

PAYSON AREA PROPERTY ORIENTATION BROCHURE

[INVESTMENT & BUYER'S GUIDE FOR PAYSON, PINE,
STRAWBERRY, STAR VALLEY AND RIM COUNTRY AREA]



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WELCOME TO PAYSON AND THE SURROUNDING AREA

THE CLIMATE—*one of the best:*

People who have been around the state of Arizona a long time refer to many areas in Northern Arizona as “mountain towns”. When you look at a U.S. map, you see that we are closer to the Equator than much of North America, and normally people think that the Southwest as a hot desert. However, unknown to many visitors, elevation makes all the difference in temperature, morning and night, summer and winter. Payson is right at 5,000 feet, just like Denver, Colorado and the South Rim of the Grand Canyon and higher than almost any place East of the Mississippi River.

Accordingly, we enjoy a mild, four-season climate and literally some of the cleanest air in the world. Payson weather is milder than Flagstaff, which is colder and with much greater snowfall, at 7,000 ft. + plus elevation. Payson is greener than most of Prescott. With about 17 inches of precipitation per year, we get much more than Phoenix, which averages 6+ inches a year and much less than areas up on the Mogollon Rim twenty-five miles north and east of here, that average 110 inches of snow in winter. Summer brings Arizona a monsoon season, with afternoon thunderstorms. We welcome the moisture and beauty associated with them. Payson receives more rainfall from these storms than the desert areas and even higher elevations close by, receive more than Payson. January and February are the coldest months. If it snows, it is usually gone in a day and if it's sunny, daytime highs are usually over 50°.

THE TOWN & GROWTH [*we are “small town”*]:

Our town is incorporated and surrounded by U.S. National Forest Service lands. The only way that Payson can grow in land mass, would be if a developer can persuade the U.S. Government to trade land adjacent to Payson, for other lands he owns elsewhere, that the Forest Service wants. As of early 2009—very few land trades were in progress, that would allow for a residential subdivision. The last one took 7 years to complete and several before that failed. Even with the approval of a “land-swap”, Arizona law would prohibit and the Town of Payson would not approve residential zoning, without verifying adequate water supplies. The Town has historically protected its small-town flavor, been anti-growth and enacted a number of ordinances to inhibit growth. This has made land scarce and expensive and the average housing prices reflect that, as compared to metro-Phoenix. People who were here in 1970 remember a population of around 2,000 and for them, the current population of 16,000+ seems like a tremendous leap. Change is possible. In 2005 Congress approved a 3,000 acre-foot allocation of water for Payson from the C.C. Craigin [a.k.a. Blue Ridge] Reservoir. Completion of the pipeline occurred in April 2019. The Town regards this as “water supply insurance”—not a way to expand. The plan is to cut back on pumping groundwater. It will definitely help our economic development.

The bottom line on growth, is that the boundaries of the town are not expected to expand much, if any. From the standpoint of real estate values, this continues to limit supply in the face of demand. Supply-demand forces would dictate that any investment you make in real estate here, is likely to be a solid one. That was my thinking when I decided to move here in 1996. Coupled with land scarcity, is the aspect of expensive building costs. None of these things are news in Payson--things have always been this way. Payson didn't suddenly run out of land during the real estate “bubble”. There are no tract home builders. Consequently, there are no economies of scale for building the kind of tract housing here, that is the predominant pattern in the Phoenix metro area. For you that means that you can enjoy the small-town flavor, will pay a premium for it and will realize greater value for your property when you go to sell it.

WHO WOULD YOU SAY LIVES HERE?

The median age in Payson is 54 and it is fair to characterize Payson as predominantly a retirement community, with second homes being another major group of property-owners. We guess that full time occupancy is about 55%. The closest, large unincorporated areas are Pine and Strawberry; [13 & 15 miles north]. Star Valley has about 3,500 people and was incorporated in 2005; [4 miles east]. Pine and Strawberry combined have about 3,500 people and are accurately characterized as mostly second home and summer home communities, although some people live there full time. Payson has a high school, middle school and two elementary schools. There are some small parochial and charter schools. Currently we have a campus of the Gila Community College.

WHAT PEOPLE DO HERE:

Realistically, from a career perspective, there are almost no “corporate style careers” in Payson except for education and medical. Many people enjoy being in business for themselves. The hospital, supermarkets, auto dealers, Wal Mart and Home Depot offer an exception to this. From a recreational standpoint, most people in Arizona like to do things outdoors and Payson fully embraces that lifestyle. Even advanced “seniors” enjoy getting out for a walk and fresh mountain air. In fact, people here lean even more strongly to the outdoors: hiking, mountain bicycling, fishing, hunting, horseback riding, motorcycling, off-road ATVs and camping are the most popular activities and a huge number of people from other parts of Arizona visit here to do those things as well—especially between Memorial Day and Labor Day.

Payson is the only substantial community within 90 miles [Flagstaff to the north, Show Low to the East Sedona and Prescott to the west and Phoenix to the south] that has any appreciable shopping or restaurants. Take a look at a state map and you’ll see that only 16-18% of Arizona is in private hands. Only 1% of Northern Gila County where we reside, is in private hands. Past U.S. President Teddy Roosevelt declared Rim Country—as we call it—to be the watershed for the Phoenix metro area in the early 1900s. So, unlike most everything east of Denver, we can freely use these lands, but we cannot own them or build on them. If there was ever a little piece of something left that seemed like the “Wild West” this area represents a bit of it. Go a little ways out of town and your cell phones often don’t work anymore.

AMENITIES:

I can provide you with a local phone book to identify hotels & restaurants. I suggest you also visit my web site: www.sCantrill.com which is a useful resource tool. It has links to the Rim Country Chamber of Commerce site: rimcountrychamber.com. The Town of Payson has a demographics/economic profile site as well. The Chamber site lists other recreational activities and a schedule of events in the area. Another web site resource is the newspaper: the [Payson Roundup](http://PaysonRoundup.com), www.PaysonRoundup.com and it lists classified ads, property rentals and more. Payson has the only regional hospital for over 90 miles. It continually wins national awards for quality of service. The Town airport has a 5,500 foot runway, fuel, fly-in camping and restaurant, but there is no scheduled airline service.

OWNING A BIT OF PAYSON OR SURROUNDING AREA:

If you’d like to invest in area real estate, I’ll be glad for the opportunity to help you. I’ve been in the local business over twenty years, have excellent professional and educational credentials and can give enthusiastic references from past clients. ERA Young Realty & Investment is

the largest and one of oldest real estate companies in the area. Our company reflects the highest levels of professionalism, experience, maturity and accomplishment in Payson. If there's a property available here that will meet your needs, I can find it for you and complete every phase of the investment process. I can answer most of your questions and will quickly find the answers for the rest. I have a well-seasoned list of service providers I trust through past experience. From lenders to builders, plumbers, electricians and landscapers, I'll make recommendations that make your life easier here. You can even ask me about a barber, dentist or mechanic. This is still "small town" Payson. I prefer to deal with full time practitioners in every field of endeavor—ones who have never failed us or any of our clients.

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PREVALENT REASONS FOR INVESTING IN A HOME:

Desire to own a home of your own
You want to have MORE space.....or LESS space
Accrue equity in lieu of rent or other investment
Improve your quality of life through locale
Retirement
Vacation/Getaway/Recreation/Rehab project
Rental income
Corporate relocation
A place for a home-based business, as well as to live
Closer to job, schools, friends, relatives or transportation

RESUME – STEPHEN L. CANTRILL

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CAREER PROFILE

- ◆ Real estate sales & acquisition of all services to purchase, sell & manage real estate
- ◆ Contract estimating, analysis, negotiation & management
- ◆ Professional Recruitment/Training & Staff Development
- ◆ Graduate course development, instructor recruitment, & course presentation

PROFESSIONAL EXPERIENCE

ASSOCIATE BROKER®, ERA YOUNG REALTY & INVESTMENT

Payson, AZ

PRESIDENT & ASSOCIATE BROKER,

Realty Executives Payson & The Pines®

GRADUATE COURSE DEVELOPMENT & INSTRUCTION,

University of Phoenix

AMERICAN EXPRESS GOVERNMENT SERVICES

Subcontract Compliance Manager, Phoenix, AZ

RESOLUTION TRUST CORPORATION

Director Contracts, Valley Forge, PA &
Department Head, Contracts, Phoenix, AZ

DEPARTMENT OF DEFENSE

Management, supervision & contract manager,
Rock Island, IL, Columbus, OH & Phoenix, AZ



MILITARY EXPERIENCE

U.S. Army Artillery, Vietnam Combat Service and Honorable Discharge

EDUCATION

Master of Arts, Organizational Management, University of Phoenix

Bachelor of Science, Business Administration, Northern Illinois University

MEMBERSHIPS AND PROFESSIONAL CERTIFICATIONS

Associate Broker and Realtor®

Certified Residential Specialist [CRS]

Graduate - Realtor® Institute [GRI]

