

# The Guidebook

For Buyers



# JOURNEY OF THE HOME BUYING PROCESS



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2 Purchase and Sale Agreement

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915-892-8089

sergio@elpaso-realtor.com

http://elpaso-realtor.com



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## WHAT TO KNOW

# 7 Reasons to Own A Home

### 1. **Tax benefits.**

The U.S. Tax Code lets you deduct the interest you pay on your mortgage, your property taxes, and some of the costs involved in buying a home.

### 2. **Appreciation.**

Historically, real estate has had a long-term, stable growth in value. In fact, median single-family existing-home sale prices have increased on average 5.2 percent each year from 1972 through 2014, according to the National Association of REALTORS®. The recent housing crisis has caused some to question the long-term value of real estate, but even in the most recent 10 years, which included quite a few very bad years for housing, values are still up 7.0 percent on a cumulative basis. In addition, the number of U.S. households is expected to rise 10 to 15 percent over the next decade, creating continued high demand for housing.

### 3. **Equity.**

Money paid for rent is money that you'll never see again, but mortgage payments let you build equity ownership interest in your home.

### 4. **Savings.**

Building equity in your home is a ready-made savings plan. And when you sell, you can generally take up to \$250,000 (\$500,000 for a married couple) as gain without owing any federal income tax.

### 5. **Predictability.**

Unlike rent, your fixed-rate mortgage payments don't rise over the years so your housing costs may actually decline as you own the home longer. However, keep in mind that property taxes and insurance costs will likely increase.

### 6. **Freedom.**

The home is yours. You can decorate any way you want and choose the types of upgrades and new amenities that appeal to your lifestyle.

### 7. **Stability.**

Remaining in one neighborhood for several years allows you and your family time to build long-lasting relationships within the community. It also offers children the benefit of educational and social continuity.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



**kw** EL PASO  
KELLERWILLIAMS. REALTY



## WHAT TO KNOW

# 7 Reasons to Work With a REALTOR®

REALTORS® subscribe to its strict code of ethics. This is the REALTOR® difference for home buyers:

1. **Ethical treatment.**

Every REALTOR® must adhere to a strict code of ethics, which is based on professionalism and protection of the public. As a REALTOR®'s client, you can expect honest and ethical treatment in all transaction-related matters. The first obligation is to you, the client.

2. **An expert guide.**

Buying a home usually requires dozens of forms, reports, disclosures, and other technical documents. A knowledgeable expert will help you prepare the best deal, and avoid delays or costly mistakes. Also, there's a lot of jargon involved, so you want to work with a professional who can speak the language.

3. **Objective information and opinions.**

REALTORS® can provide local information on utilities, zoning, schools, and more. They also have objective information about each property. REALTORS® can use that data to help you determine if the property has what you need. By understanding both your needs and search area, they can also point out neighborhoods you don't know much about but that might suit your needs better than you'd thought.

4. **Expanded search power.**

Sometimes properties are available but not actively advertised. A REALTOR® can help you find opportunities not listed on home search sites and can help you avoid out-of-date listings that might be showing up as available online but are no longer on the market.

5. **Negotiation knowledge.**

There are many factors up for discussion in a deal. A REALTOR® will look at every angle from your perspective, including crafting a purchase agreement that allows enough time for you to complete inspections and investigations of the property before you are bound to complete the purchase.

6. **Up-to-date experience.**

Most people buy only a few homes in their lifetime, usually with quite a few years in between each purchase. Even if you've done it before, laws and regulations change. REALTORS® handle hundreds of transactions over the course of their career.

7. **Your rock during emotional moments.**

A home is so much more than four walls and a roof. And for most people, property represents the biggest purchase they'll ever make. Having a concerned, but objective, third party helps you stay focused on the issues most important to you.

**915-892-8089**

[sergio@el Paso-realtor.com](mailto:sergio@el Paso-realtor.com)

<http://el Paso-realtor.com>



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## VOCABULARY

# Agency & Agency Relationships

The term “agency” is used in real estate to help determine what legal responsibilities your real estate professional owes to you and other parties in the transaction.

The **buyer's representative** (also known as a buyer's agent) is hired by prospective buyers and works in the buyer's best interest throughout the transaction. The buyer can pay the agent directly through a negotiated fee, or the buyer's rep may be paid by the seller or through a commission split with the seller's agent.

The **seller's representative** (also known as a listing agent or seller's agent) is hired by and represents the seller. All fiduciary duties are owed to the seller, meaning this person's job is to get the best price and terms for the seller. The agency relationship usually is created by a signed listing contract.

A **subagent** owes the same fiduciary duties to the agent's customer as the agent does. Subagency usually arises when a cooperating sales associate from another brokerage, who is not the buyer's agent, shows property to a buyer. The subagent works with the buyer to show the property but owes fiduciary duties to the listing broker and the seller. Although a subagent cannot assist the buyer in any way that would be detrimental to the seller, a buyer customer can expect to be treated honestly by the subagent.

A **disclosed dual agent** represents both the buyer and the seller in the same real estate transaction. In such relationships, dual agents owe limited fiduciary duties to both buyer and seller clients. Because of the potential for conflicts of interest in a dual-agency relationship, all parties must give their informed consent. Disclosed dual agency is legal in most states, but often requires written consent from all parties.

**Designated agents** (also called appointed agents) are chosen by a managing broker to act as an exclusive agent of the seller or buyer. This allows the brokerage to avoid problems arising from dual-agency relationships for licensees at the brokerage. The designated agents give their clients full representation, with all of the attendant fiduciary duties.

A **transaction broker** (sometimes referred to as a facilitator) is permitted in states where nonagency relationships are allowed. These relationships vary considerably from state to state. Generally, the duties owed to the consumer in a nonagency relationship are less than the complete, traditional fiduciary duties of an agency relationship.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## HOW TO

# Prepare for House-Hunting

### **Know that there's no "right" time to buy.**

If you find the perfect home now, don't risk losing it because you're trying to guess where the housing market and interest rates are going. Those factors usually don't change fast enough to make a difference in an individual home's price.

### **Don't ask for too many opinions.**

It's natural to want reassurance for such a big decision, but too many ideas from too many people will make it much harder to make a decision. Focus on the wants and needs of the people who will actually be living in the home.

### **Accept that no house is ever perfect.**

If it's in the right location, the yard may be a bit smaller than you had hoped. The kitchen may be perfect, but the roof needs repair. Make a list of your top priorities and focus in on things that are most important to you. Let the minor ones go. Also, accept that a little buyer's remorse is inevitable and will most likely pass.

### **Don't try to be a killer negotiator.**

Negotiation is definitely a part of the real estate process, but trying to "win" by getting an extra-low price or refusing to budge may cost you the home you love.

### **Remember your home doesn't exist in a vacuum.**

Don't get so caught up in the physical aspects of the house itself that you forget about important issues such as noise level, access to amenities, and other aspects that also have a big impact on your quality of life.

### **Plan ahead.**

Don't wait until you've found a home to get approved for a mortgage, investigate insurance, or consider a moving schedule. Being prepared will make your bid more attractive to sellers.

### **Choose a home first because you love it; then think about appreciation.**

A home is still considered a great investment, but its most important role is as a comfortable, safe place to live.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## HOW TO

# Prepare to Buy a Home

### Talk to mortgage brokers.

Many first-time home buyers don't take the time to get prequalified. They also often don't take the time to shop around to find the best mortgage for their particular situation. It's important to ask plenty of questions and make sure you understand the home loan process completely.

### Be ready to move.

This is especially true in markets with a low inventory of homes for sale. It's very common for home buyers to miss out on the first home they wish to purchase because they don't act quickly enough. By the time they've made their decision, they may find that someone else has already purchased the house.

### Find a trusted partner.

It's absolutely vital that you find a real estate professional who understands your goals and who is ready and able to guide you through the home buying process.

### Make a good offer.

Remember that your offer is very unlikely to be the only one on the table. Do what you can to ensure it's appealing to a seller.

### Factor maintenance and repair costs into your buying budget.

Even brand-new homes will require some work. Don't leave yourself short and let your home deteriorate.

### Think ahead.

It's easy to get wrapped up in your present needs, but you should also think about reselling the home before you buy. The average first-time buyer expects to stay in a home for around 10 years, according to the National Association of REALTORS®' 2013 Profile of Home Buyers and Sellers.

### Develop your home/neighborhood wish list.

Prioritize these items from most important to least.

**Select where you want to live.** Compile a list of three or four neighborhoods you'd like to live in, taking into account nearby schools, recreational facilities, area expansion plans, and safety.

**915-892-8089**

[sergio@el Paso-realtor.com](mailto:sergio@el Paso-realtor.com)

<http://el Paso-realtor.com>



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## WORKSHEET

## Track Your Budget

The first step in getting yourself in financial shape to buy a home is to know exactly how much money comes in and how much goes out. Use this worksheet to list your income and expenses below.

<b>Income</b>		<b>Expenses</b>	
Total		Total Rent/Mortgage	
Child		Child	
Pension/S		Health Insurance	
Disability/		Life Insurance	
Interest/Di		Other Insurance	
Other		Vehicle Insurance	
		Vehicle Payments	
		Vehicle Upkeep	
		Other Loans	
		Utilities	
		Credit Card Payments	
		Savings/Pension	
		Groceries	
		Clothes/Personal	
		Medical/Dental/Presc	
		Household Goods	
		Child Care	
		Education	
		Charitable Donations	
		Eating Out	
		Entertainment	
<b>Total</b>		<b>Total Expenses:</b>	

Remaining Income After Expenses (subtract total income from total expenses): \_\_\_\_\_

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sergio@elpaso-realtor.com

http://elpaso-realtor.com



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## WHAT TO KNOW

# About Credit Scores

Credit scores range between 200 and 850, with scores above 620 considered desirable for obtaining a mortgage. The following factors affect your score:

### Your payment history.

Did you pay your credit card bills on time? Bankruptcy filing, liens, and collection activity also affect your history.

### How much you owe and where.

If you owe a great deal of money on numerous accounts, it can indicate that you are overextended. However, spreading debt among several accounts can help you avoid approaching the maximum on any individual credit line.

### The length of your credit history.

In general, the longer an account has been open, the better.

### How much new credit you have.

New credit—whether in the form of installment plans or new credit cards—is considered more risky, even if you pay down the debt promptly.

### The types of credit you use.

Generally, it's desirable to have more than one type of credit—such as installment loans, credit cards, and a mortgage.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## HOW TO

# Improve Your Credit

Credit scores play a big role in determining whether you'll qualify for a loan and what your loan terms will be. So, keep your credit score high by doing the following:

### Check for errors in your credit report.

Thanks to an act of Congress, you can download one free credit report each year at [annualcreditreport.com](http://annualcreditreport.com). If you find any errors, correct them immediately.

### Pay down credit card bills.

If possible, pay off the entire balance every month. Transferring credit card debt from one card to another could lower your score.

### Don't charge your credit cards to the max.

Pay down as much as you can every month.

### Wait 12 months after credit difficulties to apply for a mortgage.

You're penalized less severely for problems after a year.

### Don't order items for your new home on credit.

Wait until after your home loan is approved to charge appliances and furniture, as that will add to your debt.

### Don't open new credit card accounts.

If you're applying for a mortgage, having too much available credit can lower your score.

### Shop for mortgage rates all at once.

Having too many credit applications can lower your score. However, multiple inquiries about your credit score from the same type of lender are counted as one if submitted over a short period of time.

### Avoid finance companies.

Even if you pay off their loan on time, the interest is high and it may be considered a sign of poor credit management.

**915-892-8089**

[sergio@el Paso-realtor.com](mailto:sergio@el Paso-realtor.com)

<http://el Paso-realtor.com>



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## HOW TO

# Prepare to Finance a Home

**Develop a budget:** Use receipts and your banking transaction history to create a budget that reflects your actual habits over the last several months. This approach will better factor in unexpected expenses alongside more predictable costs such as utility bills and groceries. You'll probably spot ways to save, whether it's cutting out a Starbucks run or eating dinner at home more often.

**Reduce debt:** Lenders generally look for a debt load of no more than 36 percent of income. This figure includes your mortgage, which typically ranges between 25 and 28 percent of your net household income. So you need to get monthly payments on the rest of your installment debt—car loans, student loans, and revolving balances on credit cards — down to between 8 and 10 percent of your net monthly income.

**Increase your income:** Now's the time to ask for a raise! If that's not an option, you may want to consider taking on a second job to get your income at a level high enough to qualify for the home you want.

**Save for a down payment:** Designate a certain amount of money to put away in your savings account each month. Although it's possible to get a mortgage with less than 5 percent down, you can usually get a better rate if you put down more. Aim for 20 percent of the purchase price.

**Keep your job:** While you don't need to be in the same job forever to qualify for a home loan, having a job for less than two years may mean you have to pay a higher interest rate.

**Establish a good credit history:** Get a credit card and make all your bill payments on time. Pay off entire balances as promptly as possible. Also, obtain a copy of your credit report, which includes a history of your credit, bad debts, and late payments. Ensure that it's accurate and correct any errors immediately.

**Keep saving:** Even if you have enough money to qualify for a mortgage and cover your down payment, you will also need to factor in closing costs, which can average between 2 and 7 percent of the home price, and incidentals such as the cost of hiring a home inspector.

**Decide what kind of mortgage you can afford:** Generally, you want to look for homes valued between two and three times your gross income, but a financing professional can help determine the size of loan for which you'll qualify. Find out what kind of mortgage (30-year or 15-year? Fixed or adjustable rate?) is best for you. Also, gather the documentation a lender will need to preapprove you for a loan, such as W-2s, pay stub copies, account numbers, and copies of two to four months of bank or credit union statements. Don't forget property taxes, insurance, maintenance, utilities, and association fees, if applicable.

**915-892-8089**

[sergio@el Paso-realtor.com](mailto:sergio@el Paso-realtor.com)

<http://el Paso-realtor.com>



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## VOCABULARY

# Loans & Lending Terms

### Term.

Mortgages are generally available at 15-, 20-, or 30-year terms. In general, the longer the term, the lower the monthly payment. However, shorter terms mean you pay less interest over the life of the loan.

### Fixed vs. adjustable interest rates.

A fixed rate allows you to lock in a low interest rate as long as you hold the mortgage and, in general, is a good choice if interest rates are low. An adjustable-rate mortgage (ARM) usually offers a lower rate that will rise as market rates increase. ARMs usually have a limit as to how much and how frequently the interest rate can be increased. These types of mortgages are a good choice when fixed interest rates are high or if you expect your income to grow significantly in the coming years.

### Non-traditional mortgages.

Also sometimes called “exotic,” these mortgage types were common in the run-up to the housing crisis, and often featured loans with low initial payments that increase over time.

### Balloon mortgage.

This is a form of non-traditional financing where your interest rate will be very low for a short period of time—often three to seven years. Payments usually only cover interest so the principal owed is not reduced. This type of loan may be a good choice if you think you will sell your home at a large profit in a few years.

### Government-backed loans.

These loans are sponsored by agencies such as the Federal Housing Administration or the Department of Veterans Affairs. They offer special terms, including reduced interest rates to qualified buyers. VA Loans are open to veterans, reservists, active-duty personnel, and surviving spouses and are one of the only options available for zero down payment loans. FHA loans are open to anyone, and while they do require a down payment, it can be as low as 3.5 percent. Drawbacks include a slower loan process and—for FHA loans—the need to pay mortgage insurance.

