



---

selling  
a home in  
**Arizona**

---

Committed to Your Success

---

  
**JENMAX**  
**@RE/MAX**  
**INFINITY**  
 MLS Each office independently owned and operated.  
**602.753.6629 [www.JenMax.net](http://www.JenMax.net)**



**SECURITY**  
TITLE AGENCY  
A Fidelity National Financial Company

“To give real service,  
you must add  
something which  
cannot be bought or  
measured with money,  
and that is sincerity and  
integrity.”

DOUGLAS ADAMS

*Note: If you decide to sell your home in the future, new title insurance will be needed to protect your Buyer for the time prior to and during your ownership for any defects that may have occurred. See below Security Title's short-term, reduced-rate certificate.*

## SECURITY TITLE REDUCED RATE CERTIFICATE

This certificate entitles you to reduced rates for an Owner's Policy should you sell your property waiting five (5) years from the dated the sales was recorded.

OWNER: \_\_\_\_\_

POLICY NO.: \_\_\_\_\_

REAL ESTATE AGENT: \_\_\_\_\_

RECORDED SALE DATE: \_\_\_\_\_

The offer is applicable only if the policy is issued by Security Title. To ensure your discount, present this certificate to your real estate agent when you list your home for sale. Five Year Reduced Rate offer expires on \_\_\_\_\_



# INTRODUCTION



## We at **Security Title**

are proud to be able to provide this helpful guide to understanding the title and escrow process when buying a home in Arizona

With over 160 years of history in the title industry, Security Title and our FNF family of title companies offers you the financial strength, experience and expertise needed to close your transactions with confidence and peace of mind.

This booklet has been prepared to give you an overview of the general process involved during the sale of a home and explain the various roles that we will play in helping to close your transaction.

We hope you find this information beneficial in making your transaction and experience a smooth and positive one!

## AS PART OF OUR SERVICE, SECURITY TITLE WILL:

**OPEN** escrow and deposit buyers earnest money in a separate escrow account.

**CONDUCT** a title search to determine ownership and status of the subject property.

**ISSUE** a title commitment and begin the process to delete or record items to provide clear title to the property.

**MEET** all deadlines as specified in the contract.

**REQUEST** payoff information for your loans, other liens, homeowners association fees, etc.

**PRORATE** fees, such as property taxes, per the contract, and prepare the settlement statement.

**SET** separate appointments:  
You will sign documents; buyer sign documents and deposit funds.

**REVIEW** documents ensuring all conditions and legal requirements are fulfilled.

When all funds are deposited, **RECORD** documents at the County Recorder to transfer the subject property to buyer.

After recordation is confirmed, **CLOSE** escrow and disburse funds, including Your proceeds, loan payoffs, REALTORS® commissions, related fees for recording, etc.

**PREPARE** and send final documents to parties involved.



# QUICK REFERENCE

Your ESCROW NUMBER	
Your NEW ADDRESS	
City/State/Zip	

Complete the following information as it becomes available. Utility companies may ask for your Escrow Number and the name of your Title Company.  
**IMPORTANT: Do not cancel your current home insurance or disconnect utilities prior to the close of escrow**

## REALTOR®

Name	
Other Team Members	
Company	
Address	
City/State/Zip	
Phone	
Cell	
Fax	
Email	
Website	

## INSURANCE

Agent	
Phone	
Policy No.	
<b>STOP DATE</b>	
New Agent	
Phone	
Policy No.	
<b>START DATE</b>	
Home Warranty	
Plan No.	
Policy No.	

