

Sun National Real Estate

Buyer Advisory

A real estate agent is vital to the home buying process and can provide a variety of services in locating a property, negotiating the sale, and advising the buyer. However, a real estate agent is generally not qualified to discover defects or evaluate the physical condition of property. But a real estate agent can assist a buyer in finding qualified inspectors and provide the buyer with documents and other resources that contain vital information about a prospective new home.

This advisory is designed to make a buyer's home purchase as smooth as possible. Some of the more common of the issues that a buyer may decide to investigate or verify concerning a home purchase are summarized in this Advisory. Included herein are: (1) common documents that a buyer should review; (2) physical conditions in the property the buyer should investigate; and (3) conditions affecting the surrounding area that buyer should investigate. In addition, a buyer must communicate to the real estate agents in the transaction any special concerns the buyer may have about the property or surrounding area, whether or not those issues are addressed in this Advisory.

REMEMBER: *This Advisory is supplemental to obtaining professional home inspections. Professional home inspections are absolutely essential, as there is no practical substitute for a professional inspection as a measure to discover and investigate defects or shortcomings about a home.*

Use of this form by any buyer or seller shall not constitute any liability, representation, or responsibility of or by Rob Madden and/or Sun National Real Estate. Both the buyer and the seller agree that the sale of property is solely a transaction between these two parties and Rob Madden and/or Sun National Real Estate are not involved in this transaction unless otherwise stated in writing between either or both parties and Rob Madden and/or Sun National Real Estate.

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COMMON DOCUMENTS THAT A BUYER SHOULD REVIEW

The documents listed below may not be relevant in every transaction, nor is the list exhaustive. Unless otherwise stated, the information contained in these documents may not have been independently verified by the real estate agent.

MLS PRINT OUT: A listing is an agreement between the seller and the listing agent and authorizes the listing agent to submit information to the Multiple Listing Service ("MLS"). The MLS print out is similar to an advertisement and contains various abbreviations and symbols. Neither the listing agreement nor the MLS print out are a part of the purchase contract between the buyer and seller. The MLS print out contains limited description of a property, such as its size, encumbrances, utilities, amenities, etc. The information was probably secured from the seller, builder or a governmental agency and could be inaccurate. Therefore, the buyer should verify any important information contained in the MLS, as the information may be incomplete or an approximation. For more information visit: <http://www.armls.com/> or <http://www.tarmls.com/>

THE PUBLIC REPORT: The public report is required to be given to buyers by developers in a new home subdivision. The purpose of this document is to point out material information about the development that a buyer might want to know about to make a decision to purchase. For example, the section of the Public Report entitled "Nuisances and Hazards" will disclose adjacent land uses that may be of concern. The Public Report is prepared by the seller/builder, could be inaccurate and should be verified. Additional information about the Public Report may be found at the ADRE web site at: <http://www.re.state.az.us/checklist.html>

SELLER'S PROPERTY DISCLOSURE STATEMENT ("S.P.D.S."): Most sellers provide a SPDS. This document covers a variety of questions for the seller to answer about the property and its condition. A buyer should carefully review the SPDS and verify those statements of concern. A sample of the Arizona Association of REALTORS® S.P.D.S. may be found at <http://www.aaronline.com/docs/spds.pdf>. The ADRE advises: "Read the seller's property disclosure report, and check every item on it. Ask to see receipts for repairs to the home. Look behind large pictures on the wall and behind anything on the floor which conceals large areas of the wall. Look for stains on the ceilings or carpets that might indicate water damage. Read the purchase contract carefully to determine if there are any deadlines for challenging the seller's disclosure report or for having your own inspections conducted." <http://www.re.state.az.us/checklist.html> Remember, your review of the S.P.D.S. is not a substitute for professional inspections.

COVENANTS, CONDITIONS AND RESTRICTIONS ("CC&RS"): The CC&Rs are recorded against the property and generally empower a homeowners association to control certain aspects of property use within the development. By purchasing a home in such a development, the buyer agrees to be bound by the CC&Rs. Thus, the CC&Rs form an enforceable contract between the homeowners as a whole as well as between the individual homeowners. It is essential that the buyer review and agree to these restrictions prior to purchasing a home. The ADRE advises: "Read the deed restrictions, also called CC&Rs (covenants, conditions and restrictions). You might find some of the CC&Rs are very strict, especially those addressing landscaping, RV parking, play equipment, satellite antennas, and other common amenities -- particularly if the subdivision is governed by a homeowner's association." <http://www.re.state.az.us/checklist.html> A short but informative document on the purpose and effect of CC&Rs may be read at www.realtor.com/BASICS/condos/ccr.asp. Buyers should consult legal counsel if uncertain of the application of particular provisions in the CC&Rs.

