

10 Steps to Buying a New Home

▼ 1. Decide what you need and what you want in your new home.

Write a list of things that you absolutely have to have in the house and things that would make a nice "added bonus" if the home has them. These things may include the following:

- Location
- Size/square footage of the home
- Number of bedrooms/bathrooms
- Lot size
- Fireplace
- Age of the home
- If it has a pool/spa
- School districts
- Fix-up vs. "move-in ready"

This list is just a start. You will probably have other things that are important to you. Take the time before you go looking to start this list. After you have looked at a few homes, your list may change. Be prepared to make compromises, unless you have unlimited funds to buy with.

Once you have made this list, you are ready for Step 2.

▼ 2. Get Pre-qualified/Pre-Approved for a new mortgage.

You need to have your financing in place before ever looking at the first house. Contact a lender to find out how much of a mortgage you qualify for, how much money you will need for your down payment and closing costs, and how much your payments will be. If you are using a zero down program such as Ameridream, be sure that your lender will allow it. It is also important because the lender will do a tri-merged credit report on you and you can find out ahead of time if anything is on your credit that shouldn't be. You will then have the time to get it corrected without being rushed because you are already under contract.

Step 2 will save you a lot of heartache- not only for unexpected credit issues, but also for over-spending. Nobody wants to get their heart set on a home, only to be told that they don't qualify for that much money.

▼ 3. Hire a Realtor to assist you in finding the perfect home.

A buyer's broker- the agent that represents the buyer- does many things to make your transaction go as smooth as possible from start to finish. They also make sure to protect your best interests at all times. When hiring an buyer's broker, make sure to hire a Realtor. Not all agents belong to the Board of Realtors. Realtors are held to a higher ethical standard and have a stringent code of conduct that we must follow at all times, or face fines, penalties, or losing our

membership to the Board. Ask your agent which local Board of Realtors they belong to, then double-check with that Board that their status is in good standing.

A buyer's broker's services are usually free to the buyer. The Seller pays the real estate commission. Therefore, there is no reason every Buyer shouldn't have their own representation when purchasing a home. Keep in mind if you choose not to use a buyer's broker, the listing agent does not work for you, and does not legally or ethically have the same responsibility to you as your own buyer's broker would. They are working for the Seller exclusively. Unless you have a degree in real estate law, and don't like free services, you should never go it alone.

♥ 4. Make an offer.

You've decided on a house that fits both your needs and your budget. Making an offer is the next step. Sit down with your Realtor to go over comparable sales in the neighborhood to decide what you feel the house is worth. Many factors will make a difference on how much you offer for the home. Talk with your agent to decide your best strategy to get your offer accepted.

♥ 5. Negotiate the offer.

You have many ways to negotiate your offer. The most obvious is price, but you can also negotiate with the seller for things like landscaping, carpet/flooring, remodeling allowances, length of time to close and financing arrangements. All of these things will make a difference to the seller when deciding whether to accept or counter your offer.

♥ 6. Get local area information.

If you are new to an area especially, there is a lot of information to research before choosing where you will live. But if you have lived in the area you are buying, you may still want to check a few things out before you buy.

- **The Public Report-** If you are buying a new home, you will receive a public report. This report is required to be given to buyers by developers in a new home subdivision. The purpose of this document is to point out material information about the development that a buyer might want to know when making a decision to purchase. For example, the section of the Public Report entitled "Nuisances and Hazards: will disclose adjacent land uses that may be of concern. The Public Report is prepared by the seller/builder, could be inaccurate, and should be verified.

Additional information about the Public Report may be found on the Arizona Department of Real Estate ("ADRE") website at <http://www.re.state.az.us/checklist.html>.

- **Seller's Property Disclosure Statement ("SPDS")-** Most sellers provide a SPDS when reselling their home. This document poses a variety of questions for the seller to answer about the property and its condition. A buyer should carefully review the SPDS and verify those statements of concern. A sample of the Arizona Association of REALTORS (AAR) SPDS, including the Seller Advisory, may be found at http://www.aaronline.com/documents/spds_samp.pdf.