### However...

As the housing market shifts, so do lending practices. A mortgage broker—an independent professional who acts as an intermediary between you and lending institutions—may be able to help you find a better rate than you can on your own. Also, be sure to shop around; slight variations in interest rates, loan amounts, and terms can significantly affect your monthly payment.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## QUESTIONS TO ASK

# When Choosing a Lender

Loan terms, rates, and products can vary significantly from one company to the next. When shopping around, these are a few things you should ask about.

### General questions:

What are the most popular mortgages you offer? Why are they so popular?

Are your rates, terms, fees, and closing costs negotiable?

Do you offer discounts for inspections, home ownership classes, or automatic payment set-up?

Will I have to buy private mortgage insurance? If so, how much will it cost, and how long will it be required?

What escrow requirements do you have?

What kind of bill-pay options do you offer?

### Loan-specific questions:

What would be included in my mortgage payment (homeowners insurance, property taxes, etc.)?

Which type of mortgage plan would you recommend for my situation?

Who will service this loan—your bank or another company?

How long will the rate on this loan be in a lock-in period? Will I be able to obtain a lower rate if the market rate drops during this period?

How long will the loan approval process take?

How long will it take to close the loan?

Are there any charges or penalties for prepaying this loan?

How much will I be paying total over the life of this loan?

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## HOW TO

# Finance a Home, Creatively

### Investigate local, state, and national down payment assistance programs.

These programs give qualified applicants loans or grants to cover all or part of your required down payment. National programs include the Nehemiah program, Getdownpayment.com, and the American Dream Down Payment Fund from the Department of Housing and Urban Development.

### Explore seller financing.

In some cases, sellers may be willing to finance all or part of the purchase price of the home and let you repay them gradually, just as you would do with a mortgage. A similar option is the assumable mortgage, where a home buyer takes over the seller's existing loan (with bank approval). This can be especially helpful when interest rates are on the rise.

### Ask your family for help.

Perhaps a family member will loan you money for the down payment or act as a cosigner for the mortgage. Lenders often like to have a cosigner if you have minimal credit history.

### Consider a shared-appreciation or shared-equity arrangement.

Under this agreement, your family, friends, or even a third party may buy a portion of the home and share in any appreciation when the home is sold. The owner-occupant usually pays the mortgage, property taxes, and maintenance costs, but all the investors' names are usually on the mortgage.

### Lease with the option to buy.

Renting the home for a year or more will give you the chance to save more toward your down payment. And in many cases, owners will apply some of the rental amount toward the purchase price.

### Consider a short-term second mortgage.

If you can qualify for a short-term second mortgage, this would give you money to make a larger down payment. This may be possible if you're in good financial standing, with a strong income and little debt. Such arrangements may also help you avoid jumbo loan restrictions and/or minimize the amount of private mortgage insurance you have to pay.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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**WORKSHEET**

# Define Your Dream Home

Write in your preferences and rate them: 3 = Vital, 2 = Very Important, 1 = Neutral, 0 = Not important

LOCATION	PREFERENCES	RATE
Neighborhood		
School district		
Near public transportation		
Near airport		
Near expressway		
Near shopping		
Great views		
<b>TYPE</b>		
Single-family / condo / townhome		
Minimum / maximum property age		
Willingness to renovate		
Architectural style		
Open floor plan		
<b>SIZE &amp; MAKEUP</b>		
Minimum # of bedrooms		
Minimum # of bathrooms		
Eat-in kitchen		
Family room		
Formal dining room		
Formal living room		
Garage (number of cars)		
Outdoor space (size/use)		
Laundry room		
<b>AMENITIES</b>		
Wood floors / carpeting		
Heating / cooling system types		
Fireplace		
Pool		
Other special needs/preferences:		

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sergio@elpaso-realtor.com

http://elpaso-realtor.com



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## QUESTIONS TO ASK

# About the Neighborhood

Where you live should reflect your lifestyle. These questions will help you find the best community for you.

### Is it close to my favorite spots?

Make a list of activities you engage in and stores you visit frequently. See how far you would have to travel from each neighborhood you're considering to engage in your most common activities.

### Is it safe?

Contact the police department to obtain neighborhood crime statistics. Consider not only the number of crimes but also the type and trend. (Is crime going up or down?). Pay attention to see where in the neighborhood the crime is happening.

### Is it economically stable?

Check with your local economic development office to see if household income and property values in the neighborhood are stable or rising. What is the ratio of owner-occupied homes to rentals? Apartments don't necessarily diminish value, but they indicate a more transient population. Are there vacant businesses or homes that have been on the market for months? Check news sources to find out if new development is planned.

### Is it a good investment?

Ask a local REALTOR® about price appreciation in the neighborhood. Although past performance is no guarantee of future results, this information may give you a sense of how a home's value might grow. A REALTOR® also may be able to tell you about planned developments or other changes coming to the neighborhood — such as a new school or highway — that might affect its value.

### Do I like what I see?

Once you've narrowed your focus to two or three neighborhoods, go and get a feel for what it might be like to live there. Take notes: Are homes tidy and well maintained? Are streets bustling or quiet? How does it feel? Pick a pleasant day if you can, and chat with people working or playing outside.

### What's the school district like?

This is especially important if you have children, but it also can affect resale value. The local school district can probably provide information on test scores, class size, the percentage of students who attend college, and special enrichment programs. If you have school-age children, visit schools in neighborhoods you're considering.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## QUESTIONS TO ASK

# When Buying a Condo or HOA

Condominiums, townhomes, and properties located within a homeowner association offer certain perks, but it's important to consider them in your decision process.

### How much storage is available?

Some properties include storage lockers, but there may not be attics or basements to hold extra belongings.

### How's the outdoor space?

Your yard may be smaller than you'd find in a traditional single-family home, so if you like to garden or entertain outdoors, this may not be a good fit. But if you dread yard work, it may be the perfect option.

### Are amenities important?

Many properties offer swimming pools, fitness centers, and other facilities that would cost much more in a single-family setting.

### Who handles maintenance and security?

Property managers often hire professionals to care for common areas and perform in-unit repairs. Keyed entries and doormen may regulate access to your home when you're not there (good news if you travel).

### Are there required reserve funds and association fees? How much are they?

Although fees generally help pay for amenities and provide savings for future repairs, the HOA or condo board determines these fees, and you'll have to pay them even if you're not in favor of the improvements.

### What are the association rules?

Although you have a vote on future changes, association rules can dictate how you use your property. Some condos prohibit home-based businesses; others prohibit pets or don't allow owners to rent out their units. Read the covenants, restrictions, and bylaws carefully before you make an offer.

### What's the average vacancy rate?

It's never too early to be thinking about resale. The ease of selling your unit may depend on what else is for sale in your building, since units are similar.

### How many units are owned by investors?

Some lenders require a certain percentage of the building to be owner-occupied and may not be able to offer you financing if the ratio is too low.

### Can I meet other residents before making an offer?

You will share space and decision-making duties with your neighbors when part of a homeowner association, so it's important to make sure you can work together. If possible, try to meet your closest prospective neighbors before you decide on a place.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## QUESTIONS TO ASK

# The Condo Board

Before you purchase a condo, you should have an attorney review property documents for you. However, you should contact the board yourself ahead of time. You'll learn how responsive and organized its members are and be alerted to potential problems.

### How many units are owner-occupied?

Generally, the higher the percentage of owner-occupied units, the easier the condo will be to resell.

### What covenants, bylaws, and restrictions govern the property?

Carefully read the bylaws to determine if you can abide by them. Also, find out if there are grandfather provisions that allow current owners more rights than you would have as a new owner, such as the ability to rent out your unit.

### How much does the association keep in reserve?

Ask how the money is being invested.

### Are association assessments keeping pace with the annual rate of inflation?

Smart boards raise assessments a reasonable percentage each year to build reserves for funding future repairs.

### What does the assessment cover?

Ask specifically about common-area maintenance, recreational facilities, trash collection, and snow removal (if applicable).

### What special assessments have been mandated in the past five years, and how much of that was the responsibility of individual owners?

Some special assessments are unavoidable. But repeated, expensive assessments could be a red flag about building conditions or fiscal policy.

### What's the turnover rate?

This will tell you if residents are generally happy with the building.

### Is the condo building in litigation?

Obviously, this is never a good sign. If the builders or owners are involved in a lawsuit, reserves can be depleted quickly to pay legal fees.

### What other projects has the developer built?

Try to visit one, and ask residents about their perceptions. Also, request an engineer's report if the building has been converted from another use.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## QUESTIONS TO ASK

# When Choosing a Home Inspector

### Do you belong to a professional association?

There are many associations for home inspectors, but some groups confer questionable credentials or certifications in return for nothing more than a fee. Make sure the association your home inspector names is a reputable, nonprofit trade organization.

### Will your report meet all state requirements?

Also, make sure the organization complies with a well-recognized standard of practice and code of ethics, such as those adopted by the American Society of Home Inspectors or the National Association of Home Inspectors.

### How experienced are you?

Ask inspectors how long they've been working in the field and how many inspections they've completed. Also ask for customer referrals. New inspectors may be highly qualified, but they should describe their training and indicate whether they work with a more experienced partner.

### How do you keep your expertise up to date?

Inspectors' commitment to continuing training is a good measure of their professionalism and service. Advanced knowledge is especially important with older homes or those with unique elements requiring additional or updated training.

### Do you focus on residential inspection?

Home inspection is very different from inspecting commercial buildings or a construction site. Ask whether the inspector has experience with your type of property or feature. The inspector should be able to provide sample inspection reports for a similar property. If they recommend further evaluation from outside contractors on multiple issues, it may indicate they're not comfortable with their own knowledge level.

### Do you offer to do repairs or improvements?

Some state laws and trade associations allow the inspector to provide repair work on problems uncovered during the inspection. However, other states and associations forbid it as a conflict of interest.

### How long will the inspection take?

On average, an inspector working alone inspects a typical single-family house in two to three hours; anything less may not be thorough.

### How much?

Costs range from \$300 to \$500 but can vary dramatically depending on your region, the size and age of the house, and the scope of services. Be wary of deals that seem too good to be true.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## WHAT TO KNOW

# About the Home Inspection

Some items should always be examined.

### Structure

The home's "skeleton" should be able to stand up to weather, gravity, and the earth that surrounds it. Structural components include items such as the foundation and the framing.

### Exterior

The inspector should look at sidewalks, driveways, steps, windows, doors, siding, trim, and surface drainage. They should also examine any attached porches, decks, and balconies.

### Roofing

A good inspector will provide very important information about your roof, including its age, roof draining systems, buckled shingles, and loose gutters and downspouts. They should also inform you of the condition of any skylights and chimneys as well as the potential for pooling water.

### Plumbing

They should thoroughly examine the water supply and drainage systems, water heating equipment, and fuel storage systems. Drainage pumps and sump pumps also fall under this category. Poor water pressure, banging pipes, rust spots, or corrosion can indicate larger problems.

### Electrical

You should be informed of the condition of service entrance wires, service panels, breakers and fuses, and disconnects. Also take note of the number of outlets in each room.

### Heating and air conditioning

The home's vents, flues, and chimneys should be inspected. The inspector should be able to tell you the water heater's age, its energy rating, and whether the size is adequate for the house. They should also describe and inspect all the central air and through-wall cooling equipment.

### Interiors

Your inspector should take a close look at walls, ceilings and floors; steps, stairways, and railings; countertops and cabinets; and garage systems. These areas can reveal leaks, insect damage, rot, construction defects, and more.

### Ventilation/insulation

Inspectors should check for adequate insulation and ventilation in the attic and in unfinished areas such as crawl spaces. Insulation should be appropriate for the climate. Without proper ventilation, excess moisture can lead to mold and water damage.

### Fireplaces

They're charming, but fireplaces can be dangerous if they're not properly installed. Inspectors should examine the vent and flue, and describe solid fuel-burning appliances.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## WHAT TO KNOW

# About Home Hazards

### Radon

A colorless, odorless gas that can seep into your home from the ground, radon is often referred to as the second most common cause of lung cancer behind smoking.

**What to look for:** Basements or any area with protrusions into the ground offer entry points for radon. The Environmental Protection Agency publishes a map of high-prevalence areas. A radon test can determine if high levels are present.

### Asbestos

A fibrous material once popular as fire-resistant insulation, asbestos was banned in 1985. However, it's often found in the building materials, floor tiles, roof coverings, and siding of older. If disturbed or damaged, it can enter the air and cause severe illness.

**What to look for:** Homes built prior to 1985 are at risk of having asbestos in their construction materials. Home owners should be careful when remodeling because disturbing insulation and other materials may cause the asbestos to become airborne.

### Lead

This toxic metal used in home products for decades can contribute to several health problems, especially among children. Exposure can occur from deteriorating lead-based paint, pipes, or lead-contaminated dust or soil.

**What to look for:** Homes built prior to 1978 may have lead present. Look for peeling paint and check old pipes. To get a HUD-insured loan, buyers must show a certificate that their older home is lead-safe.

### Other hazardous products

Stockpiles of hazardous household items — such as paint solvents, pesticides, fertilizers, or motor oils — can create a dangerous situation if not properly stored. They can easily spark fires and can cause illness or even death if ingested, even in small amounts.

**What to look for:** Check all the corners, crawl spaces, garages, or garden sheds in the home. If these products are found, make sure you ask for their removal and get a disposal certificate prior to closing.

### Groundwater contamination

When hazardous chemicals are disposed of improperly, they can seep through the soil and enter water supplies. A leaking underground oil tank or septic system can contribute to this.

**What to look for:** Homes near light industrial areas or facilities may be at risk, as are areas once used for industry that are now residential.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## VOCABULARY

# Green Home Terms

Whether you're building the home of your dreams or looking for an existing unit, there's a lot of data involved in finding the right environmentally friendly dwelling. Here's a breakdown of the different certification systems for energy-efficient homes.

### RESNET

The **Residential Energy Services Network** is a not-for-profit corporation that develops industry-wide standards and rules for energy efficiency ratings and certification systems for buildings. In addition to overseeing the HERS index (see below), RESNET certifies contractors of all types, including builders, roofing and siding professionals, and remodeling contractors.

### HERS index

The **Home Energy Rating System** is an index measuring a home's energy efficiency. An average home built to current industry standards for energy efficiency will have an index of 100. A lower score indicates higher levels of efficiency (for example, a home with a score of 70 is using 30 percent less energy than the average home). The opposite is true with homes that score higher than 100. This index is overseen by RESNET.

### LEED

The United States Green Building Council is the agency that bestows **Leadership in Energy and Environmental Design** certifications on environmentally friendly buildings and projects. The highest certification a building can earn is "LEED platinum." Projects earn points based on numerous categories such as indoor air quality and water efficiency. More points add up to a higher certification level.

### Energy Star

The Energy Star program is overseen by the U.S. Environmental Protection Agency. Products such as refrigerators, light bulbs, and furnaces can earn Energy Star certifications. Separately, homes can be Energy Star-certified through an independent inspection.

### Indoor airPLUS:

This program is also administered by the EPA. Homes that go above and beyond the Energy Star requirements by incorporating additional features to combat moisture, mold, pests, and pollutants can earn this label.

### National Green Building Certification

Overseen by the National Association of Home Builders, this program helps residential building professionals develop and build sustainable projects. Buildings can earn bronze, silver, gold, or emerald certifications. At the Emerald level — which is the highest certification a project can earn — a building "must incorporate energy savings of 60 percent or more."

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[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## WHAT TO KNOW

# About the Appraisal Process

Once you are under contract, your lender will send out an appraiser to make sure the purchase price is in line with the property's value.

