



SELLING A HOME IN ARIZONA

A Step by Step Process



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❖ *Chicago Title Agency Locations*

East Valley

Tempe

1400 E. Southern Ave.
Suite 345
(480) 874-7045

Chandler

2121 W. Chandler Blvd.
Suite 200
(480) 899-0201

Mesa

1959 S. Val Vista Rd.
Suite 113
(480) 481-2272

Tri-City East

1910 S. Stapley Dr.
Suite 221
(480) 874-7035

Gilbert

1959 S. Val Vista Rd.
Suite 115
(480) 539-6854

McClintock

1400 E. Southern Ave.
Suite 345
(480) 874-7045

Scottsdale

Northsight

14200 N. Northsight
Blvd. Suite 100
(480) 675-4976

Scottsdale

6710 N. Scottsdale Rd.
Suite 100B
(480) 998-9298

Central Phoenix

Central City Corridor

777 E. Missouri Ave.
Suite 112
(602) 667-1080

North Central Corridor

2390 E. Camelback Rd.
Suite 120
(602) 667-1001

West Valley

Northwest

2730 W. Agua Fria Pkwy.
Suite 203
(623) 434-9205

Arrowhead

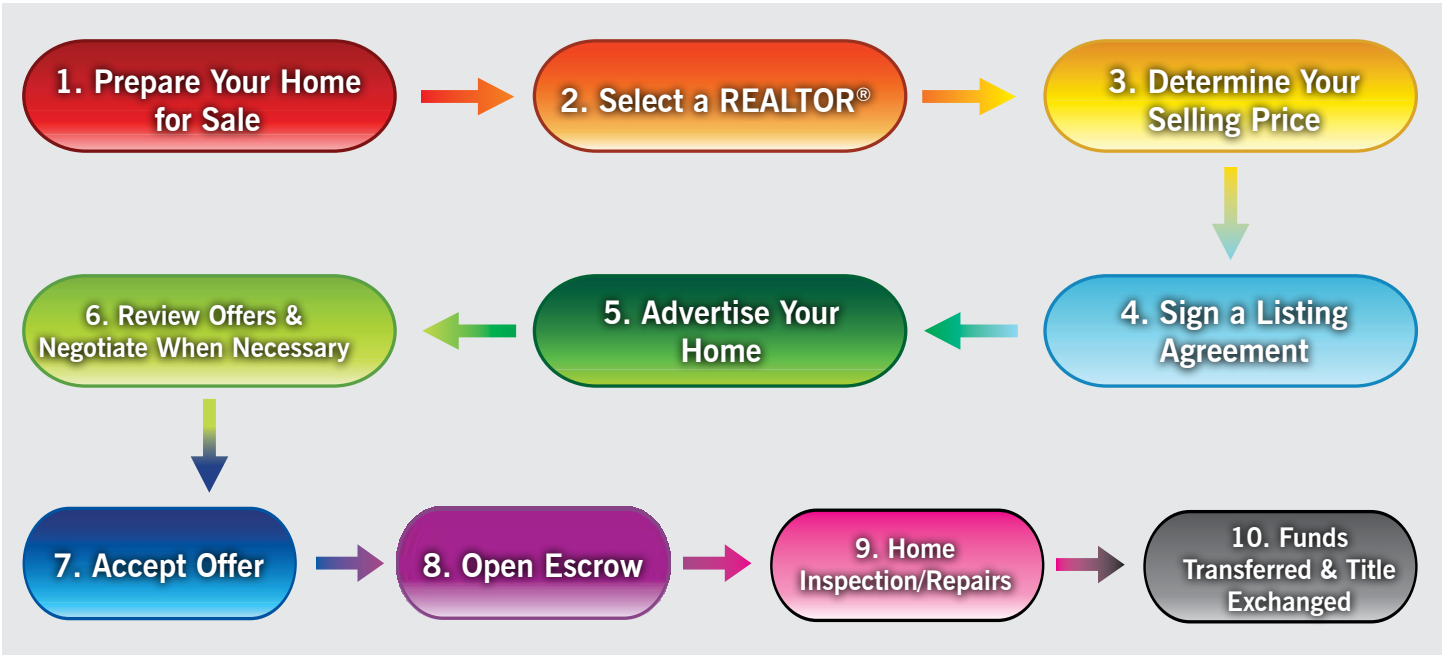
14050 N. 83rd Ave.
Suite 260
(623) 824-7660

