

Arizona Buyer's Guide

Stewart Title of Phoenix
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Protecting Yourself

From Real Estate Cyber Fraud

Sensitive information plays a critical role in your real estate transaction, and it's imperative that this information remains safe and protected. Stewart Title strives to provide consumers with peace of mind in knowing that their personal, non-public sensitive information is protected through Stewart Title's data security and email encryption. But, as a consumer, there are steps you can take to protect yourself from cyber-fraud, too.

Recently, there has been a wave of cyber fraud. Cybercriminals hack into the email accounts of real estate agents or other persons involved in real estate transactions. These "hackers" are patient; they sit and wait until they discover useful information to assist in the scam and trick you into sending money through a wire transfer to a bank account that appears to be legitimately owned by a party involved in the transaction, but is not. The hackers send an email that appears to be from an individual involved in the transaction, a practice called spoofing.

At first glance, these spoofing email addresses appear legitimate, but often have one additional letter or some other minor variation from the actual email address.

Example: msmith@stewarttitle.com
instead of
msmith@stewartttitle.com

These spoofing emails advise the recipient, often the buyer, that there has been a last-minute change to the wiring instructions and request that funds be sent to the new account information provided. By following these instructions, the funds are inadvertently wired to the hacker's account and, most often, lost forever.

Recognize common indicators of cyber fraud:

- ▶ Emails requesting last-minute changes to wiring information, particularly changes in the beneficiary and/or receiving bank
- ▶ Requests for wire transfers late in the day or week or outside of business hours
- ▶ Emails with poor grammar and/or typographical errors
- ▶ Slight, typically unnoticeable-at-first-glance changes in the email address

Suggested best practices for transmitting and receiving sensitive information:

- ▶ Send emails with sensitive, personal information through encrypted email only.
- ▶ Verify requests to change wiring instructions through a trusted method, like a previously verified number. Never use the phone number in the email.
- ▶ Verify wire transfer requests to locations outside normal business areas.
- ▶ Never click on any links in an unverified or unexpected email.
- ▶ Always question attachments and links that are sent unencrypted.

What to do if you believe you are a victim of cyber fraud:

- ▶ If money was wired in response to fraudulent wiring instructions, immediately call all banks and financial institutions that could put a stop to the wire or your funds.
- ▶ Contact your local police or local municipality's real estate fraud division.
- ▶ Contact any other parties who may have been exposed to the cyber fraud so that appropriate action may be taken.
- ▶ Change all usernames and passwords associated with any account that you believe may have been compromised.
- ▶ Report any cybercrime activity to the Federal Bureau of Investigation Internet Crime Complaint Center at www.ic3.gov/complaint/default.aspx.

Stewart Title Provides **Wire Fraud Protection**



Buyers and sellers have lost billions of dollars to wire fraud in the last few years alone, and the problem is only getting worse. Without protection, your clients are at risk every time they wire money or information. Cybercriminals target unsuspecting buyers and sellers and divert money into fraudulent accounts by:



Hacking emails



Impersonating title companies



Spoofing real estate agents

And once the money is gone, it's gone.

Enter CertifID

Stewart Title partners with CertifID to protect your clients from wire fraud.



CertifID confirms the identities of everyone involved in every transfer.



It guarantees every transaction up to \$1 million.



It protects your reputation.

Get comfortable playing the part of hero. Make sure your clients know how Stewart Title protects them with CertifID.



A Guide to **Arizona Real Estate Forms**

The real estate agency disclosure and election is the Arizona Association of REALTORS® form buyers and sellers use to choose the form of agency they prefer.

The purchase contract is a legally binding agreement between the buyer and seller on the price, location and closing date of a home purchase.

The counteroffer functions as a rejection of an offer to enter into a contract and a new offer that materially changes the terms of the original offer.

A prequalification or preapproval letter is a document from a lender stating that the lender is tentatively willing to lend to you, up to a certain loan amount.

A loan status update (LSU) is an Arizona Association of REALTORS form delivered to the seller by the buyer describing the status of the buyer's proposed loan within 10 days after accepting the contract. It instructs the lender to provide an updated LSU upon seller's request.

A buyer's inspection notice and seller's response (BINSR) is a document used during an Arizona real estate transaction. It is presented to the seller during the inspection period. In most cases, it is a list of requests compiled from the home inspection report that the buyer makes to the seller. The seller must address these requests for the buyer to continue with the purchase of the property.