### Appraisals help guide mortgage terms.

The appraised value of a home is an important factor in the loan underwriting process. Although lenders may use the sale price to determine the amount of the mortgage they will offer, they generally only do so when the property is sold for less than the appraisal amount. Also, the loan-to-value ratio is based on the appraised value and helps lenders figure out how much money may be borrowed to purchase the property and under what terms. If the LTV is high, the lender is more likely to require the borrower to purchase private mortgage insurance.

### Appraised value is not a concrete number.

Appraisals provide a professional opinion of value, but they aren't an exact science. Appraisals may differ quite a bit depending on when they're done and who's doing them. Also, changes in market conditions can dramatically alter appraised value.

### Appraised value doesn't represent the whole picture of home prices.

There are special considerations that appraised value doesn't take into account, such as the need to sell rapidly.

### Appraisers use data from the recent past.

Appraisals are often considered somewhat backward looking, because they use sold data from comparable properties (often nicknamed "comps") to help come up with a reasonable price.

### There are uses for appraised value outside of the purchase process.

For buying purposes, appraisals are usually used to determine market value or factor into the pricing equation. But other appraisals are used to determine insurance value, replacement value, and assessed value for property tax purposes.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## QUESTIONS TO ASK

# About Property Tax

It's natural for the sale price of a home to loom large in your mind. But don't forget to look at what your property tax bill might be.

### What is the assessed value of the property?

Assessed value is generally less than market value. A recent copy of the seller's tax bill will help you determine this information.

### How often are properties reassessed in this area?

In general, this will happen annually, but properties in areas of slower growth may be reassessed less often.

### When was the last reassessment done on this property?

Most significant tax increases on an individual property can be linked to when that property was last reassessed.

### Will the sale of the property trigger a tax increase?

Depending upon where you live, the assessed value of a property may increase based on the amount you pay for it. And in some areas, such as California, taxes aren't allowed to increase until the property in question is resold.

### Is the tax bill comparable to other properties in the area?

If not, it might be possible to appeal the assessment and lower the rate.

### Does the current tax bill reflect any special exemptions for which I might not qualify?

For example, many tax districts offer reductions to those individuals 65 and older.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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**WORKSHEET**

# Service Provider Contacts

You won't necessarily need all these professionals, but your REALTOR® can help you assemble a list.

	Name	Contact Info
REALTOR®		
<b>ADVISERS</b>		
Real estate attorney		
Appraiser		
Tax adviser		
<b>INSPECTORS</b>		
Home inspector		
Termite inspector		
Flood plain inspector		
Radon inspector		
Zoning inspector		
Lead paint inspector		
Occupancy permit		
<b>OTHER SERVICES</b>		
Survey company		
Title company		
Insurance consultant		
Mortgage loan officer		
Moving company		
Relocation company		
Electrician		
Remodeling contractor		
Other		

**915-892-8089**

sergio@elpaso-realtor.com

http://elpaso-realtor.com



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## CHECKLIST

# Your Mortgage Application

Every lender requires documents as part of the process of approving a mortgage loan. Here are documents you're generally required to provide..

- W-2 Tax returns** — or business tax returns if you're self-employed — for the last two or three years for every person signing the loan.
- At least one pay stub** for each person signing the loan.
- Account numbers** of all your credit cards and the amounts for any outstanding balances.
- Two to four months of bank or credit union statements** for both checking and savings accounts.
- Lender, loan number, and amount owed** on installment loans, such as student loans and car loans.
- Addresses** where you've lived for the last five to seven years, with names of landlords if appropriate.
- Brokerage account statements** for two to four months, as well as a list of any other major assets of value, such as a boat, RV, or stocks or bonds not held in a brokerage account.
- Your most recent 401(k)** or other retirement account statement.
- Documentation to verify additional income**, such as child support or a pension.

**915-892-8089**

[sergio@el Paso-realtor.com](mailto:sergio@el Paso-realtor.com)

<http://el Paso-realtor.com>



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## QUESTIONS TO ASK

# Before Making a Short Sale Offer

If a home is being sold for less than what the current owner owes on the property—and the seller does not have other funds to make up the difference at closing—the sale is considered a **short sale**.

A short sale is different from a foreclosure, which is when the seller's lender has taken title of the home and is selling it directly. Home owners often try to accomplish a short sale in order to avoid foreclosure. But a short sale holds many potential pitfalls for buyers. Answering these questions will help you determine if a short sale is a good fit for you.

### Are you very patient?

Even after you come to agreement with the seller to buy a short-sale property, the seller's lender (or lenders, if there is more than one mortgage) still has to approve the sale. When there is only one mortgage, lender approval typically takes about two months. If there is more than one mortgage with different lenders, it can take four months or longer. If you make an offer tremendously lower than the fair market value of the home, the lender could make a counteroffer, which will lengthen the process.

### Is your financing in order?

Lenders like cash offers. But even if you can't pay cash, it's important to show you're well qualified. If you're preapproved, have a large down payment, and can close at any time, your offer will be viewed more favorably than that of a buyer whose financing is less secure.

### Do you have any contingencies?

Lenders like flexible terms. If you must sell a home before you can close, or you need to be in your new home by a certain time, a short sale may not be for you. Also, you will most likely be asked to take the property "as is." Lenders are already taking a loss on the property and may not agree to requests for repair credits.

### Can you take rejection?

Even when a lender approves a short sale, it could require that the sellers sign a promissory note to repay the deficient amount of the loan, which may not be acceptable to some financially strapped sellers.

Lenders also can change any of the terms of the contract that you've already negotiated, which may not be agreeable to you.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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**CHECKLIST**

# Your Short Sale Purchase Team

If you're serious about purchasing a short-sale property, it's important for you to have expert assistance. Here are some people you'll want by your side:

- Experienced real estate attorney.** A real estate attorney who's knowledgeable about the short-sale process will increase your chances getting an approved contract. The attorney will also be indispensable if you want any provisions or specialized language written into the purchase contract.
- Qualified real estate professional.** You may have close friends or relatives in real estate, but they aren't truly knowledgeable about short sales, they may hurt your chances of a successful closing. Interview a few practitioners and ask them how many buyers they've represented in a short sale and, of those, how many have successfully closed. A qualified real estate professional will help you find short-sale listings, negotiate the purchase, and have smooth communications with the lender. You might also seek out pros who have the Short Sales and Foreclosure Resource (SFR®) certification, which generally identifies REALTORS® who have learned the skills needed to help buyers and sellers of distressed properties.
- Title officer.** It's a good idea to have a title officer do an initial title search on a short-sale property to examine all the liens attached to the property. If there are multiple lien holders (second or third mortgage/lines of credit, real estate tax lien, mechanic's lien, homeowners association lien, etc.), it's much tougher to get the contract to the closing table. Any of the lien holders could put a kink in the process even after you've waited months for lender approval. If you don't know a title officer, your real estate attorney or real estate professional should be able to recommend a few.

*The risks of a short sale are considerable. But if you have the time, patience, and iron will to see it through, a short sale can be a win-win for you and the sellers.*

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## HOW TO

# Buy in a Tight Market

Increase your chances of getting your dream house in a competitive housing market.

### Get prequalified for a mortgage.

You'll be able to make a firm commitment to buy and your offer will be more desirable to the seller.

### Stay in close contact with your real estate agent.

Your agent will be on the lookout for the newest listings that meet your criteria. Be ready to see a house as soon as it goes on the market — if it's a great home, it will go fast.

### Scout out new listings yourself.

Browse sources such as realtor.com and local real estate listing sites. Set up alerts for the neighborhoods and characteristics you're looking for. Drive through your target neighborhoods, and if you see a home you like for-sale, send the address and listing agent's name to your agent, who can schedule a showing for you.

### Be ready to make a decision.

Spend plenty of time in advance deciding what you can afford and must have in a home so you won't hesitate when you have the chance to make an offer.

### Bid competitively.

Your first inclination may be to start out offering something less than the absolute highest price you can afford, but if you go too low in a tight market, you will likely lose out.

### Keep contingencies to a minimum.

Restrictions such as needing to sell your home before you move can make your offer unappealing. Remember that, if the market is tight, you'll probably be able to sell your house rapidly. You can also talk to your lender about getting a bridge loan to cover both mortgages for a short period.

### But don't get caught in a buying frenzy.

Just because there's competition for a home doesn't mean you should buy it. And even though you want to make your offer attractive, don't neglect inspections that help ensure the house is a sound investment.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## WHAT TO KNOW

# About Homeowners Insurance

A homeowners insurance policy will protect you against certain losses and damage to your new home and is generally required by lenders prior to closing. Some lenders will collect the money you owe for homeowners insurance as part of your monthly mortgage payment and place it in an escrow account, paying the insurer on your behalf when the bill is due.

### Coverage exclusions:

Most insurance policies do not cover flood or earthquake damage as a standard item. You may need to buy these types of coverage separately.

### Dollar limitations on claims:

Even if you are covered for a risk, there may be a limit on how much the insurer will pay. For example, many policies limit the amount paid for stolen jewelry unless items are insured separately.

### Replacement cost:

If your home is destroyed, you'll receive money to replace it only to the maximum of your coverage, so be sure your insurance is sufficient. This means that if your home is insured for \$150,000 and it costs \$180,000 to replace it, you'll still receive only \$150,000.

### Actual cash value:

If you choose not to replace your home when it's destroyed, you'll receive replacement cost minus the depreciation. This is what's referred to as actual cash value.

### Your liability:

Generally, your homeowner's insurance covers your liability for accidents that happen to other people on your property, including medical care, court costs, and awards by the court. However, there is usually an upper limit to the amount of coverage provided. Be sure that amount is sufficient, especially if you have significant assets.

**915-892-8089**

[sergio@el Paso-realtor.com](mailto:sergio@el Paso-realtor.com)

<http://el Paso-realtor.com>



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## HOW TO

# Lower Fire Insurance Costs

The first step is to shop around; quotes on the same home can vary significantly from company to company.

### **Review the Comprehensive Loss Underwriting Exchange report.**

CLUE reports detail the property's claims history for the last five years, which insurers may use to deny coverage. Make the sale contingent on a home inspection to ensure that problems identified in the CLUE report have been resolved.

### **Seek insurance coverage as soon as your offer is approved.**

You must obtain insurance in order to buy your home. And you don't want to find out at closing time that the insurer has denied you coverage.

### **Maintain good credit.**

Insurers often use credit-based insurance scores to determine premiums.

### **Buy your homeowner's and auto policies from the same company.**

Companies will often offer a bundling discount. But make sure the discount really yields the lowest price.

### **Raise your deductible.**

If you can afford to pay more toward a loss that occurs, your premiums will be lower. Also, avoid making claims for losses of less than \$1,000.

### **Ask about other discounts.**

For example, retirees who tend to be home more than full-time workers may qualify for a discount on theft insurance. You also may be able to obtain discounts for having smoke detectors, a security system, and high-quality locks.

### **Seek group discounts.**

If you belong to any associations or alumni organizations, check to see if they offer deals on coverage.

### **Conduct an annual review.**

Take a look at your policy limits and the value of your home and possessions every year. Some items depreciate and may not need as much coverage.

### **Investigate a government-backed insurance plan.**

In some high-risk areas, the federal or state government may back plans to lower rates. Ask your agent what's available.

### **Insure your house for the correct amount.**

Remember, you're covering replacement cost, not market value.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## WHAT TO KNOW

# About Title Insurance

Title insurance protects your ownership right to your home, both from fraudulent claims against your ownership and from mistakes made in earlier sales, such as misspellings of a person's name or an inaccurate description of the property. In some states it is customary for the seller to purchase the policy on your behalf.

### Your mortgage lender will require it.

Title insurance protects the lender (and the secondary markets to which they sell loans) from defects in the title to your home—which could include mistakes made in the local property office, forged documents, and claims from unknown parties. It ensures the validity and enforceability of the mortgage document. The amount of the policy is equal to the amount of your mortgage at its inception. The fee is typically a one-time payment rolled into closing costs.

### There are two different policies to consider purchasing.

The first policy, the one your lender will require, protects the lender's investment. You may also purchase an owner's policy that provides coverage up to the purchase price of the home you are buying.

### You have the right to choose your provider.

You can shop around for a lower insurance premium rate at a wide variety of sites online. You should first request quotes from a few companies and then reach out and speak to them. Ask about hidden fees and charges that could make one quote seem more attractive than another. Also, find out if you're eligible for any discounts. Discounts are sometimes available if the home has been bought within only a few years since the last purchase as not as much work is required to check the title. You can also ask your lender or real estate professional for advice or help with getting quotes. Make sure the title insurance company you choose has a favorable Financial Stability Rating with Demotech Inc.

### Even new construction needs coverage.

Even if your home is brand-new, the land isn't. There may be claims to the land or liens that were placed during construction that could negatively impact your title.

**915-892-8089**

[sergio@el Paso-realtor.com](mailto:sergio@el Paso-realtor.com)

<http://el Paso-realtor.com>



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## WORKSHEET

## Track Closing Costs

Be prepared and know who's responsible for the variety of fees and expenses at the closing table.

	BUYER COST	SELLER COST	OTHER
Down payment			
Loan origination			
Points paid to receive a lower interest rate			
Home inspection			
Appraisal			
Credit report			
Mortgage insurance premium			
Escrow for homeowner's insurance (if paid as part of the mortgage*)			
Property tax escrow (if paid as part of the mortgage*)			
Deed recording			
Title insurance policy premiums			
Land survey			
Notary fees			
Home Warranty			
Proration** for your share of costs (such as utility bills and property taxes)			

\*Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage, then pay the insurance or taxes for you.

\*\* Because such costs are usually paid on either a monthly or a yearly basis, you might have to pay a bill for services used by the sellers before they moved. Proration is a way to even out bills sellers may have paid in advance, or that you may later pay for services they used.

**915-892-8089**

sergio@elpaso-realtor.com

<http://elpaso-realtor.com>



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## VOCABULARY

# Transaction Documents

When you walk away from the closing table with a big stack of papers, know what to file away for future reference.

### Loan estimate

Your lender is required to provide you with this three-page document within three business days of receiving your loan application. It will show estimates for your interest rate, monthly payment, closing costs, taxes, and insurance. You'll also learn how your interest rate and payments could change in the future, and whether you'll incur penalties for paying off the loan early (called "prepayment penalty") or increases to the mortgage loan balance even if payments are made on time (known as "negative amortization").

### Closing disclosure

Your lender is required to send this five-page form—which includes final loan terms, projected monthly payments, and closing costs—three business days before your closing. This window gives you time to compare the final terms to those in the Loan Estimate (see above), and to ask the lender any questions before the transaction is finalized.

### Mortgage and note

These spell out the legal terms of your mortgage obligation and the agreed-upon repayment terms.

### Deed

This document officially transfers ownership of the property. In a cash deal, it goes to you, but otherwise you won't get the deed until you pay off the mortgage.

### Affidavits

These are binding statements by either party. For example, the sellers will often sign an affidavit stating that they haven't incurred any liens on the property.

### Riders

This word describes any amendments to the sales contract that affect your rights. For example, the sellers may arrange to retain occupancy for a specified period after closing but agree to pay rent to the buyers during that period.

### Insurance policies

These documents provide a record and proof of your coverage, be they insuring the title or the property itself. Homeowners insurance documents will generally be your responsibility, while proof of title insurance will be given to you at the closing table.