Desert Ridge

Desert Ridge

20830 N. Tatum Blvd.
Suite 399
(602) 667-1230

❖ *The Home Selling Process At A Glance*



❖ *Your Home Selling Partners*

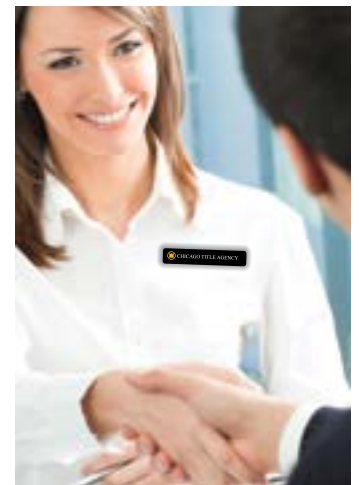
Real Estate Agent



Home Inspection Professional



Escrow Officer with Chicago Title Agency



❖ *Benefits of Working With a REALTOR®*

The term “REALTOR®” identifies a real estate professional who is a member of the NATIONAL ASSOCIATION OF REALTORS® and abides by its strict Code of Ethics. They will direct, guide and represent you through the home-selling process including:

- Assist you in preparing your home to sell
- Offer recommendations for home improvement and, if necessary, suggest preferred vendors
- Provide current and historical sales and listing data to help in determining fair pricing
- Prepare the Listing Agreement according to your terms and ensure all documents are legally correct
- Enter your home into the Multiple Listing Service (MLS) and market your home to potential buyers and other agents within the real estate community. Only Real Estate Agents have access to the Multiple Listing Service (MLS) which is a database of properties listed for sale by REALTORS®. This database is the primary source for Buyer’s agents who are looking for homes to present to their clients
- Accompany potential buyers and/or agents when viewing your home
- Review all offers, and negotiate when necessary on your behalf
- Prepare any counter offers or purchase acceptance agreements
- Open Escrow
- Oversee all inspections and confirm any counter offer stipulations are met
- Handle any problems which may arise and recommend attorney services if necessary
- Keep you fully informed of all activities that lead to the closing

REAL ESTATE DESIGNATIONS:

CRS – Certified Residential Specialist

GRI – Graduate REALTOR® Institute

SFR – Short Sale & Foreclosure Resource

SRS – Seller Representative Specialist



❖ *Selling Your Home on Your Own*

When considering selling your home, you have options – You can choose to sell your property with the professional representation of a real estate agent or you can choose to sell “by owner.” Those who choose to sell “by owner” save the Selling Agent’s commission, but, in most cases, must offer a Buyer’s Agent commission to entice the Buyer’s Agent to show their home. These types of home sellers are also typically very familiar with the home selling process. If you are considering selling your home on your own, please take into account the following expectations:



- Do you have experience with problem resolution and protecting your rights in a real estate transaction?
- Do you understand the steps of an escrow and what is required of you (and the buyer) to complete the transaction?
- Do you know which Title Company, Termite Company, Inspection Company and Lender to hire that will provide the best service and costs to you?
- Are you capable of understanding and writing a legally binding real estate contract?
- Do you know how to determine the current market value of a home?
- Do you know how, when and where to advertise and market your home to get it noticed among the competition and absorb the costs of such efforts?
- Only Real Estate Agents have access to the Multiple Listing Service (MLS) which is a database of properties listed for sale by Real Estate Agents. Real Estate Agents use MLS to search properties and research current homes for sale for comparable homes and pricing information. MLS is used to get your home the most exposure possible.
- Are you available to show your home 12 hours a day, 7 days a week?

❖ *Preparing Your Home to SELL*

A home in pristine condition will attract more buyers, sell your home in the shortest period of time and better position your home for its highest value.

