

# Latah Realty's

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# HOMEBUYER'S

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# GUIDE



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## ABOUT LATAH REALTY

We are one of the longest running, locally owned and managed real estate brokerage firms in Latah County. Our office has been selling homes and land in Moscow and Latah County for over 35 years.

There is no substitute for that kind of experience! Our agents are primarily long-time local residents, and together we have the local knowledge to help you find what you are looking for. We know market values, builders and construction techniques, neighborhood sale trends, zoning laws and city codes. We also have the resources available to find any answers that we don't know!

208-883-1525  
128 E Third, Moscow  
[www.LatahRealty.com](http://www.LatahRealty.com)

Hours:  
Mon.- Fri. 8:00 am - 5:00 pm  
Saturday 9:00 am - 12:00 pm

# HOMEBUYER PROCESS

Buying a home doesn't have to be a difficult process, it's just sometimes difficult to explain because no two transactions are the same.

At Latah Realty, we make it easy. Here's our starter guide. If you've never bought a home before, don't worry! We'll guide you every step of the way.

## 1 Plan Your Financing

For most buyers, the first step is to meet with a lender and work on getting a loan pre-approval. A lender will help a buyer understand the different loan programs and how much financing they qualify for. (See lender list pages 9-10)

## 2 Look for Homes

The agents at Latah Realty will find out what a buyer's needs are and show them homes for sale that match those needs.

## 3 Choose a Home

### *Negotiation*

Latah Realty agents are experts in negotiation. Their job is to advise buyers and guide them through the real estate transaction. No two real estate transactions are the same.

### *Earnest Money*

Earnest Money is presented by the buyer with the purchase and sale agreement. This money is held in escrow and goes towards the buyer's closing costs

### *Entering Into a Contract*

Once an offer on a property has been made by a buyer and accepted by the seller, they enter into a legal contract known as a Purchase and Sale Agreement (PSA). That document outlines the specific terms and conditions of the transaction and is signed by both parties. This document is the written instructions between the parties as to how the transaction will be carried out. (See the RE-21 Purchase and Sales Agreement, pages 19-25)

### *Home Inspection Time Frame*

After entering into a Purchase and Sale Agreement, the buyer can hire a home inspector (or other professionals if desired) to investigate and note the condition of the property (see home inspector list page 7-8). The home inspector works only for

the buyer, and checks items such as the roof, basement, heating system, water heater, air-conditioning system, structure, plumbing, and electrical. Buyers then have the option to attempt further negotiation with the sellers of any needed repairs or ask for concessions. This is also the time when a buyer can have any other questions answered about the property or the transaction, and confirm eligibility for the property to receive homeowners insurance coverage. After the inspection time frame has expired or been waived, in most cases the ability to rescind the purchase and sales agreement ends (except for circumstances reserved in the sales agreement).

## 4 Close on the Home

### *Title Insurance*

The buyer and their lender will receive a report detailing the property history to ensure there are no legal encumbrances on record between the new owner and the property being purchased. (See title companies list page 7-8)

### *Escrow*

When the offer is accepted and the closing date is agreed upon, escrow allows the buyer and the seller to have an outside party ensure all parts of the contract are complete. The purchase and sale agreement is the written instructions to the title company as to how the contract will be carried out.

### *Closing*

At closing, the closing documents are signed by the buyer and seller, both parties pay any settlement fees and the documents are recorded at the county courthouse. Closing is defined as when the funds are available to the seller and the deed is recorded at the courthouse conveying the home to the buyer.

## 5

*Welcome Home*



# AVERAGE TRANSACTION

The average transaction is 45 days. Here's the breakdown of an average 45 day transaction from the date of acceptance:

## Day 1

Purchase and sales agreement accepted, preliminary title policy is ordered by listing agent, buyer schedules home inspection date.

## Day 10

Inspection complete and any negotiations for repairs are complete. Buyer provides to seller a loan commitment letter from their lender.

## Day 11

Appraisal is ordered

## Day 25

Appraisal is complete and received by the lender.

## Day 30

Any additional conditions requested by the underwriter are known.

## Day 35

Additional underwriting conditions are met.

## Day 40

Lender and Title Co. prepare preliminary closing documents, buyer and seller sign when closing documents are ready.

## Day 45

Closing - the property and funds transfer between buyer and seller. The deed is recorded. Buyer can pick up keys and move in!

# HELPFUL TIPS

## Don't

do anything that will affect your credit. When you get ready to buy a new home, you want stability in your finances. No new major purchases, **INCLUDING CREDIT CARD PURCHASES**, during this time unless you've talked through it with your lender. Don't drain your bank account.

## Don't

change jobs, even if it's for a better or higher paying job. Again, discuss this with your lender before you seriously consider it if you're planning on buying a home.

## Don't

make large bank deposits that are out of the ordinary, they can be red flags. Again, stability in your finances is the key.

## Do

keep paying all of your normal bills, as usual. Also, it is okay to make regular purchases (i.e. food), no need to starve!

## Do

make sure you are committed to purchasing the property. The inspection is your time to make sure that there's absolutely nothing that will change your mind about buying the home. If you have doubts for any reason about the property or the transaction, this is the time to explore them and make sure **ALL** of your questions are answered before proceeding further.



# HELPFUL NAMES & NUMBERS

## CREDIT REPORTING BUREAUS

Equifax: (800) 685-1111  
Experian: (888) 397-3742  
TransUnion: (877) 322-8228

## HANDYMEN/PAINTING

First Cut Contractors  
(509) 592-3167

The Handy Dutchman  
(208) 409-2997  
Cory DeWinkle

Jeremiahs Painting  
(208) 310-2541  
Jeremiah Rudzinis

Larry Crawford  
Handyman & Home Detailing  
(208) 874-7641

## HOME INSPECTORS

Absolute Home Inspections  
(208) 870-9079  
Troy Cate

All-Home Inspections  
(208) 791-6015  
Josh Cilley

ARK Home Inspections  
(509) 254-1155  
Paul Roueche

Arrow Home Inspections LLC  
(208) 669-1543  
Ross Howard

## HOME INSPECTORS (CONT.)

Estate Home Inspection Services  
(208) 301-2396  
Kevin Haley

Inland Inspections & Testing LLC  
(208) 310-0519  
Kevin Kimble

K&K Consultants  
(208) 790-1228  
Dean Kalmukos

Premier Property Inspection LLC  
(208) 596-2850  
Dave Weaver

Reliable Home Inspection Services  
(847) 977-2856  
Van Epstein

Rushing Home Inspections  
(208) 660-0917  
Tod Rushing

Safe @ Home Inspections  
(208) 596-1489  
Paul Duffau

## HVAC CONTRACTORS

Gropp Heating Air & Electric  
(208) 882-7672

Redinger Heating & Cooling, Inc.  
(208) 882-8152

McCoy Plumbing, Heating & A/C  
(208) 882-2332

Fork Refrigeration, Inc.  
(208) 882-3716



## PHONE/INTERNET/TV

Spectrum  
(800) 892-4357

First Step Internet  
(208) 882-8869

Frontier  
(208) 883-8881

Cactus Computer  
(208) 883-5500

Dish Network  
(855) 364-4929

DIRECTV  
1 (888) 777-2454

## SURVEYORS

Hodge and Associates  
(208) 882-3520

Rim Rock Consulting  
(208) 883-5339

## UTILITIES

Avista Utilities  
(800) 227-9187  
Gas & Electric

City of Moscow  
(208) 883-7000  
Water, Sewer, Garbage

Clearwater Power  
(888) 743-1501  
Power for some areas of Latah  
County

Latah Sanitation Inc.  
(208) 882-5724

## ROOFING

Terry Cummings  
(208) 596-9731

Eagle Roofing  
(208) 882-1771

## SEPTIC INSPECTION

Latah County Health Dept.  
(208) 882-7506

## SEPTIC PUMPING

Roto-Rooter  
(208) 46-4282

Palouse Valley Septic  
(208) 596-6016

## TITLE COMPANIES

Latah County Title Co.  
(208) 882-4822

Moscow Title Co.  
(208) 882-4564

## WATER QUALITY TESTING







Water Quality Testing  
Anatek Labs  
(208) 883-2839

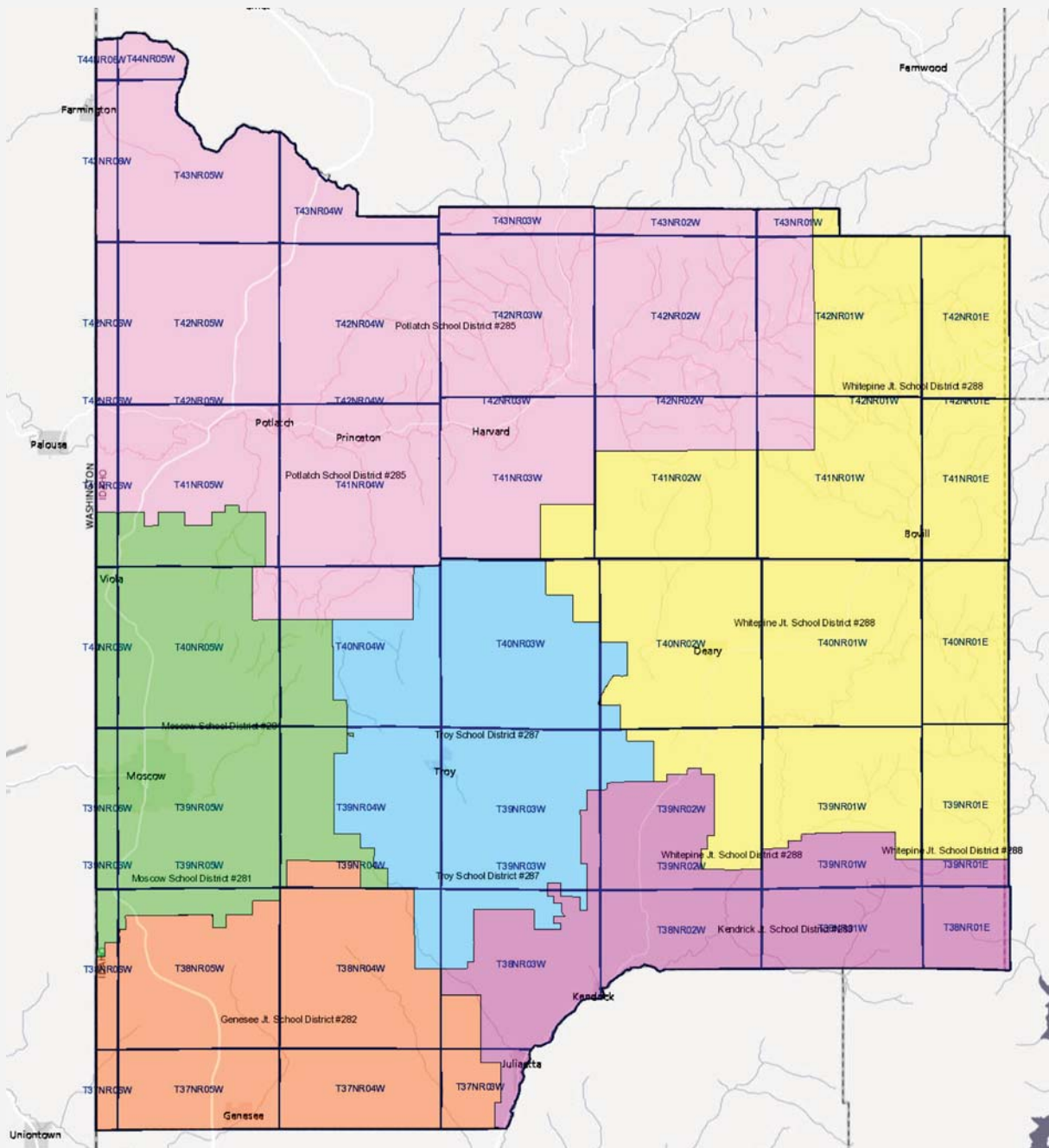
Culligan Water Conditioning  
(208) 882-1351