## GAS

Southwest Gas	1.877.860.6020, www.swgas.com
<b>START DATE</b>	

## ELECTRIC

Salt River Project	602.236.8888, www.srpnet.com
APS	602.371.7171, www.aps.com
<b>START DATE</b>	

## COMMUNICATIONS

### Internet and Television Service

Cox	602.277.1000, www.cox.com
Direct TV	1.888.777.2454, www.directtv.com
Dish Network	1.800.823.4929, www.dishnetwork.com
Western Broadband	1.800.998.8040, www.westernbroadband.net
CenturyLink (formerly Qwest)	1.800.366.8201, www.centurylink.com
<b>START DATE</b>	

## SECURITY TITLE AGENCY

Escrow Offer	
Phone	
Fax	
Email	
Escrow Assistant	
Phone	
Email	
Address	
City/State/Zip	

## COMMUNICATIONS

### Phone Service

AT&T	1.800.222.0300, www.att.com
Verizon	1.877.300.4498, www.connecttoverizon.com
NEW PHONE NO.	

## NEWSPAPERS

Arizona Republic	602.444.1000, www.azcentral.com
The Tribune	480.898.6500, www.tribune.com

## MAIL

United States Postal Service	www.ups.com
------------------------------	-------------



## Key professionals involved in your transaction .....

### REALTOR®

A REALTOR® is a licensed real estate agent and a member of the National association of REALTORS®, a real estate trade association. Realtors also belong to their state and local Association of Realtors.

### REAL ESTATE AGENT

A real estate agent is licensed by the state to represent parties in the transfer of real property. Every Realtor is a real estate agent, but not every real estate agent has the professional designation of a REALTOR®

### LISTING AGENT

A key role of the listing agent or broker is to form a legal relationship with the homeowner to sell the property and place the property in the Multiple Listing Service.

### BUYER'S AGENT

A key role of the buyer's agent or broker is to work with the buyer to locate a suitable property and negotiate a successful home purchase.



# PREPARING YOUR HOME FOR SALE .....

Without a doubt, of all the mistakes that a seller can make, price is the most harmful and costly. Price the home too low and the home will sell quickly, but the seller will lose money that is rightfully theirs. Price the property too high and it will not sell. The home will continue to cost the seller money in the form of interest, repairs and upkeep.

## Why must you price properly?

There are four reasons that one must price a home correctly from day one of the listing.

### Time

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.

### Competition

Buyers educate themselves by viewing many properties and they will always look at a range of homes priced competitively. They know, or learn 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.

### 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 that are on the market for a long period of time historically sell for less than their fair market value.

### Inconvenience

If overpricing keeps your home from selling promptly, you may end up owning two homes, the one your are trying to sell and the new home you have already purchased. Statistically the typical activity that is generated on a property is generated the first five weeks of the listing period.

Statistics have shown that the agent's and buyer's interest grows as soon as a home is placed on the market, peaking somewhere around the third or fourth week. Pricing a home properly and then creating an immediate urgency in the minds of the agents and buyers.

# SHOWING YOUR HOME

First impressions are the most important sales tool. Emotion plays a tremendous part in creating an interest in your home from a potential buyer. Make certain your home puts its “best foot forward” and that you follow the time-tested rules and behavior that will enhance the likelihood of a sale.

## Outside Entry:

The front door should be clean, fresh and inviting. Make sure the landscaping is maintained.

## Windows:

Clean windows make a home seem bigger and brighter and add tremendously to a home’s “showability”.

## Lights:

Make certain all your light fixtures are working and turn on all the lights when showing the home (night or day). It makes the home much more welcoming.

## Closets:

Neat closets appear larger and keep buyers from wondering if they might be too small.

## Bathrooms Sell Homes!!!

Each one will be closely inspected. Repair caulking, fix leaks and make sure everything sparkles and smells clean.

## Bedrooms:

Remove excess furniture and decorations and use attractive, freshly laundered bedspreads and window coverings to make these rooms more inviting.

## Minor Repairs:

Creaking doors, loose handles, sticking windows, dirty wallpaper, worn woodwork, and faded walls all reduce buyer appeal. A little money spent in fixing these things will keep you from trying to convince the buyer how it could actually look, and result in a quicker sale at a higher price.

## Floors:

Keep the carpet vacuumed, the floors washed and remove any clutter from the floors and stairways. Your home will show better and there will be no unfortunate accidents.

## Pets:

Keep them out of the way- outside is best.