In addition to a clean and inviting appearance, invest the money up front to cover all repairs. Whatever you don't repair will be noted on the home inspection report. If the repair list is lengthy, some buyers may decide to back out of the agreement, or incorporate the cost of repairs into their negotiations.

To ensure your home shows at its best, here are a few suggestions:

- Take an objective account of condition inside and out
- Repair any damage throughout
- Deep clean – top to bottom
- Professionally clean flooring
- Clean all windows, repair screens and ensure windows open properly
- Clean out the fireplace and add fresh logs if applicable
- Repair ceiling leaks and stains
- Paint interior where necessary selecting neutral colors
- Ensure all plumbing and electrical elements are in excellent condition
- Clean and ensure proper condition of all kitchen appliances
- Remove clutter inside – countertops and closets
- Store worn furniture out of site
- Remove personal items such as photos and knick-knacks
- Paint exterior trim or door/window frames and other areas where necessary
- Remove clutter outside – old patio furniture, out of place tools, non-essential décor, etc
- Groom landscaping – trim and replant where necessary
- Enhance the entry way with potted plants and a new welcome mat



❖ *Preparing Your Home to SHOW*

When showing your home to prospective buyers a positive first impression is crucial. Take these steps to ensure your home shows at its best:

1. Open up all drapes and blinds to let in as much light as possible and make rooms look larger
2. Turn on the lights in all rooms, light candles for a fresh and fragrant ambiance
3. At night, turn on all porch and outside lights
4. Leave the house in perfect order, make beds, put away dishes and hang fresh bathroom towels
5. Vacuum your home as much as possible to keep in showing condition
6. Keep pets outdoors
7. Put away all children's toys and clutter
8. Play soothing music, do not have the TV on
9. Arrange fresh flowers around the house tastefully
10. **Leave your home when it is being shown. However, make sure your agent can reach you to answer questions, etc.**



❖ *Return on Your Home Improvements*

When you're ready to sell your home, remember, a positive first impression is of paramount importance to a buyer. Rely on the objective opinion of your REALTOR® to offer suggestions on home improvements that will likely offer the highest return on your investment. Another great resource for your research is the "2014 Cost vs. Value Report," an annual collaboration between *Remodeling Magazine* and *Realtor Magazine* that breaks down the estimated cost of various remodeling projects and the estimated return on investment for those projects by region and by city, as well as by midrange and upscale projects. To view the list, visit www.remodeling.hw.net/cost-vs-value/2014.

Below is a brief summary of upgrades that typically reap the highest return according to Realtor.com.

HOME IMPROVEMENT	PERCENT OF RETURN
Upgrade the front door – replace, repaint, replace hardware	96%
Add more outdoor living space or enhance existing space by adding water features, outdoor fireplace or kitchen area, or new landscaping	87%
Add indoor living space such as bedroom, bath, walk in closet	84%
Replace garage door	83%
Major kitchen remodel	74%
Minor kitchen remodel including repaint cabinets, replace counters, or replace appliances	82%
Replace windows to be more energy efficient	79%
Upgrade the bathroom including: new fixtures and mirrors; new paint; redo caulk around tub and shower; replace grout in tile flooring	73%

❖ *The Importance of Pricing*

Without a doubt, of all of the mistakes that a Seller can make, mispricing the home either too high or too low is the most harmful and costly. Price your home too low, the home will sell, and probably sell quickly, but you will lose money that is rightfully yours. Price the property too high and it will linger on the market and likely not sell costing money in the form of interest, repairs, upkeep and added stress.

Your REALTOR® will work with you to select the list price that puts your home in the best competitive position to sell for the highest price in the least amount of time. Together, you will review homes like yours that have recently sold, are currently for sale, or have expired or been taken off the market.

The most buyer activity will occur within the first couple weeks of your home being on the market. Therefore pricing it correctly at the onset increases a timely sale with less inconvenience and greater monetary return.