The ADRE advises: "Read the seller's property disclosure report, and check every item on it. Ask to see receipts for repairs to the home. Look behind large pictures on the wall and behind anything on the floor that

conceals large areas of the wall. Look for stains on the ceilings or carpets that might indicate water damage. Read the purchase contract carefully to determine if there are any deadlines for challenging the seller's disclosure report or for having your own inspections conducted." <http://www.re.state.az.us/checklist.html>. Remember, your review of the SPDS is not a substitute for professional inspections.

- **Covenants, Conditions and Restrictions (CC&Rs)**- The CC&Rs are recorded against the property and generally empower a homeowner's association to control certain aspects of property use within the development. By purchasing a home in such a development, the buyer agrees to be bound by the CC&Rs. Thus, the CC&Rs form an enforceable contract. The association, the homeowners as a whole, and individual homeowners can enforce the contract. It is essential that the buyer review and agree to these restrictions prior to purchasing a home.

The ADRE advises: "Read the deed restrictions, also called the CC&Rs. You might find some of the CC&Rs are very strict, especially those addressing landscaping, RV parking, play equipment, satellite antennas, and other common amenities- particularly if the subdivision is governed by a homeowner's association" (<http://www.re.state.az.us/checklist.html>). A short buy informative document on the purpose and effect of CC&Rs may be read at <http://www.realtor.com/BASICS/condos/ccr.asp>. Buyers should consult legal counsel if uncertain of the application of particular provisions in the CC&Rs.

- **Homeowner's Association (HOA) Governing Documents**- In additions to CC&Rs, HOA's may be governed by Articles of Incorporation, Bylaws, Rules and Regulations, and often architectural control standards. The HOA is in place to enforce these rules and to preserve the value of homes in the condominium or planned community. Condominium and planned community HOAs are also regulated by Arizona statutes.

What makes a development a condominium or planned community? Common area, that is community ownership of real estate for use by community residents, is the common denominator. In a condominium, the common property is actually deeded as undivided interests to the condominium owners. In a planned community, the ownership of common property vests in the remedies regarding homeowner's associations or community associations, please read the information provided at <http://www.re.state.az.us/communityassoc.html>.

- **HOA Disclosures**- If purchasing a resale home in a condominium or planned community, the seller (if fewer than 50 units in the community) or the HOA (if there are 50 or more units) must provide the buyer with a disclosure containing a variety of information, including the principal contact for the association, assessments, the money held by the association as reserves and, if at the statement is being furnished by the association, a statement as to whether the records of the association reflect any alterations or improvements to the unit that violate the declaration.

Visit <http://www.azleg.state.az.us/ars/33/01260.htm> and <http://www.azleg.state.az.us/ars/33/01806.htm> for the laws detailing these requirements.

- **Title Report or Title Commitment**- The title report or commitment contains important information and is provided to the buyer by the title/escrow company or agent. This report or commitment lists documents that are exceptions to the title insurance (Schedule B Exceptions). Schedule B Exceptions may include encumbrances,

easements, and liens against the property, some of which may affect the use of the property, such as a future addition or swimming pool. Make sure you receive and review all of the listed documents. Questions about the title commitment and Schedule B documents may be answered by the title or escrow officer, legal counsel, or a surveyor. General information regarding title issues may be found at <http://www.titlelawannotated.com> or obtained from the title/escrow company employed in the transaction.

- **Home Warranty Policy-** A home warranty may be part of the sale of the home. Buyers should read the home warranty document for coverage and limitation information. Be aware that pre-existing property conditions are generally not covered under these policies.
- **Lead-Based Paint Disclosure Form-** If the home was built prior to 1978, the seller must provide the buyer with a lead-based paint disclosure form. A sample form is located at <http://www.aaronline.com/documents/leadsale.pdf>. More information about lead-based paint may be obtained at <http://www.re.state.az.us/leadfacts.html>.
- **County Assessor's/Tax Records-** The county assessor's records contain a variety of valuable information including the assessed value of the property for tax purposes and some of the physical aspects of the property, such as the reported square footage (which should always be verified for accuracy).