Strom Electric  
(888) 835-2331

Water Well Surveyor  
Uhlenkott Pump Service Inc  
(208) 746-4555

# LATAH COUNTY SCHOOLS

- |   |  |   |  |
|---|--|---|--|
|  | Moscow School District #281<br>208-882-1120<br><a href="http://msd281.org/">http://msd281.org/</a>                   |  | Potlatch School District #285<br>208.875.0327<br><a href="http://www.potlatchschools.org/">http://www.potlatchschools.org/</a> |
|  | Genesee Joint School District #282<br>208.285.1161<br><a href="http://sd282.org/">http://sd282.org/</a>              |  | Troy School District #287<br>208.835.3791<br><a href="http://www.sd287.k12.id.us/">http://www.sd287.k12.id.us/</a>             |
|  | Kendrick Joint School District #283<br>208.289.4211<br><a href="http://www.dist283.org/">http://www.dist283.org/</a> |  | Whitepine Joint School District #288<br>208.877.1151<br><a href="http://www.sd288.k12.id.us/">http://www.sd288.k12.id.us/</a>  |



# MOSCOW SCHOOLS

## Moscow School District

208-882-1120

[www.msd281.org](http://www.msd281.org)

Moscow High School  
208-882-2591

Moscow Middle School  
208-882-3577

Elementary Schools:  
A.B. McDonald Elementary  
Lena Whitmore Elementary  
West Park Elementary  
J. Russell Elementary  
208-892-1139

## Paradise Creek Regional High School

208-882-3687  
[www.msd281.org/PCRHS/](http://www.msd281.org/PCRHS/)

## St. Mary's & St. Rose's Catholic School

208-882-2121  
[www.stmarysmoscow.com/](http://www.stmarysmoscow.com/)

## Moscow Charter School

208-883-3195  
[logosschool.com](http://logosschool.com)

\*\*\* If you decide to go through Moscow School District, you'll want to contact Angie Packard at 208-882-1120 to make sure the school of choice is in the correct zone. You can always petition. Moscow School District closes for the summer by mid-June. They'd be happy to meet with you, your family and give you a tour. \*\*\*

## Palouse Prairie Charter School

208-882-3684  
[www.palouseprairieschool.org](http://www.palouseprairieschool.org)

## Logos School

208-882-1226  
[logosschool.com](http://logosschool.com)

## Public Charter School – Distance learning in Idaho

866-447-1047  
[www.idahoidea.org/](http://www.idahoidea.org/)



# LENDERS LIST

## Platinum Home Mortgage

220 E 5th St, Suite 200  
Moscow, ID 83843

Andrea Broenneke  
208.883.0444 (Office)  
208.310.1213 (Cell)  
andrea.broenneke@phmc.com

## Potlatch No. 1 Federal Credit Union (P1FCU)

828 W Pullman Rd  
Moscow, ID 83843  
208.892.1591

Jason Croston  
208.746.8900 ext. 2179  
jcroston@p1fcu.org

## HomeStreet Bank – Moscow

Moscow Home Loan Center  
530 South Asbury, Suite 3  
Moscow, ID 83843

Kim Carlson  
208.301.4470  
kim.carlson@homestreet.com

Myrissa McCann  
208.596.7284  
myrissa.mccann@homestreet.com

## HomeStreet Bank – Pullman

Pullman Home Loan Center  
493 N Grand Ave, Suite C  
Pullman, WA 99163  
208.310.1786

Ray Wallace  
208.310.1786  
ray.wallace@homestreet.com

## Latah Federal Credit Union

912 S Washington  
Moscow, ID 83843  
208.882.0232

## Wells Fargo

221 S Main St  
Moscow, ID 83843

Rachel Laine  
208.883.5659  
208.874.2452  
rachel.e.laine@wellsfargo.com

## Washington Trust Bank

948 W Pullman Rd  
Moscow, ID 83843

Tim Kinkeade  
208.892.9828  
tkinkeade@watrust.com

## Zion's Bank

105 S Main  
Moscow, ID 83843  
208.883.2722

Brad Flodin  
208.883.6730  
bflodin@watrust.com

Tim Kirkland  
208.883.2722  
tim.kirkland@zionsbank.com

# LENDERS LIST (CONT.)

## Good Deeds Mortgage

110 S Grand Ave  
Pullman, WA 99163

Tim Wolsborn  
509.339.7110  
509.432.5898  
tim@wolsborn.com

## Summit Funding

200 Main St  
Lewiston, ID 83501

Laynie Moser  
208.413.6733  
208.790.2324  
lmccain@summitfunding.net

## Umpqua Bank

1300 16th Ave SE, 1st Floor  
Clarkston, WA 99403

April Kaufmann  
509.780.5528  
AprilKaufmann@UmpquaBank.com

## Washington State Employees Credit Union (WSECU)

405 Southeast Bishop Blvd  
Pullman, WA 99163



# LOAN ESTIMATE EXAMPLE

## TILA RESPA Integrated Disclosure

### H-24(B) Mortgage Loan Transaction Loan Estimate – Fixed Rate Loan Sample

This is a sample of a completed Loan Estimate for a fixed rate loan. This loan is for the purchase of property at a sale price of \$180,000 and has a loan amount of \$162,000, a 30-year loan term, a fixed interest rate of 3.875 percent, and a prepayment penalty equal to 2.00 percent of the outstanding principal balance of the loan for the first two years after consummation of the transaction. The consumer has elected to lock the interest rate. The creditor requires an escrow account and that the consumer pay for private mortgage insurance.

## Closing Cost Details

Loan Estimate Page 2 of 4

## Loan Costs

<b>A. Origination Charges</b>	<b>\$1,802</b>
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097

<b>B. Services You Cannot Shop For</b>	<b>\$672</b>
Appraisal Fee	\$405
Credit Report Fee	\$30
Flood Determination Fee	\$20
Flood Monitoring Fee	\$32
Tax Monitoring Fee	\$75
Tax Status Research Fee	\$110

<b>C. Services You Can Shop For</b>	<b>\$3,198</b>
Pest Inspection Fee	\$135
Survey Fee	\$65
Title – Insurance Binder	\$700
Title – Lender’s Title Policy	\$535
Title – Settlement Agent Fee	\$502
Title – Title Search	\$1,261

<b>D. TOTAL LOAN COSTS (A + B + C)</b>	<b>\$5,672</b>
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## Other Costs

<b>E. Taxes and Other Government Fees</b>	<b>\$85</b>
Recording Fees and Other Taxes	\$85
Transfer Taxes	

<b>F. Prepaids</b>	<b>\$867</b>
Homeowner’s Insurance Premium ( 6 months)	\$605
Mortgage Insurance Premium ( months)	
Prepaid Interest ( \$17.44 per day for 15 days @ 3.875%)	\$262
Property Taxes ( months)	

<b>G. Initial Escrow Payment at Closing</b>	<b>\$413</b>
Homeowner’s Insurance \$100.83 per month for 2 mo.	\$202
Mortgage Insurance per month for mo.	
Property Taxes \$105.30 per month for 2 mo.	\$211

<b>H. Other</b>	<b>\$1,017</b>
Title – Owner’s Title Policy (optional)	\$1,017

<b>I. TOTAL OTHER COSTS (E + F + G + H)</b>	<b>\$2,382</b>
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<b>J. TOTAL CLOSING COSTS</b>	<b>\$8,054</b>
D + I	\$8,054
Lender Credits	

## Calculating Cash to Close

Total Closing Costs (J)	\$8,054
Closing Costs Financed (Paid from your Loan Amount)	\$0
Down Payment/Funds from Borrower	\$18,000
Deposit	– \$10,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
<b>Estimated Cash to Close</b>	<b>\$16,054</b>

## Closing Cost Details

### Loan Costs

<b>A. Origination Charges</b>	<b>\$1,802</b>
.25 % of Loan Amount (Points)	\$405
Application Fee	\$300
Underwriting Fee	\$1,097

<b>B. Services You Cannot Shop For</b>	<b>\$672</b>
Appraisal Fee	\$405
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Title – Settlement Agent Fee	\$502
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<b>D. TOTAL LOAN COSTS (A + B + C)</b>	<b>\$5,672</b>
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### Other Costs

<b>E. Taxes and Other Government Fees</b>	<b>\$85</b>
Recording Fees and Other Taxes	\$85
Transfer Taxes	

<b>F. Prepays</b>	<b>\$867</b>
Homeowner's Insurance Premium ( 6 months)	\$605
Mortgage Insurance Premium ( months)	
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<b>G. Initial Escrow Payment at Closing</b>	<b>\$413</b>
Homeowner's Insurance \$100.83 per month for 2 mo.	\$202
Mortgage Insurance per month for mo.	
Property Taxes \$105.30 per month for 2 mo.	\$211

<b>H. Other</b>	<b>\$1,017</b>
Title – Owner's Title Policy (optional)	\$1,017

<b>I. TOTAL OTHER COSTS (E + F + G + H)</b>	<b>\$2,382</b>
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<b>J. TOTAL CLOSING COSTS</b>	<b>\$8,054</b>
D + I	\$8,054
Lender Credits	

### Calculating Cash to Close

Total Closing Costs (J)	\$8,054
Closing Costs Financed (Paid from your Loan Amount)	\$0
Down Payment/Funds from Borrower	\$18,000
Deposit	– \$10,000
Funds for Borrower	\$0
Seller Credits	\$0
Adjustments and Other Credits	\$0
<b>Estimated Cash to Close</b>	<b>\$16,054</b>



## Additional Information About This Loan

**LENDER** Ficus Bank  
**NMLS/\_\_\_ LICENSE ID**  
**LOAN OFFICER** Joe Smith  
**NMLS/\_\_\_ LICENSE ID** 12345  
**EMAIL** joesmith@ficusbank.com  
**PHONE** 123-456-7890

**MORTGAGE BROKER**  
**NMLS/\_\_\_ LICENSE ID**  
**LOAN OFFICER**  
**NMLS/\_\_\_ LICENSE ID**  
**EMAIL**  
**PHONE**

Comparisons	Use these measures to compare this loan with other loans.	
<b>In 5 Years</b>	\$56,582	Total you will have paid in principal, interest, mortgage insurance, and loan costs.
	\$15,773	Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	4.274%	Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	69.45%	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations	
<b>Appraisal</b>	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
<b>Assumption</b>	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input checked="" type="checkbox"/> will not allow assumption of this loan on the original terms.
<b>Homeowner's Insurance</b>	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
<b>Late Payment</b>	If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly principal and interest payment.
<b>Refinance</b>	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
<b>Servicing</b>	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input checked="" type="checkbox"/> to transfer servicing of your loan.

### Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

\_\_\_\_\_  
 Applicant Signature Date Co-Applicant Signature Date

# Agency Disclosure Brochure

## A Consumer Guide to Understanding Agency Relationships in Real Estate Transactions

Duties owed to Idaho consumers by a real estate brokerage and its licensees are defined in the "Idaho Real Estate Brokerage Representation Act." Idaho Code 54-2082 through 54-2097.

This informational brochure is published by the Idaho Real Estate Commission.

Effective July 1, 2015



### Right Now You Are a Customer

Idaho law says a real estate brokerage and its licensees owe the following "Customer" duties to all consumers in real estate transactions:

**"Agency" is a term used in Idaho law that describes the relationships between a licensee and the parties to a real estate transaction.**

- Perform necessary and customary acts to assist you in the purchase or sale of real estate;
- Perform these acts with honesty, good faith, reasonable skill and care;
- Properly account for money or property you place in the care and responsibility of the brokerage; and
- Disclose all "adverse material facts" which the licensee knows or reasonably should have known. These are facts that would significantly affect the desirability or value of the property to a reasonable person, or facts establishing a reasonable belief that one of the parties cannot, or does not intend to, complete obligations under the contract.