Key Reasons to Price Properly:

1. **A Timely Sale** – Chances are that your home will ultimately sell at its fair market value. Pricing it properly at the onset simply increases the likelihood of a timely sale with less inconvenience and greater monetary return.
2. **Competition** – Buyers educate themselves by viewing many properties and they will always look at a range of homes priced competitively. They know, or learn very quickly, what is a fair price. If your home is not competitive in value with those they have seen in the same price range, it simply will not sell.
3. **Reputation** – Overpricing causes most homes to remain on the market too long. Buyers and agents become aware of the long exposure period and often are hesitant to make an offer because they fear something is wrong with the property. Clean, well-prepared homes, which are on the market for a long period of time, historically sell for less than their fair market value.
4. **Inconvenience** – If overpricing keeps your home from selling promptly, you may end up owning two homes, the one you are trying to sell and the new home you have already purchased. This can prove to be costly, worrisome and very inconvenient.

For an estimate of net proceeds from the sale of your home, check with your REALTOR®.

❖ *Appraisals and Their Influence on Home Pricing*

When you sell your house, and the buyer is applying for a new loan in order to purchase the property, the buyer's lender requires a licensed appraiser to estimate the market value of the property to show the lender that they are making a prudent decision lending the buyer the money to buy your house. The cost of the appraisal is negotiable.

Once the buyer begins the new loan application process, the lender will order the appraisal. In order to estimate the market value of your house, the appraiser will research the sales comparables in your subdivision and/or your immediate area. Appraisers prefer to use sales which have sold within the past 6 months and are similar to yours in regard to square footage, year built and amenities (i.e. swimming pool, garage, single story).

The appraiser will measure your home, take photographs, and examine your house for its condition, specific improvements and amenities. You can help the appraiser by preparing a list of recent improvements and remodeling projects, and include their approximate costs. Some appraisers will appreciate this information while others may not. However, if you prepare the information for buyers looking at your home, then providing it for the appraiser will be a snap.

The lender will receive a copy of the appraisal a few days after the appraiser has been to your home. You may be told that the appraiser has some repair requirements before the lender can loan the buyer any money on your house. In that case, you must repair these problems and the appraiser will return for a reinspection at an additional cost.

If your home does not appraise for the asking price, your buyer could renegotiate or walk away from the deal. This is why your original asking price should be accurate to the appraised value.



❖ *15 Selling Mistakes To Avoid*

1. **Pricing Your Home Too High** – A Real Estate Agent can research comparable sales in your area and advise you for the appropriate price range of your property.
2. **Taking An Inflexible Position on Financing** – Have your Agent explain what financing options are available. Being flexible on financing terms may secure a better selling price, with other advantages as well.
3. **Errors in Market Timing** – Ask your Agent to determine whether the market cycle is poised to net you the most money.
4. **Not Providing Easy Access for Showings** – There are many ways to show a home. “Appointment Only” is the most restrictive. Lock boxes (key safes) are the most accessible. If your home is easy for Agents to show, more prospective Buyers will see it, improving your odds of getting the deal you want. However, your specific lifestyle may not be compatible with frequent showings. Your Agent will help you determine a solution that will best fit your situation.
5. **Not Utilizing Current Market Technology** – Make sure your Agent is up with the latest technology and resources available, such as internet sites that cater to home Buyers and resources available through Chicago Title. Check around to see what technology is being utilized in your specific area. A good Agent will know where you can get the best exposure.
6. **Not “Staging” Your Property Correctly** – Reference the sections on “Preparing Your Home To Sell” and “Preparing Your Home To Show” for tips on setting the stage for your home showings.
7. **Believing Selling Property is Seasonal** – Don't base selling decisions on the seasons. Property sells all year long.
8. **Pricing Your Property Too Low** – One reason to hire an Agent is to make sure that no money is left on the table.
9. **Believing Your Agent is Not Doing Their Job When There Aren't Any Offers** – If your home shows well, but hasn't generated any interested Buyers, it may be time to re-evaluate the price.
10. **Ignoring the Importance of First Impressions** – Sales have been blown by unkempt lawns, cluttered closets, unpainted front doors, hard-to-work locks, blown light bulbs, bad colors, stains, unlit areas and bad smells. Spend time on the little things. Double up on your gardening, keep things cleaner than usual. Take serious control of your pets during this period.
11. **Not Making the Right Kind of Repairs** – Don't be tempted to make improvements prior to listing without consulting your Agent. Some upgrades will not yield any real increase in value, while others may increase property value substantially.
12. **Not Giving the Sales Effort Enough Time** – You should never give too little time to what is inherently a long process. Homes may take 3-6 months to sell, in any market. Estimate how much time you have before you need to sell and then plan ahead to allow extra time. You don't want to be forced to accept a disappointing offer.
13. **Not Screening Prospects Adequately** – One of the best reasons for hiring an Agent is their ability to prequalify a prospect financially before valuable negotiation time is lost. More importantly, your Agent may discover when a prospect has an ulterior motive for shopping homes, other than purchasing.
14. **Believing that You Can't Make a Difference** – The Top Agents in the industry report that Sellers themselves are responsible for at least one out of ten sales! You can network your business and personal friends, you can hand out fliers at your place of business and elsewhere, and you can keep the house in “move-in condition.” Your Agent should be ready to hand you all sorts of assignments to make the “team effort” successful.
15. **Testing the Market** – Never put your property on the market unless you really want a sale! Get ready for a professional sales push when you list with a great Agent. If your plan harbors some indecision, resolve it before you list, because success is every great Agent's objective.