Information is available on county websites:

Coconino- <http://www.co.coconino.az.us/assessor/>

Maricopa- http://www.maricopa.gov/assessor/homeowner_guide.asp and
<http://www.treasurer.maricopa.gov/parcels/>

Pima- <http://www.dot.co.pima.az.us/assessor/arm/>

Pinal- <http://www.co.pinal.az.us/treasurer/>

Yavapai- <http://www.co.yavapai.az.us/departments/assessor/assessormain.asp>

Other Counties- <http://www.az.gov/webapp/portal>

- **Professional Home Inspection Report-** For the buyer's protection, the importance of having a home inspected by a professional home inspector cannot be over-emphasized. A home inspection is a visual physical examination, performed for a fee, designed to identify material defects in the home. The home inspector will generally provide the buyer with a report detailing information about the home's condition. The inspector and the report will point out existing problems and possible potential problems. The buyer should carefully review this report with the inspector and ask the inspector about any item of concern. Pay attention to the scope of the inspection and any portions of the property excluded from the inspection.

Home inspectors must be certified by the State of Arizona. A list of certified home inspectors may be found at the Arizona Board of Technical Registration website: <http://www.btr.state.az.us>. Additional information on

inspections may be found at the American Society of Home Inspectors website: <http://www.ashi.com> or the Arizona ASHI website: <http://www.arizona-ashi-home-inspection.com>. Guidance on hiring a home inspector may be found at <http://www.realtor.com/basics/buy/inspnegot/hire.asp?gate=realtor&poe=homestore>.

- **Termites and Other Wood Destroying Organisms-** Termites are commonly found in some parts of Arizona. Investigating evidence of termites or other wood infestation is the job of the pest inspector. The Structural Pest Control Commission (SPCC) regulates these inspectors and can provide the buyer with information regarding past termite treatments on a property. The SPCC publication, What You Should Know About Wood Infestation Reports, can be found at <http://www.sb.state.az.us/wir.htm>. Additional information may be obtained at the SPCC website at <http://www.sb.state.az.us>.
- **Repairs and New Construction-** The seller may have made repairs or added a room to the property. For example, the property may have an obvious improvement, covered patio, or garage, or may have been remodeled. The buyer should feel comfortable that the work was properly done or have an expert evaluate the work. Request copies of any invoices or other documentation regarding the work performed. The Registrar and Contractors' (ROC) publication, Hiring a Licensed Contractor, is available online at http://www.rc.state.az.us/Consumer_menu.html. The ROC may be contacted at <http://www.rc.state.az.us>. For information regarding permits, contact the city or county building department.
- **Roof-** The inspector might recommend that you have the roof further inspected by a licensed roofer. If the roof is 10 years old or older, a roof inspection by a licensed roofer is highly recommended. See the ROC information on hiring a licensed contractor online at http://www.rc.state.az.us/Consumer_menu.html.
- **Swimming Pools and Spas-** Each city and county has its own swimming pool barrier ordinance. Pool barrier contact information for Arizona cities and counties may be found at http://www.aaronline.com/documents/pool_contacts.aspx. The Arizona Department of Health Services Private Pool Safety notice may be found at http://www.hs.state.az.us/diro/admin_rules/pool_rules.htm. The state law on swimming pools is located at <http://www.azleg.state.az.us/ars/36/01681.htm>.
- **Square Footage-** Square footage on the MLS printout or as listed by the county assessor's records is often only an estimate and generally should not be relied upon for the exact square footage in a home. An appraiser or architect can measure the home's size to verify the square footage. A list of appraisers may be found at the Arizona Board of Appraisal, <http://www.appraisal.state.az.us/Directory/directory.html>. A list of architects may be found at the Board of Technical Registration (BTR), <http://www.btr.state.az.us>.
- **Sewer-** Even if the listing or SPDS indicates that the home is connected to the city sewer, it should be verified by a plumber, home inspector, or other professional. Some cities can perform this test as well.
- **Septic Systems and Other On-Site Wastewater Treatment Facilities-** If the property has a septic tank or other on-site wastewater treatment facility that was approved by a certain date, it must be inspected by a qualified inspector prior to transfer. Contact the Arizona Department of Environmental Quality (ADEQ) at <http://www.adeq.state.az.us/> for more information. For specific information on the pre-transfer inspection requirements, see <http://www.adeq.state.az.us/environ/water/permits/index.html>.
- **Expansive Soil-** The soil in some areas of Arizona has "clay-like" tendencies, sometimes referred to as

"expansive soil." Although it is not very common for homes built on expansive soils to experience significant movement, it can be a major problem if it does occur. If it has been disclosed that the home has expansive soil or if the buyer has any concerns about evidence of cracking, the buyer should secure an independent assessment of the home and its structural integrity by a licensed, bonded, and insured professional engineer. To investigate areas in Arizona where expansive soils exist, go to <http://www.az.nrcs.usda.gov/soils/shrinkswell.html>. A list of state certified professional engineers and firms can be found at <http://www.btr.state.az.us>.