**If you are a Customer, a real estate licensee is not required to promote your best interests or keep your bargaining information confidential. If you use the services of a licensee and brokerage without a written Representation (Agency) Agreement, you will remain a Customer throughout the transaction.**

A Compensation Agreement is a written contract that requires you to pay a fee for a specific service provided by a brokerage, and it is not the same as a Representation Agreement. If you sign a Compensation Agreement, you are still a Customer, but the brokerage and its licensees owe one additional duty:

- Be available to receive and present written offers and counter-offers to you or from you.

### You May Become a Client

If you want a licensee and brokerage to promote your best interests in a transaction, you can become a "Client" by signing a Buyer or Seller Representation (Agency) Agreement. A brokerage and its licensees will owe

you the following Client duties, which are greater than the duties owed to a Customer:

- Perform the terms of the written agreement;
- Exercise reasonable skill and care;
- Promote your best interests in good faith, honesty, and fair dealing;
- Maintain the confidentiality of your information, including bargaining information, even after the representation has ended;
- Properly account for money or property you place in the care and responsibility of the brokerage;
- Find a property for you or a buyer for your property, and assist you in negotiating an acceptable price and other terms and conditions for the transaction;
- Disclose all "adverse material facts" which the licensee knows or reasonably should have known, as defined above; and
- Be available to receive and present written offers and counter-offers to you or from you.

**A "Sold" price of property is not confidential client information, for either buyers or sellers, and may be disclosed by a licensee.**

**The above Customer or Client duties are required by law, and a licensee cannot agree with you to modify or eliminate any of them.**

If you sign a Representation Agreement or Compensation Agreement with a licensee, the contract is actually between you and the licensee's brokerage. The Designated Broker is the only person authorized to modify or cancel a brokerage contract.

# These Are Your Agency Options

## Agency Representation (Single Agency)

Under "Agency Representation" (sometimes referred to as "Single Agency"), you are a Client and the licensee is your Agent who represents you, and only you, in your real estate transaction. The entire brokerage is obligated to promote your best interests. No licensee in the brokerage is allowed to represent the other party to the transaction.

**If you are a seller**, your Agent will seek a buyer to purchase your property at a price and under terms and conditions acceptable to you, and assist with your negotiations. If you request it in writing, your Agent will seek reasonable proof of a prospective purchaser's financial ability to complete your transaction.

**If you are a buyer**, your Agent will seek a property for you to purchase at an acceptable price and terms, and assist with your negotiations. Your Agent will also advise you to consult with appropriate professionals, such as inspectors, attorneys, and tax advisors. If disclosed to all parties in writing, a brokerage may also represent other buyers who wish to make offers on the same property you are interested in purchasing.

## Limited Dual Agency

"Limited Dual Agency" means the brokerage and its licensees represent both the buyer and the seller as Clients in the same transaction. The brokerage must have both the buyer's and seller's consent to represent both parties under Limited Dual Agency. You might choose Limited Dual Agency because you want to purchase a property listed by the same brokerage, or because the same brokerage knows of a buyer for your property. There are two kinds of Limited Dual Agency:

**Without Assigned Agents** The brokerage and its licensees are Agents for both Clients equally and cannot advocate on behalf of one Client over the other. None of the licensees at the brokerage can disclose confidential information about either Client. The brokerage must otherwise promote the non-conflicting interests of both Clients, perform the terms of the Buyer and Seller Representation Agreements with skill and care, and other duties required by law.

**With Assigned Agents** The Designated Broker may assign individual licensees within the brokerage ("Assigned Agents") to act solely on behalf of each Client. An Assigned Agent has a duty to promote the Client's best interests, even if those interests conflict with the interests of the other Client, including negotiating a price. An Assigned Agent must maintain the Client's confidential information. The Designated Broker is always a Limited Dual Agent for both Clients and ensures the Assigned Agents fulfill their duties to their respective Clients.

## What to Look For in Any Written Agreement with a Brokerage

A Buyer or Seller Representation Agreement or Compensation Agreement should answer these questions:

- How will the brokerage get paid?
- When will this agreement expire?
- What happens to this agreement when a transaction is completed?
- Can I cancel this agreement, and if so, how?
- Can I work with other brokerages during the time of my agreement?
- What happens if I buy or sell on my own?
- Under an Agency Representation Agreement, am I willing to allow the brokerage to represent both the other party and me in my real estate transaction?

**Real Estate Licensees Are Not Inspectors** Unless you and a licensee agree in writing, a brokerage and its licensees are not required to conduct an independent inspection of a property or verify the accuracy or completeness of any statements or representations made regarding a property. To learn about the condition of a property, you should obtain the advice of an appropriate professional, such as a home inspector, engineer, or surveyor.

The licensee who gave you this brochure is licensed with:

Name of Brokerage: \_\_\_\_\_

Phone: \_\_\_\_\_

### RECEIPT

Rev 07/01/15

By signing below, you acknowledge only that a licensee gave you a copy of this Agency Disclosure Brochure.  
**This document is not a contract, and signing it does not obligate you to anything.**

Printed Name/Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name/Signature \_\_\_\_\_ Date \_\_\_\_\_



# RE-21 REAL ESTATE PURCHASE AND SALE AGREEMENT

JULY 2015 EDITION



THIS IS A LEGALLY BINDING CONTRACT. READ THE ENTIRE DOCUMENT, INCLUDING ANY ATTACHMENTS. IF YOU HAVE ANY QUESTIONS, CONSULT YOUR ATTORNEY AND/OR ACCOUNTANT BEFORE SIGNING.

Page 1 of 7

**NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF HABITABILITY, AGREEMENTS OR REPRESENTATIONS NOT EXPRESSLY SET FORTH HEREIN SHALL BE BINDING UPON EITHER PARTY.**

1 ID# \_\_\_\_\_ DATE \_\_\_\_\_

2 LISTING AGENCY \_\_\_\_\_ Office Phone # \_\_\_\_\_ Fax # \_\_\_\_\_

3 Listing Agent \_\_\_\_\_ E-Mail \_\_\_\_\_ Phone # \_\_\_\_\_

4 SELLING AGENCY \_\_\_\_\_ Office Phone # \_\_\_\_\_ Fax # \_\_\_\_\_

5 Selling Agent \_\_\_\_\_ E-Mail \_\_\_\_\_ Phone # \_\_\_\_\_

6

7 **1. BUYER:** \_\_\_\_\_

8 (Hereinafter called "BUYER") agrees to purchase, and the undersigned SELLER agrees to sell the following described real estate hereinafter referred to as

9 "PROPERTY" **COMMONLY KNOWN AS** \_\_\_\_\_

10 \_\_\_\_\_ City \_\_\_\_\_ County, ID, Zip \_\_\_\_\_ legally described as: \_\_\_\_\_

11

12 **OR** Legal Description Attached as exhibit \_\_\_\_\_ (Exhibit must accompany original offer and be signed or initialed by BUYER

13 **and SELLER.**)

14

15 **2. \$ \_\_\_\_\_ PURCHASE PRICE:** \_\_\_\_\_ **DOLLARS,**

16 payable upon the following **TERMS AND CONDITIONS** (not including closing costs):

17

18 **This offer is contingent upon the sale, refinance, and/or closing of any other property**  Yes  No

19

20 **3. FINANCIAL TERMS: Note: A+C+D+E must add up to total purchase price.**

21 **(A). \$ \_\_\_\_\_ EARNEST MONEY:** BUYER hereby deposits \_\_\_\_\_

22 DOLLARS as Earnest Money evidenced by:  cash  personal check  cashier's check  note (due date): \_\_\_\_\_

23  other \_\_\_\_\_ and a receipt is hereby acknowledged.

24 Earnest Money to be deposited in trust account  upon receipt or  upon acceptance by BUYER and SELLER or  other \_\_\_\_\_

25 \_\_\_\_\_

26 and shall be held by:  Listing Broker  Selling Broker  other \_\_\_\_\_ for the benefit of the parties hereto.

27 **THE RESPONSIBLE BROKER SHALL BE:** \_\_\_\_\_

28

29 **(B). ALL CASH OFFER:  NO  YES** If this is an all cash offer do not complete Sections 3C and 3D, fill blanks with "0" (ZERO). IF CASH

30 OFFER, BUYER'S OBLIGATION TO CLOSE SHALL NOT BE SUBJECT TO ANY FINANCIAL CONTINGENCY. BUYER agrees to provide SELLER

31 within \_\_\_\_\_ business days (five [5] if left blank) from the date of acceptance of this agreement by all parties, evidence of sufficient funds and/or proceeds

32 necessary to close transaction. Acceptable documentation includes, but is not limited to, a copy of a recent bank or financial statement.

33 **Cash proceeds from another sale:**  Yes  No

34 **(C). \$ \_\_\_\_\_ 0.00 NEW LOAN PROCEEDS:** This Agreement is contingent upon BUYER obtaining the following financing:

35 **FIRST LOAN** of \$ \_\_\_\_\_ not including mortgage insurance, through  FHA,  VA,  CONVENTIONAL,  IHFA,  RURAL

36 DEVELOPMENT,  OTHER \_\_\_\_\_ with interest not to exceed \_\_\_\_\_ % for a period of \_\_\_\_\_ year(s) at:  Fixed Rate  Other \_\_\_\_\_

37 In the event BUYER is unable, after exercising good faith efforts, to obtain the indicated financing, BUYER's Earnest Money shall be returned to BUYER.

38 **SECOND LOAN** of \$ \_\_\_\_\_ with interest not to exceed \_\_\_\_\_ % for a period of \_\_\_\_\_ year(s) at:  Fixed Rate  Other \_\_\_\_\_

39 **LOAN APPLICATION:** BUYER  has applied **OR**  shall apply for such loan(s) within \_\_\_\_\_ business days (five [5] if left blank) of SELLER'S acceptance.

40 Within \_\_\_\_\_ business days (ten [10] if left blank) of final acceptance of all parties, BUYER agrees to furnish SELLER with a **written confirmation**

41 **showing lender approval of credit report, income verification, debt ratios, and evidence of sufficient funds and/or proceeds necessary to**

42 **close transaction in a manner acceptable to the SELLER(S) and subject only to satisfactory appraisal and final lender underwriting.** If such

43 written confirmation is not received by SELLER(S) within the strict time allotted, SELLER(S) may at their option cancel this agreement by notifying

44 BUYER(S) in writing of such cancellation within \_\_\_\_\_ business days (three [3] if left blank) after written confirmation was required. If SELLER does not

45 cancel within the strict time period specified as set forth herein, SELLER shall be deemed to have accepted such written confirmation of lender approval

46 and shall be deemed to have elected to proceed with the transaction. SELLER'S approval shall not be unreasonably withheld. **If an appraisal is**

47 **required by lender, the PROPERTY must appraise at not less than purchase price** or BUYER'S Earnest Money shall be returned at BUYER'S

48 request. *BUYER may also apply for a loan with different conditions and costs and close transaction provided all other terms and conditions of this*

49 *Agreement are fulfilled, and the new loan does not increase the costs or requirements to the SELLER.* **FHA / VA:** If applicable, it is expressly agreed

50 that notwithstanding any other provisions of this contract, BUYER shall not be obligated to complete the purchase of the PROPERTY described herein or

51 to incur any penalty or forfeiture of Earnest Money deposits or otherwise unless BUYER has been given in accordance with HUD/FHA or VA

52 requirements a written statement by the Federal Housing Commissioner, Veterans Administration or a Direct Endorsement lender setting forth the

53 appraised value of the PROPERTY of not less than the sales price as stated in the contract.

