

# PAYSON AREA PROPERTY ORIENTATION FOLDER

a r i z o n a  
**RIM COUNTRY**  
**RIM COUNTRY** ©



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TeamCantrill@PaysonProperties.net**

## **WELCOME TO PAYSON AND THE SURROUNDING AREA**

**THE CLIMATE.** People who have been around the state of Arizona a long time refer to many areas in Northern Arizona as “mountain towns”. We are closer to the Equator than much of North America, and normally people think that the Southwest is mostly hot desert. Elevation makes all the difference in the world 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. Flagstaff is colder with much greater snowfall, at 7,000+ plus elevation. Payson is greener than Prescott. At 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 thirty miles east of here, that averages 110 inches of snow per winter. July and August bring Arizona a monsoon season, with afternoon thunderstorms. We welcome the moisture and beauty associated with them. Payson receives more rainfall from them than the desert areas and higher elevations 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.** Our town is incorporated and surrounded by U.S. National Forest Service lands. The only way that Payson can grow in land mass, is if a developer can persuade the U.S. Government to swap land adjacent to Payson for other lands he owns elsewhere that the Forest Service wants. As of early 2005—very few land trades that would allow for a subdivision are in progress. The last one took 7 years to complete and the one before that failed. Even with the approval of a swap, the Town of Payson would have to approve water for the property. Currently there is a “20-lot split rule”. That means that no matter how large the parcel, it could only be split 20 ways and only 20 water taps would be allowed. Unless a developer can find their own water and bring it to the Town, no other subdivision arrangements would be approved. And with the 20 lot split rule, the land/housing package is prohibitively expensive for mass development. Anything can change, of course.

The bottom line on this is that the boundaries of the town are not expected to grow much, if any. Any investment you make in real estate here is likely to be a solid one. That was our thinking when we 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. There are no tract home builders. Consequently, there are no economies of scale for building the kind of housing here, that is the predominant pattern in the Phoenix metro area.

**WHO LIVES HERE.** By 2005 Payson's population grew to about 15,000 people and the median age is 54. Obviously we are in the middle of the census period, so that is not precise. It is fair to characterize Payson as predominantly a retirement community, with second homes being another major class of property owners. The closest, large unincorporated areas are Pine, Strawberry and Star Valley. The former are 13 & 15 miles to the North. The latter is about 4 miles to the East. Pine and Strawberry 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 three elementary schools. There are some very small parochial and charter schools.

**WHAT PEOPLE DO HERE.** There are almost no careers in Payson unless you go into business for yourself. The hospital, supermarkets, auto dealers, Wal Mart and Home Depot offer a small exception to this. Most people in Arizona like to do things outdoors and Payson is no exception. In fact, people here might lean even more-so to the outdoors: hiking, fishing, hunting, horse-back riding, off-roading 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 real community within 90 miles [Flagstaff to the north, Show Low to the East 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 18% of Arizona is in private hands. Only 1% of Northern Gila County where we reside is in private hands. Teddy Roosevelt declared Rim Country—as we call it—to be the watershed for the Phoenix metro area when he was President. So, unlike most everything East of Denver, we can use these lands, but we can't own them or build on them. If there was ever a little piece of something left that was the "Wild West" this area represents a bit of it. Go a little ways out of town and your cell phones don't work any more.

**AMENITIES:** We will provide you with a local phone book to identify hotels & restaurants. I suggest you also visit our web site: [www.PaysonProperties.net](http://www.PaysonProperties.net) which is a useful resource tool. It has links to the Rim Country Chamber of Commerce site: [rimcountry.com](http://rimcountry.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. The web site is [www.PaysonRoundup.com](http://www.PaysonRoundup.com) and it lists classified ads, property rentals and more.

**OWNING A PIECE OF PAYSON.** If you'd like to invest in real estate around here, we'll be glad to help you with that. **REALTY EXECUTIVES** has been the #1 brand in sales in Arizona for years and in the top ten of all companies nationwide for years. Our company reflects the highest levels of professionalism, experience, maturity and accomplishment in Payson. If there's a property available here that will suit you, we can find it for you and complete every phase of the investment process. We can probably answer most of your questions and will quickly find out the answers for the rest. We have a well defined list of service providers we trust through past experience. From lenders and title companies to builders, plumbers, electricians and landscapers, we'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. We prefer to deal with full time practitioners in every field of endeavor.