Graduate - Business Broker Program, AZ School of Real Estate

Director - Central Arizona Association of Realtors®, 2009-2022

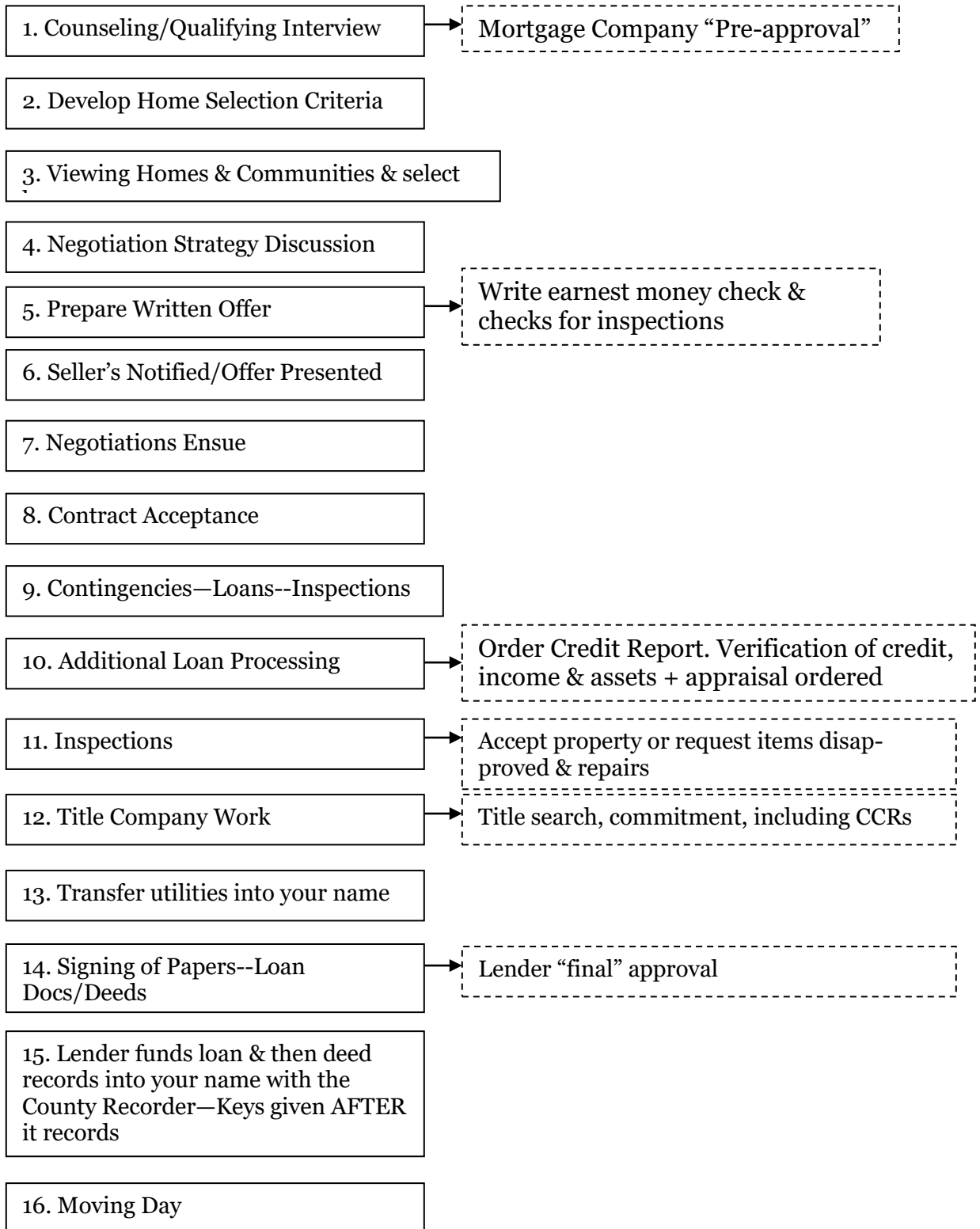
President – Rotary Club of Payson, 2012-2013

President - Zane Grey Shrine Club, Payson, Arizona, 2001, 2012 & 2023

Past Director – Mogollon Health Alliance

Certified Professional Contract Manager – National Contract Manager Association

HOME BUYING PROCESS, STEP BY STEP



ELABORATION OF HOME BUYING PROCESS BY THE NUMBERS [Explanations & Pitfalls]

DEFINITIONS:

PRINCIPAL: The person who gives authority to an agent.

LISTING: An agreement between an owner of real property and a real estate agent, whereby an agent agrees to secure a buyer for a property at a certain price or terms in return for a fee or commission.

LISTING AGENT: A real estate agent obtaining a listing—as opposed to a buyer’s agent.

BUYER-AGENCY AGREEMENT: An agreement by a real estate broker to represent a buyer of property.

DUAL AGENCY: The representation of opposing principals [buyer and seller] at the same time.

REALTOR®: A designation given to a real estate broker or sales associate who is a member of a board who is associated with the National Association of Realtors® and who adhere to a code of ethics.

MULTIPLE LISTING: an exclusive listing, submitted to all members of Realtor® association, so that each may have an opportunity to sell the listing—one of the most useful selling tool in real estate.

DEED OF TRUST: Is a substitute of sorts for a Mortgage where the borrower conveys title to a TRUSTEE who holds it as security for the lender. The borrower retains all ownership rights while the lender has an equitable interest in the property.

TRUSTEE: Has three duties: [1.] to hold legal title; [2.] return legal title to the borrower when the loan is repaid and [3.] to hold a trustee sale if the borrower defaults on the debt.

MORTGAGE BROKER [FREQUENTLY CALLED “LENDER” IN ARIZONA]: One, who for a fee, brings together a lender and borrower and handles the necessary applications.

LENDER [FREQUENTLY THE PLACE WHERE THE LOAN UNDERWRITER RESIDES IN ARIZONA]: Any person or entity advancing funds which are to be repaid.

ESCROW: In Arizona, All instruments necessary to the sale, including funds, are delivered to a third [neutral] party, with instructions as to their use. [In Arizona, Title Companies provide escrow services.]

ESCROW OFFICER: An agent who has experience in escrow matters. [For us, an escrow officer we can rely on for professional services is invaluable and takes on a tremendous burden of phone and document follow up for us].

TITLE: The evidence one has to the right to possession of land or real property.

TITLE INSURANCE: Insurance against loss resulting from defects of title to a specifically described parcel of real property.

TITLE INSURANCE COMPANY: A company which issues insurance regarding title to real property.

CCRs—COVENANTS, CODES & RESTRICTIONS: A term used to describe the restrictive limitations which may “run with” the property.

CLOSING: In real estate sales, the final procedure in which documents are executed and/or recorded.

CLOSING SETTLEMENT STATEMENT: The statement [Federal Law requires the HUD-1] which lists the financial settlement between the buyer and seller and the costs each must pay.

There are at least 500 additional definitions that go in concert with a real estate transaction. If one comes up that you want an answer to, ask me when I’m close to the reference book.

Your first decision in looking for a property is to pick a Realtor®. It is not necessary, efficient or desirable to contact each Realtor® who has a property listing. That is why properties are “listed” in the MLS—so that each listing agent has a written agreement to cooperate with other Realtors® in selling and sharing compensation from the sale of their listings. My **GOAL** is first and foremost to provide great service, find you the right property and make your transaction appear seamless. I don’t personally render all of the services. I rely on other trusted professional experts for many services. Many service providers such as public entities and utilities are completely out of any sphere of control that I have. I can tell you that almost universally, my real estate services lead to a happy ending with satisfied, repeat customers. I get paid for my services. If I make an error, I will resolve it with you. If someone else makes an error, I will see if they can make it up to you and I always evaluate who I am using as part of my team. My ultimate goal is that you, as the customer, are satisfied. You will find the following steps and explanations very proactive because, I know what action items stand the greatest chance of getting you the results you deserve.

L. The **COUNSELING INTERVIEW** is my chance to get to know you and determine your likes and dislikes. During this initial meeting, we will try to focus on your preferred price range as well. If you intend to pay cash, you must be prepared to verify this. If you require a loan to purchase property, you should bring a Loan Pre-approval with you. If you do not have one, I can gladly offer a choice of lenders, that I know will get the job done for you. You have unlimited lender choices who will offer competitive rates, but most borrowers know almost nothing about whether the lender can actually perform on time. In fact, if you have not discussed a loan with a lender, you may find that you can afford a nicer home than you expected. Remember however, lenders are sales people and ***lenders have no contract with anyone during this process.*** I witnessed instances where they backed out at the last minute and refused to fund the loan, or were even as much as a month or more late in funding it. Lender problems have increased since the 2006 “bubble” and are here to stay. Part of getting you the best deal, is my ability to present you as a really good buyer. That means that you communicate enough to me, looking at homes you have the most interest in and that are in the price range that fits for you.

You might wonder why are we talking about money so early in this process? Answer: because I know [and I am just like you] that 85% of a buying decision is based on emotion and the rest of the decision is justified with fact. I want to get you qualified early in the process when we can apply logic, before you get to the emotional part of the decision.

All of the loan rate advertising you see is a marketing tool to get your attention. The rates and fees advertised are for their BEST customer under the best of circumstances. The advertised rates may not be the rate YOU get. The lending industry problems of 2007 are still serious. Credit qualifying remains stringent and lenders are limiting risk. If you select a lender from the Internet or one that you do not really know, or have not worked with in the last year, or one who is out of area, you **MUST** tell them that the Arizona real estate purchase contract requires that the seller’s agent and buyer’s agent, have the right to receive periodic status on the loan process. You should be prepared to call your lender and remind them that the Arizona purchase contract requires status in the form of the Loan Status Report Update, and tell them that I expect to be kept informed of any delays in the loan process. Other than status of the mortgage loan, I have no desire whatsoever, to know anything about your personal finances.

Remember, if funding is late, the contract has been breached. The home you chose can be sold to someone else. So your first question might be: “Does this ever happen?” and my immediate answer is: “yes”. Ask yourself if you want to pick your favorite property, get 30 days into the transaction and stand a chance to lose the house, because you chose to go with a loan from the biggest

bureaucracy around, or because you fell into an Internet deal with a faceless name, that rotates to a new person every time you try to reach them. If you know and trust a lender already—great! Just make sure they can do business in this market and they know that **they need to schedule a [local] appraiser at least 3 weeks before closing**. If they balk at that, they just simply don't care about you or understand this locale.