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HOMEOWNERS ASSOCIATION (“HOA”) GOVERNING DOCUMENTS: In addition to CC&Rs, HOA's may be governed by Articles of Incorporation, Bylaws, Rules and Regulations, and often architectural control standards. The HOA is in place to enforce these rules and to preserve the value of homes in the condominium or planned community. Condominium and planned community HOA's are also regulated by Arizona statutes. What makes a development a condominium or planned community? Common area, that is, community ownership of real estate for use by community residents, is the common denominator. In a condominium, the common property is actually deeded as undivided interests to the condominium owners. In a planned community the ownership of the common property vests in the homeowners association. Please read the information provided at <http://www.re.state.az.us/communityassoc.html>

HOA DISCLOSURES: If purchasing a resale home in a condominium or planned community, the seller (if fewer than 50 units in the community) or the HOA (if there are 50 or more units) must provide the buyer with a disclosure containing a variety of information. The disclosure should contain information regarding the principal contact for the association, assessments, the money held by the association as reserves and if the statement is being furnished by the association, a statement as to whether the records of the association reflect any alterations or improvements to the unit that violate the declaration. See <http://www.azleg.state.az.us/ars/33/01260.htm> <http://www.azleg.state.az.us/ars/33/01806.htm> for the laws detailing this requirement.

TITLE REPORT OR TITLE COMMITMENT: The title report or commitment contains important information. The Escrow Company or Agent providing the buyer's title insurance will provide the buyer with a Title Report or Title Commitment. This report or commitment will list documents listed as exceptions to the title insurance (Schedule B Exceptions) showing encumbrances, easements and liens against the property, some of which may affect the use of the property, such as a future addition or swimming pool. Make sure you receive and review all of the listed documents. Questions about the title commitment and Schedule B documents may be answered by the title or escrow officer, legal counsel, or a surveyor. General information regarding title issues may be found at <http://www.titlelawannotated.com/> or obtained from the title/escrow company employed in the transaction.

HOME WARRANTY POLICY: A home warranty may be a part of the sale of the home. Buyers should read the home warranty document for coverage and limitation information. Be aware that pre-existing property conditions are generally not covered under these policies.

AFFIDAVIT OF DISCLOSURE: If the buyer is purchasing 5 or fewer parcels of land, other than subdivided land, in an unincorporated area of a county, the seller must furnish the buyer with an Affidavit of Disclosure. A sample of the form may be located at http://www.aaronline.com/docs/affidavit_2002.pdf

LEAD BASED PAINT DISCLOSURE FORM: If the home was built prior to 1978, the seller must provide the buyer with a lead based paint disclosure form. A sample lead based paint disclosure form may be located at <http://www.aaronline.com/docs/leadsale.pdf>
More information may be obtained at <http://www.re.state.az.us/leadfacts.html>

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COUNTY ASSESORS RECORDS: The county assessors records contain a variety of valuable information including the assessed value of the property for tax purposes and some of the physical aspects of the property, such as the reported square footage (which should always be verified for accuracy).

Maricopa: http://www.maricopa.gov/assessor/homeowner_guide.asp
<http://treasurer.maricopa.gov/parcels/>

Yavapai: <http://www.co.yavapai.az.us/departments/assessor/assessormain.asp>

Pima: <http://www.dot.co.pima.az.us/assessor/arm/>

Coconino: <http://co.coconino.az.us/assessor/>

For other counties, see County listing: <http://www.az.gov/webapp/portal/>

PROFESSIONAL HOME INSPECTION REPORT: For the buyer's protection, the importance of having a home inspected by a professional home inspector cannot be over-emphasized. A home inspection is a visual physical examination, performed for a fee, designed to identify material defects in the home. The home inspector will generally provide the buyer with a report detailing information about the home's condition. The inspector and the report will point out problems and possible potential problems. The buyer should carefully review this report with the inspector and ask the inspector about any item of concern. Pay attention to the scope of the inspection and any portions of the property excluded from the inspection. Information on ASHI Home inspectors may be found at <http://www.ashi.com/>; Arizona ASHI information at: <http://www.arizona-ashi-home-inspection.com/>; American Home Inspectors at : <http://homeinspectortraining.com/>; Society of Professional Real Estate Inspectors: <http://www.sprei.com/users/sprei/welcome.html>
See also, the Board of Technical Registration at: <http://www.btr.state.az.us/>

TERMITES and other WOOD DESTROYING ORGANISMS: Termites are commonly found in Arizona homes. Investigating evidence of termites or other wood infestation is the job of the pest inspector. The Structural Pest Control Commission regulates these inspectors and can provide the buyer with information regarding past termite treatments on a property. The Structural Pest Control Commission publication "*What You Should Know About Wood Infestation Reports*" is attached hereto. Additional information may be obtained at the Structural Pest Control Commission at <http://www.sb.state.az.us/>

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COMMON PHYSICAL CONDITIONS IN THE PROPERTY A BUYER SHOULD INVESTIGATE

Every buyer and every home is different, so the physical property conditions requiring investigation will vary.

