

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 11). Once accepted, please either drop off or mail check to the selected title office or you can electronically deposit. 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 mechanical or roofing. *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*. Seller must remove all personal property and debris before closing. ***Please note Seller is not obligated to clean the property prior to closing.*** I recommend either planning to clean upon moving in or hire a professional service. You can also specify cleaning as a negotiable term (pg. 5; 5a).

- The **Inspection Period** allows you the option to cancel contract for reasons pertaining 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)).
- 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 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).
- 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 to go beyond the pre-qualification to a **pre-approval status from your lender** 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).
- 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).
- If any of the contract terms are altered or incomplete, buyer/seller are obligated to notify all parties of the contract to either remedy or attempt to establish a solution, and to determine a conclusion via *written documentation*. Failure to do so can result in breach of contract with penalty of loss of EM, and/or attorney fees (pg. 7; 7a-7e).
- 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 and all repairs are completed with receipts provided (pg. 7; 6m,6n).
- **Possession** and *obtaining the keys for entry is only possible once the county transfers the property deed into your name*. The title agency will notify us of when this has occurred, at which point you are legally able to obtain the keys/ access property. Please note the official closing/recording time requires many process between signing your closing docs and the county actually recording the deed. This can take several hours and possibly a day. Getting all your funds and documents completed prior to the closing date will help ensure no delays to closing on time and enjoying your new property as soon as you intended.

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. Check your contract terms to identify if Seller is providing you with one or a credit to do so. Order this no later than a week prior to close of escrow (COE). Provide the home warranty company your escrow number and they will contact the title agency and provide details so that it is paid through escrow and in effect the day you close/own the property.
4. Check your calendars, be aware of the dates and events such as inspections and 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 for 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 the scheduling of all events. My Transaction Timeline and Process spreadsheet that you and everyone in the party receives ensures we're all on the same page and progressing proactively. This is a rigorous process and a lot of information to handle 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 promise to do the best I can to ensure this. As always, never hesitate to contact me for any questions and concerns at any time.

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