## Background:

Loud music or blaring televisions detract from everything you have done to make your home inviting. Allow the agent and buyer to talk without competition.

## Assisting the Potential Buyer:

Don’t have too many people present during a showing. A potential buyer may feel like an intruder and hurry through the house. Be courteous, but don’t force conversation with the potential buyer. They want to inspect your home, not make friends. If they have questions they will ask.

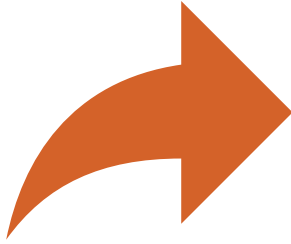
## Assisting Your Realtor®:

Show your home to prospective buyers by appointment through your agent. Let your Realtor® discuss price, terms, possession and the other details with the buyer. Your Realtor® has negotiated many contracts. Allow them to use their expertise to get the most favorable conclusion on your behalf. If you are needed, your Realtor® will include you.





# THE ESCROW PROCESS AT SECURITY TITLE



## WHAT IS AN ESCROW?

An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with a neutral third party until certain conditions are fulfilled. In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer gives the funds to an escrow company who, acting as an intermediary, verifies that title to the property is clear and all written instructions in the contract have been met. Then the company transfers the ownership of the property to the Buyer through recordation and pays the Seller. This process protects all parties involved.

The State of Arizona licenses and regulates all title and escrow companies. The Department of Insurance and the Department of Financial Institutions can inspect a company's records at any time, providing further oversight of the company's management and qualification to act as an impartial third party to the transaction.

In Arizona, escrow services are generally provided by a title insurance company instead of an attorney. The stability, reliability and performance of your title and escrow company are vital to protect the interests of all parties to the transaction.



## HOW IS AN ESCROW OPENED?

Once you have completed the contract (or Purchase Agreement) and you have accepted the Buyers offer, the Buyers REALTOR® will open the escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, Security Title can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer); Security Title cannot otherwise alter the contract or create instructions, and that protects all of all parties to the transaction.



## WHAT HAPPENS AT SECURITY TITLE

During the escrow period, our title department begins researching and examining all historical records pertaining to the subject property. Barring any unusual circumstances, a commitment for title insurance is issued, indicating a clear title or listing any items which must be cleared prior to closing. The commitment is sent to you for review.

Your escrow officer follows the instructions on your contract, coordinates deadlines, and gathers all necessary paperwork. For example, written requests for payoff information (called "demands") are sent to the Seller's mortgage company and any other lien holders.

# OTHER PARTIES TO AN ESCROW TRANSACTION .....

In addition to the buyer, seller, lender and real estate agent(s), Escrow may involve several other parties providing these services: **Appraisal, Home Warranty, Home Inspection, Termite/Pest Inspection and Disclosure Report.**

## HOME INSPECTIONS

A home inspection is another component of the escrow process. It is a physical examination to identify material defects in the systems, structure and components of a building, such as foundations, basements and under-floor areas, exteriors, roof coverings, attic areas and roof framing, plumbing, electrical systems, heating and cooling systems, fireplaces and chimneys, and building exteriors.

### Is Your Home Inspector Insured?

They should have: Professional Liability Insurance Coverage, General Liability and Workers Compensation.

### How the Seller Should Prepare for a Home Inspection

The seller should have the property fully accessible, including elimination of stored objects that may prevent the inspector from accessing key components of the home. Areas of special concern are attics, crawlspaces, electric panels, closets, garages, gates/yards, furnaces and water heaters. All utilities should be on, with functioning pilots lit.

### Inspector's Responsibility of the Homeowner

Respect the property. Leave the property as they found it. Answer questions about the report after the inspection is completed. Provide a copy of the report on site.



## TERMITE/PEST INSPECTION

This report is prepared by a State Certified Inspector as evidence of the existence or absence of wood destroying organisms or pests which were visible and accessible on the date the inspection was made. In addition to looking for subterranean termites, the inspector is also looking for signs of activity from other wood organisms such as:

- Carpenter ants
- Carpenter bees
- Wood destroying fungus
- Dry wood termites

These conditions are easy to spot and in most cases are simple and inexpensive to correct. If you aren't certain about the condition of your property, seek assistance from a State-Certified Termite Inspector.



