



## **New AAR Contract & Forms Underway!**

The new Arizona Association of Realtors (AAR) contract will take effect Monday 2/28. I know many of you have attended a class or two on the new contract and your heads might be spinning right about now! While some of the changes might feel a bit overwhelming, I'm confident the new contract will create better communication between all parties involved as well as provide mortgage details that agents have wanted over the years. My team and I have systems in place to utilize the new forms and contract to their full potential. Keeping the buyer, and the agents informed of our progress has attributed to our success over the years and we intend on maintaining this goal by incorporating the PQF and LSU.

The biggest concern I'm hearing from Arizona agents regarding the contract relates to the LSU and getting Arizona mortgage lenders to complete the form. I'm shocked to hear there are mortgage lenders out there that don't understand their role in the home buying process. That being said my answer has been simple ~ ....[find an Arizona Mortgage Lender that will provide the PQF and LSU!](#)

I thought it might be helpful to you to share some of the key points regarding the Financing (section 2) portion of the new Arizona contract, the PQF and LSU.

- New Terms to be aware of: **PQF** (Pre-Qualification Form), **PTD** (Prior to Document) & **PTF** (Prior to Funding).
- The LSR is eliminated ~ **the PQF replaces the LSR**; unlike the LSR the PQF is not property specific.
- PQF requires the lender to include the loan amount, the P&I payment and the total monthly housing payment~ **The PQF does not reflect a purchase or offer price.**
- The LSU takes a more predominant role in the contract and must be issued **within 5 days** of contract acceptance.
- Seller contribution to be requested on lines 77 & 78 of section 2 of the contract and can be requested as % or \$ amount.
- The new Arizona contract doesn't have a designated section for FHA Loan non-allowable fees. FHA Loan buyers can pay normal closings costs except for a tax service fee.
- VA Loan Costs **not permitted** to be paid by the buyer should be noted on line 79 ~ Lenders fees are the most notable costs not permitted to be paid by the Buyer using a VA loan. Contact the buyer's lender to get their respective fees for this portion of the contract.
- Buyer to sign final loan documents **3 days prior to close** of escrow which means the lender will need plan on having loan documents to title at least 4 days prior to close of escrow. Keep this in mind when considering closing dates.
- Appraisal Contingency~ **Buyer has 5 days** after notice of appraised value to cancel the contract if "any appraisal required by lender" fails to appraise for purchase price.

Below are links to the new forms in case you haven't had a chance to review them yet.

<http://www.aaronline.com/legal/forms/sample-pdfs/sample-residential-purchase-contract.pdf> ~ Sample Contract

<http://www.aaronline.com/legal/forms/sample-pdfs/sample-pre-qualification-form.pdf> ~ Sample PQF

<http://www.aaronline.com/legal/forms/sample-pdfs/sample-loan-status-update.pdf> ~ Sample LSU

Feel free to contact me with any questions you have about the financing section of the new contract, the PQF or LSU. I'm happy to discuss how we can work together to incorporate the new Arizona contract into our respective businesses.

Have a great weekend ~

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