SEVEN PREDATORY LENDING PRACTICES:

- 1. Look for sky high fees. On a normal loan, they should be no more than a little over 1% of the borrowed amount. On a predatory loan they can be as much as 4-5%. [Predatory = greedy].**
- 2. See if there is a pre-payment penalty. If you have good credit, you should not have to pay one for residential property. If the lender is telling you that you have sub-prime credit, your interest rate will be higher than the best going rate and you may have a pre-payment penalty of up to 3 years. I advise that you not accept one any longer than 3 years.**
- 3. Shop around for a good interest rate. However, the lowest interest rate may not be the best rate in context of the whole loan. You HAVE to consider points—if any—that you are paying and junk fees. These all figure in to the Annual Percentage Rate [A.P.R.] Refinancing mortgages prematurely or when they don't need it. This generates more fees for the lender, but unless the market interest rate is going drop appropriately, you're going to have to carefully calculate if you are really going to be saving anything.**
- 5. Payment for extra services in the loan such as PMI, insurance in case of death or disability. You may want these, but most people don't and do not elect to have this insurance. Principal Mortgagers Insurance is not required when you have at least 20% down.**
- 6. Don't agree to a loan that requires "mandatory arbitration". This means that you agree not to seek legal counsel if you have a dispute.**
- 7. If the lender is trying to put you in a sub-prime credit interest rate category, be sure your credit really warrants this penalty. You can verify that by shopping at least one other company.**

***Source, CNN, January 2, 2007 [I didn't make this up].**

REMEMBER: The biggest and most powerful lenders and financial institutions in America caused the biggest problems for American taxpayers and were the largest factor in the fall of our economy in September 2008.

If your down payment is cash, per the Arizona contract, you must be prepared to verify that this cash exists. If it is cash that is coming from a home equity loan, then it's cash to THIS transaction, but it's a loan FIRST. If your equity line on that loan is not yet available, you should tell

that equity-loan lender that THEY must keep us informed of the status of that loan. IF THEY CAN'T KEEP ME INFORMED, I CAN'T TRUST THEM TO PERFORM CORRECTLY AND NEITHER CAN YOU. And, I cannot represent you properly and portray you to the seller's agent as a legitimate buyer. I wouldn't be elaborating so much on this if it wasn't a real problem and a serious one that I have had to deal with before. Just think for a moment and I'm sure you have stories about bad banking service.

No matter what lender you choose, Federal law requires that they provide you a Good Faith Estimate. This is recognized by all lenders and used universally. Many cost items in a loan can be expressed different ways, but for clarity: GETTING a loan will cost you, as well as HAVING a loan. It can be hard to compare the details of one loan quote with another. That's why the Good Faith Estimate requirement exists: to give you the total, bottom-line cost of that loan, so that you can determine what it will *really* cost you. This will be the cost to GET it and the total costs over the life of the loan, during the payment period.

If you call one lender today and another tomorrow and get lower costs, you might check back with the lender you talked to on the first day. Rates change daily and so will your final cost, until you have the loan locked in. **PITFALL:** If you choose the cheapest loan and the loan cost is only a few hundred dollars different, you may be using the wrong criteria. You get what you pay for. Go back and re-read the table of predatory practices. I didn't write it: CNN did.

HOT BUTTONS: ONE LAST THING AS WE GET ON OUR WAY: If you have a "hot button" on a particular item, such as a previous BAD experience or something that went wrong in a past transaction, such as a repair that was promised but not done, *please let me know*. I will certainly not let the event repeat itself. There may be something that I think is routine or minor in this market or something that never causes a problem, but that same something may have caused you a problem in the past. Let me make sure it doesn't happen again.

2. HOME SELECTION CRITERIA is just what it sounds like. It is not practical to see every home or land parcel available on the market. As an experienced agent I will listen to your needs and pick the very best properties & values that are currently available to meet them. I am not going to keep any properties a secret from you, nor will I ever exclusively show you just my listings or limit what we see to only my company's listings. If you have been researching on the Internet, or looking at ads or driving around, I welcome your observations and this will help us both focus. It is always noteworthy that many properties you have seen in those media are already under contract. You can't possibly know that, until you meet with me and check their status against our MLS inventory whose information is 100% current. Most people feel strongly about being in control of the selection of a home and neighborhood and want to feel that they had the most important role in the decision-making process. It is not my role to diminish the enjoyment or self determination of this process. I aim to add my experience and knowledge of this community to the formula, with the hope of getting you the right property and perhaps even more than you expected, in the easiest and most efficient way.

3. Once I have an understanding of your needs, I will identify the properties that are still available, **VIEW HOMES** and hopefully, you can **MAKE A SELECTION**. It is my goal to show you the very best properties that meet your needs. If sufficient inventory is available, this may mean that we only see 4-6 homes or lots. Don't be surprised if you find that one of the first homes you see, seems to be just what you had in mind. If I'm doing my job properly, this happens now and then. If the initial set of properties doesn't work, you may change your mind

about your selection criteria. This means we revisit **step 2**. I believe that people don't change, but they frequently change their mind. It's o.k. to change your mind. When you do: please LET ME KNOW, or I cannot find a way to meet your needs. What if you increase your price range \$10-20,000? This simple little thing may change the whole package of properties for you and is an instant formula for disappointment, if you don't let me know.

A word about a listing described "AS IS": That throws up a red flag for some buyers. The first question usually is: "what's wrong with the property?" No matter how anyone counsels them, it's a turn-off. But there are some valid reasons for listing it that way. It's a second home for some sellers, so it's inconvenient to fix anything or engage a contractor to do it from a distance. In other cases, the owners have become quite senior, or perhaps one is deceased and the children are disposing of the property. In any case, they don't want the hassle.

The bottom line is, what the sellers are saying is that they are not going to fix anything, but there's two things you should know: [1.] a buyer still has the right to have any inspections they choose to determine the condition of the property. Buyers can ask for something to be fixed, even if the listing says that nothing will be fixed, and [2.] "AS IS" in our market does not mean that the seller can just walk away and not remove personal property. Normally it means "broom swept clean", free of all furniture, rubbish, boxes, etc., unless the contract specifically stipulates otherwise.

4. If you can identify a #1 selection and think it is a property that will meet your needs, we will have a **NEGOTIATION STRATEGY DISCUSSION**. My obligation is to get you the property you want, at the most favorable price and terms under the current circumstances. A List Price is just that—it's the asking price. It's a price selected when the home was put on the market. Sometimes people actually pay more than that price—often with a V.A. or FHA loan. The proper way to for the listing agent do the job when a home is listed, is to do a competitive market analysis [CMA]. The CMA takes into account relevant sales—the same statistics used by appraisers.

When supply is tight, people frequently pay full List Price or more than List Price. In a Seller's Market—multiple offers are frequent. This means that you could literally be bidding against other buyers. The seller may counter-offer all offers and ask each offeror for more than the MLS list price. When this happens, you will have to decide if this is the right property for you, or perhaps even the only property available that will work for you. Don't be afraid to pay list price or more if this is the right property for you. This is the way markets work—just like the stock market. The market is not a person and has no personality. It doesn't care what any of us think. It is dynamic, however and we have to meet with its changes and deal with its demands. In a buyer's market such as 2009--2012, few people wanted to pay full price and expected prices to have dropped. But that causes a new dynamic. Most people single-out and desire the real bargain selection out of any group. That makes the particular "bargain" property a hot item, so the competition for that property can be fierce. You may believe that sellers should be happy you are making an offer on the property—whatever your offer is—but it is possible that other buyers have identified the same property for the same reasons as you have.

PRICE/VALUE: Let's look at these timeless, precise facts about price: Two types of value are: **Emotional** [subjective] and **Market Value** [objective/unemotional]. Formal **appraisals** for loans in resale property, are done on the **Market Value Approach**, i.e., by comparing data from similar sold properties. When a house is overpriced, how the seller FEELS about the price or how you FEEL about it, has little to do with the price, but probably the only way that you can both reach an agreement on an overpriced house, is if you both have the same subjective emo-

tions about it. The feeling a seller has about his house is not a good way to arrive at the listing price—although some sellers cannot help but try to inject some emotion into the price. This is especially true here, where people have generally spent some wonderful years enjoying the area.

If I think the property is overpriced—I’ll tell you so. I’ll give you my best opinion of what you should offer. Of course, the final decision yours. You should have the right to expect that as a part of my best professional abilities, that you will get good advice from me. You should also expect that I will apply experienced, objective negotiation skills to get the property for you under acceptable terms. There are three basic offers you can make: [1.] You can offer list price and comply with all of the terms of the listing and absent competing, multiple offers, you can probably have that property; [2.] You can offer much less than list price and almost always expect a counter-offer; [3.] You can come reasonably close to list price under NORMAL market conditions and there is a strong chance the seller will accept your offer. [The years 2004 - 2007 brought us ABNORMAL market conditions of tight inventory and rapidly rising prices, i.e., a “seller’s market.” The 2006 inventory shaped up as very lean and buyers had price resistance to the higher-priced properties that remained—but prices in that market did not go down enough to notice—in fact, the average list price was much higher] In this area, **sold** prices rose 11% in 2006 and 2007 found sales activity to be flat. In the 2008 correction, we saw significant reductions in listing and sale prices [close to 45%] that continued for several years into 2012.

My ethical obligation is to give you sound advice. Normally, my advice is that you do not insist on making extreme demands in the negotiation strategy, such as “low-ball” offers. It is possible that there have been changes to the seller’s motivations that we do not know about—changes that would lead them to accept a low-ball offer. But believing that is simply a gamble and you could lose the property to another, reasonable buyer. If I know something about the seller that will get you a real bargain, I’ll tell you. The best negotiation is based on factual, objective viewpoints. If we make an offer that is far-fetched and full of fantasy, it is not logical to expect great results. The following are NOT valid negotiation strategies: “Splitting the difference, low ball offers or offering a price based on your observation of properties that are available in other markets.” You don’t need a Realtor® for that—all you need is a courier. I will make the offer you want me to make and the price is your decision and indeed: I will place your interests first. However, if the offer is contrary to my advice, your chance of a good result diminishes. Until the 2020-2022 timeframe, it seems that sold prices were about 3-5% under asking price.