**915-892-8089**

[sergio@elpaso-realtor.com](mailto:sergio@elpaso-realtor.com)

<http://elpaso-realtor.com>



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## ***IMPORTANT ITEMS TO KNOW WHEN BUYING A HOME CONTRACT TO CLOSING***

### **DO's**

1. DO . . . Take a deep breath. It will be OK. Your REALTOR® will guide you thru the loan process to closing on your home.
2. DO . . . Pay all your bills on time, including rent and utilities (if applicable).
3. DO . . . Pay all your debts as requested by the loan officer, using a check or money order. DO NOT pay cash. You must leave a paper trail as proof of payment(s).
4. DO . . . Save as much money as possible in your checking / savings account(s) to show a positive balance. The mortgage loan underwriter will review all your credit, accounts and information at first submission of your loan application. Then the mortgage loan underwriter will review all your credit, accounts and information again right before closing.
5. DO . . . Regard as priority whatever the mortgage loan officer is asking you to do.
6. DO . . . Order home inspection asap after the execution date on the contract to comply with the number of days given under the Option Period.
7. DO . . . Request a home insurance quote asap to confirm insurability of the property and cost of home insurance.

### **DO NOT's**

1. DO NOT . . . Buy anything on credit; a car (even a lease), jewelry, clothing, furniture, appliances, etc. Talk to your mortgage loan officer before you buy anything during your loan qualification process all the way thru to closing & funding on your home loan.
2. DO NOT . . . Quit your job.
3. DO NOT . . . Be late on paying any of your monthly bills.
4. DO NOT . . . Disregard anything the loan officer is asking you to do.
5. DO NOT . . . Acknowledge or trust any email asking for you to wire funds for your closing. Your REALTOR® will never ask you to wire funds. Always confirm wiring instructions either in person or over the phone with a trusted source at the title company.

### **PAYMENTS WHICH MAY BE REQUIRED BEFORE CLOSING**

1. Option Fee & Earnest Money – give check/money order/cashier's check to your REALTOR® at the time of the executed contract. Option Fee & Earnest Money must be deposited within 3 days of the effective date of the contract.
2. Appraisal Fee – give check/money order/cashier's check to your mortgage loan officer upon request.
3. Home Inspection Fee – give payment to the inspector at the time of the home inspection.
4. Termite Inspection Fee – give payment to the termite inspector at the time of the termite inspection.
5. You may have to pay to extend the Option Period or Closing dates on the contract.

**Once you have signed the closing documents DO NOT change your financial status, in any way, until the Escrow Officer from the Title Company confirms that the transaction has funded.**





PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)
ONE TO FOUR FAMILY RESIDENTIAL CONTRACT (RESALE)

2-12-18



NOTICE: Not For Use For Condominium Transactions

- 1. PARTIES: The parties to this contract are (Seller) and (Buyer). Seller agrees to sell and convey to Buyer and Buyer agrees to buy from Seller the Property defined below.
2. PROPERTY: The land, improvements and accessories are collectively referred to as the "Property".
A. LAND: Lot Block, Addition, City of, County of, Texas, known as (address/zip code), or as described on attached exhibit.
B. IMPROVEMENTS: The house, garage and all other fixtures and improvements attached to the above-described real property, including without limitation, the following permanently installed and built-in items, if any: all equipment and appliances, valances, screens, shutters, awnings, wall-to-wall carpeting, mirrors, ceiling fans, attic fans, mail boxes, television antennas, mounts and brackets for televisions and speakers, heating and air-conditioning units, security and fire detection equipment, wiring, plumbing and lighting fixtures, chandeliers, water softener system, kitchen equipment, garage door openers, cleaning equipment, shrubbery, landscaping, outdoor cooking equipment, and all other property owned by Seller and attached to the above described real property.
C. ACCESSORIES: The following described related accessories, if any: window air conditioning units, stove, fireplace screens, curtains and rods, blinds, window shades, draperies and rods, door keys, mailbox keys, above ground pool, swimming pool equipment and maintenance accessories, artificial fireplace logs, and controls for: (i) garage doors, (ii) entry gates, and (iii) other improvements and accessories.
D. EXCLUSIONS: The following improvements and accessories will be retained by Seller and must be removed prior to delivery of possession:
E. RESERVATIONS: Any reservation for oil, gas, or other minerals, water, timber, or other interests is made in accordance with an attached addendum.
3. SALES PRICE:
A. Cash portion of Sales Price payable by Buyer at closing \$
B. Sum of all financing described in the attached: Third Party Financing Addendum, Loan Assumption Addendum, Seller Financing Addendum \$
C. Sales Price (Sum of A and B) \$
4. LICENSE HOLDER DISCLOSURE: Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable:
5. EARNEST MONEY: Within 3 days after the Effective Date, Buyer must deliver \$ 500.00 as earnest money to (address). Buyer shall deliver additional earnest money of \$ to escrow agent within days after the Effective Date of this contract. If Buyer fails to deliver the earnest money within the time required, Seller may terminate this contract or exercise Seller's remedies under Paragraph 15, or both, by providing notice to Buyer before Buyer delivers the earnest money. If the last day to deliver the earnest money falls on a Saturday, Sunday, or legal holiday, the time to deliver the earnest money is extended until the end of the next day that is not a Saturday, Sunday, or legal holiday. Time is of the essence for this paragraph.
6. TITLE POLICY AND SURVEY:
A. TITLE POLICY: Seller shall furnish to Buyer at Seller's Buyer's expense an owner policy of title insurance (Title Policy) issued by (Title Company) in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:
(1) Restrictive covenants common to the platted subdivision in which the Property is located.
(2) The standard printed exception for standby fees, taxes and assessments.

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(Address of Property)

- (3) Liens created as part of the financing described in Paragraph 3.
- (4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.
- (5) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
- (6) The standard printed exception as to marital rights.
- (7) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
- (8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements:
- (i) will not be amended or deleted from the title policy; or
- (ii) will be amended to read, "shortages in area" at the expense of  Buyer  Seller.
- (9) The exception or exclusion regarding minerals approved by the Texas Department of Insurance.
- B. COMMITMENT: Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment (Exception Documents) other than the standard printed exceptions. Seller authorizes the Title Company to deliver the Commitment and Exception Documents to Buyer at Buyer's address shown in Paragraph 21. If the Commitment and Exception Documents are not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to 15 days or 3 days before the Closing Date, whichever is earlier. If the Commitment and Exception Documents are not delivered within the time required, Buyer may terminate this contract and the earnest money will be refunded to Buyer.
- C. SURVEY: The survey must be made by a registered professional land surveyor acceptable to the Title Company and Buyer's lender(s). (Check one box only)
- (1) Within 15 days after the Effective Date of this contract, Seller shall furnish to Buyer and Title Company Seller's existing survey of the Property and a Residential Real Property Affidavit promulgated by the Texas Department of Insurance (T-47 Affidavit). **If Seller fails to furnish the existing survey or affidavit within the time prescribed, Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to Closing Date.** If the existing survey or affidavit is not acceptable to Title Company or Buyer's lender(s), Buyer shall obtain a new survey at  Seller's  Buyer's expense no later than 3 days prior to Closing Date.
- (2) Within \_\_\_\_\_ days after the Effective Date of this contract, Buyer shall obtain a new survey at Buyer's expense. Buyer is deemed to receive the survey on the date of actual receipt or the date specified in this paragraph, whichever is earlier.
- (3) Within \_\_\_\_\_ days after the Effective Date of this contract, Seller, at Seller's expense shall furnish a new survey to Buyer.
- D. OBJECTIONS: Buyer may object in writing to defects, exceptions, or encumbrances to title: disclosed on the survey other than items 6A(1) through (7) above; disclosed in the Commitment other than items 6A(1) through (9) above; or which prohibit the following use or activity: **Residential**.
- Buyer must object the earlier of (i) the Closing Date or (ii) 30 days after Buyer receives the Commitment, Exception Documents, and the survey. Buyer's failure to object within the time allowed will constitute a waiver of Buyer's right to object; except that the requirements in Schedule C of the Commitment are not waived by Buyer. Provided Seller is not obligated to incur any expense, Seller shall cure any timely objections of Buyer or any third party lender within 15 days after Seller receives the objections (Cure Period) and the Closing Date will be extended as necessary. If objections are not cured within the Cure Period, Buyer may, by delivering notice to Seller within 5 days after the end of the Cure Period: (i) terminate this contract and the earnest money will be refunded to Buyer; or (ii) waive the objections. If Buyer does not terminate within the time required, Buyer shall be deemed to have waived the objections. If the Commitment or Survey is revised or any new Exception Document(s) is delivered, Buyer may object to any new matter revealed in the revised Commitment or Survey or new Exception Document(s) within the same time stated in this paragraph to make objections beginning when the revised Commitment, Survey, or Exception Document(s) is delivered to Buyer.
- E. TITLE NOTICES:
- (1) ABSTRACT OR TITLE POLICY: Broker advises Buyer to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.
- (2) MEMBERSHIP IN PROPERTY OWNERS ASSOCIATION(S): The Property  is  is not

(Address of Property)

subject to mandatory membership in a property owners association(s). If the Property is subject to mandatory membership in a property owners association(s), Seller notifies Buyer under §5.012, Texas Property Code, that, as a purchaser of property in the residential community identified in Paragraph 2A in which the Property is located, you are obligated to be a member of the property owners association(s). Restrictive covenants governing the use and occupancy of the Property and all dedicatory instruments governing the establishment, maintenance, or operation of this residential community have been or will be recorded in the Real Property Records of the county in which the Property is located. Copies of the restrictive covenants and dedicatory instrument may be obtained from the county clerk. **You are obligated to pay assessments to the property owners association(s). The amount of the assessments is subject to change. Your failure to pay the assessments could result in enforcement of the association's lien on and the foreclosure of the Property.**

Section 207.003, Property Code, entitles an owner to receive copies of any document that governs the establishment, maintenance, or operation of a subdivision, including, but not limited to, restrictions, bylaws, rules and regulations, and a resale certificate from a property owners' association. A resale certificate contains information including, but not limited to, statements specifying the amount and frequency of regular assessments and the style and cause number of lawsuits to which the property owners' association is a party, other than lawsuits relating to unpaid ad valorem taxes of an individual member of the association. These documents must be made available to you by the property owners' association or the association's agent on your request.

**If Buyer is concerned about these matters, the TREC promulgated Addendum for Property Subject to Mandatory Membership in a Property Owners Association(s) should be used.**

- (3) STATUTORY TAX DISTRICTS: If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.
- (4) TIDE WATERS: If the Property abuts the tidally influenced waters of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract. An addendum containing the notice promulgated by TREC or required by the parties must be used.
- (5) ANNEXATION: If the Property is located outside the limits of a municipality, Seller notifies Buyer under §5.011, Texas Property Code, that the Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, contact all municipalities located in the general proximity of the Property for further information.
- (6) PROPERTY LOCATED IN A CERTIFICATED SERVICE AREA OF A UTILITY SERVICE PROVIDER: Notice required by §13.257, Water Code: The real property, described in Paragraph 2, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned Buyer hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in Paragraph 2 or at closing of purchase of the real property.
- (7) PUBLIC IMPROVEMENT DISTRICTS: If the Property is in a public improvement district, §5.014, Property Code, requires Seller to notify Buyer as follows: As a purchaser of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.
- (8) TRANSFER FEES: If the Property is subject to a private transfer fee obligation, §5.205, Property Code, requires Seller to notify Buyer as follows: The private transfer fee

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obligation may be governed by Chapter 5, Subchapter G of the Texas Property Code.

- (9) **PROPANE GAS SYSTEM SERVICE AREA:** If the Property is located in a propane gas system service area owned by a distribution system retailer, Seller must give Buyer written notice as required by §141.010, Texas Utilities Code. An addendum containing the notice approved by TREC or required by the parties should be used.
- (10) **NOTICE OF WATER LEVEL FLUCTUATIONS:** If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."

**7. PROPERTY CONDITION:**

A. **ACCESS, INSPECTIONS AND UTILITIES:** Seller shall permit Buyer and Buyer's agents access to the Property at reasonable times. Buyer may have the Property inspected by inspectors selected by Buyer and licensed by TREC or otherwise permitted by law to make inspections. Any hydrostatic testing must be separately authorized by Seller in writing. Seller at Seller's expense shall immediately cause existing utilities to be turned on and shall keep the utilities on during the time this contract is in effect.

B. **SELLER'S DISCLOSURE NOTICE PURSUANT TO §5.008, TEXAS PROPERTY CODE (Notice):**

(Check one box only)

- (1) Buyer has received the Notice.
- (2) Buyer has not received the Notice. Within 10 days after the Effective Date of this contract, Seller shall deliver the Notice to Buyer. If Buyer does not receive the Notice, Buyer may terminate this contract at any time prior to the closing and the earnest money will be refunded to Buyer. If Seller delivers the Notice, Buyer may terminate this contract for any reason within 7 days after Buyer receives the Notice or prior to the closing, whichever first occurs, and the earnest money will be refunded to Buyer.

(3) The Seller is not required to furnish the notice under the Texas Property Code.

C. **SELLER'S DISCLOSURE OF LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS** is required by Federal law for a residential dwelling constructed prior to 1978.

D. **ACCEPTANCE OF PROPERTY CONDITION:** "As Is" means the present condition of the Property with any and all defects and without warranty except for the warranties of title and the warranties in this contract. Buyer's agreement to accept the Property As Is under Paragraph 7D(1) or (2) does not preclude Buyer from inspecting the Property under Paragraph 7A, from negotiating repairs or treatments in a subsequent amendment, or from terminating this contract during the Option Period, if any.

(Check one box only)

- (1) Buyer accepts the Property As Is.
- (2) Buyer accepts the Property As Is provided Seller, at Seller's expense, shall complete the following specific repairs and treatments: \_\_\_\_\_

(Do not insert general phrases, such as "subject to inspections" that do not identify specific repairs and treatments.)

E. **LENDER REQUIRED REPAIRS AND TREATMENTS:** Unless otherwise agreed in writing, neither party is obligated to pay for lender required repairs, which includes treatment for wood destroying insects. If the parties do not agree to pay for the lender required repairs or treatments, this contract will terminate and the earnest money will be refunded to Buyer. If the cost of lender required repairs and treatments exceeds 5% of the Sales Price, Buyer may terminate this contract and the earnest money will be refunded to Buyer.

F. **COMPLETION OF REPAIRS AND TREATMENTS:** Unless otherwise agreed in writing: (i) Seller shall complete all agreed repairs and treatments prior to the Closing Date; and (ii) all required permits must be obtained, and repairs and treatments must be performed by persons who are licensed to provide such repairs or treatments or, if no license is required by law, are commercially engaged in the trade of providing such repairs or treatments. At Buyer's election, any transferable warranties received by Seller with respect to the repairs and treatments will be transferred to Buyer at Buyer's expense. If Seller fails to complete any agreed repairs and treatments prior to the Closing Date, Buyer may exercise remedies under Paragraph 15 or extend the Closing Date up to 5 days if necessary for Seller to complete the repairs and treatments.

G. **ENVIRONMENTAL MATTERS:** Buyer is advised that the presence of wetlands, toxic substances, including asbestos and wastes or other environmental hazards, or the presence of a threatened or endangered species or its habitat may affect Buyer's intended use of the Property. If Buyer is concerned about these matters, an addendum promulgated by TREC or required by the parties should be used.