A home owners' association (HOA) addendum to the purchase contract forces the seller to commit in writing to the full amount of all HOA fees so the buyer knows exactly what they will be paying.

The seller's property disclosure statement (SPDS) protects the seller and educate the buyer. It gives the seller the opportunity to disclose important information about the home.

The buyer's advisory has three sections:

1. Common documents a buyer should review
2. Physical conditions in the property the buyer should investigate
3. Conditions affecting the surrounding area that the buyer should investigate



All About Title and Escrow

For people planning to buy a home, there is one word that often determines how successfully those plans are carried out: escrow.

Escrow is an arrangement in which a disinterested third party, usually called an escrow officer, holds and distributes legal documents and funds on behalf of the buyers and sellers. Ideally, escrow takes the confusion out of the process for all parties.

Opening escrow provides convenience and protection. Buyers can instruct the escrow holder to disburse the purchase price only when certain conditions are met. Sellers can instruct the escrow holder to retain possession of the deed to the buyer until the seller's requirements are met. Both parties rely on the escrow holder to carry out their transaction instructions and advise them if any of their instructions are not consistent with each other or cannot be carried out.

Escrow allows buyers and sellers to move forward separately but simultaneously in executing the sale transaction process (providing inspections reports, loan commitments and funds, deeds and many other required items).

If instructions from all parties to an escrow are clearly drafted, fully detailed and consistent with each other, the escrow holder can take many actions on their behalf without further consultation. This saves the buyers and sellers valuable time and facilitates the transaction closing, making this easier and less confusing.

Lender functions *(if applicable)*

- ▶ Deposits proceeds of the loan to escrow holder
- ▶ Directs the escrow holder on the conditions under which the loan funds may be used

Escrow officer (Holder) Functions

- ▶ Acts as the impartial stakeholder, or depository of documents and funds
- ▶ Processes and coordinates the flow of documents and funds
- ▶ Keeps all parties informed of progress of the escrow
- ▶ Responds to the lender's requirements
- ▶ Secures a title insurance policy
- ▶ Obtains approvals of reports and documents from the parties as required
- ▶ Pro-rates and adjusts insurance, property taxes, rents, etc.
- ▶ Records the deeds and loan documents
- ▶ Maintains security and accountability of monies owed and owing