5. If we can agree on a property you like and a negotiation strategy, we’ll **PREPARE THE PAPERWORK**. Another way of summarizing progress to this point is: that we “have” the right property in mind, we have you qualified financially to obtain it, you have checks in hand for the earnest money deposit and for the inspections that you want to have performed. The seller will want to be convinced that “you are for real”. I will coach you in the things you need and negotiate this for you. I’m prepared through experience to make this succeed, but you have to provide some of the crucial elements. I want to get you into position to look totally legitimate to the seller. If the seller occupies the property and/or has possessions in it, he will be committed to a lot of work to get it ready for your possession.

An interesting thing that you should know is that the latest Arizona Residential Purchase Contract lists a number of items that must be conveyed [stay with] the house:

Free-standing range/oven	flush mounted speakers	outdoor landscaping, fountains & lighting
Build-in appliances	attached fireplace equipment	water-misting systems
Light fixtures	window/door screens, sun screens	solar systems
Ceiling fans	storm windows & doors	pellet, wood-burning & gas log stoves

Towel, curtain & drapery rods	shutters & awnings	timers
Draperies & window coverings	garage door controls	mailbox
Attached floor coverings	attached TV/media dishes	storage sheds
Pool & spa equipment or	security alarms	water purification systems
Other cleaning systems	flat-screen t.v. wall brackets	water softeners

6. SELLER NOTIFIED/OFFER PRESENTED. I will write an offer that usually gives the seller a limited time to respond. In a very hot market, that may only be until later in the day or the next day. Even in a slow market, I won't give them more than a day or two. I will convey the offer to the seller's agent/listing agent. Under the standard set by the Arizona Real Estate Commissioner, he/she only has 24 hours to present the offer. If they abrogate their responsibility, I have the right to present the offer to the seller myself. If I have any reason to suspect that the offer will not be fairly presented, I will ask the listing agent that I be able to personally present the offer. The seller's Realtor® will undoubtedly be present, but I will present it in my own words, face-to-face or on a telephone conference call. Listing agents have inherently have a great deal of privacy with and influence over their clients. I have no knowledge or control over what they say to them in my absence. If there is another offer[s] that comes in before your offer is accepted, your chance of getting the property diminishes. The seller can simply choose another offer, rather than counteroffer. They may be tired of the whole process, or simply choose the first offer that came in, or make an emotional decision on which buyer to choose. Or—more likely, they will choose the offer with the highest price; [I would, wouldn't you]? This is interesting in light of the fact that so many people ask me how long a home has been on the market, as though that is the predominant issue which would motivate a seller. When more than one offer comes in at once, the seller can play whatever cards he/she wants and it is interesting to see whether money or frustration wins out. Usually it is money.

7. NEGOTIATIONS: If your offer is accepted by the seller, a contract is formed! There are FOUR [4] possible outcomes for your offer: 1. acceptance. 2. rejection. 3. counteroffer 4. acceptance of another competing offer. Only the #1, first-case outcome, is the one that puts you first in line for the property you chose.

PITFALLS: Outcomes 2, 3 and 4 do not represent agreement and the result may be that you do not get the property. We can talk about counteroffers ad nauseam and I've seen a few deals with up to 4 or more counteroffers and which took days to finally reach agreement. If the price of the property is competitive and you're serious about getting it, your offer must reflect that and be viewed that way by the seller. Otherwise, we're just gambling and you have to hope that this is your lucky day. Each delay and counteroffer diminishes the likelihood that you will get the property and inhibits trust between the parties. How much more search time do you want to invest and how badly do you want to start the whole process over? And, if your answer is that you have lost interest in that property, we can indeed start over; I've done it before.

Conrad Hilton said: "The buyer expects a bargain and the seller expects a profit. There's a fine line in between". Do not assume that a property is overpriced. Do not assume that the seller is desperate. Do not use trivial benchmarks, such as days-on-market, to be your overriding rationale on a proper price. Even in the hottest years of real estate sales [2005 and 2021], houses in our most popular, hottest selling neighborhoods---took 45-75 days from listing to closing.

If the house has been on the market for a long time, perhaps your conclusion should be that the seller is VERY firm on their price—with little regard to what anyone else believes. A long time on

the market may indeed indicate that it is overpriced, or distressed. Still, you might observe that the seller has shown little flexibility. There are only two motivations pertaining to the selling price of property: MONEY and TIME. When sellers seem firm on the price, you can believe that money is more important to the seller than time. In this case, they have the time to wait for the money. In this area I have seen seller's wait up to two years or more for their house to sell, without lowering the price. Keep in mind that each real estate market has its own characteristics. When you're in Payson, we're not in Chicago or Florida or even Phoenix. If the seller is short on time, for some reason, they might give in on the money. If the seller's agent is smart—and complying with his fiduciary duty to his client—this reason won't be revealed to me, but if I somehow do know, I'll tell you and try to get you a bargain.

8. If we can achieve **CONTRACT ACCEPTANCE**, theoretically you purchased a property. However, there are normally quite a few contingencies in place—all of them for your protection. Once we achieve acceptance, the contract and your earnest money check is promptly placed into escrow with a title company. If you are getting a loan, I will furnish a copy of your signed contract to the lender, who proceeds to order an appraisal. The lender normally asks you to write them a check for the appraisal, before they schedule it. The troubles caused by the September 2008 financial crash have caused Federally mandated revisions to appraisal requirements and they may now cost twice as much as they used to—sometimes \$1,000 or more.

PITFALLS: STEPS 9 & 10. When you are getting a loan, two of the biggest **CONTINGENCIES** are: [a] the home has to appraise for the contract value and [b] your credit worthiness and income has to be verified. In other words, “the home has to be good for the value and you have to be good for the payment.” It is said that “cash is better than a loan” and this is the real reason why. If you really want to proceed with the purchase of the property, do not make any large purchases on credit during the escrow period—such as furniture or a new car—if that could jeopardize your credit. Lenders frequently perform a last-minute credit check, just before they fund the loan, to see that none of the circumstances surrounding your loan application have changed, such as your asset-to-liability ratios or credit score. And I don't know how many people have told me with great confidence that “their credit is good”, but they have not recently checked their credit score. The formula for credit scores is pretty bizarre and your score is dynamic. It's a moving target. I've talked with some loan professionals who are more experienced with credit scores than me and they seem to scratch their head often. Credit scores can go down for slippery, disputable reasons but they don't rise again overnight.

11. INSPECTIONS & WALKTHROUGHS: When we put the offer together, I had you sign a Buyer's Advisory recommending that you get every inspection known on the planet. If available, I also provided you the Seller's Property Disclosure Statement. Inspections are for YOUR benefit and peace of mind, therefore, you are expected to pay for any and all inspections you deem necessary. [An exception is the On Site Wastewater Management Facility inspection—which the seller must pay for]. The two inspections buyers most commonly choose are: the Wood Infestation Report [historically known as the termite report] and a general inspection. I can recommend inspectors that I use. Most of the fees are similar. I will not recommend any company I have had bad results with, but conversely, I cannot guarantee that anyone you choose will do a perfect job. I suggest inspectors that I have personally experienced good results with. I will coordinate these inspections for you, to ensure that they are completed before the end of the contract inspection period; [usually 10 days]. However, they will expect to be paid when they do

them. Your examination of the title commitment should also occur within the inspection period as well as your verification to obtain homeowner's [fire] insurance that is suitable to you.

It is not to be expected that everything on inspection reports will be corrected for homes that are not new. If you were buying a new house, it would have a "new house price". The exact purpose of an inspection report is to give you the **condition of the house**. Houses wear out day by day. I have witnessed buyers who had complaints from items found in an inspection report, then kept the property for two or three years and never improved the very items they complained about. Inspection reports are not considered "punch lists" to be used to have the seller rebuild the house. Once we have gathered in all of the inspections you chose, I will advise you of the normal things to request for correction. The Arizona contract stipulates that certain items must be in working order. Based on your wishes, I will prepare the Buyer's Inspection and Seller's Response notice for you and deliver it to and negotiate it with the seller's agent. **If the property is in good condition, you may accept the property without requesting any repairs.**

It is customary to ask for certain items to be repaired. Safety and damage prone items such as electrical, plumbing or roof leaks could harm the dwelling or persons in the dwelling. These should normally be repaired at seller's expense. We should ask for these items and major items to be corrected. An individual item cost of \$500 or more is considered major. This is the customary benchmark. You should normally not request changes for conditions that were within building codes when the home was built, but which are now out of code—even if the inspection report notes that the item is out of code. The inspector would be remiss if he/she left anything out.

Inspectors are not necessarily going to look at every single thing. If it is winter and the evaporative cooler has been drained, the inspector will not turn on the water line and test the cooler. The final conclusion on the condition of the house is your determination. A house is little like a person: some houses the same age are fully functional but in quite different conditions. For instance, did you know that clothes washer and dryer hookups are frequently reversed? If you check out any appliance store, you will see that almost every pair made, has the washer on the left and the dryer on the right. The doors open so that you can easily move the wash load to the dryer and *almost* NO washer units are reversible. This is not something the inspector is going to look at or write about. It IS a problem and is the kind of problem that is expensive to correct, i.e.: a correction that the seller will be reluctant to agree to, because all of it was just fine with them while they owned the property.

Part of your inspection process during the inspection period, should be for you to determine that you can obtain homeowner's/fire insurance that is satisfactory to you with respect to coverage and price. Call your agent, or I can provide a local suggestion for you. An agent I have known for years is on the "useful phone number" list. An article on the New Reality of Property Insurance from the National Association of Realtors follows on the next two pages.

PITFALL: Please keep this in mind. The inspection period is a contingency in itself. You don't have to request anything to be repaired—and this means you are proceeding to purchase the property. If you request repairs, this is actually a second negotiation. You can make requests and the seller may comply. This also means that the purchase is proceeding.

