

What Happens Next (The Escrow Period)

- 1) Congratulations on the purchase of your house! Escrow has been opened with the escrow company set forth in the Contract; *Type Title/Escrow Comany's Name Here* the escrow number is *Type Escrow File # Here*; the escrow agent's name is *Type Escrow Agent's Name Here*, and their phone number is **(###)###-####**.
- 2) The buyer has a right to have the home inspected (usually within the first **ten days**), so the sellers' agent will be notified of the date and time the buyer wants to have the house inspected. The sellers must insure that the utilities are on for the inspection. Inspections take anywhere from 1 to 3 hours, so the sellers may want to plan to be somewhere else during this time (see a movie!) The purpose of the inspection is to find things that are wrong, so the sellers may not want to hear the inspector and the buyer find fault with the home. Do not worry, every house ages, and always some sort of repair is needed.
- 3) Within this inspection period, the buyer has the right to present the sellers with a list of items (using the Buyer Inspection Notice or **BINSR**) about the house that they would like to have repaired or replaced. The sellers have five (5) days to respond to the request (not fix them within 5 days, only to respond). The sellers have until ten days prior to the close of escrow (five calendar days under the contract or by Monday, if Friday is the closing) to get the work done.
- 4) The sellers' answer to the repairs requested in the BIN will be one of the following three
 - 1) I'll fix everything you ask;
 - 2) I'll fix some of the things you ask
 - 3) I'll fix none of the things you askIf the answer is number 2 or 3 above, the buyer has the right to **cancel the contract** and have the **earnest money deposit refunded** to them. Or, they can take the house the way it is.
- 5) Sellers shouldn't get discouraged or offended by repairs: things break or wear out after a period of time. The buyer has the right to ask for things to be made as workable or right as possible, and any sellers would want the same thing for themselves when they purchase their next house. So, don't worry about these requests. The sellers should repair as many of the items possible and move on - they will be glad they did.
- 6) Within the 10 day period (or maybe afterward) the termite inspector will inspect the home. He will go through and around the house with his flashlight looking for 4 things:
 - a) "Evidence of infestation" - such as termite tubes and runs;
 - b) "Conditions conducive to infestation" - such as excessive moisture from dripping faucets, earth to wood contact (e.g. outside where wooden fences touch houses), improper grade (where the dirt outside touches the house above the foundation or floor level);
 - c) Evidence of prior treatment - such as holes drilled in concrete where treatment was applied;

d) Damage, such as crumbling wood from termite damage and/or "dry rot", etc.
If any problems are found, the buyer will usually request that the sellers repair them, and/or arrange for treatment before close of escrow. Although these are negotiable costs, most buyers are not going to proceed if they have to inherit these problems or costs, and lenders will not fund a buyer's loan if they are not satisfied with the condition of the property.

7) The buyer's lender will order the appraisal. The sellers will receive a call letting them know when appraiser wants to come out. Measurements and photos may be taken as a part of the process. Interior access is usually required, so the sellers may have to be there to let the appraiser in. Sellers do not have to say or sign anything, but it is a good idea to cooperate with the appraiser. Only if there is a problem with the amount will the appraisal be relevant, and if so, it takes a while after the visit by the appraiser before we will know. **No news is good news!**

Under the Contract, the value of the home can be no less than the purchase price. If the appraisal comes in **lower than the contract price**, there are 4 or 5 options for buyer and seller:

- a) the seller agrees to drop the price to the amount of the appraisal;
- b) the buyer pays the difference from appraisal to contract price in cash to seller;
- c) Both the buyer and seller both meet somewhere in the middle with the difference;
- d) if a **cash** deal, the buyer decides to go ahead with the purchase anyway;
- e) the buyer cancels the contract and, after appropriate notice under the contract, gets the earnest money deposit back.

8) If the buyer is getting a VA or FHA loan, then the appraiser will also inspect the house for a few things that the seller **must** fix before closing. Here are some:

- a) any chipped paint must be scraped and repainted (inside or outside)
- b) all floors must have some kind of cover (like tile, carpet, linoleum, etc.), and whatever is on the floor must be secure;
- c) any loose carpeting or holes in the carpet must be fixed, and any concrete showing must be covered;
- d) the heater must be workable from a thermostat; (note that a home in Arizona is not required to have any kind of cooling!);
- e) the house must have running water.

9) After all inspections and appraisals and repairs have been done the buyer will usually schedule a "walk through", usually after any repairs are done and right before closing. This is when the buyer verifies that the repairs have been done, and when the sellers show the buyer how to work certain things and where things are located, etc. It's not necessary that the seller's agent be there but the buyer's agent usually is. The sellers may ask the buyers to sign something, but they are ordinarily not required to sign or do anything - call us if you have questions.

10) **The walk through can be a deal killer.** Make sure the following things **don't** exist:

- a) The utilities are not on;
- b) Items are missing, because they have been switched out or substituted for that which existed at the time the contract was signed, such as the switches, appliances, curtains and rods, chandeliers, lighting fixtures, fireplace screens and tools, storage sheds, water-filtering devices, water softeners, etc. **DON'T DO IT UNLESS YOU HAVE MADE ARRANGEMENTS WITH THE BUYER.** If sellers switch things, they can expect the buyer to refuse to close, and maybe sue!

c) Unrepaired defects exist that were agreed to be fixed, or new defects exist such as holes or damage in walls that were behind pictures or furniture. The sellers must repair them or else be prepared to make concessions with the buyer to avoid cancellation or litigation.

10) Just before closing, you will get a call from the escrow officer at the title company to set an appointment to sign papers at the title office. Not only are agents not notified of this appointment; they are not invited to attend. You will need to take your driver's license for notarization. Under the Contract, the buyer is required to sign the loan documents no later than 3 days prior to closing (i.e., Monday if Friday is the closing), but the sellers can sign anytime. The earlier the better, however;

NOTE: **This is not the closing.** There is no formal or sit down "signing ceremony" in Arizona where the parties and their agents meet or sign together. The closing occurs when the escrow officer sends the documents to be recorded to the county recorder. Usually it's a day or so after both parties sign their documents. Sometimes it's the same day.

11) The sellers will get their sale proceeds from the escrow company when it records. A check can be mailed, it can be deposited in your account by wire transfer, or it can be picked up at the title company. Tell the escrow officer your preference when you sign.

12) Unless otherwise instructed, the sellers should leave all keys inside the house in one of the kitchen drawers, with the garage door openers. Don't forget to leave any pool keys or mail box keys. Leave any warranties, manuals or other information that will be helpful to the buyer.

13) The house should be empty and as clean as reasonably possible.

14) Call the utility, phone and cable companies to turn off or on the utilities. Here are some numbers you may need:

a) APS	602-371-7171	c) SW GAS	602-861-1999
b) SRP	602-236-8888	d) QWEST	800-244-1111
		e) COX	623-594-1000

15) Don't forget to notify the post office of your change of address and to have your address changed on your driver's license.

16) Finally, please think of someone of equal quality to yourself to replace you as my next client. I work by referral only, and want to give your friends and relatives the same good service I gave you.

Congratulations again, and thank you for choosing:



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