You Are in Escrow

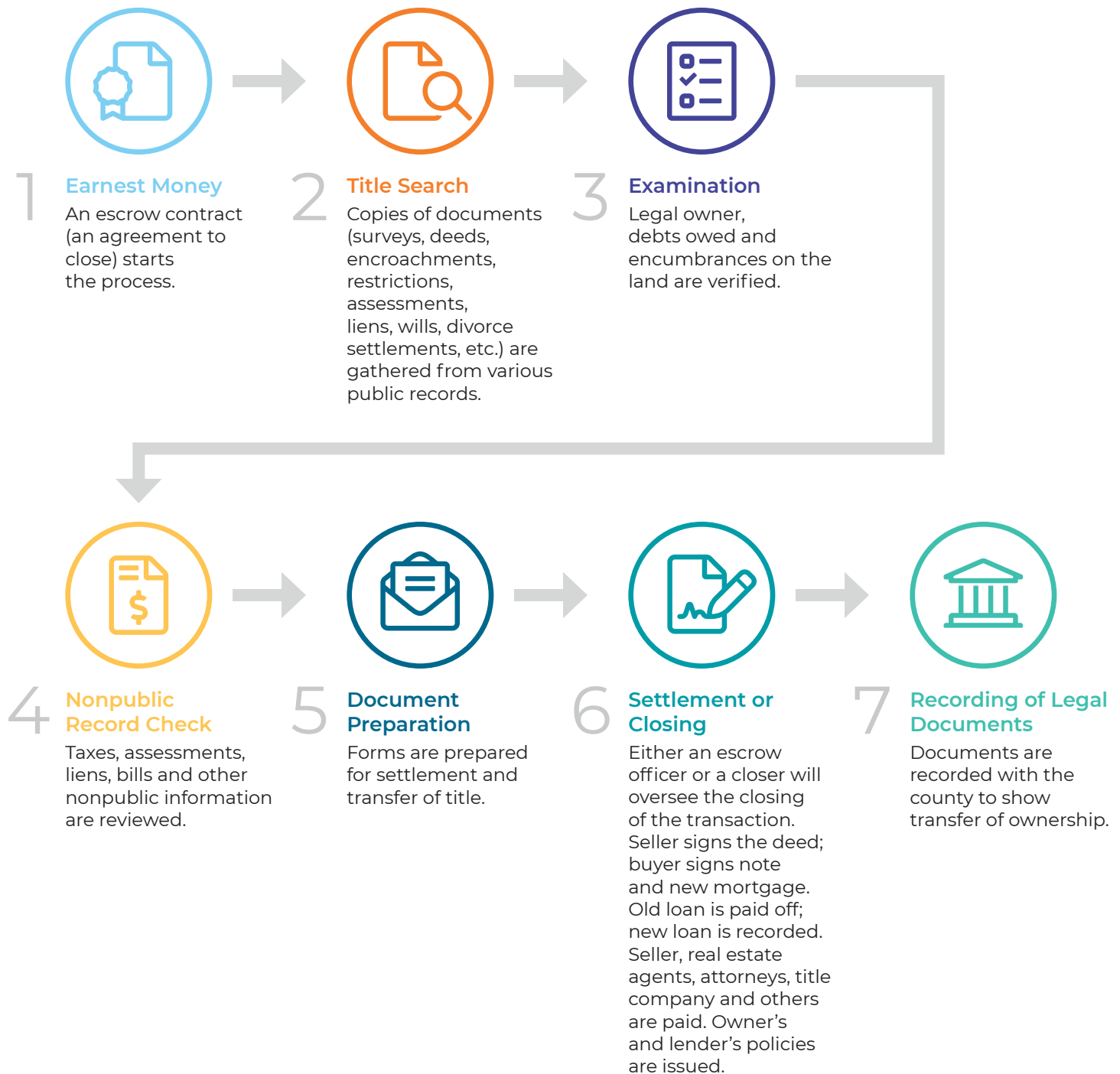
So Now What?

1. Purchase agreement is provided to escrow and reviewed by the escrow team.
2. Buyer's deposit is received. Preliminary report/title commitment is requested.
3. Preliminary report/title commitment is received, reviewed and distributed.
4. Escrow instructions and documents are prepared and distributed as per local practice.
5. Information and signatures from principal(s) are requested. This includes payoff of underlying loans and statements of information from sellers.
6. Demands are requested and received.
7. Data entries are made for payoffs, commissions, etc.
8. If financing is involved, loan approval is received, and loan documents arrive from the lender.
9. Escrow prepares estimated closing statements for buyer and seller review and approval, together with seller's CD, if required.
10. Buyer's signing appointment is scheduled, documents are prepped for signing. Escrow paperwork is added. Appointment with seller is made, if required.
11. Funds are requested and received from buyer and seller, if required. Upon receipt of buyer and seller funds as may be required, loan funds are requested from lender.
12. Upon receipt of all funds required to close, recordable documents are forwarded to county recorder's office with authorization to record.
13. Disbursements are made and closing packages are released.

What happens:

Contract to closing

There's a lot that happens between the time you find a house and the day you own it. To help you better understand what happens after the sold sign is posted, we've listed the seven basic steps of transferring a land title.





What is **Earnest Money?**

Earnest money is an amount of funds submitted with the buyer's offer. It's usually specified in a written purchase agreement. Earnest money is used to demonstrate the intention and the good faith of the buyer wanting to complete the transaction.

Once the parties have a final agreement, the earnest money is delivered to Stewart Title. An earnest money receipt is provided to the buyer/depositor, and the funds are immediately deposited into the escrow bank account. Delays in the deposit of earnest money can affect the transaction.

Escrow officers must not disburse money from an escrow account until funds related to the transaction have been deposited and are available in accordance with A.R.S. § 6-843. To view the Substantive Policy Statement EA-3 on Funds Disbursement, visit dfi.az.gov

Acceptable forms of payment for Earnest Money, per Stewart Title's company policy

- ▶ Wire Transfer
- ▶ Cashier's Check
- ▶ Certified or Official Check
- ▶ Check from a local title company
- ▶ Personal Check*
- ▶ Money Orders*
- ▶ ZOCCAM®

Payment forms we do not accept

- ▶ Cash
- ▶ Credit Card
- ▶ PayPal
- ▶ Cryptocurrency (Bitcoin, Litecoin, Bitcoin Cash, Tether, Vertcoin, Ethereum, etc)
- ▶ Traveler's Check

*Depending on the location of the bank or institution upon which the funds were drawn, there will be a delay of three to 15 business days in disbursement after the funds have been deposited into escrow.