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H. RESIDENTIAL SERVICE CONTRACTS: Buyer may purchase a residential service contract from a residential service company licensed by TREC. If Buyer purchases a residential service contract, Seller shall reimburse Buyer at closing for the cost of the residential service contract in an amount not exceeding \$ **500.00**. Buyer should review any residential service contract for the scope of coverage, exclusions and limitations. **The purchase of a residential service contract is optional. Similar coverage may be purchased from various companies authorized to do business in Texas.**

8. **BROKERS' FEES:** All obligations of the parties for payment of brokers' fees are contained in separate written agreements.

9. **CLOSING:**

A. The closing of the sale will be on or before \_\_\_\_\_, \_\_\_\_\_, or within 7 days after objections made under Paragraph 6D have been cured or waived, whichever date is later (Closing Date). If either party fails to close the sale by the Closing Date, the non-defaulting party may exercise the remedies contained in Paragraph 15.

B. At closing:

- (1) Seller shall execute and deliver a general warranty deed conveying title to the Property to Buyer and showing no additional exceptions to those permitted in Paragraph 6 and furnish tax statements or certificates showing no delinquent taxes on the Property.
- (2) Buyer shall pay the Sales Price in good funds acceptable to the escrow agent.
- (3) Seller and Buyer shall execute and deliver any notices, statements, certificates, affidavits, releases, loan documents and other documents reasonably required for the closing of the sale and the issuance of the Title Policy.
- (4) There will be no liens, assessments, or security interests against the Property which will not be satisfied out of the sales proceeds unless securing the payment of any loans assumed by Buyer and assumed loans will not be in default.
- (5) If the Property is subject to a residential lease, Seller shall transfer security deposits (as defined under §92.102, Property Code), if any, to Buyer. In such an event, Buyer shall deliver to the tenant a signed statement acknowledging that the Buyer has acquired the Property and is responsible for the return of the security deposit, and specifying the exact dollar amount of the security deposit.

10. **POSSESSION:**

A. Buyer's Possession: Seller shall deliver to Buyer possession of the Property in its present or required condition, ordinary wear and tear excepted:  upon closing and funding  according to a temporary residential lease form promulgated by TREC or other written lease required by the parties. Any possession by Buyer prior to closing or by Seller after closing which is not authorized by a written lease will establish a tenancy at sufferance relationship between the parties. **Consult your insurance agent prior to change of ownership and possession because insurance coverage may be limited or terminated. The absence of a written lease or appropriate insurance coverage may expose the parties to economic loss.**

B. Leases:

- (1) After the Effective Date, Seller may not execute any lease (including but not limited to mineral leases) or convey any interest in the Property without Buyer's written consent.
- (2) If the Property is subject to any lease to which Seller is a party, Seller shall deliver to Buyer copies of the lease(s) and any move-in condition form signed by the tenant within 7 days after the Effective Date of the contract.

11. **SPECIAL PROVISIONS:** (Insert only factual statements and business details applicable to the sale. TREC rules prohibit license holder from adding factual statements or business details for which a contract addendum, lease or other form has been promulgated by TREC for mandatory use.)

12. **SETTLEMENT AND OTHER EXPENSES:**

A. The following expenses must be paid at or prior to closing:

- (1) Expenses payable by Seller (Seller's Expenses):
  - (a) Releases of existing liens, including prepayment penalties and recording fees; release of Seller's loan liability; tax statements or certificates; preparation of deed; one-half of escrow fee; and other expenses payable by Seller under this contract.
  - (b) Seller shall also pay an amount not to exceed \$ **12,000.00** to be applied in the following order: Buyer's Expenses which Buyer is prohibited from paying by FHA, VA, Texas Veterans Land Board or other governmental loan programs, and then to other Buyer's Expenses as allowed by the lender.

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- (2) Expenses payable by Buyer (Buyer's Expenses): Appraisal fees; loan application fees; origination charges; credit reports; preparation of loan documents; interest on the notes from date of disbursement to one month prior to dates of first monthly payments; recording fees; copies of easements and restrictions; loan title policy with endorsements required by lender; loan-related inspection fees; photos; amortization schedules; one-half of escrow fee; all prepaid items, including required premiums for flood and hazard insurance, reserve deposits for insurance, ad valorem taxes and special governmental assessments; final compliance inspection; courier fee; repair inspection; underwriting fee; wire transfer fee; expenses incident to any loan; Private Mortgage Insurance Premium (PMI), VA Loan Funding Fee, or FHA Mortgage Insurance Premium (MIP) as required by the lender; and other expenses payable by Buyer under this contract.
- B. If any expense exceeds an amount expressly stated in this contract for such expense to be paid by a party, that party may terminate this contract unless the other party agrees to pay such excess. Buyer may not pay charges and fees expressly prohibited by FHA, VA, Texas Veterans Land Board or other governmental loan program regulations.
- 13. PRORATIONS:** Taxes for the current year, interest, maintenance fees, assessments, dues and rents will be prorated through the Closing Date. The tax proration may be calculated taking into consideration any change in exemptions that will affect the current year's taxes. If taxes for the current year vary from the amount prorated at closing, the parties shall adjust the prorations when tax statements for the current year are available. If taxes are not paid at or prior to closing, Buyer shall pay taxes for the current year.
- 14. CASUALTY LOSS:** If any part of the Property is damaged or destroyed by fire or other casualty after the Effective Date of this contract, Seller shall restore the Property to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller fails to do so due to factors beyond Seller's control, Buyer may (a) terminate this contract and the earnest money will be refunded to Buyer (b) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (c) accept the Property in its damaged condition with an assignment of insurance proceeds, if permitted by Seller's insurance carrier, and receive credit from Seller at closing in the amount of the deductible under the insurance policy. Seller's obligations under this paragraph are independent of any other obligations of Seller under this contract.
- 15. DEFAULT:** If Buyer fails to comply with this contract, Buyer will be in default, and Seller may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract. If Seller fails to comply with this contract, Seller will be in default and Buyer may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money, thereby releasing both parties from this contract.
- 16. MEDIATION:** It is the policy of the State of Texas to encourage resolution of disputes through alternative dispute resolution procedures such as mediation. Any dispute between Seller and Buyer related to this contract which is not resolved through informal discussion will be submitted to a mutually acceptable mediation service or provider. The parties to the mediation shall bear the mediation costs equally. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.
- 17. ATTORNEY'S FEES:** A Buyer, Seller, Listing Broker, Other Broker, or escrow agent who prevails in any legal proceeding related to this contract is entitled to recover reasonable attorney's fees and all costs of such proceeding.
- 18. ESCROW:**
- A. ESCROW: The escrow agent is not (i) a party to this contract and does not have liability for the performance or nonperformance of any party to this contract, (ii) liable for interest on the earnest money and (iii) liable for the loss of any earnest money caused by the failure of any financial institution in which the earnest money has been deposited unless the financial institution is acting as escrow agent.
- B. EXPENSES: At closing, the earnest money must be applied first to any cash down payment, then to Buyer's Expenses and any excess refunded to Buyer. If no closing occurs, escrow agent may: (i) require a written release of liability of the escrow agent from all parties, (ii) require payment of unpaid expenses incurred on behalf of a party, and (iii) only deduct from the earnest money the amount of unpaid expenses incurred on behalf of the party receiving the earnest money.
- C. DEMAND: Upon termination of this contract, either party or the escrow agent may send a release of earnest money to each party and the parties shall execute counterparts of the release and deliver same to the escrow agent. If either party fails to execute the release, either party may make a written demand to the escrow agent for the earnest money. If only one party makes written demand for the earnest money, escrow agent shall promptly

provide a copy of the demand to the other party. If escrow agent does not receive written objection to the demand from the other party within 15 days, escrow agent may disburse the earnest money to the party making demand reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors. If escrow agent complies with the provisions of this paragraph, each party hereby releases escrow agent from all adverse claims related to the disbursal of the earnest money.

- D. DAMAGES: Any party who wrongfully fails or refuses to sign a release acceptable to the escrow agent within 7 days of receipt of the request will be liable to the other party for (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.
- E. NOTICES: Escrow agent's notices will be effective when sent in compliance with Paragraph 21. Notice of objection to the demand will be deemed effective upon receipt by escrow agent.

**19. REPRESENTATIONS:** All covenants, representations and warranties in this contract survive closing. If any representation of Seller in this contract is untrue on the Closing Date, Seller will be in default. Unless expressly prohibited by written agreement, Seller may continue to show the Property and receive, negotiate and accept back up offers.

**20. FEDERAL TAX REQUIREMENTS:** If Seller is a "foreign person," as defined by Internal Revenue Code and its regulations, or if Seller fails to deliver an affidavit or a certificate of non-foreign status to Buyer that Seller is not a "foreign person," then Buyer shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if currency in excess of specified amounts is received in the transaction.

**21. NOTICES:** All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by fax or electronic transmission as follows:

<p><b>To Buyer</b> at: _____</p> <p>_____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>E-mail: _____</p>	<p><b>To Seller</b> at: _____</p> <p>_____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>E-mail: _____</p>
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**22. AGREEMENT OF PARTIES:** This contract contains the entire agreement of the parties and cannot be changed except by their written agreement. Addenda which are a part of this contract are (Check all applicable boxes):

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Third Party Financing Addendum</li> <li><input type="checkbox"/> Seller Financing Addendum</li> <li><input type="checkbox"/> Addendum for Property Subject to Mandatory Membership in a Property Owners Association</li> <li><input type="checkbox"/> Buyer's Temporary Residential Lease</li> <li><input type="checkbox"/> Loan Assumption Addendum</li> <li><input type="checkbox"/> Addendum for Sale of Other Property by Buyer</li> <li><input type="checkbox"/> Addendum for Reservation of Oil, Gas and Other Minerals</li> <li><input type="checkbox"/> Addendum for "Back-Up" Contract</li> <li><input type="checkbox"/> Addendum for Coastal Area Property</li> <li><input type="checkbox"/> Addendum for Authorizing Hydrostatic Testing</li> <li><input type="checkbox"/> Addendum Concerning Right to Terminate Due to Lender's Appraisal</li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> Environmental Assessment, Threatened or Endangered Species and Wetlands Addendum</li> <li><input type="checkbox"/> Seller's Temporary Residential Lease</li> <li><input type="checkbox"/> Short Sale Addendum</li> <li><input type="checkbox"/> Addendum for Property Located Seaward of the Gulf Intracoastal Waterway</li> <li><input type="checkbox"/> Addendum for Seller's Disclosure of Information on Lead-based Paint and Lead-based Paint Hazards as Required by Federal Law</li> <li><input type="checkbox"/> Addendum for Property in a Propane Gas System Service Area</li> <li><input type="checkbox"/> Other (list): _____</li> <li>_____</li> <li>_____</li> <li>_____</li> </ul> |
|--|--|

**23. TERMINATION OPTION:** For nominal consideration, the receipt of which is hereby acknowledged by Seller, and Buyer's agreement to pay Seller \$ **50.00** (Option Fee) within 3 days after the Effective Date of this contract, Seller grants Buyer the unrestricted right to terminate this contract by giving notice of termination to Seller within **20** days after the Effective Date of this contract (Option Period). Notices under this paragraph must be given by 5:00 p.m. (local time where the Property is located) by the date specified. If no dollar amount is stated as the Option Fee or if Buyer fails to pay the Option Fee to Seller within the time prescribed, this paragraph will not be a part of this contract and Buyer shall not have the unrestricted right to terminate this contract. If Buyer gives notice of termination within the time prescribed, the Option Fee will not be refunded; however, any earnest money will be refunded to Buyer. The Option Fee  will  will not be credited to the Sales Price at closing. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

**24. CONSULT AN ATTORNEY BEFORE SIGNING:** TREC rules prohibit real estate license holders from giving legal advice. READ THIS CONTRACT CAREFULLY.

Buyer's Attorney is: _____	Seller's Attorney is: _____
_____	_____
Phone: _____	Phone: _____
Fax: _____	Fax: _____
E-mail: _____	E-mail: _____

**EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (Effective Date).  
(BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)**

\_\_\_\_\_  
Buyer Seller

\_\_\_\_\_  
Buyer Seller



The form of this contract has been approved by the Texas Real Estate Commission. TREC forms are intended for use only by trained real estate license holders. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, (512) 936-3000 (<http://www.trec.texas.gov>) TREC NO. 20-14. This form replaces TREC NO. 20-13.

**BROKER INFORMATION**

(Print name(s) only. Do not sign)

Other Broker Firm \_\_\_\_\_ License No. \_\_\_\_\_  
 represents  Buyer only as Buyer's agent  
 Seller as Listing Broker's subagent

Listing Broker Firm \_\_\_\_\_ License No. \_\_\_\_\_  
 represents  Seller and Buyer as an intermediary  
 Seller only as Seller's agent

**Sergio Villarreal Alvarez** \_\_\_\_\_ **692747**  
 Associate's Name License No.

Listing Associate's Name License No.

**sergio@elpasonotary.org** \_\_\_\_\_ **(915)892-8089**  
 Associate's Email Address Phone

Listing Associate's Email Address Phone

Licensed Supervisor of Associate License No. \_\_\_\_\_  
**1071 Country Club Rd**

Licensed Supervisor of Listing Associate License No. \_\_\_\_\_

Other Broker's Address \_\_\_\_\_ Phone \_\_\_\_\_  
**El Paso TX 79932**  
 City State Zip

Listing Broker's Office Address \_\_\_\_\_ Phone \_\_\_\_\_  
 City State Zip

Selling Associate's Name License No. \_\_\_\_\_

Selling Associate's Email Address Phone \_\_\_\_\_

Licensed Supervisor of Selling Associate License No. \_\_\_\_\_

Selling Associate's Office Address \_\_\_\_\_

City State Zip

Listing Broker has agreed to pay Other Broker **3.000%** of the total sales price when the Listing Broker's fee is received. Escrow agent is authorized and directed to pay Other Broker from Listing Broker's fee at closing.

**OPTION FEE RECEIPT**

Receipt of \$ \_\_\_\_\_ (Option Fee) in the form of \_\_\_\_\_  
is acknowledged.

\_\_\_\_\_  
Seller or Listing Broker \_\_\_\_\_ Date

**EARNEST MONEY RECEIPT**

Receipt of \$ \_\_\_\_\_ Earnest Money in the form of \_\_\_\_\_  
is acknowledged.

\_\_\_\_\_  
Escrow Agent \_\_\_\_\_ Received by \_\_\_\_\_ Email Address \_\_\_\_\_ Date/Time \_\_\_\_\_

\_\_\_\_\_  
Address \_\_\_\_\_ Phone \_\_\_\_\_

\_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Fax \_\_\_\_\_

**CONTRACT RECEIPT**

Receipt of the Contract is acknowledged.

\_\_\_\_\_  
Escrow Agent \_\_\_\_\_ Received by \_\_\_\_\_ Email Address \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Address \_\_\_\_\_ Phone \_\_\_\_\_

\_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Fax \_\_\_\_\_

**ADDITIONAL EARNEST MONEY RECEIPT**

Receipt of \$ \_\_\_\_\_ additional Earnest Money in the form of \_\_\_\_\_  
is acknowledged.