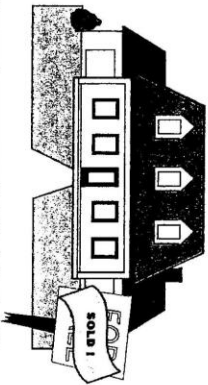
You can make requests that the seller chooses to deny [all or part of]—and you can still accept the property. Or, you can decide at that point that you do not want the property, because the seller denies your repair request and you can cancel the transaction. **Lines 278-280 of the**

current Arizona contract require repairs to be completed three days before closing.

CONTRACT BREACH AND CURE PERIOD: In the United States, contract law dictates that once contracts are entered into, each party must do all of the things they agreed to do and it is the expectation that a contract runs to completion or fulfillment. The Arizona residential real estate contract provides language for a “cure period” of three [3] days when something is not completed as required. For instance, the buyer has an obligation to furnish a Loan Status Report simultaneously with submission of the contract. If it was not done when the offer was submitted, the seller’s agent should issue a written “cure notice” to the buyer. Another example would be if repairs were required to be done by the seller. These repairs—if any—must be done 3 business days before close of escrow, so that the buyer has ample opportunity to confirm that the repairs were done to his/her satisfaction. A chart follows that portrays when a cure must be completed based on when the cure notice was given. A list of contract items follows that chart, identifying most of the items in the contract that might be a cause for a cure notice.

The New Reality of Property Insurance

What You Should Know



Q. How can insurance availability/affordability affect the real estate transaction?

A. The affordability and availability of insurance affects both buyers and sellers. Buyers will typically be obtaining mortgage financing to pay the purchase price of the property. The lender will require that there be property insurance to cover their interest in the property. If proof of insurance is not available at closing the lender will likely refuse to release the funds and therefore delay or even derail the transaction, either of which can impose both inconvenience and cost to both the buyer and seller. Even in a "cash" transaction the buyer may be hesitant to complete a transaction where insurance is not available to cover the buyer's equity in the property.

Q. When should a buyer apply to obtain an insurance policy to cover the property being purchased?

A. The interest of both buyers and the sellers now suggests that the buyers should begin their search for insurance no later than the time of the contract to purchase is signed. This helps to assure a firm commitment for the issuance of a policy well in advance of the settlement of the transaction. Waiting until the last days or even weeks before the closing can limit the opportunities of the buyers and sellers to address the affordability and availability issue and, if needed, to find alternatives for difficult to insure properties. There have been many examples of transactions which have been adversely affected in some manner because of problems associated with insurance availability/affordability.

Q. What kinds of events/records can affect the ability to obtain insurance on a property being purchased?

- A. A number of factors can affect the availability and cost of homeowner insurance on a property being purchased. For example, they include:
- past claims filed on the property (up to previous five years)
 - poor insurance credit score of the prospective purchaser
 - past claims filed by the property purchaser on other properties
 - physical characteristics of property (e.g., leaky roof)
 - characteristics of the property's location (e.g., proximity to fire station, regional weather conditions)

Q. How does the insurance company know what claims have been filed in connection with the property?

A. Approximately 90% of all insurance companies contribute information regarding

claims to an insurance industry database. When underwriting a new policy the insurance company may obtain a report from this system from one of a couple different sources to determine the property's claims history. This report is most often identified as a comprehensive loss underwriting experience report or a "C.L.U.E. Report." The report contains information regarding property claims filed in connection with a particular property and claims filed by a particular insured person. For a fee the current owner of the property may obtain a copy of this report. A copy of the report is available to the property owner through companies such as ChoicePoint, Inc, either by writing to ChoicePoint, Inc. located in Alpharetta, Georgia, or by going to their website, choicepoint.com, and A-Plus, either by writing to A-Plus located in Jersey City, New Jersey or calling 800/709-8842.

Q. Should I get a copy of the C.L.U.E. Report?

A. While this decision is up to the property owner, it is important to understand the limitations of the report. The report contains only raw information and how that information will affect the insurability of a property isn't explained as a part of the report. Moreover, not all insurance companies use the report and those that do use it don't all use the information in the same way. As a result having the report may not enable you to predict whether a particular company will insure the property. If you want information on how a C.L.U.E. Report or other similar report may affect your ability to obtain insurance contact your insurance agent.

Q. Are there factors unique to a buyer that can affect their ability to obtain insurance?

A. Yes, although not used by all insurance companies in determining eligibility for insurance, some companies do review the claims filed by the

claims to an insurance industry database. When underwriting a new policy, the insurance company may obtain a report from this system from one of a couple different sources to determine the property's claims history. This report is most often identified as a comprehensive loss underwriting experience report or a "C.L.U.E. Report." The report contains information regarding property claims filed in connection with a particular property and claims filed by a particular insured person. For a fee the current owner of the property may obtain a copy of this report. A copy of the report is available to the property owner through companies such as ChoicePoint, Inc, either by writing to ChoicePoint, Inc. located in Alpharetta, Georgia, or by going to their website, choicepoint.com, and A-Plus, either by writing to A-Plus located in Jersey City, New Jersey or calling 800/709-8842.

Q. Should I get a copy of the C.L.U.E. Report?

A. While this decision is up to the property owner, it is important to understand the limitations of the report. The report contains only raw information and how that information will affect the insurability of a property isn't explained as a part of the report. Moreover, not all insurance companies use the report and those that do use it don't all use the information in the same way. As a result having the report may not enable you to predict whether a particular company will insure the property. If you want information on how a C.L.U.E. Report or other similar report may affect your ability to obtain insurance contact your insurance agent.

Q. Are there factors unique to a buyer that can affect their ability to obtain insurance?

A. Yes, although not used by all insurance companies in determining eligibility for insurance, some companies do review the claims filed by the

agent to find out if any standardized language has been developed in your community and/or consult with your attorney. There are multiple factors which might be used to determine a property's insurability or the "affordability" of the insurance in such a clause. The factors used in a contract clause could include, but are certainly not limited to:

- a. acceptable C.L.U.E. report
- b. purchaser is satisfied of the insurability of property
- c. secure binder of property insurance on property
- d. cost of insurance doesn't exceed specified threshold

Both buyers and sellers should be aware that there are advantages and disadvantages to such a clause that should be considered. The advantage of such a contingency is that it may allow the buyer to cancel the transaction if the property proves uninsurable or insurance is unaffordable. This avoids reliance on a financing contingency and any question regarding its application where the property and borrower would otherwise qualify for a loan. On the other hand, the inclusion of such a clause may affect the acceptability of an offer, particularly if the offer is being made in a competitive environment.

Prepared by the Risk Management Committee of the National Association of REALTORS®

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Transaction Checklist – Insurance Issues

- Discuss current insurance market conditions with your insurance agent and any problems you may have in obtaining insurance on the home you are purchasing
- Review offer to purchase to identify insurance issues/contingencies or need for such contingencies with your attorney
- Contact one or more insurance agents immediately following acceptance of purchase contract by both parties to begin process of obtaining necessary insurance.
- Obtain commitments to issue an insurance policy from an insurance company in writing and carefully review it with your attorney or insurance agent to determine scope of that commitment.
- Be aware of alternative insurance sources that may be available if a problem develops:
 - Know available sources of insurance (i.e., what other insurance companies are in market by calling different insurance agencies in the community)
 - Check with Seller's current insurer to determine if that insurer will continue to insure property with new owner
 - Check with Buyer's current insurer to determine if that insurer will continue to insure buyer in a new property
 - Alternative forms of coverage that may allow transaction to proceed (FAIR Plans, Fire & E.C., etc.)

WALKTHROUGH[S]: Contract lines 271-274 gives a buyer the right to conduct walkthroughs before closing and the seller agrees that the utilities shall be on through closing. You will probably continue to think of things you overlooked and may want to go back and do things such as measure a wall or windows. We also strongly encourage you to conduct a final walkthrough to verify that repairs [if any] have been made and/or that the property is being left in its promised condition per the contract. On the one hand, I encourage you to satisfy yourself completely regarding the condition of the property. On the other hand and out of respect for the seller's privacy, I suggest you limit walkthroughs to the minimum necessary to satisfy your concerns. It will not be your property until it records in your name and without permission, you cannot do anything to the property until it is in your name. Do not ask to place any of your possessions on or in the property until it is legally yours.

12. TITLE COMMITMENT—ANOTHER CONTINGENCY: Separate and apart from the physical property inspections, the title company will be sending you a title commitment showing what, if anything, is a “cloud on the title.” Look at “Exhibit B”. Liens and assessments against the property will be removed at closing and paid out of seller's proceeds, so that they will not be your responsibility. The Arizona contract provides you 5 [five] days after receipt of the title commitment to review it and the CCRs and easements, if any. Under the current Arizona contract, the title company who accepts the escrow is in breach of the contract, if they do not meet this 5-day period and will be served a cure notice. I prefer that you use a local title company and escrow officer that I recommend. I have to ensure timely completion of all paperwork associated with your purchase and it triples the phone calls and the work if the title company is in another county. If the title company is not in this county, they will undoubtedly engage/refer the escrow to our local company anyway.

The CCRs, that accompany the title commitment “run with the land” and may spell out restrictions about what you can do with or build on the property. They can be different for each neighborhood. Sometimes they are voluminous. Sometimes they are brief. Sometimes they provide for a homeowner's association [HOA]. If you have questions after studying these documents, ask me. Look carefully for any easements as well. If my answers are not sufficient, consult an attorney. I cannot give legal advice. If you take exception to anything in them that cannot be resolved, the Arizona contract gives you the right to disapprove them and cancel the transaction during the inspection period.