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8. National Association of Realtors® Code of Ethics

#### **PREVALENT REASONS FOR INVESTING IN A HOME:**

Desire to own a home of your own  
You want to have MORE space.....or LESS space  
Retirement Vacation/Getaway Rental income Corporate relocation  
A place for a home based business as well as to live  
Closer to job, schools, relatives or transportation

# RESUME – STEPHEN L. CANTRILL

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**FAX:** 928.474.4501

**E-MAIL:** SLCRT@PaysonProperties.net

## 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

**PRESIDENT & REALTOR®**, Realty Executives Payson & The Pines®

**REALTOR®**, ERA YOUNG REALTY & INVESTMENT  
Payson, AZ

**GRADUATE COURSE DEVELOPMENT & INSTRUCTION**,  
University of Phoenix

**AMERICAN EXPRESS GOVERNMENT SERVICES**  
Compliance Subcontract 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, Combat Service and Honorable Discharge

## EDUCATION

**Master of Arts**, Organizational Management, University of Phoenix  
**Bachelor of Science**, Business Administration, Northern Illinois University

## PROFESSIONAL CERTIFICATIONS AND MEMBERSHIPS

Certified Residential Specialist [CRS]  
Board Member, Mogollon Health Alliance  
Business Broker Program, AZ School of Real Estate  
Rotary Club of Payson  
Graduate of Realtor® Institute [GRI]  
Member, Payson Chamber of Commerce  
Member, Central Arizona Board of Realtors®  
Zane Grey Shrine Club, Payson, Arizona



## RESUME – SALLY M. CANTRILL

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### PROFESSIONAL EXPERIENCE

**DESIGNATED BROKER & VICE-PRESIDENT, Realty Executives Payson & The Pines®**

**REALTOR®, ERA Young Realty & Investment, Payson, AZ**

**FIELD SERVICES COORDINATOR, Western Technologies, Inc., Phoenix, AZ**

**MANAGER, INSIDE SALES OPERATIONS, CMS Sales & Marketing, Inc., Plymouth Meeting, PA**

**SUPPORT MANAGER, Daniel, Mann, Johnson and Mendenhall (DMJM), Phoenix, AZ**

**OFFICE MANAGER, Marvin Windows of Arizona, Inc., Tempe, AZ**

**OFFICE MANAGER, Valley Oaks Landscaping, Tempe, AZ**

**GRAIN MERCHANDISER & GRAIN ACCOUNTING SUPERVISOR, Countrymark, Inc., Delaware, Ohio**

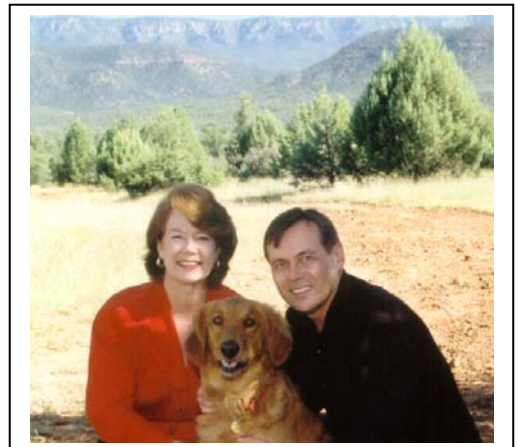
### ASSOCIATIONS

Arizona Association of Realtors®  
Central Arizona Board of Realtors®  
Daughters of the Nile