\_\_\_\_\_  
Escrow Agent \_\_\_\_\_ Received by \_\_\_\_\_ Email Address \_\_\_\_\_ Date/Time \_\_\_\_\_

\_\_\_\_\_  
Address \_\_\_\_\_ Phone \_\_\_\_\_

\_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Fax \_\_\_\_\_



### THIRD PARTY FINANCING ADDENDUM

TO CONTRACT CONCERNING THE PROPERTY AT

(Street Address and City)

**1. TYPE OF FINANCING AND DUTY TO APPLY AND OBTAIN APPROVAL:** Buyer shall apply promptly for all financing described below and make every reasonable effort to obtain approval for the financing, including but not limited to furnishing all information and documents required by Buyer's lender. (Check applicable boxes):

- A. CONVENTIONAL FINANCING:
  - (1) A first mortgage loan in the principal amount of \$ \_\_\_\_\_ (excluding any financed PMI premium), due in full in \_\_\_\_\_ year(s), with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
  - (2) A second mortgage loan in the principal amount of \$ \_\_\_\_\_ (excluding any financed PMI premium), due in full in \_\_\_\_\_ year(s), with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
- B. TEXAS VETERANS LOAN: A loan(s) from the Texas Veterans Land Board of \$ \_\_\_\_\_ for a period in the total amount of \_\_\_\_\_ years at the interest rate established by the Texas Veterans Land Board.
- C. FHA INSURED FINANCING: A Section \_\_\_\_\_ FHA insured loan of not less than \$ \_\_\_\_\_ (excluding any financed MIP), amortizable monthly for not less than \_\_\_\_\_ years, with interest not to exceed **5.000** % per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
- D. VA GUARANTEED FINANCING: A VA guaranteed loan of not less than \$ \_\_\_\_\_ (excluding any financed Funding Fee), amortizable monthly for not less than \_\_\_\_\_ years, with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
- E. USDA GUARANTEED FINANCING: A USDA-guaranteed loan of not less than \$ \_\_\_\_\_ (excluding any financed Funding Fee), amortizable monthly for not less than \_\_\_\_\_ years, with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan.
- F. REVERSE MORTGAGE FINANCING: A reverse mortgage loan (also known as a Home Equity Conversion Mortgage loan) in the original principal amount of \$ \_\_\_\_\_ (excluding any financed PMI premium or other costs), with interest not to exceed \_\_\_\_\_% per annum for the first \_\_\_\_\_ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed \_\_\_\_\_% of the loan. The reverse mortgage loan  will  will not be an FHA insured loan.

**2. APPROVAL OF FINANCING:** Approval for the financing described above will be deemed to have been obtained when Buyer Approval and Property Approval are obtained.

- A. BUYER APPROVAL: (Check one box only):
  - This contract is subject to Buyer obtaining Buyer Approval. If Buyer cannot obtain Buyer Approval, Buyer may give written notice to Seller within **30** days after the effective date of this contract and this contract will terminate and the earnest money will be refunded to Buyer. If Buyer does not terminate the contract under this provision, the contract shall no longer be subject to the Buyer obtaining Buyer Approval. Buyer Approval will be deemed to have been obtained when (i) the terms of the loan(s)

Initialed for identification by Buyer \_\_\_\_\_ and Seller \_\_\_\_\_

TREC NO. 40-8

(Address of Property)

described above are available and (ii) lender determines that Buyer has satisfied all of lender's requirements related to Buyer's assets, income and credit history.

This contract is not subject to Buyer obtaining Buyer Approval.

B. **PROPERTY APPROVAL:** If Buyer's lender determines that the Property does not satisfy lender's underwriting requirements for the loan (including but not limited to appraisal, insurability, and lender required repairs) Buyer, not later than 3 days before the Closing Date, may terminate this contract by giving Seller: (i) notice of termination; and (ii) a copy of a written statement from the lender setting forth the reason(s) for lender's determination. If Buyer terminates under this paragraph, the earnest money will be refunded to Buyer. If Buyer does not terminate under this paragraph, Property Approval is deemed to have been obtained.

C. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

3. **SECURITY:** Each note for the financing described above must be secured by vendor's and deed of trust liens.

4. **FHA/VA REQUIRED PROVISION:** If the financing described above involves FHA insured or VA financing, it is expressly agreed that, notwithstanding any other provision of this contract, the purchaser (Buyer) shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise: (i) unless the Buyer has been given in accordance with HUD/FHA or VA requirements a written statement issued by the Federal Housing Commissioner, Department of Veterans Affairs, or a Direct Endorsement Lender setting forth the appraised value of the Property of not less than \$ \_\_\_\_\_; or (ii) if the contract purchase price or cost exceeds the reasonable value of the Property established by the Department of Veterans Affairs.

A. The Buyer shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation or the reasonable value established by the Department of Veterans Affairs.

B. If FHA financing is involved, the appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or the condition of the Property. The Buyer should satisfy himself/herself that the price and the condition of the Property are acceptable.

C. If VA financing is involved and if Buyer elects to complete the purchase at an amount in excess of the reasonable value established by the VA, Buyer shall pay such excess amount in cash from a source which Buyer agrees to disclose to the VA and which Buyer represents will not be from borrowed funds except as approved by VA. If VA reasonable value of the Property is less than the Sales Prices, Seller may reduce the Sales Price to an amount equal to the VA reasonable value and the sale will be closed at the lower Sales Price with proportionate adjustments to the down payment and the loan amount.

5. **AUTHORIZATION TO RELEASE INFORMATION:**

A. Buyer authorizes Buyer's lender to furnish to Seller or Buyer or their representatives information relating to the status of the approval for the financing.

B. Seller and Buyer authorize Buyer's lender, title company, and escrow agent to disclose and furnish a copy of the closing disclosures and settlement statements provided in relation to the closing of this sale to the parties' respective brokers and sales agents provided under Broker Information.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Seller



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**ADDENDUM FOR  
SALE OF OTHER PROPERTY BY BUYER  
TO CONTRACT CONCERNING THE PROPERTY AT**

\_\_\_\_\_  
(Address of Property)

**A.** The contract is contingent upon Buyer's **receipt of the proceeds** from the sale of Buyer's property at \_\_\_\_\_ (Address) on or before \_\_\_\_\_, \_\_\_\_\_ (the Contingency). If the Contingency is not satisfied or waived by Buyer by the above date, the contract will terminate automatically and the earnest money will be refunded to Buyer.

NOTICE: The date inserted in this Paragraph should be no later than the Closing Date specified in Paragraph 9 of the contract.

**B.** If Seller accepts a written offer to sell the Property, Seller shall notify Buyer (1) of such acceptance **AND** (2) that Seller requires Buyer to waive the Contingency. Buyer must waive the Contingency on or before the \_\_\_\_\_ day after Seller's notice to Buyer; otherwise the contract will terminate automatically and the earnest money will be refunded to Buyer.

**C.** Buyer may waive the Contingency only by notifying Seller of the waiver and depositing \$ \_\_\_\_\_ with escrow agent as additional earnest money. All notices must be in writing and are effective when delivered in accordance with the contract.

**D.** If Buyer waives the Contingency and fails to close and fund solely due to Buyer's non-receipt of proceeds from Buyer's sale of the Property described in Paragraph A, Buyer will be in default. If such default occurs, Seller may exercise the remedies specified in Paragraph 15 of the contract.

**E.** For purposes of this Addendum time is of the essence; strict compliance with the times for performance stated herein is required.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Seller

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NON-REALTY ITEMS ADDENDUM

TO CONTRACT CONCERNING THE PROPERTY AT

(Address of Property)

A. For an additional sum of \$ \_\_\_\_\_ and other and good valuable consideration, Seller shall convey to Buyer at closing the following personal property (specify each item carefully, include description, model numbers, serial numbers, location, and other information):

Multiple horizontal lines for listing personal property items.

B. Seller represents and warrants that Seller owns the personal property described in Paragraph A free and clear of all encumbrances.

C. Seller does not warrant or guarantee the condition or future performance of the personal property conveyed by this document.

Buyer

Seller

Buyer

Seller

This form has been approved by the Texas Real Estate Commission for voluntary use by its licensees. Copies of TREC rules governing real estate brokers, salesperson and real estate inspectors are available at nominal cost from TREC. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 512-936-3000 (http://www.trec.texas.gov)



AMENDMENT TO CONTRACT CONCERNING THE PROPERTY AT

(Street Address and City)

Seller and Buyer amend the contract as follows: (check each applicable box)

- (1) The Sales Price in Paragraph 3 of the contract is:
A. Cash portion of Sales Price payable by Buyer at closing
B. Sum of financing described in the contract
C. Sales Price (Sum of A and B)
(2) In addition to any repairs and treatments otherwise required by the contract, Seller, at Seller's expense, shall complete the following repairs and treatments:
(3) The date in Paragraph 9 of the contract is changed to
(4) The amount in Paragraph 12A(1)(b) of the contract is changed to \$
(5) The cost of lender required repairs and treatment, as itemized on the attached list, will be paid as follows: \$ by Seller; \$ by Buyer.
(6) Buyer has paid Seller an additional Option Fee of \$ for an extension of the unrestricted right to terminate the contract on or before 5:00 p.m. on This additional Option Fee will will not be credited to the Sales Price.
(7) Buyer waives the unrestricted right to terminate the contract for which the Option Fee was paid.
(8) The date for Buyer to give written notice to Seller that Buyer cannot obtain Buyer Approval as set forth in the Third Party Financing Addendum is changed to
(9) Other Modifications: (Insert only factual statements and business details applicable to this sale.)

EXECUTED the day of , . (BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)

Buyer Seller
Buyer Seller

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PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)

11-15-18

**NOTICE OF BUYER'S TERMINATION OF CONTRACT**



CONCERNING THE CONTRACT FOR THE SALE OF THE PROPERTY AT

\_\_\_\_\_  
(Street Address and City)

BETWEEN THE UNDERSIGNED BUYER AND \_\_\_\_\_  
\_\_\_\_\_  
(SELLER)

Buyer notifies Seller that the contract is terminated pursuant to the following:

- (1) The unrestricted right of Buyer to terminate the contract under Paragraph 23 of the contract.
- (2) Buyer cannot obtain Buyer Approval in accordance with the Third Party Financing Addendum to the contract.
- (3) The Property does not satisfy Property Approval in accordance with the Third Party Financing Addendum to the contract. Buyer has delivered to Seller lender's written statement setting forth the reason(s) for lender's determination.
- (4) Buyer elects to terminate under Paragraph A of the Addendum for Property Subject to Mandatory Membership in a Property Owners' Association.
- (5) Buyer elects to terminate under Paragraph 7B(2) of the contract relating to the Seller's Disclosure Notice.
- (6) Buyer elects to terminate under Paragraph (3) of the Addendum Concerning Right to Terminate Due to Lender's Appraisal. Buyer has delivered a copy of the Appraisal to Seller.
- (7) Buyer elects to terminate under Paragraph 6.D. of the contract (6.C. for Residential Condominium Contract) because timely objections were not cured by the end of the Cure Period.
- (8) Other (*identify the paragraph number of contract or the addendum*): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*NOTE: This notice is not an election of remedies. Release of the earnest money is governed by the contract.*

**CONSULT AN ATTORNEY BEFORE SIGNING: TREC rules prohibit real estate license holders from giving legal advice. READ THIS FORM CAREFULLY.**

\_\_\_\_\_  
Buyer Date Buyer Date

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## Working With Home Inspectors

Most buyers make their purchase offers contingent on a satisfactory inspection (or inspections) of the premises—and so should you. A good general home inspector is vital to your real estate team, as he or she can uncover hidden problems that could either reduce the home's current value or later rear their ugly heads. The inspector will give you a solid understanding of what you're buying and possible grounds upon which to negotiate for a better deal.

Commonly found problems after a general home inspection might include leaky plumbing, faulty wiring, basement seepage, or a worn-out furnace or roof. If some of these problems look complex however, your main inspector may recommend that you hire additional, specialized inspectors to take a closer look. Also, a standard home inspection won't cover any unusual home features such as a Jacuzzi or dock—it's often worth hiring additional



# TEXAS REAL ESTATE COMMISSION

## Professional Home Inspectors in El Paso

City	Name	Telephone	License	License Type
EL PASO				
	Abd Ali, Emadaldin Ahmed	915-308-7010	<u>22214</u>	PROFESSIONAL INSPECTOR
	Acosta, Hector Isaac	915-274-1885	<u>23354</u>	PROFESSIONAL INSPECTOR
	Armendariz, Raymond W	915-833-0147	<u>52</u>	PROFESSIONAL INSPECTOR
	Ayoub, Theodore H	915-533-4521	<u>3216</u>	PROFESSIONAL INSPECTOR
	Banks, Timothy Martin	915-255-3124	<u>22141</u>	PROFESSIONAL INSPECTOR
	Barrow, Billy Jack	915-422-9494	<u>10604</u>	PROFESSIONAL INSPECTOR
	Bebee, Henry George Jr	915-449-2239	<u>3405</u>	PROFESSIONAL INSPECTOR
	Beich, Rodney D.	915-238-3458	<u>21371</u>	PROFESSIONAL INSPECTOR
	Belcher, Daniel Allen	915-663-0930	<u>9545</u>	PROFESSIONAL INSPECTOR
	Benson, Morgan Rey	915-539-7193	<u>8796</u>	PROFESSIONAL INSPECTOR
	Carawan, Billy Gene	915-329-1855	<u>2551</u>	PROFESSIONAL INSPECTOR
	Carrillo Montano, Raul	915-224-0388	<u>20404</u>	PROFESSIONAL INSPECTOR
	Coppinger, Joseph John	915-203-8075	<u>20687</u>	PROFESSIONAL INSPECTOR
	Cornejo, Walter	915-270-6727	<u>22159</u>	PROFESSIONAL INSPECTOR
	Daw, Jimmie Wade	915-534-7378	<u>8886</u>	PROFESSIONAL INSPECTOR
	Daw, Paul James	915-731-6832	<u>7096</u>	PROFESSIONAL INSPECTOR
	Diaz, Jose Galindo	915-731-6500	<u>22499</u>	PROFESSIONAL INSPECTOR
	Elkins, Donal Ray	915-204-5777	<u>22109</u>	PROFESSIONAL INSPECTOR
	Estrada, John	915-845-7067	<u>7636</u>	PROFESSIONAL INSPECTOR
	Ferguson, Joseph Coles	915-525-4924	<u>9069</u>	PROFESSIONAL INSPECTOR
	Fitzwater, Richard Lee	915-490-3160	<u>8317</u>	PROFESSIONAL INSPECTOR
	Flores, Salvador	915-373-8097	<u>20545</u>	PROFESSIONAL INSPECTOR
	Floriano, Luis G.	915-493-3735	<u>23318</u>	PROFESSIONAL INSPECTOR
	French, Charles Scott	915-494-5331	<u>10288</u>	PROFESSIONAL INSPECTOR
	Fushille, Jaime J	915-842-8801	<u>5685</u>	PROFESSIONAL INSPECTOR
	Futrell, Ronald C	915-269-6116	<u>7838</u>	PROFESSIONAL INSPECTOR
	Gallardo, Alejandro	915-799-0027	<u>22945</u>	PROFESSIONAL INSPECTOR
	Garcia, Fernando Braulio	915-433-6159	<u>8510</u>	PROFESSIONAL INSPECTOR
	Gonzalez, John	915-540-2653	<u>23191</u>	PROFESSIONAL INSPECTOR
	Gonzales, Xavier Ray	915-217-7600	<u>9221</u>	PROFESSIONAL INSPECTOR
	Haddad, William	915-503-4789	<u>10213</u>	PROFESSIONAL INSPECTOR
	Herrera, Roberto Pedro	915-822-2459	<u>10596</u>	PROFESSIONAL INSPECTOR
	Hnat, Richard James	915-581-5276	<u>4758</u>	PROFESSIONAL INSPECTOR
	Homs, Bassam	915-274-7979	<u>5619</u>	PROFESSIONAL INSPECTOR
	Horn, Ray	915-490-5691	<u>20600</u>	PROFESSIONAL INSPECTOR
	Inman, Richard Philip	915-497-0109	<u>7555</u>	PROFESSIONAL INSPECTOR
	Juarez, Christopher Lawrence	915-588-9399	<u>2263</u>	PROFESSIONAL INSPECTOR
	Lopez, Mario	915-262-9511	<u>8006</u>	PROFESSIONAL INSPECTOR
	McCoy, Mark Charles	915-383-6666	<u>8389</u>	PROFESSIONAL INSPECTOR
	Mendoza, Daniel	915-590-5683	<u>21226</u>	PROFESSIONAL INSPECTOR
	Michel, Jeffery	915-201-3694	<u>21889</u>	PROFESSIONAL INSPECTOR
	Middleton, Chad Philip	915-471-8488	<u>22955</u>	PROFESSIONAL INSPECTOR
	Miller, James N	915-584-3626	<u>3293</u>	PROFESSIONAL INSPECTOR
	Montoya, Miguel Angel	915-637-1840	<u>22333</u>	PROFESSIONAL INSPECTOR