Safely and Securely Send Mobile Earnest Money Deposits with ZOCCAM



Stewart Title offers a streamlined closing experience through the ZOCCAM® mobile app. ZOCCAM enables your clients to send earnest money deposits straight from their mobile devices.



ZOCCAM is simple, safe and secure from start to finish:

- ▶ Files transfer in a more secure way directly to banks with no intermediary accounts involved
- ▶ Check image is not stored on the mobile device
- ▶ ZOCCAM is a “spoof-free” app
- ▶ Account info is never sent during real-time notifications
- ▶ Title company account information is not visible to users
- ▶ Account info of users are not stored on the mobile device

ZOCCAM is not offered in all markets. Please contact your local Stewart representative for availability details.

How to Register and Use The ZOCCAM® App



ZOCCAM's innovative platform streamlines transactions by letting you securely send documents and earnest money deposits to Stewart Title.

Register

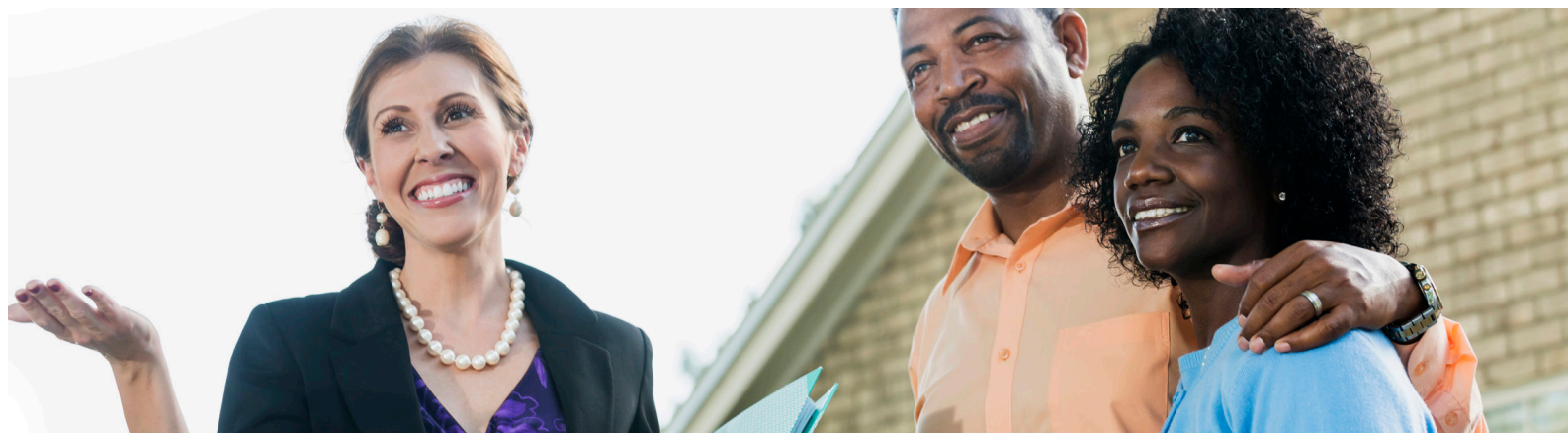
1. Download ZOCCAM from the app store.
2. Register with your name, email address and mobile number.
3. Enter real estate license or notary commission, if applicable.
4. Verify device with PIN sent via text.
5. Create an eight-digit numeric passcode and confirm passcode.

Capture Earnest Money Deposit

1. Sign in with your mobile number and the eight-digit numeric passcode you created.
2. Select Earnest Money.
3. Select Earnest Money again.
4. Select Stewart Title and click "OK" to confirm.

Filter State or Search by City or Zip to Locate Branch Office

1. Enter contract information (attach contract from email, if needed).
2. Take picture of front and back of check on a dark, well-lit surface.
3. Email notifications will be sent to all parties entered.



What is Title Insurance?