54

55 **(D). \$ \_\_\_\_\_ ADDITIONAL FINANCIAL TERMS:**

56  Additional financial terms are specified under the heading "OTHER TERMS AND/OR CONDITIONS" (Section 4).

57  Additional financial terms are contained in a **FINANCING ADDENDUM** of same date, attached hereto, signed by both parties.

58

59 **(E). \$ \_\_\_\_\_ 0.00 APPROXIMATE FUNDS DUE FROM BUYERS AT CLOSING (Not including closing costs):** Cash at

60 **closing** to be paid by BUYER at closing in GOOD FUNDS, includes: cash, electronic transfer funds, certified check or cashier's check.

61

BUYER'S Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ ) Date \_\_\_\_\_ SELLER'S Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ ) Date \_\_\_\_\_

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PROPERTY ADDRESS: \_\_\_\_\_ ID#: \_\_\_\_\_

62 4. OTHER TERMS AND/OR CONDITIONS: This Agreement is made subject to the following special terms, considerations and/or contingencies which
63 must be satisfied prior to closing \_\_\_\_\_
64 \_\_\_\_\_
65 \_\_\_\_\_
66 \_\_\_\_\_
67 \_\_\_\_\_
68 \_\_\_\_\_
69 \_\_\_\_\_
70 \_\_\_\_\_
71 \_\_\_\_\_
72 \_\_\_\_\_
73 \_\_\_\_\_

74 5. ITEMS INCLUDED & EXCLUDED IN THIS SALE: All existing fixtures and fittings that are attached to the PROPERTY are INCLUDED IN THE
75 PURCHASE PRICE (unless excluded below), and shall be transferred free of liens. These include, but are not limited to, all seller-owned attached floor
76 coverings, attached television antennae, satellite dish, attached plumbing, bathroom and lighting fixtures, window screens, screen doors, storm doors, storm
77 windows, window coverings, garage door opener(s) and transmitter(s), exterior trees, plants or shrubbery, water heating apparatus and fixtures, attached
78 fireplace equipment, awnings, ventilating, cooling and heating systems, all ranges, ovens, built-in dishwashers, fuel tanks and irrigation fixtures and
79 equipment, that are now on or used in connection with the PROPERTY and shall be included in the sale unless otherwise provided herein. BUYER should
80 satisfy himself/herself that the condition of the included items is acceptable. It is agreed that any item included in this section is of nominal value less than \$100.

81 (A). ADDITIONAL ITEMS SPECIFICALLY INCLUDED IN THIS SALE: \_\_\_\_\_
82 \_\_\_\_\_
83 \_\_\_\_\_
84 \_\_\_\_\_
85 \_\_\_\_\_
86 \_\_\_\_\_

87 (B). ITEMS SPECIFICALLY EXCLUDED IN THIS SALE: \_\_\_\_\_
88 \_\_\_\_\_
89 \_\_\_\_\_
90 \_\_\_\_\_
91 \_\_\_\_\_

92 6. MINERAL RIGHTS: Any and all mineral rights appurtenant to the PROPERTY are included in and are part of the sale of this PROPERTY unless
93 otherwise agreed to by the parties in writing.

94 7. WATER RIGHTS: Any and all water rights including but not limited to water systems, wells, springs, lakes, streams, ponds, rivers, ditches, ditch rights,
95 and the like, if any, appurtenant to the PROPERTY are included in and are a part of the sale of this PROPERTY unless otherwise agreed to by the parties in
96 writing.

97 8. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, and is to be marketable and insurable except
98 for rights reserved in federal patents, state or railroad deeds, building or use restrictions, building and zoning regulations and ordinances of any
99 governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out
100 of purchase money at date of closing. No liens, encumbrances or defects which are to be discharged or assumed by BUYER or to which title is taken
101 subject to, exist unless otherwise specified in this Agreement.

102 9. TITLE INSURANCE: There may be types of title insurance coverages available other than those listed below and parties to this agreement
103 are advised to talk to a title company about any other coverages available that will give the BUYER additional coverage.

104 (A). PRELIMINARY TITLE COMMITMENT: Within \_\_\_ business days (six [6] if left blank) of final acceptance of all parties, SELLER or BUYER shall
105 furnish to BUYER a preliminary commitment of a title insurance policy showing the condition of the title to said PROPERTY. BUYER shall have \_\_\_
106 business days (two [2] if left blank) after receipt of the preliminary commitment, within which to object in writing to the condition of the title as set forth in
107 the preliminary commitment. If BUYER does not so object, BUYER shall be deemed to have accepted the conditions of the title. It is agreed that if the title
108 of said PROPERTY is not marketable, and cannot be made so within \_\_\_ business days (two [2] if left blank) after SELLER'S receipt of a written objection
109 and statement of defect from BUYER, then BUYER'S Earnest Money deposit shall be returned to BUYER and SELLER shall pay for the cost of title
110 insurance cancellation fee, escrow and legal fees, if any.

111 (B). TITLE COMPANY: The parties agree that \_\_\_\_\_ Title Company
112 located at \_\_\_\_\_ shall provide the title policy and preliminary report of commitment.

113 (C). STANDARD COVERAGE OWNER'S POLICY: SELLER shall within a reasonable time after closing furnish to BUYER a title insurance policy in the
114 amount of the purchase price of the PROPERTY showing marketable and insurable title subject to the liens, encumbrances and defects elsewhere set out
115 in this Agreement to be discharged or assumed by BUYER unless otherwise provided herein. The risk assumed by the title company in the standard
116 coverage policy is limited to matters of public record. BUYER shall receive a ILTA/ALTA Owner's Policy of Title Insurance. A title company, at
117 BUYER's request, can provide information about the availability, desirability, coverage and cost of various title insurance coverages and endorsements. If
118 BUYER desires title coverage other than that required by this paragraph, BUYER shall instruct Closing Agency in writing and pay any increase in cost
119 unless otherwise provided herein.

120 (D). EXTENDED COVERAGE LENDER'S POLICY (Mortgagee policy): The lender may require that BUYER (Borrower) furnish an Extended Coverage
121 Lender's Policy. This extended coverage lender's policy considers matters of public record and additionally insures against certain matters not shown in
122 the public record. This extended coverage lender's policy is solely for the benefit of the lender and only protects the lender.

123 BUYER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_ SELLER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_

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PROPERTY ADDRESS: \_\_\_\_\_ ID#: \_\_\_\_\_

10. INSPECTION:

(A). BUYER chooses  to have inspection  not to have inspection. If BUYER chooses not to have inspection, skip Section 10B. BUYER shall have the right to conduct inspections, investigations, tests, surveys and other studies at BUYER'S expense. BUYER shall, within \_\_\_\_\_ business days (five [5] if left blank) of acceptance, complete these inspections and give to SELLER written notice of disapproved items or written notice of termination of this Agreement based on an unsatisfactory inspection. BUYER is strongly advised to exercise these rights and to make BUYER'S own selection of professionals with appropriate qualifications to conduct inspections of the entire PROPERTY. BUYER shall keep the PROPERTY free and clear of liens; indemnify and hold SELLER harmless from all liability, claims, demands, damages and costs; and repair any damages arising from the inspections. SELLER shall make PROPERTY available for inspection and agrees to accept the responsibility and expense for making sure all the utilities are turned on for the inspection except for phone and cable. Some inspections, investigations, tests, surveys and other studies may require additional days to complete. The parties agree that unless specifically set forth below, the above timeframe for investigations, tests, surveys and other studies shall govern. No inspections may be made by any governmental building or zoning inspector or government employee without the prior consent of SELLER unless required by local law.

In the event this offer is subject to a short sale approval by a mortgage company, the time frame for completing inspections shall begin upon written approval of the short sale by the mortgage company and/or all lien holders.

Additional inspections/timeframes: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(B). SATISFACTION/REMOVAL OF INSPECTION CONTINGENCIES:

1). If BUYER does not within the strict time period specified give to SELLER written notice of disapproved items or written notice of termination of this Agreement, BUYER shall conclusively be deemed to have: (a) completed all inspections, investigations, review of applicable documents and disclosures; (b) elected to proceed with the transaction and (c) assumed all liability, responsibility and expense for repairs or corrections other than for items which SELLER has otherwise agreed in writing to repair or correct.

2). If BUYER does within the strict time period specified give to SELLER written notice of termination of this Agreement based on an unsatisfactory inspection, the parties will have no obligation to continue with the transaction and the Earnest Money shall be returned to BUYER.

3). If BUYER does within the strict time period specified give to SELLER written notice of disapproved items, BUYER shall provide to SELLER pertinent section(s) of written inspection reports upon request, if applicable. Upon receipt of written notice SELLER shall have \_\_\_\_\_ business days (three [3] if left blank) in which to respond in writing. SELLER, at SELLER's option, may correct the items as specified by BUYER in their letter or may elect not to do so. If SELLER agrees in writing to correct items requested by BUYER, then both parties agree that they will continue with the transaction and proceed to closing. Immediately upon a written response from SELLER that rejects BUYER's requests, in whole or in part, BUYER may proceed under 10(B)(4) below.

4). If SELLER does not agree to correct BUYER's items within the strict time period specified, or SELLER does not respond in writing within the strict time period specified, then the BUYER has the option of either continuing the transaction without the SELLER being responsible for correcting these deficiencies or giving the SELLER written notice within \_\_\_\_\_ business days (three [3] if left blank) that they will not continue with the transaction and will receive their Earnest Money back.

5). If BUYER does not give such written notice of cancellation within the strict time periods specified, BUYER shall conclusively be deemed to have elected to proceed with the transaction without repairs or corrections other than for items which SELLER has otherwise agreed in writing to repair or correct.

(C). Home Warranty Programs are available for purchase through a number of Home Warranty Companies.

11. LEAD PAINT DISCLOSURE: The subject PROPERTY  is  is not defined as "Target Housing" regarding lead-based paint or lead-based paint hazards. The term lead-based paint hazards is intended to identify lead-based paint and all residual lead-containing dusts and soils regardless of the source of the lead. If yes, BUYER hereby acknowledges the following: (a) BUYER has been provided an EPA approved lead-based paint hazard information pamphlet, "Protect Your Family From Lead in Your Home", (b) receipt of SELLER'S Disclosure of Information and Acknowledgment Form and have been provided with all records, test reports or other information, if any, related to the presence of lead-based paint hazards on said PROPERTY, (c) that this contract is contingent upon BUYER'S right to have the PROPERTY tested for lead-based paint hazards to be completed no later than \_\_\_\_\_ or the contingency will terminate, (d) that BUYER hereby  waives  does not waive this right, (e) that if test results show unacceptable amounts of lead-based paint on the PROPERTY, BUYER has the right to cancel the contract subject to the option of the SELLER (to be given in writing) to elect to remove the lead-based paint and correct the problem which must be accomplished before closing, (f) that if the contract is canceled under this clause, BUYER'S earnest money deposit shall be returned to BUYER. Additionally, if any structure was built before 1978 and is a residential home, apartment or child-occupied facility such as a school or day-care center, federal law requires contractors that disturb lead-based paint in that structure to provide the owner with a "Renovate Right" pamphlet. The contractor shall be certified and follow specific work practices to prevent lead contamination.