## APPRAISAL

If the buyer is securing a new loan for the purchase, an appraisal will be required by the lender. An appraiser will:

- Research the subject property as to year built, bedrooms, baths, lot size and square footage.
- Compare data of recent sales in the subject's neighborhood, typically within a one mile radius. The appraiser usually locates at least three (and preferably more) similar homes that have sold within the past six months. These homes are considered the "Comparable Properties" or "Comps" for short.
- Field inspection is conducted in two parts: (1) the inspection of the subject property, and (2) the exterior inspection of the comparable properties.

The subject property inspection includes taking photos of the front and rear of the home (that may include portions of the yard) and photos of the street scene. The appraiser also makes an interior inspection for features and conditions which may detract from or add to the value of the home. A floor plan of the home is drawn and included while doing the inspection.

## HOME WARRANTY

Home Warranties offer advantages to both the buyer and seller. This policy protects the buyer by paying for certain repairs and costs of major mechanical systems and major appliances in the home such as heating and air conditioning. There are a variety of plans available.

### Benefits of Home Warranty Coverage to the Seller

- Home may sell faster and at a higher price
- Optional coverage during the listing period
- Protection from legal disputes that occur after the sale increases the marketability of home

### Benefits of Home Warranty Coverage to the Buyer

- Warranty coverage for major systems and built-in appliances
- Protects cash flow
- Puts a complete network of qualified service technicians at the Buyer's service
- Low deductible

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to the escrow company and it becomes part of the seller's closing costs. FNF offers Home Warranty coverage at [www.HomeWarranty.com](http://www.HomeWarranty.com) or 1.800.862.6837

# THE TITLE INSURANCE “VALUE PROPOSITION”: 10 REASONS .....

## Why Title Insurance is Important and Worth the Money

A Value Proposition is the unique value a product or service provides to a customer. It describes the benefits the product delivers. It answers the question: Why is this worth the money?

1. Title insurance protects the interests of property owners and lenders against legitimate or false title claims by owners or lien holders. It insures the title to the investment, unlocking its potential as a financial asset for the owner.
2. At Security Title we access, assemble, analyze, and distribute title information, in addition to handling escrow and closing.
3. Title problems are discovered in more than one-third of residential real estate transactions. These “defects” must be resolved prior to closing. The most common problems are existing liens, unpaid mortgages, and recording errors of names, addresses or legal descriptions.
4. A homeowner’s title insurance policy protects the owner for as long as he or she has an interest in the property or is liable for a warranty; and the premium is paid only once, at closing.
5. Title insurance is different from other forms of insurance because it insures against events that occurred before the policy is issued, as opposed to insuring against events in the future, (health, undertaken in a deed, property or life insurance). Title insurance is loss prevention insurance.
6. Security Title performs a thorough search of existing records to identify all possible defects in order to resolve them prior to issuing a policy. We perform intensive and extensive work up front to minimize claims. The better we do this, the lower our rate of claims and the more secure your level of protection.
7. Researching titles is extremely labor intensive. The industry invests a substantial amount of time and expense to collect and evaluate title records. As a result, the industry’s claims experience is low compared to other lines of insurance.
8. Security Title’s impressive Claim Reserves gives you unquestionable security and peace of mind knowing that your policy is backed by a leader in the title insurance industry.
9. Dollar for dollar, title insurance is the best investment you can make to protect your interest in one of the most valuable assets you own: your home.
10. To get the best value, choose Security Title for all your Title and Escrow needs. Write us in on your next transaction and you’ll see why we are #1 in the Valley.







# RED FLAGS

## IN THE ESCROW/TITLE PROCESS

A “**RED FLAG**” is a signal to pay attention! Below are some of the items which may cause delay or other problems within a transaction and must be addressed well before the closing.