13. UTILITY TRANSFER: If you want utilities for your new property to be in service on the day set for closing, you will have to call about a week ahead of closing, to put the accounts in your name. A complete list of contacts is in this package. Some companies will require a deposit. The Town of Payson charges a \$100 deposit to open your account and go out and unlock the water at the meter. If you already have accounts with local phone or power companies, they may have no deposit fee. Our local propane gas company also has a deposit fee and will come out to start pilot lights on gas water heaters, ranges, furnaces and fireplaces, if they have been shut off. In order to do this, the account will need to be opened, the water will need to be on in the case of a gas water heater and you will need to make arrangements for us to open the home for them. The Northern Gila Country Sewer District account must be set up separately. This is not part of your water bill as it is in some locales. N.G.C.S.D. will disconnect and cap a sewer line for non-payment. When you set up your account you will also find out if YOUR line has been disconnected—in which case the hookup fee should be paid by the seller [another reason to get utilities set up before closing.] This has mostly occurred with bank-owned or repossessed properties [which in 2009--2012—so many people seem interested in buying.]

Phone & cable t.v. services may require more than a week to schedule. I cannot start these accounts for you, because they want your personal billing information and to schedule a time when you will be there. You will have to deal with these service providers and accounts anyway. Plan ahead and tell them you want the account started on the date you have been given for closing. This may not be an exact date, but it is the best possible target date. It may cost you a few dollars if the escrow closing is late, but having the utilities ready-to-go for you, is for your convenience. If you don't need the convenience, don't schedule them until after you are in—but then you won't have them available until each of those companies can get around to it. Sometimes I can swing a favor in a small town, but I have no power or influence over utility company schedules. Satellite television companies will need to deliver one or two boxes of equipment. Please do not have it delivered until you are in the house. There is no storage room for these in our offices. U.S. MAIL: the U.S. Postal service changes locks on mailboxes when ownership changes, so your mailbox keys must be personally picked up at the Post Office, on the corner of the South Beeline Highway and West Frontier Street. The Postal Service will want verification of your identity and property ownership. Part time residents often do not switch their mail to the local address.

14. SIGNING OF PAPERS: In the case of a loan, the buyer has the most papers to sign. When you signed your offer, I put the name and phone number of the title company on page 3 of the contract. Within the first 5 days or so you should have received a cover letter and contact information with the title commitment and CCRs, as I explained earlier. You should tell the title company how you want to take title on the deed, if you did not decide on this issue when the offer was prepared. The title company should send you definitions of different ways to take title, but they are prohibited from giving legal advice and so am I.

You do not have to be at the title company, or in this town to sign papers. You can ask for a courtesy signing in your locale. Ask your escrow officer directly. These documents are signed near the end of escrow—or closing. If courier/overnight issues are involved, this takes extra day[s], so if you expect to close on time, the escrow company needs to know this up front. FEDEX, UPS etc do not pick up or deliver in Payson on Saturday or Sunday. The title company will have an affiliate or find a service provider to perform a local signing for you. If you have a loan, there will be a ton of paperwork, including a promissory note and lien papers against the property you are buying. Before you sign these papers, you should receive a CLOSING DISCLOSURE statement, [CD form] that shows a detailed breakout line item of each cost that is included in your final payment amount, whether you pay in cash or finance them. If you question any of these line item costs, please ask the escrow officer for an explanation.

15. LENDER FUNDS LOAN, DELAYS – POSSIBLE AND PROBABLE: This is not a “done deal” just because you signed loan papers. Your loan docs and the appraisal for the property—assuming it appraised for the contract value—will go back to the lender's underwriter, who will perform a final review, to see that all documents conform to their standards, so that they can later be transferred into an investment portfolio for similar loans/properties. They will probably also take a final look at your credit. **ANOTHER PITFALL:** They may find a document unsigned or missing or may decide they need something else. That will cause delays. I can attest that they care more about the missing form, than a delay.

ANOTHER POINT: If the money is “wired” from one financial institution to another and comes into the title company late in the afternoon, it may be too late to record the deed with the county recorder. If it cannot be recorded, “closing” has not occurred. If this is so, it's not your property

yet and my broker prevents me from releasing the keys, unless you have signed a pre-possession agreement. You can clearly see now that when you are getting a loan, everything near the end hinges on the loan. Cash is always easier—but not possible for many people.

16. That's why **MOVING DAY** is not necessarily the day everyone had set up for the **CLOSING DATE**—irrespective of the fact that the utilities might be in your name and that your truck is parked outside, ready to be unloaded.

My broker does not allow for you to take possession of the property until it “closes”. This means that the escrow company has received certified funds in the proper amount from you or from the lender. At that point—and this must occur during the week before 4PM on any day—the title company records the deed into your name. Only then will keys be presented to me, so that I can give them to you. I usually work weekends, but the Gila County Recorder does not. If it does not record before they close for the day, it is beyond my power to make it happen until the next business day. That day would be Monday of the next week—if that is not a holiday.

PITFALL: An exception to this would be a contract stipulating that you may have prior possession, “prior” meaning “prior to recordation”. This practice is discouraged. If that occurs, you are legally a tenant until you own the property. You need tenants' insurance to protect your possessions until you own it. The seller needs to continue to carry fire and liability insurance until you own it. Undoubtedly, your request for this will come at the last moment, on a Friday, probably because the lender is late and neither you nor I will have the time to put the necessary rental agreements and insurance in place. I have had cases where the buyers were allowed to move in early on a weekend and on Monday, the lender announced that they changed their mind and were not going to fund the loan. All parties want to avoid this scenario entirely.

CONCLUSION: This is an overview of the home purchase process, including a ‘heads up’ on many things that could cause delays. Buyers usually have a tremendous amount of enthusiasm and excitement for their new purchase. There are some things you can do, that I cannot, that will minimize any disappointments.

1. Always promptly answer calls from me or the lender or escrow company, to provide clarification, answers or additional paperwork.
2. If you think you are going to want to be in your property on a weekend, let's write the closing date on a Wednesday or Thursday and hopefully not at the end of the month. This accommodates possible delays. Let's be the ones who are smart. Let's be the people who make it easier on the escrow officer. Let's manage potential delays in a way that makes everyone happy in the end.
3. **DON'T** plan for everything to happen exactly on time. Get your utilities on for the closing date, but plan to not worry about a few days of utility cost, if closing does not happen on time. If possible don't plan to arrive with your furniture or personal property until a couple days after the scheduled closing.
4. Hoping that everything will go exactly as planned is a gamble to some extent. If you insist on bringing everything with you, expecting it to close on time—and timely closing is indeed a probability—be flexible enough to consider that you may have to rent the U-haul truck an extra day or two and a motel room as well. This is supposed to be a happy time for you, but the process is complicated. Accept the fact that it can be stressful. My goal is to get you into your residence on the scheduled closing date and usually that goal is met. There are many institutions, individuals, much paperwork to coordinate and tar-

get deadlines to meet. I control all of those that I can and provide all of the information to you about what to expect or not expect of others.

	2013	2014	2015
Forecast			
GDP growth	1.8%	2.5%	2.7%
Existing-home sales (millions)	5.11	5.14	5.40
New-home sales (units)	433,000	522,000	680,000
Housing starts (units)	917,000	1,126,000	1,450,000
Home price (median)	\$196,700	\$207,200	\$215,000
Fed funds rate	0.1%	0.1%	1.5%
30-year mortgage	4.0%	5.1%	5.8%
Commercial			
Office			
Vacancy rate	15.7%	15.5%	15.4%
Net absorption (sq. ft.)	32,197	46,144	49,634
Completions (sq. ft.)	27,314	35,613	42,065
Rent growth	2.4%	2.5%	3.0%
Industrial			
Vacancy rate	9.3%	8.8%	8.4%
Net absorption (sq. ft.)	97,027	104,913	107,469
Completions (sq. ft.)	48,996	67,061	68,507
Rent growth	2.4%	2.5%	3.0%
Retail			
Vacancy rate	10.5%	10.1%	9.9%
Net absorption (sq. ft.)	10,968	18,093	22,683
Completions (sq. ft.)	6,008	13,409	17,526
Rent growth	1.4%	2.2%	2.3%
Multifamily			
Vacancy rate	4.1%	4.0%	4.2%
Net absorption (units)	239,443	211,325	102,343
Completions (units)	123,518	163,924	114,697
Rent growth	4.0%	4.3%	3.5%

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All tables use data compiled by NAR's Research department. Figures for 2006–2012 are actual; figures for 2013–2015 are projected.

Home affordability hits peak (annual index level)

2006	107.6
2007	115.4
2008	137.8
2009	169.4
2010	172.0
2011	186.4
2012	196.5
2013	164.3 (Sept. only)

No longer a depreciating asset (median home price)

2006	\$221,900
2007	219,000
2008	198,100
2009	172,500
2010	172,900
2011	166,100
2012	176,800
2013	196,800

Back to work

(one-month net job gains,
May of each year)

2006	135,895
2007	137,612
2008	137,446
2009	130,985
2010	130,224
2011	131,284
2012	133,522
2013	135,688

Profitable lenders

(banking profits, in billions of dollars,
second quarter of each year)

2006	\$407.3
2007	297.6
2008	158.1
2009	216.4
2010	288.6
2011	284.6
2012	375.1
2013	429.8

3 DAY CURE

Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Mon	Tues	Wed
Cure Issue Date	DAY 1	DAY 2	DAY 3 Mid-night						
	Cure Issue Date	DAY 1	DAY 2	DAY 3 Mid-night					
		Cure Issue Date	DAY 1	DAY 2	DAY 3 Mid-night				
			Cure Issue Date	DAY 1	DAY 2	DAY 3 Mid-night			
				Cure Issue Date	DAY 1	DAY 2	DAY 3 Mid-night		
					Cure Issue Date	DAY 1	DAY 2	DAY 3 Mid-night	
						Cure Issue Date	DAY 1	DAY 2	DAY 3 Mid-night

*If COE falls on a day when the Title Company and/or Recorder's Office is closed- COE will be on the next day both are open.