So, you're buying a house. It's an exciting time. It can also be a bit confusing. Things feel like they're happening pretty fast and, often, some important things can go unexplained – like title insurance. To help you understand the purpose and importance of title insurance, Stewart Title has put together this helpful overview.

What is title?

Simply stated, the title to a piece of property is the evidence that the owner is in lawful possession of that property.

What is title insurance?

Title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or defects in the title to the property. Each title insurance policy is subject to specific terms, conditions and exclusions.

How does title insurance differ from other insurance?

Flood, home and auto insurance, for example, protects against potential future events and is paid for with monthly or annual premiums. A title policy insures against events that occurred in the past of the real property and the people who owned it. Title insurance requires only a one-time premium paid at the close of the escrow.

What does it cover?

Title insurance protects against claims from defects. Defects are things such as another person claiming an ownership interest, improperly recorded documents, fraud, forgery, liens, encroachments, easements and other items that are specified in the actual policy.

Who needs it?

Home buyers and lenders need title insurance in order to be insured against various possible title defects. The buyer, seller and lender all benefit from the issuance of title insurance.

How is a title policy created?

The creation of a title policy begins by searching the public records for defects, such as liens or legal judgments, which could interfere with the transfer of the property's title. Once the title is deemed free and clear of defects, the prospective new owner receives a preliminary report for review and approval. If the prospective buyer approves the "prelim," the escrow officer will record the document after closing and settlement, and the title policy will be created.

What is escrow?

Escrow refers to the process in which the funds of a transaction, such as the sale of a house, are held by a third party, often the title company or an attorney in the case of real estate, pending the fulfillment of the transaction.

What are the policy types?

A standard policy insures the new owner/home buyer and a lender's policy insures the priority of the lender's security interest.

Why you need Title Insurance

Most types of insurance focus on possible future events and charge an annual premium. Flood, home and auto insurance are just a few such examples. Title insurance, by contrast, protects against hidden defects in the title and, unlike other forms of insurance, is paid only once.

Why title insurance?

Title insurance was first issued in 1871 to enable speed and efficiency when property is conveyed or legally transferred from one owner to another. Because of title insurance, real estate is more marketable and thus more valuable. Over the years, title insurance has proven effective in protecting buyers and lenders against defects in a property's title, and today its use has spread around the world. Stewart Title has played a major role in fostering that growth.

How does the process of getting a title policy begin?

Insuring a home's title begins with a search of the public land records associated with the property. The title company examines all documents in the public records – deeds, wills and trusts are just a few of the many – in order to determine the status of the title.

Should title problems appear during the search process, the title company will correct them whenever possible so as to avoid future claims. According to surveys done by the American Land Title Association® (ALTA®), title problems consistently arise in one out of three real estate transactions (36%). That's all the more reason to have a title insurance policy.

What is the cost of not having a title policy?

The process of performing title searches and curing title problems does not come cheaply. Industry studies find that title insurers spend an average of 92 cents out of every dollar paid toward a premium as their cost of doing business. The most common actions taken to cure title defects include:

- ▶ Releases or payoffs for liens
- ▶ Releases or payoffs for deeds or mortgages needing typographical corrections (e.g., names, addresses, legal descriptions)
- ▶ Clearing of estate-related issues
- ▶ Clearing of physical property issues



What if a problem is hidden or missed?

Despite the search-and-examination process, a title problem may still be hidden or missed. Examples of common problems include:

- ▶ Forged signatures on a deed
- ▶ Unknown heirs who step forward to claim ownership of the property
- ▶ Expired or forged power of attorney used during a prior property transfer
- ▶ Incorrect public records

Should these or other cases arise, a title insurance policy will offer indemnity protection. The title insurer will defend the title and either perfect it or pay valid claims protected by the policy.

What types of title policies are available?

Two types of title insurance policies exist – a lender's policy and an owner's policy. A lender's policy ensures that, should the mortgage not be valid or should the lien priority be incorrect – either condition means the mortgage fails to be enforceable – the lender will be indemnified against loss, subject to the terms of the policy.

Lenders require the homeowner to purchase a lender's title policy in order to protect their financial investment in the property. They also need a loan policy when packaging and selling their loans in the secondary mortgage market.

An owner's title policy is separate from the lender's policy and serves to protect homeowners from defects and liens in the chain of title up to the date and time the deed is recorded in the public records. Owner's title insurance lasts as long as the policyholder or his or her heirs have an interest in the property. The policy may be valid even after the homeowner has sold the property.





