

Introduction and Purpose

Purchasing real property is a significant financial and legal undertaking. This advisory is designed to highlight common areas buyers often review during the transaction process. The information contained herein is general and not exhaustive. The information provided herein is not intended to be professional advice and buyers of real property are advised to consult legal, financial, tax and other professionals regarding the implications of entering into a real estate transaction.

Role and Limitations of Real Estate Professionals: Real estate agents facilitate the transaction by locating properties, negotiating terms, and providing guidance. However, agents are generally not qualified experts in construction, engineering, environmental science, law, or taxation. While they can assist in locating qualified inspectors and providing informational resources, they cannot discover defects or guarantee the condition of a property.

Buyer Responsibility and Due Diligence: The responsibility for verifying the condition and suitability of the property rests with the Buyer. Professional property inspections are essential and there is no practical substitute for a thorough evaluation by qualified experts to discover defects or shortcomings in a property. Buyer must actively participate in the due diligence process and communicate any specific concerns to their representatives and inspectors, whether or not those issues are addressed in this advisory.

Note on Surveillance: Be aware that the Property may be equipped with audio and/or video surveillance systems. Exercise caution and avoid discussing negotiation strategies, pricing, or sensitive information while on the Property.

Essential Document Review

Buyer should thoroughly review all documents provided during the transaction. Real estate agents generally do not independently verify the information contained in these documents.

Purchase Contract: The purchase contract is a legally binding contract. Buyer must read and fully understand their rights, obligations, timelines, and contingencies before signing any purchase contract or addenda.

Contingency Waivers: Contracts typically include contingencies (i.e., inspection, appraisal, financing). Waiving any contingency significantly increases the Buyer's risk, potentially leading to the forfeiture of earnest money if the Buyer cannot complete the transaction. It is Buyer's responsibility to consult legal counsel before waiving any contractual protections.

Marketing Materials and MLS Information: Information provided in Multiple Listing Service (MLS) printouts, brochures, or online portals is advertising material. This data is often sourced from the seller or public records and may be incomplete, approximate, or inaccurate. Buyer must independently verify any information material to their decision to purchase a property.

Seller's Property Disclosures: Most sellers provide a written disclosure statement detailing their knowledge of the Property's condition and history. This is not a warranty. Buyer should carefully review these disclosures and use them as a basis for further investigation by qualified inspectors.

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Title Commitment or Preliminary Title Report: This document, provided by the title or escrow company, discloses the status of the title and lists exceptions to the title insurance coverage. These exceptions may include easements, liens, encumbrances, and restrictions that could affect the Buyer's use or ownership of the Property. Buyer should review the title documents with an attorney.

Covenants, Conditions, and Restrictions (CC&Rs): Properties within planned communities are often subject to CC&Rs. These recorded documents regulate property use, architectural design, and maintenance. By purchasing the Property, Buyer agrees to be bound by these restrictions.

Homeowners Association (HOA) Documents: In addition to CC&Rs, Buyer should review the HOA's articles of incorporation, bylaws, rules and regulations, and financial statements. Buyer should verify current dues, the existence of any pending or upcoming special assessments, and any fees charged upon the transfer of the Property.

Loan Documents: Buyer utilizing financing must actively work with their lender. Buyer is responsible for understanding the terms of their loan, including the loan estimate and closing disclosure, and ensuring funds are delivered to escrow prior to the closing date.

Tax Records and Special Assessments: Buyer should review county tax records for assessed value and current tax obligations. Buyer should be aware of any special taxing districts, such as community facilities districts, that finance public infrastructure, as these may add costs to the annual property tax bill.

Inspection Reports: Buyer should carefully review all reports provided by professional inspectors and discuss any findings directly with the inspector. It is important for Buyer to pay attention to the scope and limitations of the inspection.

Lead-Based Paint: For residential properties built before 1978, federal law requires the seller to disclose known lead-based paint hazards.

Subdivision/Public Reports: For new subdivisions, developers may be required by law to provide a report detailing material information about the development.

Home Warranty Policies: If there are home warranty policies included in the sale of the Property, review the service contract details, limitations, exclusions, and service fees.

FIRPTA: If the seller is a foreign person, the Foreign Investment in Real Property Tax Act may require tax withholding. Buyer is advised to consult a tax advisor if this applies.