Morris, Tommy Lee	915-471-4301	<u>8080</u>	PROFESSIONAL INSPECTOR
Nieto, Salvador	915-433-5719	<u>21101</u>	PROFESSIONAL INSPECTOR
Olivares, Fernando Alfredo	915-588-7955	<u>23380</u>	PROFESSIONAL INSPECTOR
Oliver, Jeffrey Scott	915-309-6839	<u>23022</u>	PROFESSIONAL INSPECTOR
Olmos, Samuel	915-319-1274	<u>23334</u>	PROFESSIONAL INSPECTOR
Perez, Paul A.	915-282-7184	<u>22639</u>	PROFESSIONAL INSPECTOR
Powell, Don Lee	915-474-4241	<u>8534</u>	PROFESSIONAL INSPECTOR
Prati, Paul B	915-778-3592	<u>3023</u>	PROFESSIONAL INSPECTOR
Preciado, Rodolfo	915-822-4992	<u>8181</u>	PROFESSIONAL INSPECTOR
Price, John Lawrence	915-204-2640	<u>126</u>	PROFESSIONAL INSPECTOR
Quezada, Isaac Rudy	915-317-5062	<u>20422</u>	PROFESSIONAL INSPECTOR
Ramsey, Douglas G Jr	915-253-3684	<u>9109</u>	PROFESSIONAL INSPECTOR
Robason, Scott Joel	915-241-5001	<u>7098</u>	PROFESSIONAL INSPECTOR
Rodarte, Hector jr	915-478-9911	<u>22541</u>	PROFESSIONAL INSPECTOR
Rodriguez, Alonzo	915-490-8636	<u>22018</u>	PROFESSIONAL INSPECTOR
Rojas, Jesus	915-208-0091	<u>22963</u>	PROFESSIONAL INSPECTOR
Roman, Antonio jr	915-539-4207	<u>21793</u>	PROFESSIONAL INSPECTOR
Sanchez, Jose	915-449-9353	<u>22816</u>	PROFESSIONAL INSPECTOR
Sank, Timothy Alan	915-346-9553	<u>7144</u>	PROFESSIONAL INSPECTOR
Sheid, Wallace Edward	915-490-5888	<u>20990</u>	PROFESSIONAL INSPECTOR
Surface, Steven Ray	915-778-0457	<u>10437</u>	PROFESSIONAL INSPECTOR
Tate, Daniel Martin	915-525-7770	<u>5719</u>	PROFESSIONAL INSPECTOR
Utterback, Ralph Thomas	915-637-7304	<u>9035</u>	PROFESSIONAL INSPECTOR
Valadez, Jacob Daniel	915-491-6151	<u>21307</u>	PROFESSIONAL INSPECTOR
Villalobos, Federico S	915-920-6115	<u>20771</u>	PROFESSIONAL INSPECTOR
Walker, Bruce W	915-727-2040	<u>10378</u>	PROFESSIONAL INSPECTOR
Wicker, James Edward	915-309-8576	<u>10209</u>	PROFESSIONAL INSPECTOR
Woods, Steven Bruce	915-256-0615	<u>9836</u>	PROFESSIONAL INSPECTOR
Yost, Douglas J	915-545-4440	<u>6677</u>	PROFESSIONAL INSPECTOR
Young, John Fitzgerald	915-820-7102	<u>9330</u>	PROFESSIONAL INSPECTOR
Zimmerman, Lee Alan	915-532-8014	21900	PROFESSIONAL INSPECTOR

Updated 4/7/2019

# For Your Protection: Get a Home Inspection

## Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- Evaluate the physical condition: structure, construction, and mechanical systems; Identify items that need to be repaired or replaced; and
- Estimate the remaining useful life of the major systems, equipment, structure, and finishes.

## You Must Ask for a Home Inspection

A home inspection will only occur if you arrange for one. FHA does not perform a home inspection. Decide early. You may be able to make your contract contingent on the results of the inspection.

## Appraisals are Different from Home Inspections

An appraisal is different from a home inspection and does not replace a home inspection. Appraisals estimate the value of the property for lenders. An appraisal is required to ensure the property is marketable. Home inspections evaluate the condition of the home for buyers.

## FHA Does Not Guarantee the Value or Condition of your Potential New Home

If you find problems with your new home after closing, FHA cannot give or lend you money for repairs, and FHA cannot buy the home back from you. Ask a qualified home inspector to inspect your potential new home and give you the information you need to make a wise decision.

## Radon Gas Testing

The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the toll-free National Radon Information Line at 1-800-SOS-Radon or 1-800-767-7236.

Ask your home inspector about additional health and safety tests that may be relevant for your home.

## Be an Informed Buyer

It is your responsibility to be an informed buyer. You have the right to carefully examine your potential new home with a qualified home inspector. To find a qualified home inspector ask for references from friends, realtors, local licensing authorities and organizations that qualify and test home inspectors.





TEXAS ASSOCIATION OF REALTORS®

**NOTICE OF WITHDRAWAL OF OFFER**

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TO: \_\_\_\_\_  Buyer  Seller

FROM: \_\_\_\_\_  Buyer  Seller

RE: The offer concerning the Property at \_\_\_\_\_  
\_\_\_\_\_

*Check only one box.*

A. This notice is to confirm that  Buyer  Seller has withdrawn all previously submitted offers/counteroffers to purchase or sell the above-referenced Property. The withdrawal was communicated orally by \_\_\_\_\_ (Name) giving notice to \_\_\_\_\_ (Name) on \_\_\_\_\_ (Date) at \_\_\_\_\_ (Time).

B. The  Buyer  Seller withdraws all previously submitted offers/counteroffers to purchase or sell the above-referenced Property.

\_\_\_\_\_  
 Buyer  Seller Date

\_\_\_\_\_  
 Buyer  Seller Date



## FHA

1. Mortgage Insurance 0.85% lifetime
2. 1.75 added to the loan
3. 640 credit score everyone approved
4. Collections over 2k paid of or 5% as a payment
5. not for 2nd homes

## VA

1. 4% seller closing costs
2. 620 minimum credit score
3. No MI no down payment
4. 12 months of current enlisting
5. 2.5% funding fee. 3.3% subsequent
  1. Unless 10% disability



## CREDIT SCORES ARE IMPORTANT ON MORTGAGE LOANS

Until 1993, mortgage lenders had traditionally relied on underwriters to determine if a borrower was worthy of a mortgage loan. The underwriter would mail out employment and bank verifications, order a credit report and review each piece of information when it was received. The underwriter or loan committee would meet to determine if the borrower met the guidelines established for the type of loan he was applying for. This process would often take weeks or even months to gather the information and make an underwriting decision. **In today's fast paced market, lenders want to be able to make decisions within 24 hours, if possible. So lenders have had to change the way mortgage loans are underwritten.**

One of the first changes made to speed up the underwriting process was to accept verifications of employment through pay stubs, rather than written verifications through the U.S. mail. Likewise, bank statements have replaced the need for written bank verifications. Court papers and canceled checks are often used as proof of additional income sources such as child support or alimony. Next, credit reports started coming with credit scores.

**Credit scoring is a numeric way of weighing various financial factors, like debts, job history, credit history, and other factors, which can help predict the likelihood of the borrower defaulting on the mortgage. While there are several credit scoring models used, most lenders seem to use the Fair, Isaac & Co. (FICO) score that ranges from 300 to 850. The lower the score the higher the risk. Credit scoring is now part of the credit report that the lender gets when a borrower applies for a mortgage.**

The formula for the Fair Isaac creditworthiness score deals only with financial information about a borrower and doesn't consider such factors as place of residence, age, race, sex or nationality. The score is developed by giving weight to the following areas: **Record of timely payments on loans-35%, the amount and type of outstanding debt-30%, length of credit history-15%, the mix of credit accounts-credit cards, department stores, finance companies, bank loans-10%, number and types of accounts opened recently-10%.**

While the credit scores have some merit, there are different systems of scoring and the borrower may actually have three different credit scores at the three major credit bureaus. This is why FNMA recommends that lenders obtain credit scores from two of the three major credit bureaus and compare the scores. The lower score is used when only two scores are obtained. The middle score is used if all three credit bureaus are used.

While the credit score is only a tool to help lenders determine their risk, FNMA conducted tests on one million loans and found that one in eight borrowers with a FICO score below 600 were either severely delinquent or in default. On the other hand, borrowers who had a FICO score of 800, only one in 1300 borrowers were severely delinquent or in default.

While individual lenders are allowed to set up their own requirements for credit scores and there are no established guidelines, most lenders seem to generally agree on the following grading system:

CREDIT SCORE	RATING	
750-850	A+	Excellent: entitles the borrower to the best interest rates and terms.
740-749	A	Very good: entitles the borrower to lower interest rates and terms than B.
680-739	B	Good: the borrower pays higher interest rates than A or A+.
620-679	B-	Fair: borrower would pay higher rates and be required to put more money down.
340-619	F	Poor: Borrower would not be eligible for conventional mortgages in most cases.

**It should be noted that conventional lenders began requiring more down payment on conventional loans in 2008 when the credit score was under 680. If the credit score is between- 620-679, 10%-20% down may be required.**

Conventional lenders experienced very high foreclosures by the end of the year 2006. Subprime loan foreclosures reached epidemic proportions and consequently they were discontinued. Loans where the borrower's income was not verified, posted very high foreclosures, as did conventional loans disregarding income to debt ratios. As a result of the high rate of foreclosures on conventional loans, conventional lenders became very conservative and required higher credit scores, went back to using income to debt ratios and eliminated loans where the borrower's income could not be documented. When the value of the property started to fall in 2006-2007, many adjustable rate and fixed rate conventional loans went into default, so lenders required larger down payments to stave off future foreclosures. Conventional borrowers now have to have high credit scores, meet income and debt tests and make a down payment, just like it was prior to the lending boom of 2001-2006.



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INTERMEDIARY RELATIONSHIP NOTICE

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To: \_\_\_\_\_ (Seller or Landlord)
and \_\_\_\_\_ (Prospect)
From: \_\_\_\_\_ (Broker's Firm)
Re: \_\_\_\_\_ (Property)
Date: \_\_\_\_\_

- A. Under this notice, "owner" means the seller or landlord of the Property and "prospect" means the above-named prospective buyer or tenant for the Property.
B. Broker's firm represents the owner under a listing agreement and also represents the prospect under a buyer/tenant representation agreement.
C. In the written listing agreement and the written buyer/tenant representation agreement, both the owner and the prospect previously authorized Broker to act as an intermediary if a prospect who Broker represents desires to buy or lease a property that is listed by the Broker.
D. Broker [ ] will [ ] will not appoint licensed associates to communicate with, carry out instructions of, and provide opinions and advice during negotiations to each party.
E. By acknowledging receipt of this notice, the undersigned parties reaffirm their consent for broker to act as an intermediary.
F. Additional information: (Disclose material information related to Broker's relationship to the parties, such as personal relationships or prior or contemplated business relationships.)

The undersigned acknowledge receipt of this notice

\_\_\_\_\_  
Seller or Landlord Date

\_\_\_\_\_  
Prospect Date

\_\_\_\_\_  
Seller or Landlord Date

\_\_\_\_\_  
Prospect Date

## **Title Commitment**

According to the provisions of the Texas promulgated sales contracts, the seller has 20 days from the date the title company receives the contract to deliver to the buyer a “commitment for title insurance” and deliver, at the buyer’s expense, copies of restrictive covenants and documents evidencing exceptions in the commitment other than the standard printed exceptions. If the commitment is not delivered within 20 days, the time for its delivery is automatically extended up to 15 days.

On completion of the examination, the title company issues a **commitment** to issue a title policy. A commitment for title insurance is not the actual title policy but rather a statement of the terms and conditions on which the title insurance underwriter is willing to issue the title policy. It is the “offer” by the underwriter to enter into a legal contract with the proposed insured under stated conditions. It includes

- the name of the insured party;
- the legal description of the real estate;
- the estate or interest covered;





TEXAS ASSOCIATION OF REALTORS®

## GENERAL INFORMATION AND NOTICE TO BUYERS AND SELLERS

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**Be an informed seller or buyer. The following information may assist you during your real estate transaction.**

**ANNEXATION.** If a property is outside the limits of a municipality, the buyer should be aware that the property may later be annexed by a nearby municipality. The buyer may find information on the boundaries of nearby municipalities by contacting the municipalities directly.

**APPRAISAL.** An appraisal is a valuation of the property. An appraiser renders an estimate of value as of a certain date under assumptions and conditions stated in the appraisal report. Typically, a buyer's lender requires an appraisal to verify that the loan is secured by property that is worth a certain amount. An appraisal is not the same as an inspection.

**BROKERS.** A real estate broker *represents* a party (buyer or seller) in a real estate transaction or may act as an intermediary between the parties. A party may work with the broker or with one of the broker's agents. Both a buyer and seller will be provided a form titled "Information About Brokerage Services" (TAR 2501) which defines agency relationships. An agent may help a seller market the property or help a buyer locate a property. The agent is obligated to *negotiate* the transaction and may assist in gathering information and may coordinate many details in the transaction. Brokers and agents are not inspectors. They do not possess the expertise to conduct inspections and therefore do not make any representations, warranties, or guarantees about a property's condition. Agents are not attorneys. Parties are encouraged to seek the assistance of an attorney to help in understanding any of the legal consequences and provisions of the contract or transaction.

### ENVIRONMENTAL CONCERNS.

**General.** Over the years the market has identified environmental conditions that buyers should know may exist. Environmental hazards include, but are not limited to, conditions such as: asbestos, lead-based paint, mold, pesticides, radon gas, toxic waste, underground storage tanks, urea formaldehyde insulation, and other pollutants. Wetlands or endangered species on the property may restrict the use of the property.

**Environmental Inspections.** If the buyer is concerned that environmental hazards, wetlands, or endangered species may be present on the property, the buyer should hire a qualified expert to inspect the property for such items. The parties may include a promulgated addendum (TAR 1917) in the contract that may address such matters.

**Lead-Based Paint.** If a property was built before 1978, federal law requires that the seller provide the buyer with: (1) the pamphlet titled "Protect Your Family from Lead in Your Home" (TAR 2511); (2) the records and reports the seller has concerning lead-based paint or hazards; and (3) an opportunity to have the property inspected for lead-based paint or hazards.

**Mold.** It is not uncommon to find mold spores in a property. The concern about mold increases when there are large amounts of mold found in a property. The Texas Department of Insurance publishes a document titled "Protect Your Home from Mold" (TAR 2507) which discusses mold in more detail.