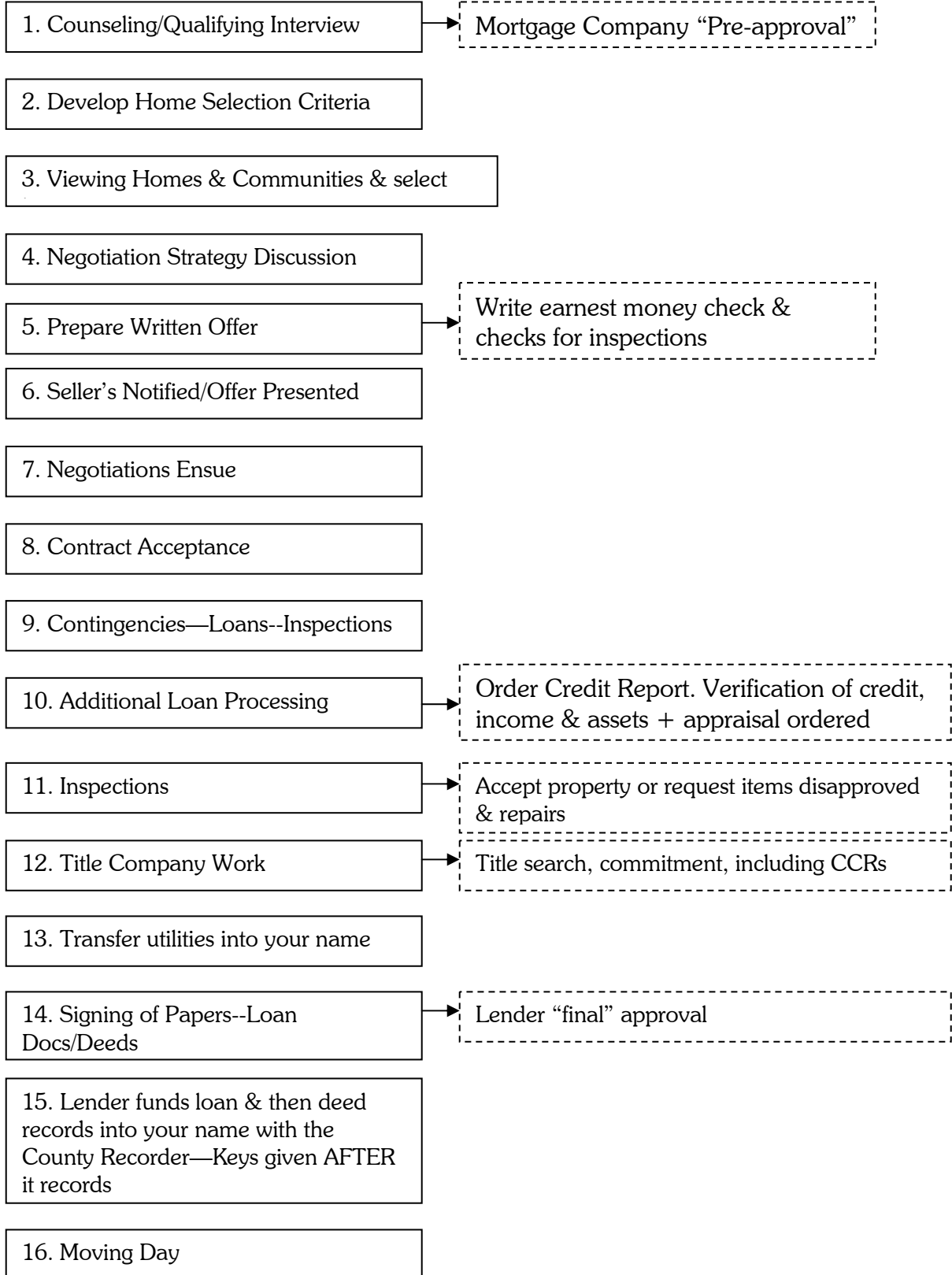
National Association of Realtors®  
Women's Council of Realtors®  
Rotary Club of Payson

### EDUCATION AND CREDENTIALS

Mesa Community College Business Major  
Arizona Real Estate License  
Graduate Real Estate Institute  
Associate Brokers License  
Certified Residential Specialist  
Designated Broker



## 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 an association, so that each may have an opportunity to sell the listing.

**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 must be placed on property.

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

**CLOSING SETTLEMENT STATEMENT:** The statement 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 book.

My **GOAL** is to first and foremost to provide great service and make your transaction appear seamless. I don't personally render all of the services. I rely on other trusted professionals 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 most of the time, my real estate services work out to a happy ending and satisfied, repeat customers. I get paid for my services. If I make an error, I will make it up to you. If someone else makes an error, I will see if they can make it up to you and I will reconsider who I am using as part of my team. Our ultimate goal is that you have customer satisfaction.

**1. 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 should be prepared to verify this. If you require a loan to purchase property, you should bring a Conditional Loan Approval or Loan pre-approval with you. If you do not have one, we can gladly offer a choice of lenders, that we know will get the job done for you. You have unlimited lender choices with respect to 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 have no contract with anyone during this process and there are instances where they backed out at the last minute and refused to fund the loan or were even as much as a month late in funding it.

Why are we talking about money so early in this process? Because we know [and we are just like you] that 80%-85% of the buying decision is based on emotion and the rest of the decision is justified with fact. We want to get you qualified early in the process when we can apply logic, before you have to make the decision.

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 sellers agent and buyers agent, have the right to receive periodic status on the loan process. Lenders have Federally-mandated privacy statutes that they must comply with. Many don't seem to understand the meaning of how these laws with must interface with the Arizona purchase contract. They often use these laws to create a barrier so that they say they cannot give out information about you. You should be prepared to call your lender and remind them that the Arizona purchase contract requires status updates in the form of the Loan Status Report [LSR], and tell them that we expect to be kept informed of any delays in the loan process. Other than status of the mortgage loan, we have no desire whatsoever, to know anything about your personal finances.

If your down payment is cash, you should 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.

No matter what lender you choose, Federal law requires that they provide you a Good Faith Estimate. This is a legislative term, recognized by all lenders and used coast-to-coast. Many cost items in a loan can be expressed different ways, but know this: **GETTING** a loan will cost you money as well as **HAVING** a loan. Lenders don't give you figures as "apples-to-apples." It's hard to compare the



details of one loan quote with another. That's why the form exists. A Good Faith Estimate gives you the total, bottom-line cost of that loan, so that you can determine what it will really cost you. If you call one lender today and another tomorrow and get different results, 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. Pick a lender who you think is reliable. If you don't know one, I do. If the lender cannot fund the loan at the close of escrow date, you are in breach of the contract and could lose the property. Get the "people" part of it back into the equation.