How You Hold Title in Arizona

Affects Your Ownership of Real Property

Real property is an asset you want to protect. Holding title to protect it can take many forms. To ensure that your assets are protected in the future, it's important to hold title in a way that accurately reflects your circumstances, wishes and interests.

Community Property – In a community-property state, such as Arizona, all property acquired by a married couple is jointly owned unless exempted by statute(s). Upon the death of either spouse, the survivor owns a one-half interest, with the deceased's interest being subject to his or her will or the laws of intestate succession.

Community Property With Right of Survivorship (CPWROS) – The difference between community property and tenancy in common is a valid marriage between two persons. Each spouse will hold an undivided (one-half) interest in the estate, which cannot be partitioned by selling his or her interest. A signature by both spouses is required to convey or encumber the estate. Upon the death of the first spouse, no court action is required to "clear" title and the estate passes to the surviving spouse outside of probate, after satisfaction of any estate taxes, and recording a copy of the death certificate.

Sole and Separate – Sole and separate title refers to real property owned by a spouse before marriage or any property acquired after marriage by gift, devise, descent or specific intent. If a married person acquires title as sole and separate property, his or her spouse must execute a disclaimer deed at the time of acquisition.

General Partnership – In Arizona, title may be taken in the name of a general partnership duly formed under the laws of the state. A partnership is defined as a voluntary association of two or more persons as co-owners in a business for profit.

Joint Tenancy With Right of Survivorship (JTWROS) – Even though Arizona is a community-property state, a married couple may acquire title as joint tenants by vesting as it is, which is contrary to the presumption that the property is community. Individuals who are not married may also acquire property in this manner. Upon the death of one of the joint tenants, the property transfers to the surviving joint tenant(s). For the property to be vested in the survivor's name, a copy of the death certificate must be recorded and the estate taxes, if any, must be satisfied.

Tenancy in Common – This form of co-ownership entitles two or more individuals to an undivided interest in the entire asset. Since the ownership is separate, it may be dealt with separately by the tenants. Property acquired by individuals not married to one another is presumed to have title as tenancy in common, which makes all interests equal unless the document states differently.

Corporation – Title may be taken in the name of a corporation, provided that the corporation is duly formed and in good standing in the state of its incorporation.

Limited Partnership – A limited partnership under Arizona laws is formed by two or more persons and has one or more limited partners. A certificate of limited partnership must be filed in the office of the Secretary of State.

Limited Liability Company – A limited liability company, formed by two or more persons under the laws of Arizona, operates similar to a partnership and offers protection that is similar to that of a corporation. An Arizona liability company must be filed with the State of Arizona.

The above information is provided for informational purposes only and is not to be construed as legal advice. Please consult your attorney should you have questions regarding your specific circumstance as legal consequences apply.



Closing Cost Guide

The SELLER can generally expect to pay for:

- ▶ Owner's title insurance premiums
- ▶ Real estate commissions
- ▶ Half of the escrow fee (except VA)
- ▶ Any loan fees required by the buyer's lender (according to contract)
- ▶ Payoff of all outstanding loans
- ▶ Interest accrued to lender being paid off, statement fee, reconveyance fees and any prepayment penalties.
- ▶ Termite work
- ▶ HOA transfer fee (according to contract)
- ▶ Home warranty (according to contract)
- ▶ Any judgments, tax liens, etc. against the seller.
- ▶ Half of recording service fee
- ▶ Tax proration (for any taxes unpaid at time of transfer of title)
- ▶ Any unpaid HOA dues
- ▶ Any bonds or assessments (according to contract)

The BUYER can generally expect to pay for:

- ▶ Lender's title insurance premiums
- ▶ Half of the escrow fee (except VA)
- ▶ Document preparation (according to contract)
- ▶ Notary fees (if applicable)
- ▶ Half of recording service fee
- ▶ HOA transfer fee (according to contract)
- ▶ Termite inspection
- ▶ All new loan charges, except those required by the lender for the seller to pay
- ▶ Interest on new loan from the date of funding to 30 days prior to first payment due
- ▶ Assumption – change of records fees for taking over existing loan.
- ▶ Home warranty (according to contract)
- ▶ Fire insurance premiums for first year.
- ▶ All required pre-pays (according to contract)

All fees and processes are subject to local real estate practices. For specific information about your transaction, please consult your real estate agent, loan officer or escrow officer.