**Oak Wilt and Diseased Trees.** There are diseases such as oak wilt and other conditions that may affect trees and other plants. Oak wilt is a fungus that affects certain oak trees. If the buyer is concerned about such matters, the buyer may have the trees and other plants inspected by a professional.

**Noise.** Surrounding properties are used for a variety of purposes. Some of the uses cause noise (for example, airports, railways, highways, restaurants, bars, schools, arenas and construction). The buyer is encouraged to drive to review the area around the property at various times and days.

**EXPANSIVE SOILS.** Soil conditions vary greatly throughout Texas. Many soils will move; some more than others. This movement will, many times, affect the foundation of homes and buildings and may cause cracks to appear in walls or other parts of the building. Additionally, if a property is newly constructed, the concrete curing process may also cause the foundation of the building to move. Seasonal changes in the moisture in the soil may also cause foundations to move. The buyer should check with an inspector and other experts on preventive methods to minimize the risk of such movement.

**FIRPTA.** The Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) may require buyers in certain transactions involving a seller who qualifies as a "foreign person" to withhold up to 15% of the amount realized by the seller (usually the sales price) for federal taxes. A "foreign person" is defined as a: (1) nonresident alien individual; (2) foreign corporation that has not made an election under section 897(i) of the Internal Revenue Code to be treated as a domestic corporation; or (3) foreign partnership, trust, or estate. The definition does not include a resident alien individual. A seller should notify the buyer whether the seller is a "foreign person" as defined by federal law. If the seller is unsure whether he or she qualifies as a "foreign person", the seller should consult a tax professional or an attorney.

**FLOOD HAZARD, FLOODWAYS, AND FLOOD INSURANCE.** Many properties are in flood hazard areas. Lenders who make loans on properties located in special flood hazard areas typically require the owner to maintain flood insurance. Additionally, some properties may lie in the floodway. The Texas Association of REALTORS® publishes a form titled, "Information about Special Flood Hazard Areas" (TAR 1414), which discusses flood hazard areas and floodways in more detail. The buyer is encouraged to buy flood insurance regardless of whether the property is in a high, moderate, or low risk flood area.

**HISTORIC OR CONSERVATION DISTRICTS.** Properties located in historic or conservation districts may have restrictions on use and architecture of the properties. Local governments may create historic or conservation districts for the preservation of certain architectural appeal. A property owner may or may not be aware if the property is located in such a district. If the buyer is concerned whether the property is located in such a district, contact the local government for specific information.

**INSPECTION, REPAIRS, & WALK-THROUGH.**

*Inspections.* The buyer is encouraged to have the property inspected by licensed inspectors. The buyer should have the inspections completed during any option period. The buyer should accompany the inspectors during the inspections and ask the inspectors any questions. Brokers and agents do not possess any special skills, knowledge or expertise concerning inspections or repairs. If the buyer requests names of inspectors or repair professionals from an agent, the buyer should note that the agent is not making any representation or warranty as to the ability or workmanship of the inspector or repair professionals.

*Repairs.* The buyer and the seller should resolve, in writing, any obligation and any timing of the obligation to complete repairs the buyer may request before the option period expires.

*Walk-Through.* Before the close of the sale, the buyer should walk through the property and verify that any repairs are complete. If the condition of the property does not satisfy the contractual provisions, the buyer should notify the buyer's agent before closing.

**MANDATORY OWNERS' ASSOCIATIONS.** An owners' association may require a property owner to be a member. The buyer may obtain subdivision information (the restrictions applying to the subdivision, the bylaws and rules of the owners' association, and a resale certificate). The buyer may be required to pay for the subdivision information unless otherwise negotiated in the contract. If membership in an owners' association is required, the buyer will probably be obligated to pay periodic dues or assessments. Failure to pay such dues could result in a lien on and foreclosure of the property.

**MINERAL INTERESTS.** Determining who owns the mineral interests under a property (for example, rights to oil and gas interests) normally requires an expert to review the chain of title to the property. Many times the mineral interests may have been severed from the property and may be owned by persons other than the seller. Contract forms commonly used in Texas provide that the seller's interest, if any, in the mineral interests convey to the buyer as part of the property. However, a seller may wish to retain all or a part of the mineral interests. The Texas Association of REALTORS® publishes a form titled "Information about Mineral Clauses in Contract Forms" (TAR 2509) which discusses this issue in more detail.

**MULTIPLE LISTING SERVICE.** The Multiple Listing Service (MLS) is a database and cooperative tool between brokers. Agents who use the MLS must comply with the MLS's rules. The listing agent is required to timely report the current status of a listing, including when the property is sold or leased or is no longer available, as well as the sales price. Subscribers (other brokers, agents, appraisers, and other real estate professionals) and appraisal districts have access to the information for market evaluation purposes. Much of the information in the MLS, such as square footage, assessed value, taxes, school boundaries, and year built is obtained from different sources such as the county appraisal district, an appraiser, or builder. The broker or agent who provides information from the MLS does not verify the accuracy of the information. The buyer should independently verify the information in the MLS and not rely on the information.

**PERMITS.** Permits may be required to construct, alter, repair, or improve the property. The buyer is encouraged to contact the local government to verify that all required permits have been obtained, as this may impact future plans for the property.

**POSSESSION.** Most contracts provide that the seller will deliver possession of the property to the buyer at the time the sale *closes and funds or according to a temporary residential lease or other written lease required by the parties*. There may be a short delay between closing and actual funding; especially if the buyer is obtaining funds from a lender. The buyer may need to verify with the lender if the loan will fund on the day of closing. The buyer should also take this potential delay into account when planning the move into the property. Any possession by the buyer before the sale closes and funds (or by the seller after the sale closes and funds) must be authorized by a written lease.

**PROPERTY INSURANCE.** Promptly after entering into a contract to buy a property and before any option period expires, the buyer should contact an insurance agent to determine the availability and affordability of insurance for the property. There are numerous variables that an insurance company will evaluate when offering insurance at certain coverage levels and at certain prices. Most lenders require that the property be insured in an amount not less than the loan amount. The failure to obtain property insurance before closing may delay the transaction or cause it to end. The Texas Association of REALTORS® publishes a document titled, "Information about Property Insurance for a Buyer or Seller" (TAR 2508), which discusses property insurance in more detail.

**RESIDENTIAL SERVICE CONTRACTS.** A residential service contract is a product under which a residential service company, for an annual fee, agrees to repair or replace certain equipment or items in a property (for example, covered appliances, air conditioning and heating systems, and plumbing systems). Co-payments typically apply to most service calls. If the buyer requests names of residential service companies from an agent, the buyer should note that the agent is not making any representation or warranty about the service company.

**RESTRICTIONS ON PROPERTY NEAR AN INTERNATIONAL BORDER.** Be aware that in certain counties located near an international border, Texas law may prohibit the sale of property lacking required water and sewer services. Even if a sale of such property is permitted, a buyer may face additional costs or restrictions under Texas law due to a lack of basic infrastructure (water, sewer, roads, and drainage). The Texas Association of REALTORS® publishes a form titled, "Information Regarding Property Near an International Border" (TAR 2519), which provides more information. Brokers and agents cannot guarantee that a sale of the property is permitted under Texas law or otherwise give legal advice. Consult an attorney.

**SCHOOL BOUNDARIES.** School boundaries may change and are, at times, difficult to determine. The school boundaries that an agent may provide or that may be provided through a Multiple Listing Service are only mapped estimates from other sources. The buyer is encouraged to verify with the school district which schools residents in the property will attend.

**SEPTIC TANKS AND ON-SITE SEWER FACILITIES.** Many properties have septic tanks or other on-site sewer facilities. There are several types of such systems. Special maintenance requirements may apply to certain systems. Please refer to a document titled, "Information about On-Site Sewer Facility" (TAR 1407) for

more information. The buyer should also determine if the county requires any registration or other action to begin using the septic system or on-site sewer facility.

**SEX OFFENDERS AND CRIMINAL ACTIVITY.** Neither a seller nor a seller's agent of a residential property has a duty to disclose any information about registered sex offenders. If the buyer is concerned about sex offenders who may reside in the area, access [www.txdps.state.tx.us](http://www.txdps.state.tx.us). Contact the local police department to obtain information about any criminal activity in the area.

**SQUARE FOOTAGE.** If the purchase price is based on the size of the property's building and structures, the buyer should have any information the buyer receives about the square footage independently verified. Square footage information comes from other sources such as appraisal districts, appraisers, and builders. Such information is only an estimate. The actual square footage may vary.

**STATUTORY TAX DISTRICTS.** The property may be located in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services (for example a Municipal Utility District, Water Improvement District, or a Public Improvement District). The buyer is likely to receive a prescribed notice when buying property in such a district.

**SURVEILLANCE.** Be aware that when viewing a property, a seller might record or otherwise electronically monitor a buyer without the buyer's knowledge or consent, and a buyer might photograph or otherwise record the property without the seller's knowledge or consent. The parties should consult an attorney before recording or photographing another person or property.

**SURVEY.** A survey identifies the location of boundaries, major improvements, fence lines, drives, encroachments, easements, and other items on the property. The buyer should obtain a survey early enough in the transaction to help the buyer identify any encroachments, encumbrances to title, or restrictions. The contract will typically contain a provision which identifies who is responsible for providing a survey and the right to object to encumbrances to title disclosed in the survey.

**SYNTHETIC STUCCO.** Synthetic stucco (sometimes known as EIFS) is an exterior siding product that was placed on some properties in the recent past. If the product was not properly installed, it has been known to cause damage to the structure (such as wood rot and moisture). If the property has synthetic stucco, the buyer should ask an inspector to carefully inspect the siding and answer any questions.

**TAX PRORATIONS.** Typically, a buyer and seller agree to prorate a property's taxes through the closing date. Property taxes are due and payable at the end of each calendar year. The escrow agent will estimate, at closing, the taxes for the current year. If the seller is qualified for tax exemptions (for example, homestead, agricultural, or over-65 exemption), such exemptions may or may not apply after closing. After closing the taxes may increase because the exemptions may no longer apply. When buying new construction, the taxes at closing may be prorated based on the land value only and will later increase when the appraisal district includes the value of the new improvements. The actual taxes due, therefore, at the end of the year and in subsequent years may be different from the estimates used at closing.

**TERMINATION OPTION.** Most contract forms contain an option clause which provides the buyer with an unrestricted right to terminate the contract. Most buyers choose to buy the termination option. The buyer will be required to pay for the termination option in advance. The option fee is negotiable. Most buyers will conduct many of their reviews, inspections, and other due diligence during the option period. The buyer must strictly comply with the time period under the option. The option period is not suspended or extended if the buyer and the seller negotiate repairs or an amendment. If the buyer wants to extend the option period, the buyer must negotiate an extension separately, obtain the extension in writing, and pay an additional fee for the extension. The buyer should not rely on any oral extensions.

**TIDE WATERS.** If the property adjoins any of the state's tidal waters, the seller will provide the buyer with a prescribed notice titled, "Addendum for Coastal Area Notice" (TAR 1915). Boundaries of properties along such waters may change and building restrictions will apply. If the property is located seaward of the Gulf



Intracoastal Waterway, the seller will provide the buyer with a prescribed notice titled, "Addendum for Property Located Seaward of the Gulf Intracoastal Waterway" (TAR 1916).

**TITLE INSURANCE OR ABSTRACT OF TITLE.** The buyer should obtain a title insurance policy or have an abstract of title covering the property examined by an attorney. If the buyer obtains a title insurance policy, the buyer should have the commitment of title insurance reviewed by an attorney not later than the time required under the contract.

**UTILITIES.** The buyer should evaluate what utilities the buyer will require and check to be sure that the utilities available in the area suit the buyer's needs. Some structures may or may not have utilities and electrical facilities to support many modern appliances or equipment.

**WATER LEVEL FLUCTUATIONS.** State law requires the seller to notify a buyer of a property that adjoins a lake, reservoir, or other impoundment of water with a storage capacity of at least 5,000 acre-feet at its normal operating level that the water level may fluctuate. The buyer and seller can find a list of lakes and reservoirs with at least 5,000 acre-feet storage capacity by accessing <http://texasalmanac.com/topics/environment/lakes-and-reservoirs>.

**WATER WELLS.** If the property has a water well, the buyer should have, and the lender may require, the equipment inspected and water tested. The buyer should also determine if the county requires any registration or other action to begin using the water well.

**WIRE FRAUD.** Criminals are targeting real estate transactions by gaining access to electronic communications or sending emails that appear to be from a real estate agent, a title company, lender, or another trusted source. Refrain from transmitting personal information, such as bank account numbers or other financial information, via unsecured email or other electronic communication. If the buyer receives any electronic communication regarding wiring instructions, even if the communication appears to come from a legitimate source, the buyer should verify its authenticity prior to the transfer of funds in person or via phone call using a recognized phone number that is not found in the communication.

**OTHER.**

This form was provided by:

By signing below I acknowledge that I received, read, and understand this information and notice.

**Century 21 The Edge**

\_\_\_\_\_  
Broker's Printed Name

\_\_\_\_\_  
Buyer/Seller Date

By: \_\_\_\_\_  
Broker's Associate's Signature Date

\_\_\_\_\_  
Buyer/Seller Date

1. How long have you been looking?
2. Are you working with another agent? If so, who?
3. How many are in your family? Do you have school-age children?
4. Do you rent or own your current home? Rent amount?
5. Must you sell your home or complete a lease period? How long is the lease?
6. How soon do you need to move?
7. If we find the right property, are you prepared to make a decision now?
8. What is your price range?
9. Do you have a budget for monthly payments?
10. Has a lender prequalified you for a loan? If so, for how much?
11. What's the name of the lender that prequalified you?
12. How much cash do you want to use for the purchase?



(915) 892-8089

13. Is there a particular location you prefer?
14. How many bedrooms do you need? Square feet? Units?
15. Do you have a particular style of home in mind?
16. Will anyone else be helping you make the buying decision?
17. What special requirements do you need in a property?
18. Where are you employed?
19. Where is your spouse employed?
20. If I give you 100 percent of my time, will you buy your property from me?
21. What times are best for you to view properties?
22. How do you like to communicate—by phone, fax, mail, or e-mail?
23. What's the best time to reach you? At what number?
24. Have you purchased a home before?



(915) 892-8089



## Information About Brokerage Services

*Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.*

### TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

### A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

### A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

**AS AGENT FOR OWNER (SELLER/LANDLORD):** The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

**AS AGENT FOR BUYER/TENANT:** The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

**AS AGENT FOR BOTH - INTERMEDIARY:** To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

**AS SUBAGENT:** A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

### TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

**LICENSE HOLDER CONTACT INFORMATION:** This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

<b>AMC LLC</b>	<b>9001181</b>		<b>(915)603-5293-</b>
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
<b>KELLER WILLIAMS REALTY EL PASO</b>			
Designated Broker of Firm	License No.	Email	Phone
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
<b>Sergio Villarreal Alvarez</b>	<b>692747</b>	<b>sergio@elpasonotary.org</b>	<b>(915)892-8089</b>
Sales Agent/Associate's Name	License No.	Email	Phone

\_\_\_\_\_  
Buyer/Tenant/Seller/Landlord Initials

\_\_\_\_\_  
Date

**Regulated by the Texas Real Estate Commission**  
TXR-2501

Century 21 The Edge, 1071 Country Club Rd., Ste. E El Paso, TX 79932  
Sergio Alvarez

**Information available at [www.trec.texas.gov](http://www.trec.texas.gov)**  
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