**2. HOME SELECTION CRITERIA** is just what it sounds like. It is not possible to see every home or land parcel available on the market. As **EXPERIENCED EXECUTIVES** we will listen to your needs and pick the very best properties & values that are currently available to meet them. If you have been researching on the Internet or looking at ads or driving around, your observations will be welcome and 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 us and check their status against our MLS inventory that we update every day. Most people feel strongly about being in control of the selection of a home and neighborhood and feeling that they had the most important role in the decision making process. It is not our role to diminish the enjoyment or self-determination of this process. We aim to add our 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.

**3.** Once we have an understanding of your needs, we will identify the properties that are still available, **VIEW HOMES** and **MAKE A SELECTION**. It is our 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 that you like one of the first homes you see as the very best for you. If we're doing our job properly, this is a likely outcome. If none of these work for you, you may change your mind about your selection criteria. This means we are back at 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: LET US KNOW, or we cannot find a way to meet your needs.

**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**. Our 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 not "full price", it's a price selected when the home was put on the market. Good realty companies do a competitive market analysis [CMA] when a home is listed, that 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 what we call a Seller's Market, multiple offers are common. 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.

If we think the property is overpriced—we'll tell you so. We'll give you our best opinion of what you should offer. The final decision, however, is yours. You should have the right to expect that as a part of our best professional duties, that you will get good advice from us. You should also expect that

we 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 unless there are 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 & 2005 brought us ABNORMAL market conditions of tight inventory and rapidly rising prices, i.e., a “seller’s market”].

My ethical obligation is to give you my best advice. Normally, my advice is that you do not insist on making extreme demands in the negotiation strategy, such as “low-ball” offers. We will represent you to the best of our ability. 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 your 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. Negotiation has to be 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. These 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.

**5. If we can agree on a property you like and a negotiation strategy, we’ll PREPARE THE PAPERWORK.** Going forward with the paperwork is pointless, until we’ve found a property that will really work for you and we’ve agreed on an offer that can make sense to both you and the seller. It is my responsibility to ensure the completion of these **FIVE [5]** duties for you. Another way of expressing correct completion of these 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 checks for the inspections that you want to have performed. In other words, your offer should look legitimate to the seller. The seller will want to be convinced that “you are for real”. If he or she is not convinced, you have less chance of obtaining the property.

**6. SELLER NOTIFIED/OFFER PRESENTED.** We 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, we won’t give them more than a day or two. I will take the offer to the seller’s agent/listing agent. Under the standard set by the Arizona Real Estate Commissioner, they only have 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 and those wishes must be honored. He/she 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 the ability for 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 what choice to make.

**7. NEGOTIATIONS:** If your offer is accepted, 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 counteroffers and which took days to finally reach agreement. If the price of the property is competitive and you're serious about getting it, "get real" with the offer. Otherwise, we're just playing games. Each delay and counteroffer diminishes the likelihood that you will get the property and prevents 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?

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. In fact, if the property has been on the market a long time, maybe it is indeed overpriced, or distressed. But it is still the seller's property and you can also draw the conclusion that the seller is not very flexible. There are only two motivations pertaining to the selling price property: MONEY and TIME. When sellers are firm on the price, you can believe that money is more important to the seller than time. Do not assume that you know more about the seller's property than the seller, the seller's agent or more about the local market than the buyer's agent. I stand clearly behind my opinions, based on long term and recent experience. If I really don't have a good opinion about the property, I'm not afraid to admit it. Keep in mind that each real estate market has its own characteristics. When you're in Payson, you're not in Chicago or Florida or even Phoenix.

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 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.

**PITFALLS: 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. Also be reminded: the lender can ethically only tell the truth about your credit. If you are indeed credit worthy, they must say so. You cannot change your mind about buying the property and ask them to say that they will not give you a loan, if in fact—they can and will. If you really want to proceed with the purchase of the property, do not make any large purchase on credit—such as furniture or a new car—if that will 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.

Let me remind you once again: the lender has no contract with anyone and can decide at the last minute NOT to fund the loan. You have no recourse nor does anyone else. **FACT:** We have seen this happen and it's happened on the last day or even after days of delay. This goes back to the major reason I ask you to choose a lender you know and trust or one that I know and trust. They will do a professional, up-front job of validating the you and the house, in order to minimize the possibility of surprises for you and everyone else at closing. If a lender I trust has faith in you in the beginning, it will carry through until the end—unless the property under consideration is found to be a risk

for some reason. In this case—they are protecting you as well as the underwriter. They must also treat me professionally and communicate with me and keep me informed. They must follow up with me—not the other way around. This is for your protection.