❖ *When An Offer is Received*

When a buyer makes an offer on your home, the sales process begins. It will likely include the following:

Purchase Contract Prepared – The Buyer's Agent will prepare the Purchase Contract on behalf of the buyer. This agreement will include the buyer's terms of the purchase including how much they are offering for the home and any contingencies, such as home inspections or lender appraisal. Earnest money may also be included.

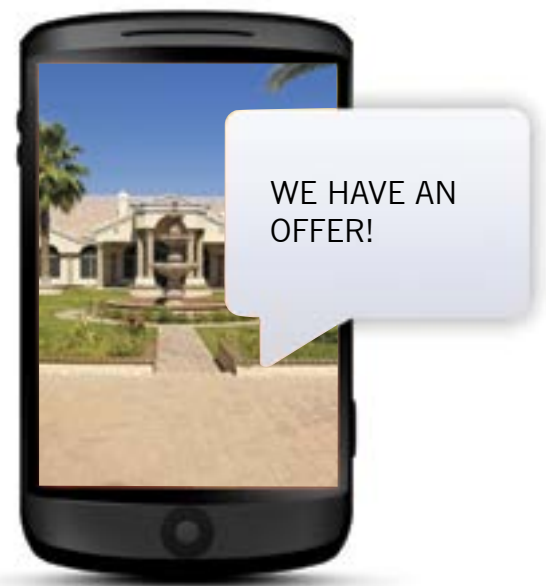
Offer is Presented – Upon completion of the Purchase Contract, the Buyer's Agent will contact the Seller's Agent and electronically transfer the offer, or make an appointment to present the offer in person.

Net Proceeds – The Seller's Agent may prepare a Net Proceeds Statement for the seller which will detail the estimated costs to sell the home and how much the seller will actually receive under the terms of the offer.

Offer is Accepted or Countered – The seller will evaluate the offer then accept the terms or prepare a counter offer.

Closing Process Begins – If the seller accepts, the closing process will begin. If you counter, the ball is back in the buyer's court and the buyer must decide if they will accept, reject, or counter the counter offer.

Be Available – The offer process typically moves quickly. It's important to be readily available.



❖ *The Home Inspection Process*

Home Inspection

A standard home inspection is typically ordered by the buyer after an offer is accepted and is a visual examination of the physical structure and major interior systems. It is not to be interpreted as a guarantee of any kind or an insurance policy on the condition of the property. A home inspection is not to be confused with an appraisal, a building code inspection, or a guarantee of any kind and/or an insurance policy on the property.

The inspector will review the easily-accessible exposed portions of the structure of the home including the roof, attic, walls, ceilings, floors, windows, doors, and foundation, as well as the heating/air conditioning systems, interior plumbing and electrical systems. Potential problems will be noted. Home inspections are not intended to point out every small problem or any invisible or latent defects in a home.