REPAIRS and NEW CONSTRUCTION: The seller may have made repairs or added a room to the property. For example, the property may have an obvious improvement, covered patio or garage, or have been remodeled. The buyer should feel comfortable that the work was properly done or have an expert evaluate the work. Request copies of any invoices or other documentation regarding the work performed. The Registrar of Contractors publication "*Hiring a Licensed Contractor*" is attached hereto. The Registrar of Contractors may be contacted at <http://www.rc.state.az.us/> and a listing of various types of contractors may be found at <http://www.arizona-contractors.com/>. For information regarding permits contact the city or county building department.

ROOF: The inspector might recommend that you have the roof further inspected by a licensed roofer. If the house (roof) is 10 years old or older, a roof inspection by a licensed roofer is highly recommended. A partial list of roofing contractors may be found at: <http://www.arizona-contractors.com/directory/roofing/roofing.htm>. See also the Registrar of Contractors information on hiring a licensed contractor (attached hereto) or online at: <http://www.rc.state.az.us/Acrobat/Misc/Hiring%20Contractor.pdf>

SWIMMING POOLS AND SPAS: If the home has a pool or a spa, the home inspector might determine that the cleaning system is not working properly or may exclude the pool or spa from the general inspection. It would then be necessary to have a pool or spa company inspect the pool or spa and or evaluate any problem. For a partial list of Arizona pool and spa contractors see: <http://www.arizona-contractors.com/directory/poolspa/poolspa.htm> <http://www.builderszone.com/swimming.htm>

SWIMMING POOL BARRIERS: Each city and county has its own swimming pool barrier ordinance. Pool barrier contact information for each Arizona city and county may be found at www.aaronline.com/docs/pool_contacts.asp. The Arizona Department of Health Services Private Pool Safety notice, which is attached hereto, may be found at: http://www.hs.state.az.us/diro/admin_rules/pool_rules.htm. The state law on swimming pools is located at <http://www.azleg.state.az.us/ars/36/01681.htm>.

SQUARE FOOTAGE: Square footage on the MLS print out or as listed by the county assessor's records is often an estimate only and generally should not be relied upon for the exact square footage in a home. An appraiser or architect can measure the home's size in order to verify the square footage. A list of appraisers may be found at the Arizona Board of Appraisal: <http://www.btr.state.az.us/>
A list of architects may be found at the Board of Technical Registration at: <http://www.btr.state.az.us/>

SEWER Even if the listing or SPDS indicates that the home is connected to the city sewer, it should be verified by a plumber, home inspector or other professional. Some cities can perform this test as well.

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SEPTIC SYSTEMS and other ON-SITE WASTEWATER TREATMENT FACILITIES: If the property has a septic tank or other on-site wastewater treatment facility, it must be inspected by a qualified septic tank company prior to transfer beginning on January 1, 2002. Contact the Arizona Department of Environmental Quality ("ADEQ") for more information.
<http://www.adeq.state.az.us/>

EXPANSIVE SOIL: The soil in some areas of Arizona has "clay like" tendencies, sometimes referred to as "expansive soil". Although it is not very common for homes to experience significant movement due to being built on expansive soils, it can be a major problem if it occurs. If it has been disclosed that the home has expansive soil or if the buyer has any concerns about evidence of cracking, the buyer should secure an independent assessment of the home and its structural integrity by a licensed, bonded and insured professional engineer. To investigate areas in Arizona where expansive soils exist, go to <http://www.az.nrcs.usda.gov/soils/shrinkswell.html>. A list of State Certified Professional Engineers and Firms can be found at <http://btr.state.az.us/e-stru.htm>.

PREVIOUS FIRE/FLOOD: If it is disclosed there has been a fire or flood in the property, a qualified inspector should be hired to advise you regarding any possible future problems as a result of the fire or flood damage and/or any subsequent repairs. For example, if the property was not properly cleaned after a flood, mold issues may result. Your homeowner's insurance agent may be able to assist you in obtaining information in regard to fire, flood or other past damage to the property.