**11. INSPECTIONS:** 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. The two most common are: the Wood Infestation Report [historically known as the termite report] and a general inspection. I can recommend several companies 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. The advice that I give you will target companies that I have personally witnessed good results with. I will coordinate these for you, to be sure they are completed before the end of the contract inspection period. Examination of the title commitment should also occur within the inspection period.

It is not to be expected that everything on inspection reports will be corrected for homes that are not new. The exact purpose of an inspection report is 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 keep the property for two or three years and never improve the very items they complained about. Inspection reports are not considered “punch lists” that you can use to have the seller rebuild the house. Once we have gathered in all of the inspections you chose and I will advise you of the normal things to request for correction. The Arizona contract requires that certain items 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. In fact, all of the systems such as plumbing, appliances, heating & electrical should be functional per the first page, Lines 28-36 of the Arizona contract. 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.

**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.

**12. TITLE WORK—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.” Liens 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.

The CCRs “run with the land” and may spell out restrictions about what you can do with or build on the property. They are different for almost all properties. 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. If my answers are not sufficient, consult an attorney. 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.

You cannot 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 County Recorder definitely does not. If it does not record before they close, it is beyond my power to make it happen until the next business day and that may be Monday of the next week—if that is not a holiday.

**PITFALL:** An exception to this would be if the contract stipulates 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. Most of the time your request for this will come at the last moment, on a Friday, probably because the lender is late and none of us will have the time to put the necessary agreements and insurance in place. We 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. We want to avoid this is a scenario entirely.

**13. UTILITY TRANSFER:** If you want utilities for your new property to be on the day you take possession, you will have to call about a week ahead of closing to put them in your name. A complete list of contacts is in this package. Some companies will require a deposit. The Town of Payson charges a \$25 deposit to go out and unlock the water at the meter and start your account. If you already have accounts with our 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 necessary. The Gila Country Sewer District account must be set up separately. 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. Phone & cable t.v. services may require more than a week to schedule. I cannot start these accounts for you. 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 property 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. I have no power or influence over utility company schedules.

**14. SIGNING OF PAPERS:** When you have 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 in your paperwork. 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. A matrix is included in this brochure to help you with this decision.

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 the title company. These documents are signed near the end of escrow—or closing. If courier/overnight issues are involved, this takes extra days, so if you expect to close on time, the escrow company needs to know this up front. They will have an affiliate or find a service provider to do that locally 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 SETTLEMENT STATEMENT 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 call the escrow officer for an explanation.

**15. POSSIBLE DELAY:** This is not a “done deal” just because you signed loan papers. Your loan docs and the appraisal for the property—assuming it appraised—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 be transferred into an investment portfolio for similar loans/properties. **ANOTHER PITFALL:** They may find a document unsigned or missing or may decide they need something else. That will cause delays. **FUNDING:** If all is in order they will fund the loan. This occurs when they send funding payment information to a regional Federal Reserve Bank that will WIRE the money to the title company. **A 3<sup>RD</sup> LENDER PITFALL:** Wires are batch transfers from the Federal Reserve, that go out to all institutions around the country simultaneously: once in the morning and once in the afternoon. Once the underwriter gives the order to transfer money to the Federal Reserve Bank, it is out of everyone else’s hands. We not only presume that it will be done and done accurately, but we have no control over exactly WHEN.

If the money wire 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 you cannot have the keys unless you have signed a pre-possession agreement. You can clearly see now that when you are getting a loan, everything hinges on the loan. Cash is always easier.

**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.

**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 over the excitement of their new purchase. There are some things you can do, that I cannot, that will temper 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.
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 this is 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 and 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 a lot of institutions, individuals, paperwork to coordinate and target 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.

# 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	474-2204
Propane, Energy West	474-2294
Sewer, N.G.S.D.	474-5257
Phone, Qwest	800-244-1111
Brooks Utilities [Water]	800-270-6084
Cablevision	474-1211
DirecTV	800-307-5644
Waste Management [Trash]	474-2104
Roadrunner [Trash]	474-0603

### **Health Care:**

Canyon State Amb.	474-2831
Payson Reg. Med. Ctr.	474-3222

### **Schools:**

District Office	474-2070
Frontier Elementary	472-2052
Julia Randall Elem.	474-2353
Payson Elem.	474-5882
Pine-Strawberry Elem.	476-3283
Rim Country Middle	474-4511
Payson High School	474-2233

AZ Road Conditions	1-888-411-7623
Highway Patrol, AZ	474-2606



Chamber of Commerce	474-4515
U.S. Forest Service	474-7900
Sheriff, Gila County	474-2208
Post Office	474-2972
Public Library	474-5242