- **Previous Fire/Flood-** If it is disclosed there has been a fire or flood in the property, a qualified inspector should be hired to advise you regarding any possible future problems as a result of the fire or flood damage and/or any subsequent repairs. For example, if the property was not properly cleaned after a flood, mold issues may result. Your homeowner's insurance agent may be able to assist you in obtaining information regarding fire, flood, or other past damage to the property.
- **Pests-** Cockroaches, rattlesnakes, black widow spiders, scorpions, termites and other pests are common in parts of Arizona. Fortunately, most pests can be controlled with pesticides. Scorpions, on the other hand, may be difficult to eliminate. If the buyer has any concerns or if the SPDS indicates the seller has seen scorpions or other pests on the property, you should seek the advice of a pest control company. A source of information on scorpions may be found at http://www.desertusa.com/oct96/du_scorpion.html. For information on roof rats, which have been reported in some areas, search "roof rats" at <http://www.maricopa.gov/envsvc>. For information on termites, see <http://www.sb.state.az.us>.
- **Deaths and Felonies on the Property-** An Arizona law states that seller and real estate licensees have no liability for failure to disclose to a buyer that the property was ever the site of a natural death, suicide, murder or felony: see <http://www.azleg.state.az.us/ars/32/02156.htm>. This information is often difficult to uncover; however, the local law enforcement agency may be able to identify calls made to the property address.
- **Mold-** Mold has always been with us, and it is a rare home that does not have some mold. However, over the past few years a certain kind of mold has been identified as a possible contributor to illnesses. Allergic individuals may experience symptoms related to mold. Mold growth is found underneath materials where water has damaged surfaces, or behind walls.

A pamphlet, *Mold in my Home: What Do I Do?*, prepared by the Arizona Department of Health Services, Office of Environmental Health, states: "If you can see mold, or if there is an earthy or musty odor, you can assume you have a mold problem." See http://www.hs.state.az.us/phs/oe/invsurv/air_qual/mold_contents.htm. The Environmental Protection Agency website also contains valuable information at <http://www.epa.gov/iaq/pubs/moldresources.html>. Additional sources may be found on the ADRE website at <http://www.re.state.az.us/consumer.html>. Good information about mold, the problems it may cause, and how it may be removed can be found at <http://www.cdc.gov/nceh/airpollution/mold/default.htm>.

- **Other Indoor Air Quality Concerns-** Radon gas and carbon monoxide poisoning are two of the more common and potentially serious indoor air quality (IAQ) concerns. Both of these concerns can be addressed by the home inspector, usually for an additional fee. As for the any other IAQ concerns, the EP has a host of resource materials and pamphlets available at <http://www.epa.gov/iaq/iaqinfo.html> and

<http://www.epq.gov/iaq/pubs/index.html>.

- **Property Boundaries-** If the property boundaries are of concern, a survey may be warranted. For example, a survey may be advisable if there is an obvious use of property by others (i.e., a well-worn path across a property and/or parked cars on the property) or fences or structures of adjacent property owners that appear to be built on the property. A list of surveyors may be obtained from the Board of Technical Registration at <http://www.btr.state.az.us>.
- **Flood Plain Status-** If the property is in a flood zone, an additional insurance premium of several hundred dollars may be required. If the property is in an area deemed high risk, the buyer may be required by the lender to obtain flood hazard insurance through the National Flood Insurance Program.