SCORPIONS AND OTHER PESTS: Cockroaches, rattlesnakes, black widow spiders, scorpions and other pests are common in parts of Arizona. Fortunately, most pests may be controlled by application of pesticides. Scorpions, on the other hand, may be difficult to eliminate. If the buyer has any concerns or if the S.P.D.S. indicates the seller has had seen scorpions or other pests on the property, you should seek the advice of a pest control company. A source of information on scorpions may be found at http://www.desertusa.com/oct96/du_scorpion.html.

DEATHS AND FELONIES ON THE PROPERTY: In Arizona there is a law that states sellers and real estate licensees have no liability for failure to disclose to a buyer that the property was ever the site of a natural death, suicide, murder or felony. See <http://www.azleg.state.az.us/ars/32/02156.htm>
This information is often difficult to uncover, however the local law enforcement agency may be able to identify calls made to the property address.

MOLD: Mold has always been with us, and it is a rare home that has/does not has some mold. However, over the past few years a certain kind of mold has been identified as a possible contributor to illnesses. Allergic individuals may experience the symptoms related to mold. Mold growth is found underneath materials where water has damaged surfaces, or behind walls. Look for discoloration and leaching from plaster. A pamphlet prepared by the Arizona Department of Health Services at www.hs.state.az.us/edc/oe/moldfact.htm (a copy of which is attached) states: "If you can see mold, or if there is an earthy or musty odor, you can assume you have a mold problem. The EPA web site also contains valuable information at <http://www.epa.gov/iaq/pubs/moldresources.html>
Additional sources may be found on the ADRE web site. These web sites provide good information about mold, the problems it may cause, and how it may be removed.
<http://www.cdc.gov/nceh/asthma/factsheets/molds/default.htm>

OTHER INDOOR AIR QUALITY CONCERNS: There are concerns with indoor air quality ("IAQ"). Radon gas and carbon monoxide poisoning are two of the more common and potentially serious

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IAQ concerns. Both of these concerns can be addressed by the home inspector, usually for an additional fee. As for the many other IAQ concerns, the U.S. EPA has a host of resource materials and pamphlets available at www.epa.gov/iaq/iaqinfo.html and www.epa.gov/iaq/pubs/index.html.

PROPERTY BOUNDRIES: If the property boundaries are of concern, a survey may be warranted. For example, a survey may be advisable if there is an obvious use of property by others (i.e. a well worn path across a property and/or parked cars on the property) or fences or structures of adjacent property owners that appear to be built on the subject property. A list of surveyors may be obtained from the Board of Technical Registration at: <http://www.btr.state.az.us/>

FLOOD PLAIN STATUS: If the property is in a flood zone, an additional annual insurance premium of several hundred dollars may be required. If the property is in an area deemed high risk, the buyer may be required by the lender to obtain flood hazard insurance through the National Flood Insurance Program. To find additional details on flood plain status in Maricopa County, visit the Maricopa Flood Control District at <http://www.fcd.maricopa.gov/Resources/-MapApplications.asp>. In Pima County, visit the Pima County Flood Control District at <http://www.dot.co.pima.az.us/flood/>. For information on Flood Control, Flood Plain or Flood Hazards in other parts of the state visit http://www.azgs.state.az.us/flood_links.htm. FEMA's Flood Map Service Center web site address is <http://www.fema.gov/maps>.

HOMEOWNERS INSURANCE (Claims History) A home's insurance claim history may effect its insurability and at what cost. A home's claim history maybe obtained from the Comprehensive Loss Underwriting Exchange ("CLUE"). Homeowners may request a CLUE report on their own property. Therefore, a buyer might consider asking the seller to provide a copy of the home's CLUE report. A homeowner may order the report by calling 800/456-6004 or 866/527-2600, or go to <http://www.choicetrust.com> (click on "Home" and then "Insurance Claims") and download a request form. (Note: it may take several weeks to receive the report.) For additional insurance information contact the Arizona Department of Insurance at <http://www.state.az.us/id> or the Insurance Information Institute at <http://www.iii.org/>.

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CONDITIONS AFFECTING THE AREA SURROUNDING THE HOME THAT BUYER SHOULD INVESTIGATE

Every property is unique, therefore important conditions vary.

ENVIRONMENTAL HAZARDS: It is often very difficult to identify environmental hazards. See the Arizona Department of Environmental Quality for environmental information at: <http://www.adeq.state.az.us/>. Another source of environmental information may be found at: <http://consumerlawpage.com/brochure/home-haz.shtml>
A light-weight but fun and free search of environmental hazards by zip code may be conducted at www.nearmyhome.com.