- Bankruptcies
- Business trusts
- Clearing liens and judgments, including child or spousal support liens
- Encroachments or off record easements
- Establishing fact of death—joint tenancy, trusts
- Foreclosures
- Physical inspection results—Encroachments, or off-record easements
- Probates
- Power of Attorney—Use of, proper execution
- Proper execution of documents
- Proper jurats, notary seals
- Recent construction
- Transfers or loans involving corporations or partnerships
- Last minute change in buyers
- Last minute change in type of title insurance coverage

## RED FLAG EXAMPLES

**CC&R’S:** These are standard. The CC&R’s should be provided to the buyer by escrow. The buyer should read these thoroughly, especially if improvements to the property are contemplated.

**RED FLAG:** Some CC&R’s prohibit certain types of improvements.

**EASEMENTS:** These are also standard. Most easements in newer subdivisions (20 years or less) are contained in the streets. Some subdivisions have nonexclusive easements over portions of the property for such things as maintenance of side yards, access to common areas (like golf courses), etc.

**RED FLAG:** If improvements are contemplated (such as construction of a pool or spa) the buyer should request the easements be plotted on a map to determine if there will not be any interference to contemplated improvements. Easements are very difficult to get removed and your client may be better off with another property if an easement interferes with his future plans for the property.

**AGREEMENTS:** These commonly take the form of road maintenance agreements, mutual easement agreements (like a shared driveway) or improvement agreements, and will bind the owner to certain actions. A copy of the agreement should be requested from title and provided to the buyer. It is the buyer’s responsibility to contact their own counsel if they do not understand how the agreement would affect them.

**TRUST DEEDS:** These are common. Escrow will order a demand from the lender(s) which will allow the title company to pay off existing loan(s) using the proceeds from the new buyer’s loan (or proceeds if all cash).

# RED FLAGS IN THE ESCROW/TITLE PROCESS .....

**RED FLAG:** Watch out for old deeds of trust from a previous owner (or sometimes the current owner if he has refinanced). If you find a deed of trust listed that has already been paid, or that looks like it was taken out by a previous owner, call your escrow officer immediately. Your escrow officer will research the deed of trust, and take the necessary steps to either remove it from the public record or by acquiring an “indemnity” from the title company who paid off the old loan. Old deeds of trust with private party beneficiaries (an individual acting as lender, such as an old seller carry-back) are difficult to get removed, especially if several years have gone by since the loan has been paid off.

**ENCROACHMENTS:** Sometimes a structure (commonly a fence or driveway) encroaches upon a property. This usually means that a client will have to take the property subject to the encroachment. Contact your title officer if you see encroachment language in your prelim.

**RED FLAG:** The lender will usually not want to lend on a property where encroachments exist. In some circumstances, an endorsement to the lender’s policy (usually with an extra charge) can allow the lender to close. These are determined on a case-by-case basis. Again, contact your escrow officer.

**NOTICE OF VIOLATION:** These will sometimes be recorded by the fire department, the health department or the local zoning enforcement division in situations where the property violates a local statute.

**RED FLAG:** These are always a red flag. The lender will not accept these conditions. The violation will have to be eliminated and the local enforcement agency will have to issue a release before closing. The seller or the seller’s representative will have to deal directly with the appropriate agency to resolve these types of issues.

**COURT ORDERS/JUDGMENTS:** These are not a standard item. The most common type are support judgments. These are issued by the courts when child/spousal support is owed by the party named.

**RED FLAG:** Any order/judgment is a red flag. If you see an order or judgment, contact escrow immediately to verify that the demand has been ordered.

**BANKRUPTCY:** While not unusual, bankruptcies are not standard.

**RED FLAG:** All open bankruptcies require the debtor to get permission from the court to sell or encumber an asset (the home) or to take on new debt. Chapter 7 and 13 bankruptcies against the seller are the most common found in a sale situation. A letter from the bankruptcy trustee will be required to close escrow. The trustee will sometimes require that a payment be made to the court at close. We sometimes find a Chapter 13 against a buyer, which will also require a letter from the trustee allowing the debtor to take on more debt. An open Chapter 7 against the buyer is rare, and the buyer probably cannot get a loan as long as he is in a Chapter 7. (See “Statement of Information”). NOTE: Chapter 7 is a complete washout of dischargeable debt, Chapter 13 is a reorganization of debt and Chapter 11 is a reorganization of debt for a company or corporation.