Other Inspections & Tests to Consider

Lead Paint

Termite

Air Quality

Fungi, mold and allergens

Urea Formaldehyde Insulation



❖ *Disclosure Details – When in Doubt Disclose*

Sellers are obligated by law to disclose all known material facts about the property to the buyer. The Arizona Association of REALTORS® Seller's Property Disclosure Statement ("SPDS") is designed to assist you in making these legally required disclosures and to avoid inadvertent nondisclosures of material facts. Your agent will provide you with a copy of the SPDS form.

- **What Must Be Disclosed?**

Since the mid 1980s, many states have made it mandatory that a seller disclose, to every potential buyer, any existing problems or defects of which the seller is aware. It is critical that all of the disclosures are in writing.

- **Maintenance and Home Improvement Records**

Have available all of the records with regard to maintenance service work, warranty work or improvements that you have made throughout the ownership of the home. Of particular interest will be roof replacement or repair, appliance repair, plumbing service and electrical work. If you have kept up with the proper service and maintained good records, most buyers will see that as a very strong positive for the house.

- **Utility Bills**

Most potential buyers will want to know the approximate monthly utility bills. If you have all of the bills for gas, electricity, propane, sewage, garbage and water for the previous year, have them available. If you have not saved your bills, call each of the utility companies and ask for a printout of your bills for the previous 12 months.

- **Warranties**

Have all warranties available that are still in effect for appliances or other items for the home. This is especially important for roofs, pools, spas, electrical and major appliances.

- **Legalities of Home Preparation**

Some sellers make a severe mistake and try to cover up problems that exist with a home. An example is painting an interior wall to cover up a discolored area caused by a leak in the exterior wall or roof. This is an example of withholding pertinent information and falls under the laws of Seller Disclosure.

❖ *Understanding the Escrow Process*

The following explains the sequence of events involved in an escrow/closing process and what party involved is responsible. Your Escrow Officer is a “neutral third party.” Her/his job is to gather all the documents and information from all involved parties to prepare for the transfer of the property.

START Step 1	Escrow Officer	Receives Purchase Contract with earnest money check, opens escrow and orders title commitment
Step 2	Buyer	Has all inspections completed
Step 3	Lender	Begins processing: Orders credit report, appraisal, deposits and verification of employment
Step 4	Escrow Officer	Receives Title Commitment for review and distributes to all parties
Step 5	Escrow Officer	Orders any statements for items requiring payoff per Title Commitment
Step 6	Lender	Receives loan approval and orders loan documents to be sent to Escrow
Step 7	Escrow Officer	Prepares a preliminary settlement statement for review by parties
Step 8	Seller	Signs deed and other related sale documents
Step 9	Buyer	Signs loan documents and deposits funds required
Step 10	Escrow Officer	Returns signed loan documents to Lender
Step 11	Escrow Officer	Receives loan funds from Lender
Step 12	Escrow Officer	Orders recording of Deed and Deed of Trust
Step 13	Escrow Officer	Completes the file by paying the Seller, agents, and all bills in escrow, and sends the final documents to all parties
Step 14 FINISH	Title Company	Issues title policies to Owner and Lender

❖ *What is Title Insurance and Why is it Needed?*

Title Insurance Offers Protection

The buyer's lender must insure that the quality of the title to the property being purchased, and which the buyer will pledge as security for the loan, is satisfactory. The lender does this by obtaining a lender's policy of Title insurance, often referred to as the ALTA policy.

The lender's policy protects the lender against loss due to unknown Title defects at the time of the sale and in the future. This policy only protects the lender's interest. It does not protect the buyer. That's why the buyer needs an Owner's Policy, which will be issued at the same time as the lender's policy for a one-time fee.

How can there be a Title defect if the Title has been searched and a loan policy issued?

Title insurance is issued after a careful examination of copies of the public records. Even the most thorough search cannot absolutely assure that no Title hazards are present, despite the knowledge and experience of professional Title examiners. In addition to matters shown by public records, other Title problems may exist that cannot be disclosed in a search.



What Title Insurance Protects against?