Pioneer Title Agency, Inc.

2005 AAR Residential Resale Purchase Contract Cure Period Cheat Sheet

The following is a guideline as to when a cure period notice would be deemed applicable.

<u>Section</u>	<u>Line(s)</u>	
1f	25-27	Should any addenda noted not be received at time of contract.
1g	40-45,48	Should items not be same as noted at time of contract at COE or not there at all.
2d	62-63	Should LSR not be attached to contract at time of offer.
2f	67-69	Should documents not be at title 3 days prior to COE.
4a	131-133	Buyer and Seller must perform within these timelines.
4b	134-139	Buyer and Seller must perform within these timelines.
4c	140-153	Buyer and Seller must perform within these timelines.
4d	154-158	Buyer and Seller must perform within these timelines.
4e	159-162	Buyer and Seller must perform within these timelines.
6i	230-233	Written notice using the BINSR form.
6j	234-253	Written notice required, no verbal discussions will extend these time periods.
6k	254-256	Written notice using the BINSR form.

Calculating Time Periods

8h	334	24 hour calendar days.
8i	335-339	Date of notice delivered does not count.

Clock starts 12:01 next day. The last day of the period is included.

IMPORTANT PHONE NUMBERS

PAYSON, AZ AREA (Local Area Code: 928)

Town of Payson	474-5242
Emergency	911
Water Dept	474-5242, ext. 4
Police	474-5177
Fire Dept	474-5242

Utilities:

Electric, APS	800-240-2014
Propane, ALLIANT GAS	474-2294
Sewer, Green Valley Water 2200 W. Doll Baby Ranch Rd.	474-5257
Phone, Centurylink [aka Qwest]	[800] 244-1111
Internet – Hospitality Wireless, Dan Taft	978-2006
T.V. - Cable T.V., high-speed Internet & Phone bundled – Suddenlink	[800] 468-6750
DirectTV – satellite t.v.	[800] 307-5644
Pine – Strawberry Water District	[928] 476-4222
Brook Utilities [Water in the county]	[800] 270-6084

TRASH PICKUP:

Waste Management	474-2104
Roadrunner	474-0603

Health Care:

Canyon State Ambulance	474-2831
Banner - Payson Regional Medical Ctr.	474-3222

Schools:

District Office	474-2070
Julia Randall Elementary	474-2353
Payson Elementary	474-5882
Pine-Strawberry Elementary	476-3283
Rim Country Middle	474-4511
Payson High School	474-2233

AZ Road Conditions	511
Highway Patrol, AZ	911
Chamber of Commerce	474-4515
U.S. Forest Service	474-7900
Sheriff, Gila County	911
Post Office	474-2972
Public Library	474-5242

Carpet/Flooring —Dan Good	474-3386
Carpet Cleaning --Refined Carpet Care	472-2282
Sunshine [+ water damage remediation]	474-2521
Cell Service —Payson Wireless	[928] 468-8464
Computers & Service —Scott Moody	[928] 468-7400
Contractor - Donald Flowers	[480] 329-3314
Cleaning [home] —Cheaper Sweepers	[928] 472-9897
Electrician - Brahams Electrical	474-0085
Handyman - Bob York	[928] 951-0972
Heating/Cooling —Shawn, Airzona	[602] 481-2854
Insurance: Crabtree	474-2265
Locksmith - Beeline Lock & Safe	[928] 978-7767
Plumbing - Doug Hall	[928] 978-0960

INSPECTIONS:

General Home Inspections	
Brent Ruttle	[928] 595-2985
Jeff Hunter	[602] 481- 5918
Termite Inspection/Pest Control	
Atomic Pest Control/Brian	474-3991
Movers — Quality Movers	474-6968
Roofing & Gutters —Shreeve Roofing	474-0597
Security Systems —Aztec Alarm	[928] 472-7767
Septic Inspections/Cleaning	
Little Stinker	[928] 476-4337
Bryan Parkerson	[928] 978-3967
Storage Units: Swiss Village Self Storage	474-6339
Window Cleaning —Sparkle Tech	[800] 370-3998

CONSIDERATIONS IN PICKING A REALTOR®

It is fundamental to the business that **REALTORS®** market themselves and be positive. This pretty much puts them out in the limelight and in the public, often with pictures on their business cards and magnetic signs on their cars, along with their names and phone numbers on yard signs.

So, what goes along with this territory sometimes, is an awful lot of people saying “how good they are” and saying they are “number 1”. What’s a person to believe? How do you pick a **REALTOR®** ?

1. Pick someone with experience who **WORKS** the area. You don’t fly from Phoenix to Los Angeles to buy property in Chicago. If it’s a big area, such as metro-Phoenix, make sure they directly work the town or neighborhoods you want to be in. Ask how long they have been in the area. That’s directly relevant to how much they know about the local property.
2. Education: A person doesn’t have to sell real estate for years to do a competent job of selling real estate. There are many bodies of knowledge that contribute to their expertise. In the absence of many years of real estate sales, other experience in business and negotiation are invaluable. And in ANY field, I firmly believe that real professionals should constantly go the extra mile for meaningful education in their chosen endeavor and to obtain the best credentials in their field. The CRS and GRI designations are among the most relevant.
3. Integrity, trust, reputation: Trust doesn’t happen overnight. But you can “borrow” some trust, if you can find someone who you **DO** trust, to in turn recommend a **REALTOR®** that they trust and have personally had a good experience with. Also, there are some indicators of trust. It is hard to stay in business very long when you don’t treat people right or when you are thoughtless or make careless, costly mistakes. So, **REALTORS®** who have been around for a long time, may perhaps have earned some integrity and reputation.
4. Ask a **REALTOR®** if they personally make more in commissions if they show and sell only their own company listings—as opposed to any listing available in the MLS. Their obligation is to find YOU the right property and put YOUR interests ahead of theirs. If, coincidentally, their company has the only listings you are interested in—then fine. But if it seems you are not seeing what you asked for, in **TANDEM** with seeing only their company listings, the **REALTOR®** may not be doing their job. The Payson market is not like a metro area, with many new and different subdivisions and spec homes. In the Phoenix example, if you walk into a model home office, the only property they will be representing, are those homes that are in their subdivision. If you want to see something else, then you wander into another subdivision.

REALTORS® all adhere to a code of ethics. Sales people who are not a member of a Board of **REALTORS®** do not. I don’t know anyone who has memorized them all, but it is always worth taking a close look at them. The ethics pledged to you are on the following pages.

KUDUS AND TESTAMONIALS

"Friendly, efficient and atuned to our needs. Went the extra mile to help us purchase and settle into our new home. Very helpful in advising us of local businesses and workmen. A joy to work with. We can't say enough about Steve's thorough competence and expertise. We highly recommend Steve Cantrill for any real estate dealings. Will use him again if we need an agent." - Ronald & Annette Shepherd

"Steve was very helpful throughout the whole process, he went out of his way to be sure I was keep informed." - Denise Homer

"Steve is a highly personable and helpful agent. He took us out to look at a number of properties, and shared good information in a no-pressure way. Also helped us make connections for inspections and everything else we needed. He's a great guy, always responded quickly to anything we needed to make our house purchase happen. Highly recommend!" - Brent & Debra Dirk

"Steve Cantrill was excellent. He pursued and finally found a group that would finalize my loan." - Malcolm Alford

"Steve is Local, thoughtful, helpful, neighborly!" - Duncan Milloy

Where the word REALTORS® is used in this Code and Preamble, it shall be deemed to include REALTOR-ASSOCIATE®s.

While the Code of Ethics establishes obligations that may be higher than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law must take precedence.

Preamble

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which REALTORS® should dedicate themselves, and for which they should be diligent in preparing themselves. REALTORS®, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow REALTORS® a common responsibility for its integrity and honor.

In recognition and appreciation of their obligations to clients, customers, the public, and each other, REALTORS® continuously strive to become and remain informed on issues affecting real estate and, as knowledgeable professionals, they willingly share the fruit of their experience and study with others. They identify and take steps, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the public or which might discredit or bring dishonor to the real estate profession. REALTORS® having direct personal knowledge of conduct that may violate the Code of Ethics involving misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm, bring such matters to the attention of the appropriate Board or Association of REALTORS®. (Amended 1/00)

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, REALTORS® urge exclusive representation of clients; do not attempt to gain any unfair advantage over their competitors; and they refrain from making unsolicited comments about other practitioners. In instances where their opinion is sought, or where REALTORS® believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, REALTORS® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, “Whatsoever ye would that others should do to you, do ye even so to them.”

Accepting this standard as their own, REALTORS® pledge to observe its spirit in all of their activities and to conduct their business in accordance with the tenets set forth below.

Duties to Clients and Customers

Article 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. (Amended 1/01)

Article 2

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. (Amended 1/00)

Article 3

REALTORS® shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker. (Amended 1/95)

Article 4

REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative. (Amended 1/00)

Article 6

REALTORS® shall not accept any commission, rebate, or profit on expenditures made for their client, without the client's knowledge and consent.

When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), REALTORS® shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the REALTOR® or REALTOR®'s firm may receive as a direct result of such recommendation. (Amended 1/99)

Article 7

In a transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the REALTOR®'s client or clients. (Amended 1/93)

Article 8

REALTORS® shall keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

Article 9

REALTORS®, for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing. (Amended 1/04)

Duties to the Public

Article 10

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. (Amended 1/90)

REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. (Amended 1/00)

Article 11

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth. (Amended 1/95)

Article 12

REALTORS® shall be careful at all times to present a true picture in their advertising and representations to the public. REALTORS® shall also ensure that their professional status (e.g., broker, appraiser, property manager, etc.) or status as REALTORS® is clearly identifiable in any such advertising. (Amended 1/93)

Article 13

REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

Article 14

If charged with unethical practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, REALTORS® shall place all pertinent facts before the proper tribunals of the Member Board or affiliated institute, society, or council in which membership is held and shall take no action to disrupt or obstruct such processes. (Amended 1/99)

How your credit score affects interest rates

By E.J. Anderson
SPECIAL FOR THE REPUBLIC

Can't make the monthly payment on your credit card? It could cost you more than you think. But it won't be the credit-card company that makes you pay, it's what it will do to your credit rating or FICO score that's important.