To find additional details on flood plain status:

Maricopa County (Maricopa Flood Control District):
<http://www.fcd.maricopa.gov/Resources/MapApplications.asp>

Pima County (Pima County Flood Control District): <http://www.dot.co.pima.az.us/flood/>

Other parts of the state: http://www.azgs.state.az.us/flood_links.htm

FEMA's Flood Map Service Center: <http://www.fema.gov/maps>

- **Homeowners Insurance (Claims History)-** A home's insurance claim history may affect its insurability and at what cost. Many insurance companies use a database known as the Comprehensive Loss Underwriting Exchange (CLUE) to track a home's claim history. Some companies are using the CLUE report to cancel a buyer's homeowner's policy after close of escrow and can do so because, in Arizona, an insurance company may cancel a homeowner's insurance policy during the first 60 days after issuance for any reason. Therefore, a buyer should consider asking the seller to provide a copy of the home's CLUE report and/or request that their insurance agent confirm in writing the availability and cost of homeowner's insurance after reviewing the information in the home's CLUE report. A homeowner may request a CLUE report on their own property by calling 800-456-6004 or 866-527-2600 or online at <http://www.choicetrust.com>. For additional insurance information, contact the Arizona Department of insurance at <http://www.state.az.us/id>.
- **Environmental Hazards-** It is often very difficult to identify environmental hazards. See the ADEQ website for environmental information at <http://www.adeq.state.az.us>. Another source of environmental information may be found at <http://www.consumerlawpage.com/brochure/home-haz.shtml>.
- **Superfund Sites-** There are numerous sites in Arizona where the soil and groundwater have been contaminated by improper disposal of contaminants. To check if a property is in an area designated by the ADEQ as requiring cleanup, see <http://www.adeq.state.az.us/viron/waste/sps/phx.html> for available maps to view.
- **Freeway Construction-** Although the existence of a freeway near the property may provide highly desirable access, sometimes it contributes to undesirable noise. To search for roadway construction and planning, go to the Arizona Department of Transportation (ADOT) website at <http://www.dot.state.az.us/ROADS/rdfway.htm>.

Check ADOT maps to find the nearest future freeway routes and roads in the area slated for widening.

- **Crime Statistics-** Crime statistics, while an imperfect measurement at best, nevertheless provide some indication of the level of criminal activity in an area. To check the crime statistics for the cities of Phoenix, Tempe, Glendale, Mesa, Scottsdale, Chandler, Gilbert and Peoria, go to http://www.azleague.org/links_city_town.htm. To find crime statistics on their websites, you may need to search for "crime statistics."
- **Sex Offenders-** Since June 1996, Arizona has had a registry and community notification program for convicted sex offenders. This information may be accessed at <http://www.azsexoffender.com>. Prior to June 1996, registration was not required, and only the higher-risk sex offenders are on the website. The presence of a sex offender in the vicinity of the property is not a fact that is required to be disclosed by the seller or agent.
- **Military and Public Airports-** The legislature has mandated the identification of areas in the immediate vicinity of military and public airports that are susceptible to a certain level of noise from aircraft. The boundaries of these have been plotted on maps that are useful in determining if a property falls within one of these areas. The map for military airports may be accessed at <http://www.re.state.az.us/airport.html>; view maps for many of the public airports at <http://www.re.state.az.us/airports/airportintro.html>. These maps are intended to show the areas subject to the preponderance of airport-related noise from a given airport. Periodic over-flights that may contribute to noise cannot usually be determined from these maps.
- **Schools-** Although there is not substitute for an on-site visit to the school to talk with principals and teachers, there is a significant amount of information about Arizona's schools on the Internet. Public and charter school information may be accessed at <http://www.ade.state.az.us/schools/> or <http://www.greatschools.net/modperl/go>.

The ADRE advises: "Call the school district serving the subdivision to determine whether nearby schools are accepting new students. Some school districts, especially in the northwest part of the greater Phoenix area, have placed a cap on enrollment. You may find that your children cannot attend the school nearest you and may even be transported to another community." (<http://www.re.state.az.us/checklist.html>)

- **Zoning/Planning/Neighborhood Services-**

Phoenix- <http://www.phoenix.gov/Planning/index.html>

Phoenix- <http://www.phoenix.gov/NSD/index.html>

Scottsdale- <http://www.scottsdaleaz.gov/Topic.asp?catID=1>

Tucson- <http://www.ci.tucson.az.us/planning.html>

Other cities and towns- http://www.azleague.org/links_city_town.htm

Some other methods to obtain information about a property are to talk to the neighbors. They can provide a wealth of information about the neighborhood and the history of the home the buyer is considering for

purchase. Drive around the neighborhood- Buyers should always drive around the neighborhood, preferably on different days at several different times of the day and evening, to investigate the surrounding area.