Warranty Verification: Buyer should investigate transfer requirements. Existing warranties for foundations, roofs, and pests rarely transfer automatically and Buyer must verify specific "transferability" terms during the due diligence period to ensure coverage remains valid after closing.

Investigating the Property's Physical Condition

Buyer is strongly advised to hire qualified professionals to timely investigate the physical condition of the Property prior to the expiration of the Due Diligence Period.

Professional Home Inspection: A general home inspection is a visual examination designed to identify material defects in the Property's major systems (plumbing, electrical, HVAC, structure). Buyer should attend the inspection and review the resulting report carefully and timely perform any desired follow up inspections.

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Specialized Inspections: Based on the findings of the general inspection or specific concerns, specialized inspections are often necessary:

- Roof: Inspection by a licensed roofing contractor is recommended, especially for older roofs.
- Pest and Wood-Destroying Organisms: Inspection for termites, other insects, rodents, and dry rot is crucial.
- Sewer/Septic: Verification of the main sewer line via camera inspection (sewer scope) is advised. If the Property uses an on-site wastewater treatment facility (septic system), a thorough inspection by a specialist is required.
- Pools and Spas: These require specialized inspection. Buyer should also verify compliance with local pool barrier and safety regulations.
- Structural/Soil: If there are concerns regarding expansive soils, fissures, subsidence, or foundation cracking, a structural or geotechnical engineer should be consulted.

Repairs, Remodeling, and Permits: Buyer should investigate any significant repairs, additions, or remodeling of the Property. Buyer should request copies of permits, invoices, and contractor information to verify that the work was completed professionally and in compliance with local building codes. Unpermitted work can lead to safety issues and affect insurability.

Square Footage Verification: Square footage figures provided by the seller, MLS, or tax records are often estimates. If the exact square footage is material, Buyer should hire an appraiser or architect to measure the Property.

Water Supply and Quality: Buyer should investigate the source of the water (municipal supply, private company, or well). If the Property relies on a well, Buyer should test the water quality and the well's production capacity. It is important that Buyer understands any water rights or adjudication issues that may affect the Property.

Indoor Environmental Concerns: Buyer should be aware of potential indoor air quality issues.

- Mold: If there is evidence of past water intrusion, musty odors, or visible mold, an environmental expert should be consulted.
- Radon Gas and Carbon Monoxide: These odorless gases pose health risks. Testing for radon is recommended.
- Other Hazards: Be aware of asbestos (common in older homes) and residual contamination if the property was previously used as an illicit drug laboratory.

Property Boundaries: If the exact location of property lines is uncertain, or if there appear to be encroachments (i.e., fences, neighboring structures), a professional land survey is recommended.

Insurance and Claims History: The availability and cost of homeowner's insurance are affected by the property's history. Buyer should obtain a Comprehensive Loss Underwriting Exchange (CLUE) report or similar claims history early in the Due Diligence Period to assess the Property's insurability and understand past damage (i.e., fire or flood).

Seller Disclosure Exemptions: Please be aware that the seller and real estate agents are not legally required to tell you if a death, suicide, or crime occurred on the Property, if a previous resident had HIV/AIDS, or if a registered sex offender lives nearby. Because the law protects them from being sued for withholding this specific information, Buyer should not expect them to provide this information. If any of these factors are a concern, Buyer should conduct their own independent research to verify the Property's history and neighborhood safety prior to making an offer.

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Evaluating the Surrounding Area