Here are just a few of the most common hidden risks that can cause a loss of Title or create an encumbrance on Title:

- False impersonation of the true owner of the property
- Forged deeds, releases of wills
- Undisclosed or missing heirs
- Mistakes in recording legal documents
- Deeds by persons of unsound mind
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid inheritance, income of gift taxes
- Fraud

What protection does Title Insurance provide against defects and hidden risks?

Title insurance will pay for defending against lawsuits attacking your Title as insured, and will clear up Title problems or pay the losses. By combining expertise in risk elimination at the time of issuing a policy, and protection against hidden risks as long as the policy remains in effect, your Title insurance protects against Title loss.

❖ *Estimated Net Sheet*

A very rough estimate of the Seller's Closing Cost is 7% of the sales price plus the agent's commission. Your agent can help you accurately calculate these fees.

Seller Sample of Estimated Net Sheet		
Property Address:		Buyer's Name:
123 Lovely Street		Mr. & Mrs. Buyer
Prepared for:		Sales Price:
Mr. & Mrs. Seller		\$280,000
Property Taxes	\$2,000	\$1,000
First Loan		\$100,000
Disbursements Paid:	Who Pays	
Real Estate Commission – Listing Agent	Seller – 3%	\$8,400
Real Estate Commission – Selling Agent	Seller – 3%	\$8,400
Pest Inspection	Seller	\$95
Pest Repairs	Seller	\$0
Home Warranty	Seller	\$385
Natural Hazards Disc Report	Seller	\$99
County Transfer Tax	Seller	\$308
City Transfer Tax	None	\$0
Other Costs	None	\$0
Title & Escrow Charges		
Owner's Title Insurance	Seller	\$1,040
Escrow Fees	Seller	\$1,165
Recording Fee	Seller	\$15
Notary Fee	Seller	\$20
Courier Fee	Seller	\$15
Total Closing Costs		\$119,843
Seller Net		\$160,157

❖ *Moving Checklist*

Whether moving from a home or into a new home, the Moving Checklist is a handy reminder of things to do and people to inform regarding your move.



Address Change

- Give forwarding address to post office 2 to 3 weeks before moving
- Change charge accounts, credit cards
- Subscriptions: Notice requires 6 to 8 weeks
- Friends and relatives

Bank

- Transfer funds, arrange check-cashing in new city
- Arrange credit references

Insurance

- Notify company of new location for coverages: life, health, fire and auto
- Make sure home owners' coverage for your new house is in place

Medical, Dental, Prescription Histories

- Ask doctor and dentist for referrals, transfer needed for prescriptions, eyeglasses, x-rays
- Obtain birth records, medical records, etc.
- Arrange for medical services: doctor, dental, veterinarian, etc.

Pets

- Ask about regulations for licenses, vaccinations, tags, etc.

Schools

- Get school transcripts (some districts require that they be sent directly from the prior school)

Utility Companies

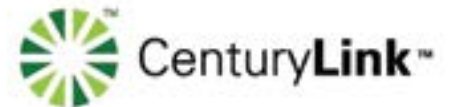
- Notify gas, electric, water, telephone, fuel, and garbage companies
- Get refunds on any deposits made
- Return cable boxes

Don't Forget To:

- Carry enough cash or traveler's checks to cover cost of moving services and expenses until you make banking connections in new city
- Carry jewelry and documents yourself, or use registered mail
- Double check closets, drawers, shelves to be sure they are empty
- Leave old keys, garage door openers, broiler pans, landscape / house plans and instruction manuals needed by new owner with real estate agent
- Have new address recorded on driver's license and car registration
- Visit city offices and register to vote

❖ *Disconnecting and Connecting Utilities*

There are services who will handle all your utility disconnections or hookups. One such service is **www.ConnectedUtilities.com**. There are other online resources that list individual phone numbers of various utilities and you can arrange for your own disconnects or hookups. These services can be easily located by searching the Internet for **Phoenix Utility Services**. Your REALTOR® is another resource for assisting in getting utilities disconnected or hooked up.