A few late payments and borrowers could be paying hundreds and even thousands of dollars more in interest than consumers who have a spotless record.

As interest rates begin to rise and housing prices skyrocket, credit ratings could mean the difference between shoppers buying the home of their dreams and settling for something less.

"You can see your score is extremely important for a consumer," said Tom Diller, director of sales for Merchants Information Solutions in Phoenix, who has spent nearly two decades in the lending industry.

Consumers with top scores not only get better interest rates, but they also can borrow more money when it comes to applying for a mortgage. Those with poor ratings will have higher monthly payments and likely will have to make a higher down payment.

Typically, consumers are classed by an A, B, C or D grade, with A being the best. Those at the bottom of the scale will pay big for the loan, the difference in interest rates can mean thousands of dollars.

And there is even more bad

To check your credit
Once a year consumers can get a free credit report at www.annualcreditreport.com.

news for those at the bottom of the scale. Consumers with low rankings could be socked with huge penalties if they try to pay off the loan early.

Most consumers do fairly well with their scores. Nationally, the median score is 723, which puts them in the top category, Diller said.

There are three major credit-reporting agencies — Equifax, Experian and TransUnion. Most mortgage companies merge the three to determine how much money they will lend consumers and at what interest rate.

One of the biggest problems is errors on credit reports. According to Diller, one out of four credit reports will have errors, and 25 percent of those won't be able to get the loan they want because of the errors on their credit report. Diller recommends that consumers keep track of their rate. He checks his rate once a month.

If a credit report has errors, consumers have several options to remedy the problem. Often mortgage companies will work with the consumer to produce documentation to correct the report. They also can go directly to any of the three credit reporting companies.

Be aware that credit reports can change daily, Diller said. It used to be every time consumers requested a credit report, it would affect the

6 steps to a better score

Consumers frequently can boost their credit scores by taking prudent steps. Here's a list of helpful actions:

Pay bills promptly. Avoid late payments, collection problems and bankruptcies.

Review credit reports at least annually. Contact creditors and credit bureaus to remove errors.

Check credit record — and start fixing mistakes — several months before you plan large borrowings.

Close inactive accounts, but don't shut your oldest account, because that could shorten your credit history.

Ask lenders to reduce your levels of available credit.

Beware co-signing on credit cards and other accounts for kids and other borrowers.

Source: The Arizona Republic

Score dictates payments

Your credit score determines your interest rate, monthly payment and amount of interest paid.



Source: Tom Diller, Merchants Information Solutions in Phoenix

TONY BUSTOS/THE ARIZONA REPUBLIC

When you start moving? Here are some free tips!

Two Months Before Moving

- Sort through your belongings to reduce the number of things you have to move.
 - Have a garage sale or donate items you no longer need to charity.
 - Decide whether to move yourself or hire professionals. Make reservations with a moving company or a truck rental company.
- Tip: Call three companies for estimates to compare.*
- Gather packing supplies: boxes, packing material, tape, felt markers, and scissors.
 - If you're moving a long distance, make travel arrangements with the airline, hotel, and rental car agency. If you're driving to your new home, get maps and plan your travel route.
 - Save all moving receipts, because some moving expenses may be tax deductible. Check the current tax code for requirements.
 - Place your legal, medical, financial, and insurance records in a safe and accessible place.
 - Purchase insurance coverage for valuables to be moved.

One Month Before Moving

- Start packing items that aren't regularly used such as off-season clothes and decorations and items in storage areas (garage, attic, and closets).
- Make travel arrangements for your pets.
- If you're driving, get your car tuned up.
- Get medical records from your doctors, dentist, optometrist, and veterinarian.
- Send items (rugs, drapes, clothing, quilts, bedding) to the cleaners.
- Back up important computer files.

Two Weeks Before Moving

- Contact your utility companies (gas, electric, water, cable, trash collector, and local phone service providers) and notify them of your move.
- Sign up for services at your new address.
- Contact your long distance phone company and notify them of your move.
- Call friends and family and recruit help for the moving day if necessary.
- Confirm your travel reservations.
- Arrange to close or transfer your bank account, if appropriate, pick up items from safety deposit box.

One Week Before Moving

- Pick up items from the cleaners, repair shops, or friends.
 - Pack a survival kit of clothes, medicines, special foods, and so on to carry you through the day after arrival in your new home.
 - Finish packing all boxes minus what you'll need in the final week.
 - Inform the post office of your upcoming move.
- Send change-of-address cards with your new address and phone number to:**
- Friends and family
 - Banks, insurance companies, credit card companies, and other financial institutions
 - Magazines and newspapers
 - Doctors, lawyer, accountant, realtor, and other service providers
 - State and federal tax authorities and any other government agencies as needed
 - Workplace, schools, and alma maters
 - Voter registration office and motor vehicle bureau

The Day Before

- Set aside moving materials, such as tape measure, pocket knife, and rope.
- Pad corners and stairways of house.
- Lay down old sheets in the entry and hallways to protect floor coverings.
- Remove hanging fixtures.
- If moving yourself, pick up the rental truck and a hand truck or dolly to move heavy boxes.
- If you're driving, check oil and gas in your car.
- If you're traveling, make sure you have tickets, charge cards, and other essentials.

Moving Day

Carry with you:

- The keys to your new home.
- Map of new town and directions to your house.
- The telephone number of the moving company.
- Cash or traveler's checks.
- Documentation related to the sale of your home.
- Your insurance policies and agent's phone number.
- Your current address book or personal planner.
- Prescription and non-prescription medicines.
- Enough clothing to get by if the movers are late.
- Any important personal records and documents.
Any items of great personal value to you that are virtually irreplaceable (for example, a photo album).
- Back-up copies of important computer files.
- Sheets and towels for the first night in your new home.
- Personal hygiene items (for example: toothpaste, soap, razor)

Arrival Day

- Show movers where to place furniture and boxes.
- Check inventory to ensure that everything was delivered before signing delivery papers.
Note any damages on the inventory sheet.
Tip: It's helpful to have the movers read off the inventory numbers on boxes and furniture while you check the inventory list.
- Unpack any valuable items, such as silver, art, and jewelry, upon arrival.

After the Move

- Walk and drive around your neighborhood and community to orient yourself and your family.
- Get new driver's licenses, library cards, voter registration cards, and bus passes.
- Enroll children in school.

Real Estate

Avoid pitfalls in mortgage financing

By Ellen James Martin
Universal Press Syndicate

Anyone who uses the Internet is inundated with mortgage offers. Mortgage companies also bombard TV, radio and the mail with ads.

"Everybody who has a mortgage package to sell is out there hawking it," says Merrill Ottwein, former president of the National Association of Exclusive Buyer Agents.

Despite the competition, Ottwein says, the watchword for home loan applicants should be wariness. "The mortgage business is lightly regulated. Lenders come and go. And the ones who wear out their welcome due to poor service or trickery simply go out of business and reappear under new identities."

As the owner of an independent realty company, Ottwein has helped many home purchasers avoid mistreatment by mortgage lenders who may try to charge "junk fees" at the closing table.

Here are pointers for would-be home loan applicants:

■ Don't be intimidated by the mortgage industry. To be sure, it's essential that most homebuyers obtain financing to make a housing purchase. The whole credit process, including the "credit score," can be baffling.

Still, Sid Davis, author of *A Survival Guide for Buying a Home*, urges would-be mortgage borrowers to take a proactive, assertive approach as they seek home financing. If you're puzzled about something, ask.

Borrowers have leverage, he says. If mortgage company representatives don't make loans, they don't earn commissions.

SMART MOVES

can get free credit reports. In addition, several states extend this right to their citizens under state law.

For information on free credit reports, visit www.annualcreditreport.com.

Federal law doesn't yet give consumers the right to free access to their credit scores, which are derived from a complex mathematical model that evaluates information found in credit files. But you can buy your score reports from the three credit bureaus, or from the Fair Isaac Corp., the dominant purveyor of credit scores, through its Web site: www.myfico.com.

FICO scores range from 300 to 850. Anyone with a credit score in the high 600 range or above should usually be able to obtain the best available rates and terms on a mortgage loan, Davis says.

Even those with blotches on their credit histories often can obtain a mortgage at a competitive rate, he says.

■ Seek a local lender with an established reputation. Realtors often have lists of lenders who have proven

worthy of repeat business.

■ Stay vigilant regardless of the lender you choose. A solid lending company will ask for all, or nearly all, the documentation it needs from a borrower early in the process. These can include W-2s, recent pay stubs, retirement account statements and tax returns.

Prospective borrowers, Ottwein says, should obtain a good-faith estimate of closing costs, including lender fees, when they first shop. Then, before closing, they should review the standard closing forms (known as HUD-1 Settlement Statements) to look for unjustified charges that may have been tacked on. "We insist on these documents at least one day prior to closing," Ottwein says.

Be wary of lenders who fail to return phone or e-mail messages in a timely way, who ask for closing-date delays, or who resist requests for the HUD-1 Statement before closing.

■ Arm yourself with credit information before you look for a lender. Under an amendment to the federal Fair Credit Reporting Act, you're entitled to one free credit report every 12 months from each of the three nationwide consumer reporting companies: Equifax, Experian and TransUnion.

Those living in Southern states can't exercise their right under federal law to obtain free credit reports until June, and those in Eastern states can't do so until September. But anyone in Western and Midwestern states