairs are made. Seller is obligated to ensure property is in same condition or as the agreed upon terms in contract (pg. 6; 6m,6n).

Melinda T. Morfin, Realtor ®

ABR, BPOR, CDPE, GRI, MCNE, rCRMS, SFR, SRS

(928) 853-6315 Melinda@MelindaMorfin.com

www.MelindaMorfin.com

ONE REALTYONEGROUP MOUNTAIN DESERT

A Few Important Reminders

1. Get all your paperwork needed for financing to your lender ASAP. Small delays can make a huge hurdle in the financing aspect.

2. Contact your preferred home owner's insurance company to indicate the home's details, what insurance is needed, and what the cost is. Your lender will also need this.

3. Review home warranty plans to determine which plan you want. It is your choice of company and plan. When you're ready to order (no later than a week prior to close of escrow or COE) you'll need either give the company the escrow details and make the order yourself, or just send me the details and I'll order it with the title co.

4. Check your calendars, be aware of the dates and events such as CLOSING and let me know any dates you will not be available to contact (if any). We'll have to set you up for signing, *so plan on 2-3 days before closing in your schedule to be available for doing the final walk through and signing your closing docs.*

5. DON'T go spending irregularly, loan out a lot of money, or buy another new house! No kidding, try to keep your financials as consistent as possible. Lenders will halt your financing up to the closing day if you have odd expenses unaccounted and as well as even accounted for. Wait to buy all that new furniture until we close, you'll be glad you did, I promise.

6. Most importantly, don't stress too much. I'll be walking you through each step daily with details of the transaction and scheduling the events with you. You (along with all parties of the transaction) will also receive the continuously updated document "Transaction Timeline and Procedure" for the property in PDF every time there is a change. As always, if you have any questions or concerns, do not hesitate to contact me. This is a rigorous process and a lot of information will be handled until we close. The more we communicate and deal with any uncertainties and issues, the better prepared and less stressful we can make this for you. This should, and hopefully will be a good experience for you. I'll do the best I can to try to ensure this.

Melinda T. Morfin, Realtor ®

ABR, BPOR, CDPE, GRI, MCNE, rCRMS, SFR, SRS

(928) 853-6315 Melinda@MelindaMorfin.com

www.MelindaMorfin.com

Benefits of Buyer Agency

Although the typical agency agreement spells out the fiduciary duties an agent must fulfill for the seller, the buyer is often left, in a sense, unrepresented. However, buyers too have the option of being represented exclusively by their own agent. Consider the following benefits:

1) ***Loyalty*** — The real estate agent must act in the best interest of the buyer.

2) ***Obedience*** — Must follow the lawful instructions of the principal (buyer).

3) ***Disclosure of all material facts*** — Examples, but not limited to:

- Relationships between agent and other parties
- Existence of other offers
- Property's true worth
- Status of earnest money
- Seller's financial condition
- Commission split with other brokers
- Legal effects of contract provisions

4) ***Confidentiality*** — Any discussions, facts or information can be shared freely with the kind of **CONFIDENTIALITY** you expect from someone working in your best interest

5) ***Accounting in dealings*** — Reporting of where any money placed in the hands of the broker is kept

6) ***Reasonable skill and care***

- Arriving at a reasonable purchase price and advising buyer of such.
- Affirmatively discovering material facts and disclosing them to t buyer.
- Investigating the material facts related to the sale

As a buyer's agent, I represent you and your interests in the purchase of your new home, not the seller's interests. This is different from a typical sub-agency transaction where the buyer is not technically represented.

Melinda T. Morfin, Realtor ®

ABR, BPOR, CDPE, GRI, MCNE, rCRMS, SFR, SRS

(928) 853-6315 Melinda@MelindaMorfin.com

www.MelindaMorfin.com

REALTYONEGROUP MOUNTAIN DESERT