**Lenders:**

Julie Ruttle-Natl. Bank of AZ	474-1696
Tara Keeney-Lenders For Life	468-2375
Michael Bullock-Homeowners Financial Group	[602] 445-9711

<b>Blinds [Windows]</b> Blind Man of America	468-9775
<b>Carpet/Flooring--</b> Main St. Carpet	474-4660
<b>Carpet Cleaning--</b> Refined Carpet Care	472-2282
<b>Cell Service—</b> Rim Country Cellular	474-4744
<b>Computers &amp; service—</b> Rim Country Technology/Dan Working	467-8178
<b>Cleaning [home]—</b> Cheaper Sweepers	472-9897
<b>Heating/Cooling—</b> Herm Holtz	472-4401
<b>Inspections: [home]</b>	
Dan Parks, Plumblin	474-8412
Tom Mattingly—AZPRO	474-5084
Brent Ruttle	595-2985
<b>Landscape design &amp; Installation—</b> Charlie	468-1403
<b>Landscape maintenance—</b> Iris Bucktitt	474-5932
<b>Locksmith—</b> Payson Lock/Carl Fox	474-0147
<b>Movers—</b> Quality Movers	474-6968
<b>Phone installations—</b> Hold Comm.	474-9583
<b>Roofing &amp; gutters—</b> Shreeve Roofing	474-0597
<b>Termite Inspections/Pest Control</b>	
Tonto Rim Pest Control/Brian	474-3991
<b>Security systems—</b> Aztec Alarm	472-7767
<b>Septic Inspections/Cleaning</b>	
Little Stinker	476-4337
<b>Window Cleaning—</b> Jeffrey West	517-1134

# Code of Ethics and Standards of Practice of the NATIONAL ASSOCIATION OF REALTORS®

*Effective January 1, 2005*

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)

#### **• Standard of Practice 1-1**

REALTORS®, when acting as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics. (Amended 1/93)

#### **• Standard of Practice 1-2**

The duties the Code of Ethics imposes are applicable whether REALTORS® are acting as agents or in legally recognized non-agency capacities except that any duty imposed exclusively on agents by law or regulation shall not be imposed by this Code of Ethics on REALTORS® acting in non-agency capacities.

As used in this Code of Ethics, "client" means the person(s) or entity(ies) with whom a REALTOR® or a REALTOR®'s firm has an agency or legally recognized non-agency relationship; "customer" means a party to a real estate transaction who receives information, services, or benefits but has no contractual relationship with the REALTOR® or the REALTOR®'s firm; "prospect" means a purchaser, seller, tenant, or landlord who is not subject to a representation relationship with the REALTOR® or REALTOR®'s firm; "agent" means a real estate licensee (including brokers and sales associates) acting in an agency relationship as defined by state law or regulation; and "broker" means a real estate licensee (including brokers and sales associates) acting as an agent or in a legally recognized non-agency capacity. (Adopted 1/95, Amended 1/04)

#### **• Standard of Practice 1-3**

REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

#### **• Standard of Practice 1-4**

REALTORS®, when seeking to become a buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the REALTOR®'s services. (Amended 1/93)

#### **• Standard of Practice 1-5**

REALTORS® may represent the seller/landlord and buyer/tenant in the same transaction only after full disclosure to and with informed consent of both parties. (Adopted 1/93)

#### **• Standard of Practice 1-6**

REALTORS® shall submit offers and counter-offers objectively and as quickly as possible. (Adopted 1/93, Amended 1/95)

#### **• Standard of Practice 1-7**

When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease. (Amended 1/93)

#### **• Standard of Practice 1-8**

REALTORS®, acting as agents or brokers of buyers/tenants, shall submit to buyers/tenants all offers and counter-offers until acceptance but have no obligation to continue to show properties to their clients after an offer has been accepted unless otherwise agreed in writing. REALTORS®, acting as agents or brokers of buyers/tenants, shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated. (Adopted 1/93, Amended 1/99)

• **Standard of Practice 1-9**

The obligation of REALTORS® to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationships recognized by law. REALTORS® shall not knowingly, during or following the termination of professional relationships with their clients:

- 1) reveal confidential information of clients; or
- 2) use confidential information of clients to the disadvantage of clients; or
- 3) use confidential information of clients for the REALTOR®'s advantage or the advantage of third parties unless:
  - a) clients consent after full disclosure; or
  - b) REALTORS® are required by court order; or
  - c) it is the intention of a client to commit a crime and the information is necessary to prevent the crime; or
  - d) it is necessary to defend a REALTOR® or the REALTOR®'s employees or associates against an accusation of wrongful conduct.