BUYER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_ SELLER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_

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PROPERTY ADDRESS: \_\_\_\_\_ ID#: \_\_\_\_\_

200 **12. MOLD DISCLAIMER:** BUYER is hereby advised that mold and/or other microorganisms may exist at the Property. Upon closing BUYER  
 201 acknowledges and agrees to accept full responsibility and risk for any matters that may result from mold and/ or other microorganisms and to  
 202 hold SELLER and any Broker or agent representing SELLER or BUYER harmless from any liability or damages (financial or otherwise) relating to  
 203 such matters.  
 204

205 **13. SQUARE FOOTAGE VERIFICATION:** BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE REAL PROPERTY  
 206 OR IMPROVEMENTS IS APPROXIMATE. IF SQUARE FOOTAGE IS MATERIAL TO THE BUYER, IT MUST BE VERIFIED DURING THE INSPECTION  
 207 PERIOD.  
 208

209 **14. SELLER'S PROPERTY CONDITION DISCLOSURE FORM:** If required by Title 55, Chapter 25 Idaho Code SELLER shall within ten (10)  
 210 calendar days after execution of this Agreement provide to BUYER or BUYER'S agent, "Seller's Property Condition Disclosure Form" or other acceptable  
 211 form. BUYER has received the "Seller's Property Condition Disclosure Form" or other acceptable form prior to signing this Agreement: Yes No N/A  
 212

213 **15. COVENANTS, CONDITIONS AND RESTRICTIONS (CC&Rs):** As part of the BUYER'S inspection of the PROPERTY as set forth in Section 10,  
 214 BUYER is responsible for obtaining and reviewing a copy of any CC&Rs which may affect the PROPERTY. BUYER shall have \_\_\_\_\_ business days (five  
 215 [5] if left blank) but in no event shall such time period exceed that time period set forth for inspections in Section 10, to review any CC&Rs that may affect the  
 216 PROPERTY. Unless BUYER delivers to SELLER a written and signed objection to the terms of any applicable CC&Rs with particularity describing BUYER'S  
 217 reasonable objections within such time period as set forth above, BUYER shall be deemed to have conclusively waived any objection to the terms of any  
 218 CC&Rs affecting the PROPERTY, nothing contained herein shall constitute a waiver of BUYER to challenge CC&Rs directly with a homeowners association  
 219 after closing. If BUYER timely and reasonably objects to a term of the CC&Rs, this Agreement shall terminate and the Earnest Money shall be returned to  
 220 BUYER.  
 221

222 **16. SUBDIVISION HOMEOWNER'S ASSOCIATION:** BUYER is aware that membership in a Home Owner's Association may be required and  
 223 BUYER agrees to abide by the Articles of Incorporation, Bylaws and rules and regulations of the Association. BUYER is further aware that the PROPERTY  
 224 may be subject to assessments levied by the Association described in full in the Declaration of Covenants, Conditions and Restrictions. BUYER has  
 225 reviewed Homeowner's Association Documents: Yes No N/A. Association fees/dues are \$ \_\_\_\_\_ per \_\_\_\_\_  
 226 BUYER SELLER N/A to pay Homeowner's Association SET UP FEE of \$ \_\_\_\_\_ and/or PROPERTY TRANSFER FEES of  
 227 \$ \_\_\_\_\_ at closing.  
 228

229 **17. COSTS PAID BY:** The parties agree to pay the following costs as indicated below. None of the costs to be paid by the parties in this section creates  
 230 an inspection or performance obligation other than strictly for the payment of costs. There may be other costs incurred in addition to those set forth below.  
 231 Such costs may be required by the lender, by law, or by other such circumstances.  
 232

233 SELLER agrees to pay up to \$ \_\_\_\_\_ (\$0 if left blank) of lender required repair costs only.  
 234 BUYER or SELLER has the option to pay any lender required repair costs in excess of this amount.  
 235

236 Upon closing SELLER agrees to pay EITHER \_\_\_\_\_% (N/A if left blank) of the purchase price OR \$ \_\_\_\_\_ (N/A if left blank) of  
 237 lender-approved BUYER'S closing costs, lender fees, prepaid costs and any fees associated with completing the transaction which includes but  
 238 is not limited to those items in BUYER columns marked below.  
 239

	BUYER	SELLER	Shared Equally	N/A		BUYER	SELLER	Shared Equally	N/A
Appraisal Fee					Title Ins. Standard Coverage Owner's Policy				
Appraisal Re-Inspection Fee					Title Ins. Extended Coverage Lender's Policy – Mortgagee Policy				
Closing Escrow Fee					Additional Title Coverage				
Lender Document Preparation Fee					Domestic Well Water Potability Test				
Tax Service Fee					Domestic Well Water Productivity Test				
Flood Certification/Tracking Fee					Septic Inspections				
Lender Required Inspections					Septic Pumping				
Attorney Contract Preparation or Review Fee					Survey				

240 **18.OCCUPANCY:** BUYER does does not intend to occupy PROPERTY as BUYER'S primary residence.  
 241  
 242

BUYER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_ SELLER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_

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PROPERTY ADDRESS: \_\_\_\_\_ ID#: \_\_\_\_\_

243 **19. RISK OF LOSS OR NEGLECT:** Prior to closing of this sale, all risk of loss shall remain with SELLER. In addition, should the PROPERTY be  
244 materially damaged by fire, neglect, or other destructive cause prior to closing, this agreement shall be voidable at the option of the BUYER.  
245

246 **20. FINAL WALK THROUGH:** The SELLER grants BUYER and any representative of BUYER reasonable access to conduct a final walk through  
247 inspection of the PROPERTY approximately \_\_\_\_\_ calendar days (three [3] if left blank) prior to close of escrow, NOT AS A CONTINGENCY OF THE  
248 SALE, but for purposes of satisfying BUYER that any repairs agreed to in writing by BUYER and SELLER have been completed and PROPERTY are in  
249 substantially the same condition as on the date this offer is made. SELLER shall make PROPERTY available for the final walk through and agrees to accept  
250 the responsibility and expense for making sure all the utilities are turned on for the walk through except for phone and cable. If BUYER does not conduct a  
251 final walk through, BUYER specifically releases the SELLER and Broker(s) of any liability.

252 **21. SINGULAR AND PLURAL** terms each include the other, when appropriate.  
253

254 **22. FORECLOSURE NOTICE:** If the PROPERTY described above is currently involved in a foreclosure proceeding (pursuant to Idaho Code §45-1506)  
255 any contract or agreement with the owner or owners of record that involves the transfer of any interest in residential real property, as defined in §45-  
256 525(5)(b), Idaho Code, subject to foreclosure must be in writing and must be accompanied by and affixed to RE-42 Property Foreclosure Disclosure Form.  
257

258 **23. MECHANIC'S LIENS - GENERAL CONTRACTOR DISCLOSURE STATEMENT NOTICE:** BUYER and SELLER are hereby notified that,  
259 subject to Idaho Code §45-525 *et seq.*, a "General Contractor" must provide a Disclosure Statement to a homeowner that describes certain rights afforded to  
260 the homeowner (e.g. lien waivers, general liability insurance, extended policies of title insurance, surety bonds, and sub-contractor information). The  
261 Disclosure Statement must be given to a homeowner prior to the General Contractor entering into any contract in an amount exceeding \$2,000 with a  
262 homeowner for construction, alteration, repair, or other improvements to real property, or with a residential real property purchaser for the purchase and sale  
263 of newly constructed property. Such disclosure is the responsibility of the General Contractor and it is not the duty of your agent to obtain this information on  
264 your behalf. You are advised to consult with any General Contractor subject to Idaho Code §45-525 *et seq.* regarding the General Contractor Disclosure  
265 Statement.  
266

267 **24. SALES PRICE INFORMATION:** Pursuant to Idaho Code §54-2083(6)(d), a "sold" price of real property is not confidential client information.  
268

269 **25. TRANSMISSION OF DOCUMENTS:** Facsimile or electronic transmission of any signed original document, and retransmission of any signed  
270 facsimile or electronic transmission shall be the same as delivery of an original. At the request of either the BUYER or SELLER, or the LENDER, or the  
271 Closing Agency, the BUYER and SELLER will confirm facsimile or electronic transmitted signatures by signing an original document.  
272

273 **26. BUSINESS DAYS:** A business day is herein defined as Monday through Friday, 8:00 A.M. to 5:00 P.M. in the local time zone where the subject real  
274 PROPERTY is physically located. A business day shall not include any Saturday or Sunday, nor shall a business day include any legal holiday recognized  
275 by the state of Idaho as found in Idaho Code §73-108. The time in which any act required under this agreement is to be performed shall be computed by  
276 excluding the date of execution and including the last day. The first day shall be the day after the date of execution. If the last day is a legal holiday, then the  
277 time for performance shall be the next subsequent business day.  
278

279 **27. CALENDAR DAYS:** A calendar day is herein defined as Monday through Sunday, midnight to midnight, in the local time zone where the subject real  
280 PROPERTY is physically located. A calendar day shall include any legal holiday. The time in which any act required under this agreement is to be performed  
281 shall be computed by excluding the date of execution and including the last day, thus the first day shall be the day after the date of execution. Any reference  
282 to "day" or "days" in this agreement means the same as calendar day, unless specifically enumerated as a "business day."  
283

284 **28. ATTORNEY'S FEES:** If either party initiates or defends any arbitration or legal action or proceedings which are in any way connected with this  
285 Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorney's fees, including such costs and fees  
286 on appeal.  
287

288 **29. DEFAULT:** If BUYER defaults in the performance of this Agreement, SELLER has the option of: (1) accepting the Earnest Money as liquidated  
289 damages or (2) pursuing any other lawful right and/or remedy to which SELLER may be entitled. If SELLER elects to proceed under (1), SELLER shall make  
290 demand upon the holder of the Earnest Money, upon which demand said holder shall pay from the Earnest Money the costs incurred by SELLER'S Broker  
291 on behalf of SELLER and BUYER related to the transaction, including, without limitation, the costs of title insurance, escrow fees, appraisal, credit report  
292 fees, inspection fees and attorney's fees; and said holder shall pay any balance of the Earnest Money, one-half to SELLER and one-half to SELLER'S  
293 Broker, provided that the amount to be paid to SELLER'S Broker shall not exceed the Broker's agreed-to commission. SELLER and BUYER specifically  
294 acknowledge and agree that if SELLER elects to accept the Earnest Money as liquidated damages, such shall be SELLER'S sole and exclusive remedy, and  
295 such shall not be considered a penalty or forfeiture. If SELLER elects to proceed under (2), the holder of the Earnest Money shall be entitled to pay the costs  
296 incurred by SELLER'S Broker on behalf of SELLER and BUYER related to the transaction, including, without limitation, the costs of brokerage fee, title  
297 insurance, escrow fees, appraisal, credit report fees, inspection fees and attorney's fees, with any balance of the Earnest Money to be held pending  
298 resolution of the matter. If SELLER defaults, having approved said sale and fails to consummate the same as herein agreed, BUYER'S Earnest Money  
299 deposit shall be returned to him/her and SELLER shall pay for the costs of title insurance, escrow fees, appraisals, credit report fees, inspection fees,  
300 brokerage fees and attorney's fees, if any. This shall not be considered as a waiver by BUYER of any other lawful right or remedy to which BUYER may be  
301 entitled.  
302

303 **30. EARNEST MONEY DISPUTE / INTERPLEADER:** Notwithstanding any termination or breach of this Agreement, BUYER and SELLER agree that  
304 in the event of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, Broker may reasonably rely on the terms  
305 of this Agreement or other written documents signed by both parties to determine how to disburse the disputed money. However, Broker or closing agency  
306 shall not be required to take any action but may await any proceeding, or at Broker's or closing agency's option and sole discretion, may interplead all parties  
307 and deposit any moneys or things of value into a court of competent jurisdiction and shall recover all costs which were incurred as a result of the dispute  
308 including, but not limited to, reasonable attorney's fees. If either parties' Broker incurs attorney's fees as a result of any Earnest Money dispute, whether or  
309 not formal legal action is taken, said Broker is entitled to recover actual fees incurred from either BUYER or SELLER.