**NOTICE OF PENDING ACTION:** This is also known as a “lis pendens.”

**RED FLAG:** This is a big red flag. This means that someone has a lawsuit pending that may affect the title to the property. These are often found in acrimonious divorce situations. A demand (the aggressing party usually wants money before releasing) and dismissal of the case and (a “withdrawal of lis pendens”) will be required before closing.



# RED FLAGS IN THE ESCROW/TITLE PROCESS .....

## STATEMENT OF INFORMATION:

Also known as a statement of facts, statement of identity, or an SI. This required document will be provided to the parties by escrow. It asks for information about the parties such as social security number, residence history, marital history, job history, aliases, etc. Please fill this out as completely as possible. The SI allows the company to eliminate things recorded in the GI (General Index) against the name (as opposed to the property) such as tax liens, judgments, welfare liens, support liens and lawsuits that may be filed against people that have the same name as you. These types of liens may attach to any real property owned by the debtor, and therefore make the property liable for any payment due under the lien.

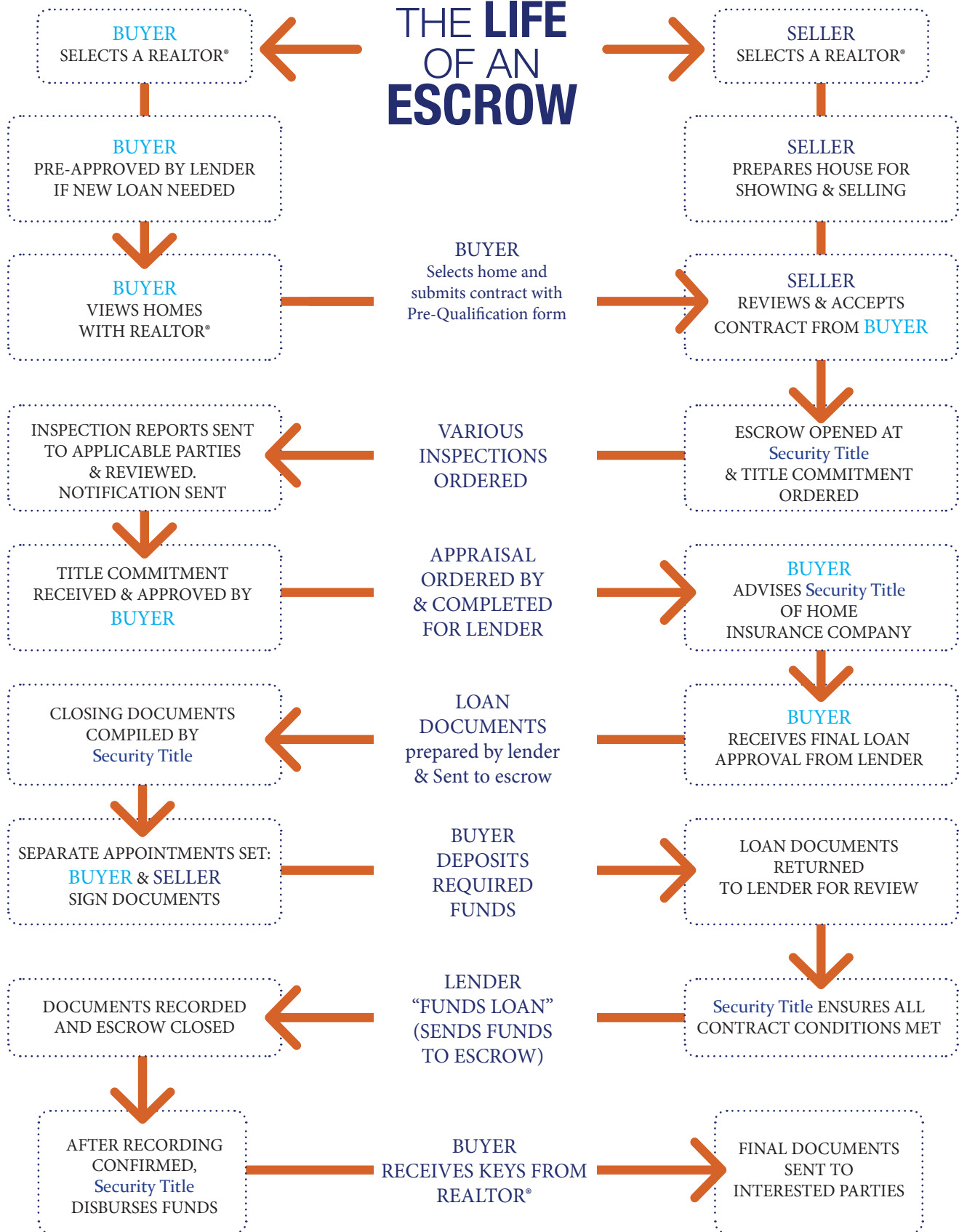


**RED FLAG:** If you have a common name (for example: Smith, Johnson, Garcia, Martinez, Lee, etc) it is important that the company receive the completed SI promptly in order to “clear” these items. Sometimes you may be unaware that a lien exists. More often, you may have resolved the situation but had never gotten the proper release documents recorded in order to remove it from the public record. We cannot close a file with unresolved liens against a seller. Contact your escrow officer if you find that this situation exists.

**NOTE :** If you obtain a judgement against a party that awards money damages if you, it may be wise to record the judgement in any county where the debtor owns or may own property. Consult your attorney.

If you find something on your prelim that is not listed here, it is probably a red flag and you should contact your escrow officer. He (or she) will be happy to provide you with copies of recorded documents and advise you as to what is needed in order to remove the item (if necessary). Sometimes, though, removing an item is so time consuming, or costly, or both, that the buyer may elect to cancel a transaction. We cannot advise you regarding the risk in making such a decision. You should contact your own counsel if you have only concerns.

