

Quick Guide to Buying a Home in Palm Springs

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**RESIDENTIAL PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

Date Prepared: _____

1. OFFER:

A. THIS IS AN OFFER FROM _____ ("Buyer"),

B. THE REAL PROPERTY to be acquired is _____ situated in _____

C. THE PURCHASE PRICE offered is _____ Dollars \$ _____

D. CLOSE OF ESCROW shall occur on _____

E. Buyer and Seller are referred to herein as the "Parties." Both are not Parties to this Agreement.

2. AGENCY:

A. DISCLOSURE: The Parties each acknowledge receipt of a ☒ "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD5).

With its year-round sunny weather, warm temperatures and abundant outdoor activities, Palm Springs has long been a favorite spot for second-home buyers. And an increasing number of people are relocating to the California desert to become permanent residents. Many of these folks are from out of state, or from other countries. If you're unfamiliar with California laws and practices regarding real estate transactions, here is a quick guide, highlighting some of the differences in purchasing real estate in California.

Searching for your new home

Many people will begin their search for their new Palm Springs home by going online to one of the popular real estate sites, such as Zillow, Realtor.com, or Trulia. This may be a good place to start, but if you're not familiar with the various [Palm Springs neighborhoods](#), developments and microclimates, it's not a reliable way to find the right home for you. However, many house hunters insist on searching various websites to find the right property for them and enjoy the sleuthing. Most real estate websites out there will just give you a generalized view of Palm Springs real estate. Some savvy real estate agents, however, have created websites that break down the various neighborhoods and give insights into the different areas of Palm Springs. This brings up a good point. It's important to find a good agent.

Find a good agent

Ultimately, when you visit Palm Springs to look for property, your best bet is to find a buyer's agent, someone who knows the area well, understands your wants and needs, and can represent you, and only you, in the purchase. A California real estate agent or broker is not prohibited from representing both sides of a real estate transaction, i.e. he or she can be both the listing agent, representing the seller, and the buyer's agent, representing you. But this (it's referred to as "dual agency") must be disclosed in writing, and the

buyer

must sign off on this arrangement.

What does it matter if a real estate agent or broker represents both sides of the transaction?

Simply put,

the main obstacle is that the listing agent's primary responsibility is to get the highest price for the

seller, whereas, as a buyer, your goal is to get the lowest price.

In California, Realtors are paid by commission, and the commission is usually charged 100 percent to the

seller. After closing the commission is usually split between the listing and buyer's agents and brokers.

So, what would keep a buyer's agent from wanting the highest sale price, too, and getting a higher

commission? A buyer's agent has a duty to act in the best interests of his or her client, and they often

rely on referrals and reputation for continued business.

Making an offer

When you and your agent find the right home for you, you instruct your agent to submit an offer to the

listing agent. It's rare in California for a buyer to have any contact directly with the seller. The negotiation, contingency removal and other closing matters are handled by the agents. This saves both

parties from some of the inevitable emotional issues that come up in such a transaction. Again, this is

where having your own agent represent only you is a distinct advantage.

The agents meet and discuss your offer. The listing agent takes the offer to the seller, who may accept it,

or may make a counteroffer. Negotiations may go back and forth until a purchase agreement is signed

by both parties.

Removing contingencies

After the purchase agreement is signed, your agent opens an escrow account for you with your deposit

for the purchase. If escrow does not go through, your deposit is refunded. Escrow companies usually

handle nothing but escrow accounts in California, not title insurance (although some companies offer

both, but separate, services), not loans, and not sales. Once escrow opens, you and your agent work on

removing a number of contingencies, many of which are uniquely required by California real estate law.

Some of these include:

- Loans (usually the number one contingency, although not as common in the Palm Springs second-home market)
- Disclosures (all kinds of details about the property, often governed by California law, that need to be signed off on by the buyer, with the help of his or her agent)

- Inspections (there could be multiple inspections by the buyer, usually arranged by the buyer's agent)
- Appraisal (again, usually arranged by the buyer's agent)
- Title (title insurance is provided by a title company, usually arranged by the buyer's agent, and is required by law. The title company will do a title search to ensure the property and the seller are indeed legally authorized to enter into the purchase transaction.)

Closing

Sometimes, issues come up regarding the contingencies; for example, an inspection turns up some deferred maintenance that you as the buyer don't want to be responsible for. At this point, your agent can further negotiate the deal, perhaps getting you a credit. All contingencies must be signed off on before escrow can close, and both agents should work to close the deal, but always in the best interests of their respective clients.

In addition, various fees can be negotiated. While sellers customarily pay the real estate commission, sometimes buyers and sellers split escrow and title fees. Transfer taxes and inspections are usually covered by the buyer. If the buyer and seller can't agree who pays for what, the transaction is held up and may not close unless the agents work out some kind of arrangement that is acceptable to both.

With so many contingencies, disclosures, insurance matters and additional back-and-forth negotiations to work out, escrow can easily take 30 days. But once all the issues are agreed upon by both parties, remaining purchase funds can be deposited into escrow, and the transaction can close, anointing you as the new owner. All this without lawyers, without the buyer and seller having to deal with each other

directly, and, for the buyer, usually at no cost for the services provided by his or her agent

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