BUYER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_ SELLER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_

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**31. COUNTERPARTS:** This Agreement may be executed in counterparts. Executing an agreement in counterparts shall mean the signature of two identical copies of the same agreement. Each identical copy of an agreement signed in counterparts is deemed to be an original, and all identical copies shall together constitute one and the same instrument.

**32. "NOT APPLICABLE" DEFINED:** The letters "n/a," "N/A," "n.a.," and "N.A." as used herein are abbreviations of the term "not applicable." Where this agreement uses the term "not applicable" or an abbreviation thereof, it shall be evidence that the parties have contemplated certain facts or conditions and have determined that such facts or conditions do not apply to the agreement or transaction herein.

**33. SEVERABILITY:** In the case that any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**34. REPRESENTATION CONFIRMATION:** Check one (1) box in Section 1 and one (1) box in Section 2 below to confirm that in this transaction, the brokerage(s) involved had the following relationship(s) with the BUYER(S) and SELLER(S).

Section 1:

- A. The brokerage working with the BUYER(S) is acting as an AGENT for the BUYER(S).
- B. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S), without an ASSIGNED AGENT.
- C. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S) and has an ASSIGNED AGENT acting solely on behalf of the BUYER(S).
- D. The brokerage working with the BUYER(S) is acting as a NONAGENT for the BUYER(S).

Section 2:

- A. The brokerage working with the SELLER(S) is acting as an AGENT for the SELLER(S).
- B. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S), without an ASSIGNED AGENT.
- C. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S) and has an ASSIGNED AGENT acting solely on behalf of the SELLER(S).
- D. The brokerage working with the SELLER(S) is acting as a NONAGENT for the SELLER(S).

Each party signing this document confirms that he has received, read and understood the Agency Disclosure Brochure adopted or approved by the Idaho real estate commission and has consented to the relationship confirmed above. In addition, each party confirms that the brokerage's agency office policy was made available for inspection and review. EACH PARTY UNDERSTANDS THAT HE IS A "CUSTOMER" AND IS NOT REPRESENTED BY A BROKERAGE UNLESS THERE IS A SIGNED WRITTEN AGREEMENT FOR AGENCY REPRESENTATION.

**35. CLOSING:** On or before the closing date, BUYER and SELLER shall deposit with the closing agency all funds and instruments necessary to complete this transaction. Closing means the date on which all documents are either recorded or accepted by an escrow agent and the sale proceeds are available to SELLER. The closing shall be no later than (Date) \_\_\_\_\_.

The parties agree that the CLOSING AGENCY for this transaction shall be \_\_\_\_\_

located at \_\_\_\_\_

If a long-term escrow / collection is involved, then the long-term escrow holder shall be \_\_\_\_\_

**36. POSSESSION:** BUYER shall be entitled to possession  upon closing or  date \_\_\_\_\_ time \_\_\_\_\_  A.M.  P.M.

**37. PRORATIONS:** Property taxes and water assessments (using the last available assessment as a basis), rents, interest and reserves, liens, encumbrances or obligations assumed, and utilities shall be prorated as of \_\_\_\_\_.

BUYER to reimburse SELLER for fuel in tank  Yes  No (Not Applicable if left blank). Dollar amount may be determined by SELLER's supplier.

**38. ASSIGNMENT:** This Agreement and any rights or interests created herein  may  may not be sold, transferred, or otherwise assigned.

**39. ENTIRE AGREEMENT:** This Agreement contains the entire Agreement of the parties respecting the matters herein set forth and supersedes all prior Agreements between the parties respecting such matters.

**40. TIME IS OF THE ESSENCE IN THIS AGREEMENT.**

**41. AUTHORITY OF SIGNATORY:** If BUYER or SELLER is a corporation, partnership, trust, estate, or other entity, the person executing this agreement on its behalf warrants his or her authority to do so and to bind BUYER or SELLER.

**42. ACCEPTANCE:** This offer is made subject to the acceptance of SELLER and BUYER on or before (Date) \_\_\_\_\_ at (Local Time in which PROPERTY is located) \_\_\_\_\_  A.M.  P.M.

BUYER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_ SELLER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_

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PROPERTY ADDRESS: \_\_\_\_\_ ID#: \_\_\_\_\_

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- 328  C. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S) and has an ASSIGNED AGENT  
329 acting solely on behalf of the BUYER(S).
- 330  D. The brokerage working with the BUYER(S) is acting as a NONAGENT for the BUYER(S).

332 Section 2:

- 333  A. The brokerage working with the SELLER(S) is acting as an AGENT for the SELLER(S).
- 334  B. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S), without an ASSIGNED AGENT.
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350 located at \_\_\_\_\_  
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374 which PROPERTY is located) \_\_\_\_\_  A.M.  P.M.  
375

BUYER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_ SELLER'S Initials (\_\_\_\_)(\_\_\_\_) Date \_\_\_\_\_

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# GLOSSARY OF REAL ESTATE TERMS

## A

- ABR -**  
The Accredited Buyer Representative designation indicates a real estate agent specializing in representing buyers in the real estate transaction. The ABR is conferred by the Real Estate Buyer's Agent Council (REBAC).
- Abstract (Of Title) -**  
A summary of the public records relating to the title to a particular piece of land. An attorney or title insurance company reviews an abstract of title to determine whether there are any title defects, which must be cleared before a buyer, can purchase clear, marketable and insurable title.
- Acceptance -**  
Refers to a legal term denoting acceptance of an offer. A buyer offers to buy and the seller accepts the offer.
- Acre -**  
A measure of land, equal to 160 sq. rods (43,560 sq. ft. ). An acre is approximately 209' x 209'.
- Acknowledgment -**  
A formal declaration before an authorized official (usually a notary public) by a person who has executed a document, that he did in fact execute (sign) the document.
- Addendums -**  
Additions to a contract, sometimes called attachments or exhibits. A list or other items added to a document, letter, contract, and escrow instructions, etc.
- Agency -**  
(a) The relationship that exists when a person, known as the principal, contracts to another, the agent, to perform an act in that person's stead. (b) Common term for a firm offering representation.
- Agency Disclosure -**  
A state mandated form that describes representation options available to the buyer and must be presented to all buyers at the first "meaningful meeting."
- Agent -**  
A person authorized by another to act on his or her behalf.
- Agreement of Sale -**  
Known by various names, such as contract of purchase, purchase agreement, or sales agreement according to location or jurisdiction. A contract in which a seller agrees to sell and a buyer agrees to buy, under certain specific terms and conditions spelled out in writing and signed by both parties.
- Amortization -**  
A payment plan that enables the borrower to reduce his debt gradually through monthly payments of principal.
- Amortization Schedule -**  
A table that lists what percentage of each payments consist of interest and principal.
- Application Deadline -**  
The date by which the buyer must formally apply for a mortgage in order to validate the mortgage contingency.
- Appraisal -**  
An expert judgment or estimate of the quality or value of real estate as of a given date.
- Asking Price -**  
The price that a seller is requesting for their property, specified in a listing contract.
- Assessed Value -**  
Value placed on property by the tax assessor.
- Assessment -**  
The valuation of property for the purpose of levying a tax or the amount of the tax levied.
- Assessor -**  
One appointed to assess property for taxation.
- Assignment -**  
A transfer or making over to another the whole of any property, real or personal, or of any Estate or right therein. To assign is to transfer.
- Assumption of Mortgage -**  
An obligation undertaken by the purchaser of property to be personally liable for payment of an existing mortgage. In an assumption, the purchaser is substituted for the original mortgagor in the mortgage instrument and the original mortgagor is to be released from further liability in the assumption, the mortgagee's consent is usually required
- ## B
- Balloon Payment -**  
The final installment paid at the end of the term of a note; used only when preceding installments were not sufficient to pay off the note in full.
- Bill of Sale -**  
An instrument used to transfer personal property.
- Binder -**  
(a) A written statement from the insurance company showing that the homeowners insurance has been paid for and will be in place after closing. (b) A sum of money used as a deposit to show good faith and commitment to the purchase of the real property.
- Breach -**  
Violation of an obligation in a contract.
- Binder or "Offer to Purchase" -**  
A preliminary agreement, secured by the payment of earnest money, between a buyer and seller as an offer to purchase real estate. A binder secures the right to purchase real estate upon agreed terms for a limited period of time. If the buyer changes his mind or is unable to purchase, the earnest money is forfeited unless the binder expressly provides that it is to be refunded.
- Broker, Real Estate -**  
An agent licensed by the state to carry on the business of operating in real estate. He usually receives a commission for his services of bringing together buyers and sellers, owners and tenants in exchange agreements.
- Building Code -**  
A set of stringent laws that control the construction of buildings, design, materials and other similar factors.
- Broker's Commission -**  
A section of the offer to purchase, and the purchase and sale agreement outlining the cooperating real estate broker's fees.
- Building Line or Setback -**  
Distances from the ends and/or sides of the lot beyond which construction may not extend. The building line may be established by a filed plat of subdivision, by restrictive covenants in deeds or leases, by building codes, or by zoning ordinances.
- Built-Ins -**  
Items that are not movable, such a stoves, ovens, microwave ovens or dishwashers.

**Buyer Broker -**

A real estate agent who specializes in representing the purchaser. Some agents who specialize in this area are referred to as Exclusive Buyers Agents and do not list properties. Most real estate agents throughout the USA who work with many of the more commonly known franchises do both - list property and sell it as well. For clarification, have each agent detail out to you their position in the transaction.

**Buyer's Market -**

A market condition that occurs in real estate where more homes are for sale than there are interested buyers.

## C

**Capital Gains -**

A term used for income tax purposes, which represents the gain realized from the sale of an asset less the purchase price and deductible expense.

**Capitalization -**

An appraising term used in determining value by considering net operating income and a percentage of reasonable return on investment.

**Cash Flow -**

The owner's "spendable" income after operating expenses and debt service is deducted.

**Certificate of Title -**

A certificate issued by a title company or a written opinion rendered by an attorney that the seller has good marketable and insurable title to the property, which he is offering for sale. A certificate of title offers no protection against any hidden defects in the title, that an examination of the records could not reveal. The issuer of a certificate of title is liable only for damages due to negligence. The protection offered a homeowner under a certificate of title is not as great as that offered in a title insurance policy.

**Cesspool -**

A private sewerage system consisting of a pit underground where sewerage flows into and allows the waste water to leach through the sides of the pit leaving the sludge to be pumped regularly.

**Chain of Title -**

A history of conveyances and encumbrances affecting the title as far back as records are available.

**Client -**

A buyer or seller who is represented by a real estate salesperson or broker as the buyer's or seller's agent and subject to that buyer's or seller's control. The terms of their agency agreement should be in writing.

**Closing -**

In the sale of real estate it is the final moment when all documents are executed and recorded and the sale is complete. Also, a general selling term where a sales person is attempting to sell something and the buyer agrees to purchase.

**Closing Costs -**

The expenses which buyers and sellers normally incur to complete a transaction in the transfer of ownership of real estate. These costs are in addition to price of the property and are items prepaid at the closing day.

**Closing Date -**

The date on which the title to the property changes hands.

**Closing Statement -**

A list of the final accounting of all funds and disbursement of both buyer and seller prepared by an escrow agent, which notes all costs each, must pay at the completion of a real estate transaction.

**Cloud (On Title) -**

An outstanding claim or encumbrance which adversely affects the marketability of title.

**Code of Ethics -**

The rules and regulations required by all members of the National Association of Realtors.

