

Neil Lyon Group: Buyer Guide to Purchasing in Santa Fe

- Which ones do you handle and which ones will the title company handle?
- If applicable, will you pay for propane that is in the tank at closing?

Escrow Closing:

- The day you sign closing documents and the closing date may be different days. When might this be helpful?
- Are you needed in Santa Fe on the date of closing?
- What do you need to bring to closing? Bring a driver's license and wiring instructions, if wiring funds is desired. Trust documents?
- Who should be at your closing?
- What happens if something in the house breaks shortly after the closing? Who's responsible?

What Level of Home Cleanliness Should You Expect?

- What does the purchase agreement indicate?
- Will there be nail holes in the walls?

The Offer to Purchase Document and The Other Documents You'll See as You Prepare to Make and Offer:

- Broker Duties, Parts I & II ■ The Offer to Purchase Agreement
- Disclosure – For Your Protection: Get a Home Inspection
- Information Sheet - Mold
- Estimated Property Tax Levy Disclosure ■ Tax Levy Certificate
- Information Sheet - FIRPTA and Taxation of Foreign Persons Receiving Rental Income from US Property
- Information Sheet – Earnest Money Dispute
- Information Sheet – Mediation Information for Clients and Customers

Other Disclosures as Needed:

- Information Sheet – Water Rights and Domestic Wells
- Information Sheet – Septic Systems and Septic System Contingency Addendum
- Information Sheet – Homeowners' Association
- Information Sheet – Lead Based Paint Renovation Repair and Painting Program
- Lead-Based Paint Addendum to Purchase Agreement
- Lead-Based Paint Pamphlet – Protect Your Family From Lead In Your Home
- Confirmation of Receipt of Lead-Based Paint Pamphlet
- Disclosure Addendum – Lead-Based Paint, Renovation, Repair and Painting Program
- Short Term Rental Ordinance & Confirmation of Receipt
- Wire Fraud Disclosure

Important Note: This Buyer Guide is intended to give buyers an overview of issues that are specific to Santa Fe purchase transactions and is based on years of real estate brokerage experience in the Santa Fe market. Every transaction is unique, and this guide is not intended to be an exhaustive checklist of every possible issue. Buyers should raise any specific questions with their real estate broker, and as may be appropriate in many situations, with their legal counsel and other professionals that they may engage.



The Buyer's Guide to Purchasing in Santa Fe

The process of buying property in Santa Fe can be complicated and always includes many considerations and steps. How a purchase is handled in Santa Fe is also likely to be very different as compared to where you purchased your last property. To assist you in understanding the process and thinking about many of the most important questions, we have created the following list of points to consider:

Deciding Upon the Properties to Consider:

- What is your price range?
- How many bedrooms or offices are needed?
- Where do you want to be in Santa Fe?
- Are there things you want to be near; such as schools, hiking, the Opera, museums, family & friends, golf?
- Do you want to be in a gated community?
- How important are views?
- How important is access to airports?
- Do you have a preference for paved roads vs. unpaved roads?
- Do you prefer for an older home or a newer home?
- What are your preferred architectural styles?
- What other considerations are on your list?

Writing the Offer to Purchase—Some Key Considerations and the Common Contract Contingencies:

- In determining the offer price, a property's "days on market" as well as the general condition of the Santa Fe market, may be important to this decision.
- You will need to consider what works best for you with regard to the length of the escrow period. Do we know what the seller would prefer?
- What earnest money deposit amount should accompany your offer? What's customary? What message do you want to send to the seller?

The Common Contract Contingencies:

- Financing ■ Inspections ■ Title review
- Survey ■ Insurance ■ Appraisal
- Others (For example, review of Homeowner Association Documents or the sale of another property)

Cash Purchase:

- If you intend to make a cash purchase, you will be required to submit a "Proof of Funds" from your bank or the financial institution that holds your funds.
- An appraisal is optional if you are paying cash. Is one desired, and if so, how is the appraiser selected?