Information concerning latent material defects is not considered confidential information under this Code of Ethics. (Adopted 1/93, Amended 1/01)

• **Standard of Practice 1-10**

REALTORS® shall, consistent with the terms and conditions of their real estate licensure and their property management agreement, competently manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises. (Adopted 1/95, Amended 1/00)

• **Standard of Practice 1-11**

REALTORS® who are employed to maintain or manage a client's property shall exercise due diligence and make reasonable efforts to protect it against reasonably foreseeable contingencies and losses. (Adopted 1/95)

• **Standard of Practice 1-12**

When entering into listing contracts, REALTORS® must advise sellers/landlords of:

- 1) the REALTOR®'s company policies regarding cooperation and the amount(s) of any compensation that will be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities;
- 2) the fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and
- 3) any potential for listing brokers to act as disclosed dual agents, e.g. buyer/tenant agents. (Adopted 1/93, Renumbered 1/98, Amended 1/03)

• **Standard of Practice 1-13**

When entering into buyer/tenant agreements, REALTORS® must advise potential clients of:

- 1) the REALTOR®'s company policies regarding cooperation;
- 2) the amount of compensation to be paid by the client;
- 3) the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties; and
- 4) any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g. listing broker, subagent, landlord's agent, etc. (Adopted 1/93, Renumbered 1/98, Amended 1/04)

- **Standard of Practice 1-14**

Fees for preparing appraisals or other valuations shall not be contingent upon the amount of the appraisal or valuation. (Adopted 1/02)

- **Standard of Practice 1-15**

REALTORS<sup>®</sup>, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, divulge the existence of offers on the property. (Adopted 1/03)

## **Article 2**

REALTORS<sup>®</sup> shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS<sup>®</sup> 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)

- **Standard of Practice 2-1**

REALTORS<sup>®</sup> shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the REALTOR<sup>®</sup> the obligation of expertise in other professional or technical disciplines. (Amended 1/96)

- **Standard of Practice 2-2**

(Renumbered as Standard of Practice 1-12 1/98)

- **Standard of Practice 2-3**

(Renumbered as Standard of Practice 1-13 1/98)

- **Standard of Practice 2-4**

REALTORS<sup>®</sup> shall not be parties to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.

- **Standard of Practice 2-5**

Factors defined as "non-material" by law or regulation or which are expressly referenced in law or regulation as not being subject to disclosure are considered not "pertinent" for purposes of Article 2. (Adopted 1/93)

## **Article 3**

REALTORS<sup>®</sup> 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)

- **Standard of Practice 3-1**

REALTORS<sup>®</sup>, acting as exclusive agents or brokers of sellers/ landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. Terms of compensation, if any, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation. (Amended 1/99)

- **Standard of Practice 3-2**

REALTORS<sup>®</sup> shall, with respect to offers of compensation to another REALTOR<sup>®</sup>, timely communicate any change of compensation for cooperative services to the other REALTOR<sup>®</sup> prior to the time such REALTOR<sup>®</sup> produces an offer to purchase/lease the property. (Amended 1/94)

- **Standard of Practice 3-3**

Standard of Practice 3-2 does not preclude the listing broker and cooperating broker from entering into an agreement to change cooperative compensation. (Adopted 1/94)

• **Standard of Practice 3-4**

REALTORS<sup>®</sup>, acting as listing brokers, have an affirmative obligation to disclose the existence of dual or variable rate commission arrangements (i.e., listings where one amount of commission is payable if the listing broker's firm is the procuring cause of sale/lease and a different amount of commission is payable if the sale/lease results through the efforts of the seller/ landlord or a cooperating broker). The listing broker shall, as soon as practical, disclose the existence of such arrangements to potential cooperating brokers and shall, in response to inquiries from cooperating brokers, disclose the differential that would result in a cooperative transaction or in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease. (Amended 1/02)

• **Standard of Practice 3-5**

It is the obligation of subagents to promptly disclose all pertinent facts to the principal's agent prior to as well as after a purchase or lease agreement is executed. (Amended 1/93)

• **Standard of Practice 3-6**

REALTORS<sup>®</sup> shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation. (Adopted 5/86, Amended 1/04)

• **Standard of Practice 3-7**

When seeking information from another REALTOR<sup>®</sup> concerning property under a management or listing agreement, REALTORS<sup>®</sup> shall disclose their REALTOR<sup>®</sup> status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their representational status. (Amended 1/95)

• **Standard of Practice 3-8**

REALTORS<sup>®</sup> shall not misrepresent the availability of access to show or inspect a listed property. (Amended 11/87)

**Article 4**

REALTORS<sup>®</sup> 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<sup>®</sup> shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative. (Amended 1/00)

• **Standard of Practice 4-1**

For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by REALTORS<sup>®</sup> prior to the signing of any contract. (Adopted 2/86)

*Article 5*

REALTORS<sup>®</sup> shall not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