**CMA -**

(Comparative Market Analysis) A service normally provided by real estate

agents prior to either listing a property or prior to making an offer to purchase a property on the behalf of a purchaser. The true purpose of a CMA is to establish a current estimated market price of a property. This is accomplished by researching both: the currently listed properties and the most recently sold properties, in the same area, with as similar characteristics as the property in question. This information is usually provided to the homeowner to help them establish a fair market selling price or it may be given to a prospective purchaser to help guide them in a proper offer to make the owner. Some real estate agents perform this service for free others may charge as much as \$300 for this information. A lot depends on both who is doing the CMA and also how detailed the information that is provided.

**Commission -**

Money paid to a real estate agent or broker by the seller as compensation for finding a buyer and completing the sale. Usually it is a percentage of the sale price- - 6 to 7 percent on houses, 10 percent on land.

**Commitment Letter -**

A letter from the lending institution giving formal approval for a mortgage loan.

**Common Area -**

That area owned in common by owners of condominiums and planned sight development homes within a subdivision.

**Community Property -**

Both real and personal property accumulated by a husband and wife after marriage through joint efforts of both living together.

**Condemnation -**

A declaration by governing powers that a structure is unfit for use.

**Conditional Sales Contract -**

A contract for the sale of property where the buyer has possession and use, but the seller retains title until the conditions of the contract have been fulfilled. Also known as a land contract.

**Condominium -**

Individual ownership of a dwelling unit and an individual interest in the common areas and facilities that serve the multi-unit project.

**Consideration -**

Anything of value given to induce someone into entering into a contract.

**Construction Loan -**

The short-term financing of improvements on real estate. Once the improvements are completed a 'take out' loan for a longer term is usually issued.

**Contingency -**

A condition upon which a valid contract is dependent. Typically found in the offer to purchase and the purchase and sale agreement. For example, the sale of a house is contingent upon the buyer obtaining adequate financing.

**Contract -**

An agreement between two or more parties, written or oral, to do or not to do certain things.

**Conveyance -**

The transfer of the title to land from one to another.

**Contractor -**

In the construction industry, a contractor is one who contracts to erect buildings or portions of them. There are also contractors for each phase of construction: heating, electrical, plumbing, air conditioning, road building, bridge and dam erection, and others.

**Conventional Mortgage -**

A mortgage loan not insured by HUD or guaranteed by the Veterans' Administration. It is subject to conditions established by the lending institution and State statutes. The mortgage rates may vary with different institutions and between States. (States have various interest rate limits.)

**Counter Offer -**

An offer in response to an offer. 'A' offers to buy 'B's' house for \$20,000, which is listed for \$22,000. 'B' counter offers 'A's' offer by stating that he will sell the house to 'A' for \$21,000. The \$21,000 is the counter offer.

**Covenants -**

Agreements written into deeds and other instruments stating performance or non-performance of certain acts or noting certain uses or non-uses of property.

**CRS -**

The Certified Residential Specialist designation, offered through NAR, denotes an agent who specializes in residential real estate. Only about three percent of the members of NAR have earned this designation.

**Credit Report -**

A report on a buyer's credit history required by the lender before approval.

**Credit Score -**

A potential borrower's composite of available credit, outstanding credit and payment history.

**Customer -**

A buyer who is working with a real estate salesperson or broker who is the agent or subagent of the seller. It could also be a seller of an unlisted property who is working with a buyer's agent, although this situation is less common.

**D****Debt Service -**

The total amount of the loan payment, including principal and interest.

**Deed -**

A formal written instrument by which title to real property is transferred from one owner to another. The deed should contain an accurate description of the property being conveyed, should be signed and witnessed according to the laws of the State where the property is located, and should be delivered to the purchaser at closing day. There are two parties to a deed: the grantor and the grantee. (See also deed of trust, general warranty deed, quitclaim deed, and special warranty deed.)

**Default -**

Failure to make mortgage payments as agreed to in a commitment based on the terms and at the designated time set forth in the mortgage or deed of trust. It is the mortgagor's responsibility to remember the due date and send the payment prior to the due date, not after. Generally, thirty days after the due date if payment is not received, the mortgage is in default. In the event of default, the mortgage may give the lender the right to accelerate payments, take possession and receive rents, and start foreclosure. Defaults may also come about by the failure to observe other conditions in the mortgage or deed of trust.

**Deposit -**

A sum of money sometimes referred to as earnest money, binder or escrow, which is presented with the offer to purchase and the purchase and sale agreement. This money is held in escrow and goes towards the buyer's closing costs.

**Depreciation -**

Decline in value of a house due to wear and tear, adverse changes in the neighborhood or any other reason.

**Down-Payment -**

The amount of money to be paid by the purchaser to the seller upon the signing of the agreement of sale. The agreement of sale will refer to the down payment amount and will acknowledge receipt of the down-payment. The down-payment is the difference between the sales price and maximum mortgage amount. The down-payment may not be refundable if the purchaser fails to buy the property without good cause. If the purchaser wants the down-payment to be refundable, he should insert a clause in the agreement of sale specifying the conditions under which the deposit will be refunded, if the agreement does not already contain such clause. If the seller cannot deliver good title, the agreement of sale usually requires the seller to return the down-payment and to pay interest and expenses incurred by the purchaser.

**Dual Representation (Agency) -**

A broker or salesperson representing both buyer and seller in the same transaction.

**E****Earnest Money -**

The deposit money given to the seller or his agent by the potential buyer upon the signing of the agreement of sale to show that he is serious about buying the house. If the sale goes through, the earnest money is applied against the down-payment. If the sale does not go through, the earnest money will be forfeited or lost unless the binder or offer to purchase expressly provides that it is refundable.

**Easement Rights -**

A right-of-way granted to a person or company authorizing access to or over the owner's land. An electric company obtaining a right-of-way across private property is a common example.

**Encroachment -**

An obstruction, building, or part of a building that intrudes beyond a legal boundary onto neighboring private or public land, or a building extending beyond the building line.

**Encumbrance -**

A legal right or interest in land that affects a good or clear title, and diminishes the lands value. It can take numerous forms, such as zoning ordinances, easement rights, claims, mortgages, liens, charges, a pending legal action, unpaid taxes, or restrictive covenants. An encumbrance does not legally prevent transfer of the property to another. A title search is all that is usually done to reveal the existence of such encumbrances, and it is up to the buyer to determine whether he wants to purchase with the encumbrance, or what can be done to remove it.

**Equity -**

The residual value of real property beyond any mortgage thereon.

**Estate -**

The ownership interest of a person in real property. Is also used to refer to a deceased person's property. And often used to describe a large home with spacious grounds.

**Equity -**

The value of a homeowner's unencumbered interest in real estate. Equity is computed by subtracting from the property's fair market value the total of the unpaid mortgage balance and any outstanding liens or other debts against the property. A homeowner's equity increases as he pays off his mortgage or as the property appreciates in value. When the mortgage and all other debts against the property are paid in full the homeowner has 100% equity in his property.

**Escrow -**

Funds paid by one party to another (the escrow agent) to hold until the occurrence of a specified event, after which the funds are released to a designated individual. In FHA mortgage transactions an escrow account usually refers to the funds a mortgagor pays the lender at the time of the periodic mortgage payments. The money is held in a trust fund, provided by the lender for the buyer. Such funds should be adequate to cover yearly anticipated expenditures for mortgage insurance premiums, taxes, hazard insurance premiums and special assessments.

**Escrow Account -**

(a) An account maintained by a real estate broker, attorney, escrow agent in an insured bank for the deposit of other people's money. (b) An account maintained by the borrower with the lender in certain mortgage loans to accumulate the funds to pay an annual insurance premium, real estate tax, or a home owner's association assessment.

**Exclusions -**

A section of the offer to purchase designed to exhibit anything the buyer or seller would not like included with the real estate (i. e. debris in the yard or a chandelier).

**Exclusive Buyer Representation -**

An agency relationship between a buyer and a broker that cannot result in dual agency.

**Executed Contract -**

An agreement that has been fully performed.

**Expiration Date and Time -**

A section of the offer to purchase designed to give the offer a time limit after which the offer is withdrawn.

**Extensions -**

Written or verbal extensions of dates in the offer to purchase and the purchase and sale agreement.

## F

**Fair Market Value -**

That price a property will bring given that both buyer and seller are fully aware of market conditions and comparable properties.

**Fee Simple -**

Ownership of title to property without any limitation, which can be sold, left at will, or inherited.

**Fiduciary Duties -**

An obligation of trust imposed on an agent toward his/her principal. These duties include loyalty, disclosure, confidentiality, obedience, reasonable care, due diligence, and accountability for funds and documents under the agent's control. Every agent has a fiduciary responsibility to the principal, once they are engaged.

**Financing Acceptance Deadline -**

The date in the offer to purchase that the buyer expects to have the loan commitment from the bank and may be used to nullify the sale contract if the mortgage is not obtained.

**Fixed Rate Loan -**

A loan that has an unchanging interest rate.

**Fixtures -**

Items affixed to buildings or land usually in such a way that they cannot be moved without damage to themselves or the property, such as plumbing, electrical fixtures, trees, etc.

**Foreclosure -**

A legal term applied to any of the various methods of enforcing payment of the debt secured by a mortgage, or deed of trust, by taking and selling the mortgaged property, and depriving the mortgagor of possession.

**FSBO (For Sale By Owner) -**

A home that is being sold by the owner of the property without the representation of a broker.

**Front Footage -**

The linear measurement along the front of a parcel. That portion of the parcel, which fronts the street or walkway.

**Functional Obsolescence -**

Loss in value due to out-of-date or poorly designed equipment while newer equipment and structures have been invented since its construction.

## G

**General Warranty Deed -**

A deed which conveys not only all the grantor's interests in - and title to - the property to the grantee, but also warrants that if the title is defective or has a "cloud" on it (such as mortgage claims, tax liens, title claims, judgments, or mechanic's liens against it) the grantee may hold the grantor liable.

**Good Faith Estimate -**

A required statement from the lender that shows all of the expected closing costs.

**Grantee -**

That party in the deed that is the buyer or recipient.

**Grantor -**

That party in the deed that is the seller or giver.

**Ground Lease -**

A lease of vacant land.

## H

**Hard Credit Report -**

A report on one's credit history that is a compilation of the three credit bureaus.

**Hazard Insurance -**

Protects against damages caused to property by fire, windstorms and other common hazards.

**Homeowners Association -**

An association of homeowners within a community formed to improve and maintain the quality of the community. An association formed by the developer of condominiums or planned developments.

**Homeowner's Insurance -**

An insurance policy protecting against a variety of hazards.

**HUD -**

U. S. Department of Housing and Urban Development. Office of Housing/ Federal Housing Administration within HUD insures home mortgage loans made by lenders and sets minimum standards for such homes.

## I

**Inclusions -**

A section of the offer to purchase designed to exhibit any extra items the buyer or seller would like to be included with the real estate (i. e. personal property).

**Inspections -**

The analysis of the home to find defects that may exist.

**Interest -**

Money paid to a lender as compensation for money that is borrowed.

**Intestate -**

A person who dies without making a will.

**Involuntary Lien -**

A lien that attaches to property without the consent of the owner such as tax liens as opposed to voluntary liens (mortgages).

## J

**Joint Tenancy -**

Joint ownership by two or more persons with right of survivorship. Upon the death of a joint tenant, his interest does not go to his heirs, but to the remaining joint tenants.

## L

**Lease -**

A contract between the owner of real property, called the lessor, and another person referred to as the lessee, covering all conditions by which the lessee may occupy and use the property.

**Lease With Option To Purchase -**

A lease where the lessee has the option to purchase the leased property. The terms of the purchase option must be set forth in the lease.

**Legal Description -**

The geographical identification of a parcel of land.

**Lessee -**

One who contracts to rent property under a specified lease.

**Lessor -**

An owner who contracts into a lease with a tenant (lessee).

