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recent listings



10929 W. Wilshire Dr.

A 2390 Model

4 BR, 3 BA with a loft, pool and
on the lake in Crystal Gardens!

Listed by Al Gage for **\$255,000**



11410 W. Virginia Ave.

A 1505 Model

1505 S.F., 3 BR, 2 BA
in great shape in Crystal Point.

Listed by Al Gage for **\$200,000**



1906 N. 127th Dr.

A Prescott Model

2038 S.F., 4 BR, 2.5 BA with a pool and
a cul-de-sac lot in Rancho Santa Fe.

Listed by Al Gage for **\$240,000**

See inside for this month's **featured listings**



AI Gage Report

March 2017

Caveat Emptor

(Buyer Beware!)

As of January 2017, the Arizona Association of Realtors has adopted a new purchase contract for use by Realtors in the state of Arizona. One important consideration in this contract is a move back to selling properties in As-Is Condition. **Many may believe that this means we have regressed to the old days of Caveat Emptor or "Let the Buyer Beware".** This retreats back to when I was first licensed and if you offered on a property it was up to the buyer to determine the suitability and condition of the property BEFORE they entered into a purchase contract. This is the exact verbiage from the purchase contract. **"Condition of Premises: BUYER AND SELLER AGREE THE PREMISES ARE BEING SOLD IN ITS PRESENT PHYSICAL CONDITION AS OF THE DATE OF CONTRACT ACCEPTANCE."**



But hold the phone, the meaning of an AS-IS sale of a home has long been the subject of misinterpretation and there are many other provisions of the contract and the industry which will likely diffuse the situation.

Seller makes no warranty to Buyer, either express or implied, as to the condition, zoning, or fitness for any particular use or purpose of the Premises. However, Seller shall maintain and repair the Premises so that at the earlier of possession or COE: (i) the Premises, including all personal property included in the sale, will be in substantially the same condition as on the date of Contract acceptance; and (ii) all personal property not included in the sale and debris will be removed from the Premises".

This constitutes a huge change from our prior standard contract. **Under the old contract, sellers were required to warranty and maintain all of the major systems of the home as "warranted" items.** This led to the ability of buyer's to insist on repairs at the last minute based on the "warranted" status of some of the items even though they had not been discovered in the inspection period. This will no longer be the case.

Furthermore, **selling a home in AS-IS condition does not change the buyer's ability to perform whatever kind of inspection they choose and request**



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Continued on page 2

1 Caveat Emptor
(Buyer Beware!)

2 Cover Article
Continued

Unlimited
Government
Money—NOT

3 Subscribers Win
Featured Homes

What's My Home
Worth?

4 Recent Listings

repairs of the property based on the findings or be released from the contract, at their discretion. If anything, an AS-IS clause will make the buyers more diligent as to the condition of a property. I can already envision the conversation on every repair request we receive being "but we sold the property in AS-IS condition, I shouldn't have to do any repairs." This is absolutely true but remember, they don't have to buy your home either.

Another major consideration that circumvents the AS-IS clause is **that the property must still meet the lending requirements for what ever type of financing that the buyer is going to obtain.** As much as we would like every transaction to be cash, the reality is upwards of 90% in our area will involve some type of financing. FHA requires that all of the major systems within the home to be working and they are checked by the appraiser. Common requirements from the appraiser that we see are



RITA'S CORNER

UNLIMITED GOVERNMENT MONEY--NOT!

One of the programs I have written about, Pathway to Purchase is about out of funds. Unless you are currently under contract, there is not enough time left to use the program. Still the FHA program which recently had a new "Head Man" in charge installed, remains one of the best ways to purchase a home with a low down payment. The interest rates remain excellent, making a mortgage payment be less than monthly rent in most cases. Interest on your mortgage is still tax deductible. As always Veterans are able to purchase a home with nary a penny out of pocket. USDA also allows for home purchase with no down payment; however you must be willing to live in a very specific, mostly rural area.

Heating or AC not working, smoke detectors not working, plumbing leaks, lack of flooring and chipping and peeling paint. All of these can be requirements to satisfy the appraiser, and thereby the lender, that they are lending on a satisfactory property.

Additionally, and especially on VA and FHA loans, we routinely have issues on the termite report. A clean termite report is a requirement for almost every type of loan. Most of the time, the report is not acceptable because of conditions conducive to termites rather than the actual presence of termites. These include faulty grade (my favorite because it is a fine balance between water sloping toward the home and the grade being too high so that it covers the entire stem wall), excessive moisture (leaks under the sinks), earth to wood contact and most commonly contact between plants and the home. All of these must be corrected and inspected before lending can occur.

So at this point you must be asking yourself what protection this change does bring to the seller. Great question! In theory, the seller is protected from some unexpected expenses. Under the old version, let's say an air conditioning unit died in the middle of the escrow period. The seller would then be obligated to repair (if possible) or replace the unit as a warranted item. If the seller was unable to do this he was still contractually obligated to complete the sale. Under the new system, the seller is not obligated to fix any warranted items or

major systems of the home. Keep in mind that this also means that the buyer is not obligated to buy a home with a defective AC or other major system of the home.

The reality of all of this is buyers will continue to ask for repairs as a result of inspections and seller will still have the ability to agree or disagree with those requests.



If you are looking for a true professional to assist you with the sale of your Home, Give the Al Gage Team a call or an email.

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featured listings



12913 W. Holly St.

A Cottonwood Model
1290 S.F., 3 BR, 2 BA with a great room
in Rancho Santa Fe!

Listed by Al Gage for \$180,000



11010 W. Granada Rd.

A 4 BR, 2 BA, 1965 S.F. with a
2.5 car garage in great shape
in Crystal Gardens
Sold by Al Gage for \$220,000



12602 W. Catalina Dr.

A 1833 Model
1833 S.F., 3 BR, 2.5 BA
with a pool, granite counters and
plantation shutters in Corte Sierra.

Listed by Al Gage for \$230,000



12809 W. Holly St.

A Carefree Model
1956 S.F., 4 BR, 2 BA
with solar in great shape
in Rancho Santa Fe

Listed by Al Gage for \$215,000

PINNACLE CAPITAL
mortgage corporation

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

What's My Home Worth?

Email Al at al@algage.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.algagel.com/March2017MarketUpdates.html

In 2016, Al Gage successfully represented 36% more clients than the closest competitor and 214% more than the average of the Top Ten Agents in your neighborhood! #1 in your neighborhood three years in a row!