SUPERFUND SITES: There are numerous sites in Arizona where the soil and groundwater have been contaminated by improper disposal of contaminants. To check if a property is in an area designated by the Arizona Department of Environmental Quality as requiring cleanup, maps are available to view at www.adeq.state.az.us/environ/waste/sps/phx.html.

FREEWAY CONSTRUCTION: Although the existence of a freeway near the property may provide highly desirable access, sometimes it contributes to undesirable noise. To start searching about roadway construction and planning, go to the Arizona Department of Transportation's site at <http://www.dot.state.az.us/ROADS/rdfway.htm>. Check Arizona Department of Transportation maps to find the nearest future freeway routes, and whether roads in the area are slated for widening.

CRIME STATISTICS: Crime statistics, while an imperfect measurement at best, provide some indication of the level of criminal activity in an area. To check the crime statistics for the cities of Phoenix, Tempe, Glendale, Mesa, Scottsdale, Chandler, Gilbert and Peoria, go to www.faxnet1.org. A visit or phone call to other law enforcement agencies may be required. For a list of all Arizona city links, click here: http://www.azleague.org/links_city_town.htm. For crime statistics available on their web sites, you may have to search. If, like Tucson, for instance, a search engine is provided, search for "crime statistics."

SEX OFFENDERS: Since June 1996 Arizona has had a registry and community notification program for convicted sex offenders. This information may be accessed at www.azsexoffender.org. Note that prior to June 1996 registration was not required and only the higher risk sex offenders are on the web site. The presence of a sex offender in the vicinity of the property is not a fact that is required to be disclosed by law.

MILITARY AND PUBLIC AIRPORTS: The legislature has mandated the identification of areas in the immediate vicinity of military and public airports that are susceptible to a certain level of noise from aircraft. The boundaries of these areas have been plotted on maps that are useful in determining if a property falls within one of these areas. The map for military airports may be accessed at <http://www.re.state.az.us/airport.html> and the maps for many of the public airports may be viewed at <http://www.re.state.az.us/airports/airportintro.html>. Note these maps are intended to show the areas subject to the preponderance of airport related noise from a given airport. Periodic over flights that may contribute to noise cannot usually be determined from these maps.

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SCHOOLS: Although there is no substitute for an on site visit to the school to talk with principals and teachers, there is a significant amount of great information about Arizona's schools on the Internet. Public and charter school information may be accessed at www.ade.state.az.us/schools/ or <http://www.greatschools.net/modperl/go>. The ADRE advises: "Call the school district serving the subdivision to determine whether nearby schools are accepting new students. Some school districts, especially in the northwest part of the greater Phoenix area, have placed a cap on enrollment. You may find that your children cannot attend the school nearest you and may even be transported to another community." <http://www.re.state.az.us/checklist.html>

Zoning/Planning/Neighborhood Services:

Phoenix: <http://www.phoenix.gov/webpmo.html>

Scottsdale: http://http://www.ci.scottsdale.az.us/show_cat.asp?id=5

Tucson: <http://www.ci.tucson.az.us/planning.html>

Fee other cities and towns visit: http://www.azleague.org/links_city_town.htm

OTHER METHODS TO GAIN INFORMATION ABOUT A PROPERTY

TALK TO THE NEIGHBORS: Buyers should always talk to the surrounding neighbors about the neighborhood and the history of the home the buyer is considering for purchase. Neighbors can provide a wealth of information.

DRIVE AROUND THE NEIGHBORHOOD: Buyers should always drive around the neighborhood, preferably at several different times of the day and evening, to investigate the surrounding area.

FOR ADDITIONAL INFORMATION VISIT:

The Arizona Department of Real Estate Web Site at: <http://www.re.state.az.us/>

The Arizona Association of REALTORS® Web Site at: www.aaronline.com

And the other Buyer Advisory Sources attached hereto.

ARIZONA GOVERNMENT

For information about Arizona Government, including links to state agency websites and a 2002 State of Arizona telephone directory:

<http://www.az.gov/webapp/portal/subtopic.jsp?id=1225&name=Arizona+Government>

Arizona city and town websites:

http://www.azleague.org/links_city_town.htm

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BUYER ACKNOWLEDGEMENT

Buyer acknowledges that there may be other disclosure issues of concern not listed in this Advisory. Buyer is responsible for making all necessary inquiries and consulting the appropriate persons or entities prior to the purchase of any property.

The information in this Advisory provided with the understanding that it is not intended as legal or other professional services or advice. These materials have been prepared for general informational purposes only. The information and links that are contained herein may not be updated or revised for accuracy. If you have any additional questions or need advice, please contact your own lawyer or other professional representative.

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