The costs identified here are not necessarily all-inclusive and all of the services for which payment may be allowable or non-allowable may not be identified herein.

Moving Timetable

Tips for Moving

8 Weeks Before the Move

- ▶ Select your mover and get everything in writing.
- ▶ Decide how much of your current furniture you will be using. You can save on moving costs by getting rid of unwanted furniture prior to your move.
- ▶ Determine which unwanted pieces will be given to charity and which will be sold. This can save you money on your move – and put money in your pocket.



6 Weeks Before the Move

- ▶ If you are moving yourself, determine how many boxes you will need, then determine the size of the truck required by calculating the cubic feet of the boxes, plus that of large furniture pieces.
- ▶ If you're moving to a new community or city, get copies of records from service providers such as doctors, dentists, lawyers and utility companies.
- ▶ Make arrangements to transfer your children's school records.



4 Weeks Before the Move

- ▶ Clean or repair furniture, curtains or carpets, if needed.
- ▶ Hold a garage sale.
- ▶ Arrange for storage, if needed.
- ▶ Make any necessary travel and hotel reservations.
- ▶ Determine if you need to transfer local bank accounts or cancel direct deposits. Coordinate with your bank(s).



3 Weeks Before the Move

- ▶ If movers are not doing your packing, begin gathering packing materials:
 - Boxes
 - Bubble wrap
 - Old newspapers
 - Felt-tip markers
 - Furniture pads
 - Large self-stick labels
 - Nylon packing string
 - Packing peanuts
 - Packing tape
 - Rope
 - Scissors
 - Utility knife
- ▶ Begin packing items you won't need between now and your move.
- ▶ Arrange to cancel utilities and services at your old home after you've moved, and make sure you have electricity and water turned on at your new home by the time you move in.

2 Weeks Before the Move

- ▶ Make any special arrangements to move pets.
- ▶ Have your car checked and serviced for the trip if you're moving far away.
- ▶ Fill out a change-of-address form with the U.S. Postal Service.
- ▶ Send a change-of-address notice to your friends and family.
- ▶ Review your online accounts and update your address in your profile.
- ▶ Transfer any prescriptions to a pharmacy near your new home and return any library books.
- ▶ Arrange for a babysitter on moving day if you have small children.



2 Days Before the Move

- ▶ Defrost your refrigerator and freezer.
- ▶ Set aside valuables and legal documents to take with you.
- ▶ Pack clothing, toiletries and other first-day essentials to go with you.
- ▶ Have your movers begin packing.
- ▶ Arrange payment for the driver on moving day if you're using a mover.



Moving Day

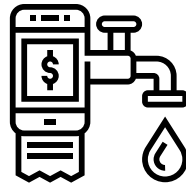
- ▶ Pick up the truck early if you're moving yourself.
- ▶ Make a list of every item and box loaded into the truck.
- ▶ Give your contact information to the mover.
- ▶ Read the terms and conditions in your mover's agreement before signing. Keep the agreement in a safe place until your goods are delivered, charges are paid and any claims are settled.
- ▶ Check that no leave-behind appliances are still connected in your old house.
- ▶ Inspect the attic and garage, and lock all doors and windows.



Delivery Day

- ▶ Check off all boxes and items as they come off the moving truck (if applicable).
- ▶ Make sure utilities are connected and new locks are installed.
- ▶ Be on hand to answer questions, pay the driver, take care of last-minute problems and examine your goods.

UTILITIES MADE EASY!



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877-860-6020

Power Services



602-371-7171



602-236-8888

Cable and Internet



1-800-234-3993



1-877-336-4960



1-800-207-4099



1-855-908-9103

CLICK THE BUSINESS LOGO TO ACCESS
THE DIRECT WEBSITE



Water Services



1-800-383-0834



City of Phoenix



602-262-6251



623-773-7160



623-930-4100



623-882-7887



623-349-6000



623-333-2005



Liberty Utilities



844-367-2027



480-488-6620



480-312-3111



Apache Junction
WATER DISTRICT



480-982-6030



480-966-0115



480-503-6800



480-644-2221



480-358-3450



480-782-2280



623-936-7111



480-350-8361



623-936-7111