**Article 6**

REALTORS<sup>®</sup> 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<sup>®</sup> 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)

- **Standard of Practice 6-1**

REALTORS® shall not recommend or suggest to a client or a customer the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion. (Amended 5/88)

### **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)

- **Standard of Practice 9-1**

For the protection of all parties, REALTORS® shall use reasonable care to ensure that documents pertaining to the purchase, sale, or lease of real estate are kept current through the use of written extensions or amendments. (Amended 1/93)

## ***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)

- **Standard of Practice 10-1**

Except as provided in Standard of Practice 10-3, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling. (Adopted 1/94, Amended 1/05)

- **Standard of Practice 10-2**

REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, or national origin. (Adopted 1/94, Renumbered 1/05)

- **Standard of Practice 10-3**

When not involved in the sale or lease of a residence, REALTORS® may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the REALTOR® to be needed to assist with or complete, in a manner consistent with Article 10, a real estate transaction or professional assignment and (b) is obtained or derived from a recognized, reliable, independent, and impartial source. The source of such information and any additions, deletions, modifications, interpretations, or other changes shall be disclosed in reasonable detail. (Adopted 1/05)

• **Standard of Practice 10-4**

As used in Article 10 "real estate employment practices" relates to employees and independent contractors providing real estate-related services and the administrative and clerical staff directly supporting those individuals. (Adopted 1/00, Renumbered 1/05)

**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)

• **Standard of Practice 11-1**

When REALTORS® prepare opinions of real property value or price, other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, such opinions shall include the following:

- 1) identification of the subject property
- 2) date prepared
- 3) defined value or price
- 4) limiting conditions, including statements of purpose(s) and intended user(s)
- 5) any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
- 6) basis for the opinion, including applicable market data
- 7) if the opinion is not an appraisal, a statement to that effect (Amended 1/01)

• **Standard of Practice 11-2**

The obligations of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and, where the REALTOR® is an agent or subagent, the obligations of a fiduciary. (Adopted 1/95)

• **Standard of Practice 11-3**

When REALTORS® provide consultive services to clients which involve advice or counsel for a fee (not a commission), such advice shall be rendered in an objective manner and the fee shall not be contingent on the substance of the advice or counsel given. If brokerage or transaction services are to be provided in addition to consultive services, a separate compensation may be paid with prior agreement between the client and REALTOR®. (Adopted 1/96)

• **Standard of Practice 11-4**

The competency required by Article 11 relates to services contracted for between REALTORS® and their clients or customers; the duties expressly imposed by the Code of Ethics; and the duties imposed by law or regulation. (Adopted 1/02)



## **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)

### **• Standard of Practice 12-1**

REALTORS® may use the term "free" and similar terms in their advertising and in other representations provided that all terms governing availability of the offered product or service are clearly disclosed at the same time. (Amended 1/97)

### **• Standard of Practice 12-2**

REALTORS® may represent their services as "free" or without cost even if they expect to receive compensation from a source other than their client provided that the potential for the REALTOR® to obtain a benefit from a third party is clearly disclosed at the same time. (Amended 1/97)

### **• Standard of Practice 12-3**

The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®'s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice. (Amended 1/95)

### **• Standard of Practice 12-4**

REALTORS® shall not offer for sale/lease or advertise property without authority. When acting as listing brokers or as subagents, REALTORS® shall not quote a price different from that agreed upon with the seller/landlord. (Amended 1/93)

### **• Standard of Practice 12-5**

REALTORS® shall not advertise nor permit any person employed by or affiliated with them to advertise listed property without disclosing the name of the firm. (Adopted 11/86)

### **• Standard of Practice 12-6**

REALTORS®, when advertising unlisted real property for sale/lease in which they have an ownership interest, shall disclose their status as both owners/landlords and as REALTORS® or real estate licensees. (Amended 1/93)

### **• Standard of Practice 12-7**

Only REALTORS® who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have "sold" the property. Prior to closing, a cooperating broker may post a "sold" sign only with the consent of the listing broker. (Amended 1/96)

## **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)

### **• Standard of Practice 14-1**

REALTORS® shall not be subject to disciplinary proceedings in more than one Board of REALTORS® or affiliated institute, society or council in which they hold membership with respect to alleged violations of the Code of Ethics relating to the same transaction or event. (Amended 1/95)

- **Standard of Practice 14-2**

REALTORS® shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics hearing or appeal or in connection with an arbitration hearing or procedural review. (Amended 1/92)

- **Standard of Practice 14-3**

REALTORS® shall not obstruct the Board's investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander or defamation against any party to a professional standards proceeding or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal. (Adopted 11/87, Amended 1/99)

- **Standard of Practice 14-4**

REALTORS® shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction. (Adopted 11/88).