

NEW HOME IN A SUBDIVISION

Want to purchase a new built home? You should seek a Realtor to help you through this process. Review this checklist to avoid potential pitfalls.

1

Disclosure Report aka Public Report

1. You should read the Arizona Department of Real Estate Disclosure Report (Public Report). By law, this document must be given to you before you sign the purchase contract. You must sign a receipt for the Report. By signing the receipt, you imply that you have read the report.

The Disclosure Report (Public Report) will tell you such things as:

- o Flooding and drainage disclosure
- o A description of adjacent land and uses
- o Who provides electricity, telephone, gas, water and sewage disposal
- o Common community and recreation facilities
- o Assurances for completion of improvements
- o Local services and facilities, including schools, shopping facilities, public transportation, medical facilities, fire protection, ambulance service, police protection and garbage services
- o Taxes and assessments
- o Property owners association details

If you have any questions about the Disclosure Report (Public Report), you are welcome to call the Arizona Department of Real Estate, Development Services Division at 602.771.7750. A Subdivision Representative will assist you with your questions.

The cover sheet of the Disclosure Report (Public Report) contains a disclaimer by the Department of Real Estate. Read it carefully. Most importantly, note that it states: "Not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents.

2

Purchase Contract

1. Read the purchase contract carefully. Note that if the builder or developer is not placing your earnest money deposit in escrow, the funds may be placed in the builder's or developer's general funds account, and may be used for any purpose. You could lose the money if the builder or developer declares bankruptcy or otherwise goes out of business. If the funds are not going to be placed in escrow, that fact must be stated in a separate paragraph in the purchase contract and you are required to initial that paragraph. Make sure you understand where your earnest money is going to be deposited.

3

Surrounding Area

Before you sign a purchase contract, drive around the home for at least a mile or more in every direction to see how the surrounding area appears to you and what land use or safety issues exist in the area. Is there a storm drain or canal nearby that might pose a hazard to your children? Is the home or building site near an airport or a manufacturing plant? Visit the area at different times of day, on weekends and in the evening. Disturbing noises and odors can travel farther at night.

In areas where there are expanses of vacant land nearby, check city or county zoning maps to see if nearby property is zoned for apartments, industrial or commercial use. Land zoned for commercial use might be used to construct anything from a shopping center to a hotel. To obtain this information, call the city or county planning and zoning department listed in your telephone directory.

Check Arizona Department of Transportation maps to find the nearest future freeway routes, and whether roads in the area are slated for widening.

4

Craft new blog entries

Call the school district serving the subdivision to determine whether nearby schools are accepting new students. Some school districts 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.

5

Covenants, Conditions and Restriction CC&Rs

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.

6

Arizona Registrar of Contractors

Check out the homebuilder with the Arizona Registrar of Contractors. You can determine the number of complaints customers have filed against the contractor, whether any are unresolved and whether the builder's license has ever been suspended or revoked.

Brooke the Realtor