**THE ARIZONA
REPUBLIC**



Area Codes for Selected Cities

- (480) Chandler, Scottsdale
- (520) Tucson
- (602) Phoenix
- (623) Sun City, Peoria
- (928) Flagstaff, Yuma

❖ *Glossary of Terms*

Appraisal	An opinion of value based upon a factual analysis.
Amendment	An alteration, addition, or correction to an agreement that does not change the principal idea or essence of the original agreement.
Chain of Title	A summary or digest of the conveyances, transfers, and any other facts relied on as evidence of title, together with any other elements of record which may affect the marketability of the title.
Amortized Loan	A loan that is completely paid off, interest and principal, by a series of regular payments that are equal or nearly equal. Also called a Level Payments Loan.
Appreciation	An increase in value of real estate. C.C. & R's The Covenants, Codes, and Restrictions of a sub-division or master planned community. These regulations grant the association the right to enforce certain aspects of the community. (Example: Exterior colors or plantings)
Closing	The final settlement of a real estate transaction between the Buyer and Seller.
Condominium	A system of individual fee ownership of units combined with joint ownership of common area of the structure and the land.
Conventional Mortgage	A mortgage securing a loan made by investors without governmental underwriting.
Counter Offer	A rejection of an offer by a Seller along with an agreement to sell the property to the potential Buyer on terms differing from the original offer.
Deed	Written instrument which, when properly executed and delivered, conveys title.
Deed of Trust	An instrument used in Arizona in place of a mortgage to secure the lenders rights.
Discount Points	Additional charges made by a lender at the time a loan is made. Points are measured as a percent of the loan, with each point equal to one percent. These additional interest charges are paid at the time a loan is closed to increase the rate of return to the lender so as to approximate the market level.
Earnest Money Deposit	Down payment made by a purchaser of real estate as evidence of good faith.
Easement	Created by grant or agreement for a specific purpose, an easement is the right, privilege or interest which one party has in the land of another. (Example: rights of way, utility companies)
Equity	The market value of real property, less the amount of existing liens.
Escrow	The deposit of instruments and funds with instructions (the Contract) to a third neutral party (Escrow Agent) to carry out the provisions of an agreement or contract; when everything is deposited to enable carrying out the instructions, it is called a complete or perfect escrow.

FHA Loan	A loan which has been insured by the federal government.
Impound Account	Account held by the lender for payment of taxes, insurance, or other periodic debts against real property.
Legal Description	A description of land that complies with government surveys to thoroughly identify a specific parcel so that it, and its boundaries, cannot be mistaken for any other.
Lien	A form of encumbrance which usually makes property security for the payment of a debt or discharge of an obligation. (Example: Judgments, taxes, mortgages, deeds of trust, etc.)
Mortgage	An instrument recognized by law by which property is hypothecated to secure the payment of a debt or obligation; procedure for foreclosure in the event of default is established by statute.
Origination Fee	A fee charged to the borrower by the lending institution.
Personal Property	Any property which is not real property, e.g. money, appliances, cars, boats, furniture, etc. In real estate, anything not permanently attached to the building is considered personal property.
PITI	A payment that includes Principal, Interest, Taxes, and Insurance.
Power of Attorney	A legal "instrument" whereby a principal gives authority to another to act for them. A specific form must be used in Arizona to create a Power of Attorney.
Promissory Note	Following a loan commitment from the lender, the borrower signs a note promising to repay the loan under stipulated terms. The promissory note establishes personal liability for its repayment.
Quit Claim Deed	A deed operating as a release.
Recording	The official filing of documents with the County Recorder, making the transfer of property official.
Special Assessment	Legal charge against real estate by a public authority to pay cost of public improvements such as: Street lights, sidewalks, street improvements, etc.
S.P.D.S.	Also referred to as "SPUDS," is the Seller's Property Disclosure Statement. Sellers are required to disclose any problems that they are aware of that affect the property.
Subdivision	A parcel of land that has been divided into smaller parts.
VA Loan	A loan guaranteed by the Veteran's Administration.
Warranty Deed	A deed used to convey fee title to real property.
1031 Exchange	A method enabling property owners to trade an investment property for another investment property (or properties) without paying capital gains taxes on the transaction.



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