

The Al Gage Report

April 2018 Issue 131

The Documentation You Need and Why?

Many of our clients are long time residents of our local community. In many cases, they have lived in their home for close to 20 years before they decide to move. You may be thinking that, since you are not considering a move in the near future, you don't need to be concerned but it may be wise to read the rest of the article. Here are a few tips to help you maintain the documentation that you will need when you decide to move.

1. **Keep a running log of the repairs that you do on your home!** When it comes time to fill out the disclosure statement, it can be very difficult to remember a repair on the roof or the hot water heater from 10 years ago. Keeping a running log serves to assist with this process and should the property be a rental or ever become one (sometimes your plans changes and you become a landlord despite your original intent), you have the documentation. Keeping the receipts to adjust your tax basis in the home is an added benefit.
2. **Disclosure Statement!** This is the one place where, we as agents, really can't help or protect you! If you have kept an accurate log, then it should not be that bad! Failure to disclose an item that you know about or was repaired, is the number one source of liability for the sellers in a real estate transaction. Just to give you an example, suppose you had a minor leak under the kitchen sink 8 years ago which was repaired. There has been no evidence of a leak since then.

You, of course, forgot all about it. After the home closes, the new buyer discovers huge concentrations of black fuzzy fungal stuff in the area between the walls. You won't be liable for mold because you didn't know about it. You could potentially be liable for a failure to disclose the leak that could have led to the discovery of the mold. As an actual case in point, there was a small water stain in a home in the Crystal Gardens area behind a toilet. When we opened up the wall, just to be sure, the sewer pipe had never actually been connected and there was about a half inch gap between the drain pipe and the stub coming up through the slab. It had been that way for 7 years without a problem.

3. **Check with the HOA!** You are required to disclose to a potential buyer the HOA dues, assessments and any other pertinent details about the HOA. Most HOA's have a disclosure fee of around \$400 which, unfortunately, according to Arizona Law, must be paid by the seller. The HOA may also charge a transfer fee, capital improvement fees and other fees, all of which must be disclosed but are negotiable between the buyer and seller. Another important tip is to check with them for any current HOA violations. Remember the letter you got to paint the home within the next year? Of course, being a responsible homeowner, you immediately hired a contractor to

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Al Gage, P.C.

Phone: 623-536-8200
Mobile: 623-694-9004
Fax: 623-536-8222
Email: al@algage.com

www.algage.com



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paint the home so no violation there! Turns out, the proper procedure was to get the paint job approved by the HOA and then have them check it after the work is completed EVEN IF YOU ARE PAINTING THE SAME COLOR! Same thing goes with the extra driveway that you poured after getting it approved but never had the HOA check it. These may still be showing as an HOA violation which must be cleared.

4. **Insurance Claims and History!** A little known fact about Homeowner's Insurance Policies is that any claims made on the policy remains attached to the property not the homeowner. You may have a spotless claims history and credit but have only owned the home for two years and still have to disclose a claim that occurred before you owned the home. Seems unfair but not if you truly understand it. A theft claim or a water damage claim is much more likely to be involved with either the construction of the home or the area its located than the history of the homeowner, at least in theory. I will say that I have heard of a lot of water claims based on the bathtub being left running

than I care to share, which would contradict this theory. That being said, we can assist you to obtain a CLUE report on the property to satisfy this requirement or if you have had the same insurance carrier for the past five years, they will send you a letter of experience at no charge.

5. **Warranties!** Save those warranties! Nothing will save a transaction faster than a warranty on an AC unit that has just died an ugly death at the last minute or a lifetime roof warranty. Be careful about how you represent those warranties though! One very famous pool company offers a lifetime warranty to the person who originally installed the pool only! It is not transferrable!
6. **Trusts and Trust Documents!** If the property is owned in a trust, you will have to produce the trust documents in order to be able to close escrow. Also be very careful about transferring interest in a trust from one party to another as this may be construed as a prior sale for both appraisal and financing guidelines.

7. **Death Certificates!** If one or more of the owners of the property is deceased, it will require original copies of the death certificate to transfer title. This is true even if the property was held with survivorship rights to another person.
8. **Identity Statement!** We may need a detailed statement of identity to clear any liens that in most cases do not belong to the homeowner, especially if you have a common name.
9. **Loan Payoff!** The balance that you show on your statement each month is not necessarily the payoff amount. While that documentation is good enough to estimate from, errors in the amount a seller receives usually results from inaccurate payoff amounts provided by the client!

Thinking of selling or need to prepare for a sale in the future, give us a call at 623.536.8200, email us at al@algage.com or



RITA'S CORNER

My favorite client

When I first entered this business, over 40 years ago I was told that "your clients should never be your friends but your friends should always be your clients". Admittedly, that did not make a lot of sense to me. It does now, a chance to make some money and new friends, what could be better?

The client who has used my services before and comes back on their own volition does feel more comfortable and confident that I will get the job done. The bond of friendship was formed during the first transaction, they know and trust my work ethics. The first time client is trusting the person who referred them to me, so it's based on their feelings/friendship toward that referral person, rather than on their own actual experience with me.

Call me for information about all loan programs. I pride myself on keeping up to date with the ever changing mortgage market.



RITA MARIE NMLS ID #186758
623-935-4664

Mortgage Advisor
Please leave me a "LOAN"
rmarie@pcmloan.com
Pinnacle Capital Mortgage LLC. #1071
6006 N. 83rd Avenue Ste #205
Glendale, AZ 85303

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ISSUE 129

Featured listings



13010 W. Flower St

A 2832 S. F. model, 5 Bedrooms, 3 full baths on a cul-de-sac lot in great shape in Sage Creek

Listed by Al Gage for \$300,000



17811 W. Northern Ave.

A 2414 S. F. Custom Home 4 BR, 2 BA on 2 full irrigated acres in Waddell

Sold by Al Gage for \$410,000



12905 W. Monterey Way

An 1889 S. F model (3 BR, 2 Bath plus a Den and water feature in Las Palmeras

Listed by Al Gage for \$225,000



16570 W. Desert Bloom Rd.

A 1516 S. F. 3 BR, 2 Bath with many upgrades and perfect landscaping in Canyon Trails

Sold by Al Gage for \$194,000

What's My Home Worth?

Email Al at al@gage.com with the address, a list of upgrades, the current condition of the property rated < from 1 being terrible condition and 5 being model perfect > and he will personally prepare a professional market analysis of your home free of charge. Use "What's my home worth?" in the subject line and also include the purpose of the evaluation in the email.

No automated valuations here!

Want a current and local Market Update go to www.al@gage.com/April2018MarketUpdates.html

In 2017, Al Gage successfully represented 72% more clients than the closest competitor and 328% more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood four years in a row!



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Hello.

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Real Estate Info
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Over 1400 Homes Sold in Avondale and Litchfield Park!

Recent listings



1043 E. Segovia Dr.

A beautiful 3 BR, 2 BA 1697 S. F and completely remodeled with lots of upgrades in Old Litchfield Park.

Listed by Al Gage for \$312,500



10609 W. Windsor Ave

A stunning 3 BR, 2 BA 2155 S. F with laminate flooring and ceramic tile in perfect condition in Garden Trails

Listed by Al Gage for \$250,000



12817 W. Clarendon St.

A 2011 model 3BR. 2 BA with a den in Sage Creek with many upgrades in perfect condition

Listed by Al Gage for \$2—,000

(See inside for this)