**Lien -**

A claim by one person on the property of another as security for money owed. Such claims may include obligations not met or satisfied, judgments, unpaid taxes, materials, or labor. (See also special lien)

**Life Estate -**

An estate in real property for the life of a person.

**Listing -**

(a) A property included in the multiple listing service. (b) A written

agreement between a seller and a broker authorizing the broker to procure a buyer or tenant for his/her real estate.

**Listing Agent -**

The broker employed by the principal to market the property.

**Listing Agent Questionnaire -**

A form to be filled out by the listing agent or the seller answering typical questions regarding the condition of the property.

**Living Trust -**

A trust agreement, which the title to property and assets can be transferred into, thereby avoiding probate. The Living Trust was the first of the Trusts. A Trust is created when a living person (the Trustor) agrees to let someone (the Trustee) hold title to property for the benefit of someone (the Beneficiary).

**Loan Fee -**

Also known as points, discount points or origination fee, this is a one time charge by a lender as compensation for their services. 1 point equals 1% of the mortgage amount.

**Loan Originator -**

A person who works for the lending institution whose job it is to meet with potential borrowers to discuss loan options, rates, etc.

## M

**Market Analysis -**

An analysis performed to determine the current value of a property based on recently sold comparable properties, comparable properties that are currently for sale and the current overall market conditions.

**Marketable Title -**

A title that is free and clear of objectionable liens, clouds, or other title defects. A title that enables an owner to sell his property freely to others and one which others will accept without objection.

**Mechanic's Lien -**

A lien created by statute on a specific property for labor or materials contributed to an improvement on that property.

**Money Market Accounts -**

These are like a savings account usually offered through Securities Brokerage houses and some banks, which usually pay higher interest rates, have checkwriting features, along with a variety of other features. In most cases, a great place to put funds from the closing of a real estate transaction. Check with a Mutual Funds Registered Representative for details.

**Mortgage -**

A legal document that pledges property to a creditor for the repayment of the loan, and is the term used to describe the loan itself. Some states use the term First Trust Deeds to refer to mortgage loans.

**Mortgage (Open - End) -**

A mortgage with a provision that permits borrowing additional money in the future without refinancing the loan or paying additional financing charges. Open- end provisions often limit such borrowing to no more than would raise the balance to the original loan figure.

**Mortgagee -**

The lender in a mortgage agreement.

**Mortgagor -**

The borrower in a mortgage agreement.

**Mortgage Commitment -**

A written commitment from the lending institution to provide a mortgage to the buyer for a specific property.

**Mortgage Contingency -**

A contingency in the offer to purchase and/or the purchase and sale agreement which protects the buyers in case they are unable to get a mortgage commitment by a date specified in the contract. In this case, the buyers would be able to cancel the contract to purchase and receive back all deposits made.

**Multiple Listing -**

A listing taken by a member of an organization of brokers, whereby all

members have an opportunity to find a buyer.

**Multiple Listing Service -**

A service provided to real estate agents that lists homes under a seller's representation agreement and may be available for sale. A computerized database of all homes listed by real estate agents.

## N

**Negative Amortization -**

When monthly payments are not enough to cover interests costs, they are added to the principal balance, and you may end up owing more than when you started. This is most likely to occur with ARMs that have payment caps.

**Notary Public -**

One who is authorized by federal or local government to attest authentic signatures and administer oaths.

**Note -**

A written instrument acknowledging a debt and promising payment.

## P

**Personal Property -**

All property that is not land and is not permanently attached to land; everything that is moveable.

**PITI -**

Principal, interest, taxes, and insurance. This is your monthly house payment.

**Plot -**

A map or chart of a lot, subdivision or community drawn by a surveyor showing boundary lines, buildings, improvements on the land and easements.

**Points -**

Sometimes called "discount points." A point is one percent of the amount of the mortgage loan. For example, if a loan is for \$25,000, one point is \$250. Points are charged by a lender to raise the yield on his loan at a time when money is tight, interest rates are high, and there is a legal limit to the interest rate that can be charged on a mortgage. Buyers are prohibited from paying points on HUD or Veterans' Administration guaranteed loans (sellers can pay, however). On a conventional mortgage, points may be paid by either buyer or seller or split between them.

**P.M.I.(Private Mortgage Insurance) -**

Private mortgage insurance, required by many lenders when a borrower's down payment is less than 20% of the purchase price.

**Pre-approval -**

A pre-commitment from a lending institution to a buyer based on background checks, hard credit reports and review by an underwriter.

**Prequalifying -**

The lender's process of judging if a borrower is creditworthy and capable of making payments on a loan.

**Prepayment -**

Payment of mortgage loan - or part of it - before due date. Mortgage agreements sometimes restrict the right of prepayment either by limiting the amount that can be prepaid in any one year or charging a penalty for prepayment. The Federal Housing Administration does not permit such restrictions in FHA insured mortgages.

**Prepayment Penalty -**

A penalty within a note, mortgage, or deed of trust imposing a penalty if the debt is paid in full before the end of its terms.

**Principal -**

The basic element of the loan as distinguished from interest and mortgage insurance premium. In other words, principal is the amount upon which interest is paid.

**Promissory Note -**

A written promise to pay a debt as set forth in writing.

**Property Tax and Insurance Escrow -**

Money collected monthly by the lender and held to pay taxes and insurance when due.

**Purchase and Sale Agreement -**

A detailed document(s) regarding the agreement between the buyer and seller on the price and other terms and conditions of the transaction written in "legalese."

## R

**Real Estate -**

Land and everything permanently attached to land; sometimes used interchangeably with the terms real property and realty.

**Real Estate Broker -**

A person or organization who negotiates real estate sales, exchanges, or remittals for others for compensation or a promise of compensation. Supervisor of real estate salespeople.

**Real Estate Salesperson -**

A person performing any of the acts included in the definition of real estate broker but while associated and supervised by a real estate broker.

**Recording Deed -**

Entering the deed (owner's title) in public records to protect against subsequent claimants.

**Representation Agreement -**

A mutual contractual agreement between the agency and the client committing services and fiduciary duties to the client.

**Real Estate Agent -**

A licensed person who works under the direction of a broker selling and renting real estate.

**Real Estate Broker -**

A middle-man or agent who buys and sells real estate for a company, firm, or individual on a commission basis. The broker does not have title to the property, but generally represents the owner.

**Realtor -**

A real estate broker holding membership in a real estate board affiliated with the National Association Of Realtors.

**Refinancing -**

The process of the same mortgagor paying off one loan with the proceeds from another loan.

**Restrictive Covenants -**

Private restrictions limiting the use of real property. Restrictive covenants are created by deed and may "run with the land," binding all subsequent purchasers of the land, or may be "personal" and binding only between the original seller and buyer. The determination whether a covenant runs with the land or is personal is governed by the language of the covenant, the intent of the parties, and the law in the State where the land is situated. Restrictive covenants that run with the land are encumbrances and may affect the value and marketability of title. Restrictive covenants may limit the density of buildings per acre, regulate size, style or price range of buildings to be erected, or prevent particular businesses from operating or minority groups from owning or occupying homes in a given area. (This latter discriminatory covenant is unconstitutional and has been declared unenforceable by the U. S. Supreme Court.)

## S

**Sales Agreement -**

See agreement of sale.

**Second Deposit -**

The additional deposit made at the signing of the purchase and sale agreement.

**Seller Representation -**

Offered by firms representing sellers (might offer buyer representation as well)

**Seller's Market -**

More buyers than sellers.

**Special Assessments -**

A special tax imposed on property, individual lots or all property in the immediate area, for road construction, sidewalks, sewers, street lights, etc.

**Septic System -**

A private sewerage system consisting of a tank, distribution box and leaching field. The sewerage flows into the tank, the wastewater rises and goes out a pipe to the distribution box. From this point the waste water is diverted into the leaching field consisting of three perforated pipes which allow the waste water to leach into the ground. The sludge remains in the tank and must be pumped regularly.

**Setback -**

The distance from the front or interior property line to the point where a structure can be located.

**Smoke Detector Certificate -**

Written verification from a municipality that the smoke detectors in a home meet the necessary standards.

**Soft Credit Report -**

A report on one's credit history from one of the credit bureaus.

**Special Conditions -**

A section of the offer to purchase designed to exhibit any special circumstances, contingencies or addendums desired by the buyer or seller.

**Special Lien -**

A lien that binds a specified piece of property, unlike a general lien, which is levied against all one's assets. It creates a right to retain something of value belonging to another person as compensation for labor, material, or money expended in that person's behalf. In some localities it is called "particular" lien or "specific" lien. (See lien.)

**Special Warranty Deed -**

A deed in which the grantor conveys title to the grantee and agrees to protect the grantee against title defects or claims asserted by the grantor and those persons whose right to assert a claim against the title arose during the period the grantor held title to the property. In a special warranty deed the grantor guarantees to the grantee that he has done nothing during the time he held title to the property which has, or which might in the future, impair the grantee's title.

**Sub-agent -**

A real estate agent working for a principal through another real estate agent or agency.

**Survey -**

A map or plot made by a licensed surveyor showing the results of measuring the land with its elevations, improvements, boundaries, and its relationship to surrounding tracts of land. A survey is often required by the lender to assure him that a building is actually sited on the land according to its legal description.

## T

**Tax -**

As applied to real estate, an enforced charge imposed on persons, property or income, to be used to support the State. The governing body in turn utilizes the funds in the best interest of the general public.

**Term -**

The length of time in which a loan is to be paid off.

**Terms and Conditions -**

The negotiable issues outlined in the offer to purchase and / or the purchase and sale agreement.

**Title -**

Possessing ownership of real estate. As generally used, the rights of ownership and possession of particular property. In real estate usage, title may refer to the instruments or documents by which a right of ownership is established (title documents), or it may refer to the ownership interest one has in the real estate.



**Title Insurance -**

Protects lenders or homeowners against loss of their interest in property due to legal defects in title. Title insurance may be issued to a "mortgagee's title policy." Insurance benefits will be paid only to the "named insured" in the title policy, so it is important that an owner purchase an "owner's title policy", if he desires the protection of title insurance. In most cases Title Companies and Escrow Companies are one in the same, both providing the same services. It is simply a different name for the services, used in various parts of the country.

**Title V Examination -**

A test put together by the state EPA that must be performed on all private sewerage systems.

**Title Search or Examination -**

A check of the title records, generally at the local courthouse, to make sure the buyer is purchasing a house from the legal owner and there are no liens, overdue special assessments, or other claims or outstanding restrictive covenants filed in the record, which would adversely affect the marketability or value of title.

**Trustee -**

A party who is given legal responsibility to hold property in the best interest of or "for the benefit of" another. The trustee is one placed in a position of responsibility for another, a responsibility enforceable in a court of law. (See deed of trust.)

**U****Underwriter -**

The person in the lending institution whose job it is to review loan documentation and evaluate the borrower's ability and willingness to repay the loan.

**Undisclosed Dual Agency -**

An illegal situation that arises when a real estate broker represents both parties but does not inform one or more of the parties.

**V****Variable Interest Rate -**

A fluctuating interest rate that can go up or down depending on the going market rate.

**Voluntary Lien -**

A voluntary lien by the owner such as a mortgage, as opposed to involuntary liens (taxes).

**W****Waive -**

To relinquish, or abandon. To forego a right to enforce or require anything.

**Walk-through -**

A final inspection of the property before closing to see that all agreed to repairs, etc. have been completed and that the property is in the condition the buyer expects.

**Warranties and Representations -**

A section of the offer to purchase designed to exhibit representations or warranties made by the real estate brokers or the seller.

**Wrap-Around Mortgage -**

A second mortgage, which is subordinate to but includes the face value of the first mortgage.

**Z****Zoning Ordinances -**

The acts of an authorized local government establishing building codes, and setting forth regulations for property land usage.