# THE LIFE OF AN ESCROW





# YOUR APPOINTMENT FOR SIGNING

The escrow officer will contact you to arrange an appointment for you to sign all the necessary documents. Your appointment will take approximately 45 minutes and your signature(s) will need to be notarized so make certain to bring either a passport or current driver's license for identification purposes.

## After Your Signing Appointment:

After the seller and the buyer have signed all the necessary instructions and documents, the escrow officer will return them to the lender for final review. The review generally occurs within a day, allowing the necessary work to be completed to record the close of escrow.

## Closing Escrow:

Recording of the deed signifies legal transfer of title to the property from the seller to the buyer and is the culmination of the transaction. Usually the Deed and Deed of Trust are recorded within one working day of the escrow's receipt of loan funds. This completes the transaction and signifies the "close of escrow."

## Your Proceeds:

A final settlement statement and check for any proceeds due will be available the day the sale is completed, documents are recorded and the escrow is closed.

## After Escrow Closes:

After the loan has been finalized, the documents signed and recorded, and the financial settlement completed, there are still a few items that must be attended to in order to officially complete the transaction.

Your existing loan is paid in full from escrow. Your lender is required by law to issue a full release and reconveyance of their loan. As soon as the Deed of Reconveyance removing the previous Deed of Trust is received, it is recorded and the original is returned to you. This process can sometimes take several weeks.

Finally, in some cases, the escrow officer will be instructed to hold funds in escrow to pay off obligations that may not be completed until after escrow closes. For example, funds might be set aside for termite repair work or correction of a structural problem. Upon completion of the project and receipt of the proper documentation for release, the escrow officer will disburse the reserve funds as appropriate.







For more information please visit us at [www.SecurityTitle.com](http://www.SecurityTitle.com)