For additional information, visit:

Arizona Association of REALTORS (AAR): <http://www.aaronline.com>

Arizona Department of Real Estate (ADRE): <http://www.re.state.az.us>

NATIONAL ASSOCIATION OF REALTORS (NAR): <http://www.realtor.com>

- **Fair Housing Laws-** The Fair Housing Act and other federal and state laws have been enacted to guarantee equal housing opportunities for all Americans. These law prohibit discrimination in housing on the basis of race, color, religion, sex, national origin, age, disability, and familial status. For information regarding fair housing laws, visit the following sites: Arizona Attorney General- <http://www.attorneygeneral.state.az.us>, National Fair Housing Advocate- <http://www.fairhousing.com>, HUD's Fair Housing/Equal Opportunity Website- <http://www.hud.gov.fhe/fhehous.html>.

The information provided here in Step 4 is provided with the understanding that it is not intended as legal or other professional services or advice. These materials have been prepared for general informational purposes only. The information and links contained herein may not be updated or revised for accuracy. If you have any additional questions or need advice, please contact your own lawyer or other professional representative.

7. Inspection Period.

Once your offer has been accepted, your agent will open escrow for you at a title company and you will begin the 10-day inspection period. This is a very important time for the buyer. Unless you have altered the pre-written contract, you have 10 calendar days from acceptance to complete all inspections. These inspections include, your home inspection, termite inspection, any of the inspections/research listed in Step 6 above, or any other inspections that may be a material matter to you in buying a home. Once these are completed, and prior to the end of the Inspection Period, you will sit with your agent and compile a list of items that you will ask the seller to repair. If you have found too many repairs, or have decided not to purchase the home, you may cancel your contract without recourse, also. If you decide, instead to ask the seller for repairs, the seller will then have 5 days after receiving your request to answer you. They can agree to fix everything on your list (this means you are now bound to the original contract), they can agree to fix only some of the items, or they can refuse to fix any of the items. If the seller declines to fix any of the items on your list of repairs, except for cosmetic items, you can cancel the contract immediately or you can choose to proceed with the understanding that the seller will only repair the items he has agreed to in writing.

Immediately following acceptance, your agent should call to set up a professional home inspection and termite inspection. If you have a company you prefer to use, let your agent know, otherwise, they will probably have one they recommend. You should be present for the inspection, and payment to the inspector will usually be required that day. Any other inspections that you want to do should also be done during this time period. If you need access to the house for any of them, let your agent know and she will set up a time for you. **Remember that all inspections and your list of repairs must be completed within the first ten days after contract acceptance.** After that, you own the home "as is."

♥ **8. Pre-close preparation.**

Now you will need to make sure that your mortgage company has all of the paperwork they need from you, and set a signing appointment with title/escrow. Next, you will set up a final walk-thru inspection with your agent. This should be done 24-48 hours prior to closing. During this inspection, you will make sure that all the major appliances are still in working order, that the house is in substantially the same condition as it was when you entered into the contract, and that all repairs that were agreed to have been completed in a workman-like manner. Receipts for these repairs should be requested.

♥ **9. Closing.**

You've made it to closing! This can be the most nerve-wracking time of all. You will go to title/escrow for signing at your scheduled appointment. You will sign all the legal docs to take title and record the deed, as well as your mortgage docs. The seller will come in at a different time to sign docs as well. Once you have finished signing, title will send your loan docs back to your mortgage company for verification and funding. If the docs don't get back to the mortgage company early in the day, it most likely will not close until the next business day. The mortgage company will wire loan funds to the title company, and when they receive the funds, the title company will release your purchase for recording at the County Recorder's Office. This is what we define "closing" as. The seller will, in most cases, retain possession of the property until closing. You will be able to pick up the keys to your new home from your agent anytime after that.

♥ **10. Move-in!**

Congratulations! You can spend the day moving into your new home as soon as you receive the keys! Make sure that you have set up all your utilities to be turned on for your move-in day. Also, remember to put in a change of address with you local post office, and change your address on file with your magazine subscriptions. Check with the local schools to enroll your kids if you have school aged children. If you will need daycare, a good resource to find childcare referrals- both public and in-home- is Child Care Resource and Referral. You can reach them at 602-244-2678. Now it's time to unpack and enjoy the home that you have worked so hard for!