If Lender Financing is Involved in Your Purchase:

- You will need to select a lender and be prepared for your role in managing the loan process.
- Are you better off using a local or out-of-area lender or an online lender?
- Consider the pros and cons of an online lender vs. a “bricks and mortar” lender.
- How much time will be required to obtain a loan?
- Get ready for inefficiencies and multiple requests for the same documents.
- Obtain a pre-qualification letter. When is one needed? What should be in the letter?
- Your lender will need a copy of the Purchase Agreement. Provide it promptly and check to make sure that your lender has read it carefully.
- An appraisal will be required if a loan is being secured. How will this be handled by an out-of-state lender?
- How will the inspection resolution process and documentation be handled? This is very important and needs to be discussed with your lender early in the process.
- Determine with your lender when you can realistically expect to obtain final loan approval.
- If a post-closing occupancy agreement is requested by the Seller, consider the advantages and disadvantage of acceptance.

Inspections:

- You should consider which inspections to have initially and, subsequently, if the general inspection results suggest others are desired.
- Who pays for inspections?
- Know what is covered in a general inspection and be realistic about how comprehensive it will be.
- With respect to radon testing, learn in what areas of Santa Fe high levels of radon are known to be common.
- Consider obtaining a mold test initially or if the general inspection indicates one would be merited.
- When is a sewer line scope a good idea?
- A septic inspection/pumping /certification is normally paid by the seller. Why is this important?
- If the property has a well or shared well are recent well inspection/tests (flow, electro-mechanical, water quality) available? Might they be sufficient?

Other possible inspections triggered by general inspection findings:

- Roof ■ Plumbing ■ Electrical
- Engineering: structural or drainage-related
- Pests ■ Others

With a lender involved, the options for resolving the inspection contingency are more limited:

- Should work be completed or should the price be reduced or a credit received?
- What is reasonable to ask of the seller?
- What are cosmetic issues vs. more substantive issues?
- Is there an opportunity for a 2nd major negotiation?
- When is terminating the purchase contract the right decision?

The Role of the Property Disclosure Statement:

- This is not required in New Mexico, but almost always requested by a buyer.
- It is a reality that owners have varying degrees of knowledge about their property.
- Whether the owner is a full time or part time resident has implications as to accuracy and range of knowledge.
- Understanding the disclosure form can be challenging. Engage your broker’s help.
- When it is reasonable for a seller not to provide a disclosure statement?

Review the Title Commitment and Recorded Documents:

- Who leads this process? Who doesn’t?
- When does a buyer want/need legal assistance?

Survey Contingency:

- Will the property justify an Improvement Location Report (ILR) or Boundary Survey?
- Understand what the deletion of the standard survey exception means.
- When is a survey required?
- What conditions shown on a survey might be objectionable?
- When does a buyer want/need legal assistance with this step?

Insurance Contingency:

- Is it better to use a local agent or the buyer’s insurance agent who is not in Santa Fe?
- You will need to determine how much coverage is needed. Your insurance agent may need help with this.
- Should the coverage be more than the purchase price? When does this make sense?

Attorney Involvement:

- To what degree should an attorney be involved? What would make you most comfortable?
- Common steps in the purchase process where an attorney could provide valuable assistance:
 - Review of the purchase agreement
 - Review of the title commitment and recorded documents (easements, covenants, deed restrictions and others)
 - Review of the survey
 - Preparation of the Deed
 - Water rights, well sharing agreements, easements, licenses and other legal documents. (These are critically important and usually involve complex documents.)

Pre-Closing Walk Through:

- This is always desired but sometimes difficult if you won’t be in Santa Fe for the closing.
- What are the options if you are not going to be in Santa Fe for the closing?
- What should you be looking for during the walk through?
- What happens if you find unacceptable conditions?

Transferring Utilities and Other Services into Your Name:

- When is the best time to do this?