- 110 Conditions surrounding the Property can significantly impact its desirability and value.
- 111 **Zoning and Development:** Buyer should investigate current zoning regulations for the Property and surrounding
112 parcels. Buyer should also review local planning department information regarding proposed developments, road
113 construction, or changes in land use.
- 114 **Transportation and Noise:** Buyer should consider the proximity to freeways, major roads, and railways.
115 Properties near military or public airports may be subject to significant aircraft noise. Buyer should review airport
116 noise contour maps.
- 117 **Flood Plain Status:** Lenders require flood insurance for properties located in designated flood zones. Buyer
118 should verify the Property's flood plain status using FEMA maps. Flood insurance premiums can be substantial
119 and are subject to change.
- 120 **Wildfires:** In forested or wildland-urban interface areas, Buyer should evaluate the wildfire risk and local fire
121 mitigation resources.
- 122 **Other Hazards:** Buyer should understand the risk of earthquakes, subsidence, or other natural hazards common
123 to the region.
- 124 **Environmental Hazards (External):** Buyer should investigate the proximity of the Property to potential
125 environmental hazards, including:
- 126 • Superfund sites (areas designated for environmental cleanup).
 - 127 • Landfills and industrial facilities.
 - 128 • Electromagnetic Fields (EMFs) from high-voltage power lines, if this is a concern.
- 129 **Safety and Crime:** Buyer can research local crime statistics through law enforcement agencies. Federal and state
130 databases provide information on registered sex offenders. Sellers and real estate agents are not legally required
131 to disclose the presence of sex offenders in the vicinity
- 132 **Schools:** If relevant, Buyer should research the school districts, ratings, and enrollment procedures and verify
133 district boundaries directly with the school district.
- 134 **Neighborhood Investigation:** There is no substitute for personal observation. Buyer should:
- 135 • Visit the neighborhood on different days and at various times to assess traffic patterns, noise levels, and
136 general activity.
 - 137 • Talk to neighbors, who can provide valuable insight into the community and the history of the property.
 - 138 • Use online satellite imagery and mapping tools to view surrounding land uses.
- 139 **Unincorporated Areas:** Buyer should investigate service gaps. Properties in unincorporated areas lie outside
140 city limits and are managed by the county rather than a municipality. Buyer must investigate service delivery
141 during due diligence, as these homes often rely on the County Sheriff for police, private agreements for road
142 maintenance, and subscription-based providers for fire protection rather than standard city infrastructure.

General Transaction Advisories

- 143 **Market Conditions and Property Value:** The real estate market is cyclical, and property values fluctuate.

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144 The agreed-upon purchase price is a decision made by the Buyer and Seller of Property based on their individual
145 circumstances. Real estate agents do not guarantee future property values or provide advice on property as an
146 investment.

147 **Fair Housing and Disability Laws:** The sale and rental of housing are governed by federal and state Fair
148 Housing laws, which prohibit discrimination based on protected characteristics (i.e., race, color, religion, national
149 origin, sex, familial status, and disability).

150 **Wire Fraud Warning:** Cybercriminals frequently target real estate transactions by hacking email accounts and
151 sending fraudulent wiring instructions.

- 152 • DO NOT wire funds based on instructions received solely via email.
- 153 • ALWAYS independently confirm wiring instructions by calling a trusted and verified phone number for the
154 escrow/title company or closing attorney. Do not use phone numbers provided in an unverified email.

155 **Legal, Tax and Professional Advice:** Real estate transactions have significant legal, tax and financial
156 consequences. This advisory is not intended as professional advice. Buyer is strongly advised to seek advice from
157 qualified legal counsel, tax and other professionals regarding the transaction.

Buyer Acknowledgement

158 The undersigned Buyer acknowledges receipt of all pages of this Buyer Advisory.
159 Buyer understands that this document is for informational purposes only and is not a substitute for professional
160 inspections or expert advice (legal, tax, environmental, etc.).
161 Buyer acknowledges that it is their responsibility to conduct thorough due diligence, investigate all matters
162 of concern, and verify the condition and suitability of the property before completing the purchase. Buyer
163 acknowledges that there may be other issues of concern not listed in this Advisory.

Additional Resources

164 Arizona Department of Real Estate (azre.gov)
165 Arizona Department of Environmental Quality (azdeq.gov)
166 County Assessor, Specific to County (azdor.gov/counties)
167 Internal Revenue Service FIRPTA (irs.gov/firpta)
168 Arizona Department of Water Resources (azwater.gov)
169 Arizona Corporation Commission (azcc.gov)
170 Arizona Department of Agriculture (agriculture.az.gov)
171 LexisNexis Community Crime Map (communitycrimemap.com)
172 Arizona Department of Education (azed.gov)
173 ADRE Consumer Information (azre.gov/consumers)

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Signatures

174 **CONSULT AN ATTORNEY BEFORE SIGNING:** Real estate brokers and agents are not qualified to provide
175 **financial, legal, or tax advice regarding this real estate transaction. READ THIS FORM CAREFULLY.**

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Buyer Signature Date Buyer Signature Date

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