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| Slide 1 |  |  |
| Slide 2 |  | **[Instructor]:** This presentation will attempt to compare and contrast some of the most common provisions in the residential sales contracts of the four main forms providers in Virginia: REIN, CVRMLS, NVAR, and VAR. This is not intended to be an exhaustive list, and there are other forms that are used in the state, but hopefully this will provide a good baseline understanding of the differences and similarities. |
| Slide 3 |  | **[Instructor]:** VAR, CVRMLS, and NVAR contracts provides a little more flexibility for buyer, especially given the potential complications that could arise if not given to the escrow agent. VREB has also found that licensees who don’t notify the seller/listing agent that the buyer hasn’t submitted the EMD are in violation of the regs. Licensees have an affirmative obligation to contact escrow agent to make sure EMD received. The standard language reflects the regs that say licensees must deposit funds within five business days of ratification or receipt (whichever is later) unless otherwise agreed to. |
| Slide 4 |  | **[Instructor]:** The VAR contract does not have an appraisal contingency in the contract for anything other than a VA loan. There are multiple appraisal contingencies in the standard clause booklet. REIN is unique in the state in that it requires the specific lender name, and if the buyer wishes to change lenders they must obtain permission from the seller. If the buyer receives a rejection, either party may terminate the contract. |
| Slide 5 |  | **[Instructor]:** CVRMLS is similar to VAR, except that it does include an appraisal contingency and asks for the loan details in the body of the contract. NVAR also includes details in the body of the contract, but most of those details are contained in a separate contingency addendum. That means that a change in financing either breaks the contingency or requires the parties to agree to a new addendum. |
| Slide 6 |  | **[Instructor]:** VAR has “on or about”, which by its very definition doesn’t give a specific, hard-and-fast date. There is no official definition of what “or about” means, but typically if both parties are working towards closing there is leeway up until about two weeks past the date in the contract. REIN has “on-or-before” language, meaning that the contract should close on the settlement date (if not before). There is an auto extension, but only for processing/closing the loan or clearing any defects in title. |
| Slide 7 |  | **[Instructor]:** CVRMLS also uses the “on or before” language but gives two specific options. One allows for a reasonable extension if either party is diligently working to cure deficiencies, while the other only allows an extension for the seller to cure a title defect. NVAR is unique in that they use “time is of the essence” language, which only allows for a possible 10-day extension of the settlement date if the title report and/or survey has not been obtained. |
| Slide 8 |  | **[Instructor]:** All contracts require the seller to convey the property by general warranty deed, but they handle how to correct title defects a little differently. REIN requires the seller to pay all expenses and provides for an automatic extensions to clear these issues up. VAR is unique in that it puts a cap on the amount of money the seller has to pay to cure (along with other items in the Remediation Limit paragraph: water and equipment/systems IF no home inspection)—default is $1,000. |
| Slide 9 |  | **[Instructor]:** Both CVRMLS and NVAR require the seller to cure defects. CVRMLS gives a 30-day timeline to cure once the seller has received notice. NVAR does not allow any additional time to cure; if the title isn’t perfect on settlement date, buyer can terminate or pursue other legal remedies. |
| Slide 10 |  | **[Instructor]:** Both VAR and REIN require broom-clean condition, and require seller to have utilities on at time of inspection. VAR’s contract requires seller to provide reports on WDI and well dated not more than 30 days prior to settlement. If there is no contingency, VAR sellers warrant that all appliances and major systems will be in working condition at settlement. Any repairs to ensure the appliances and systems are in working condition at settlement are subject to the remediation limit that also applies, in aggregate, to any title defects or issues with the well water. If the contract is contingent on a home inspection, an addendum must be used that follows a process nearly identical to the NVAR home inspection contingency. The VAR home inspection contingency covers all inspections that the buyer may want to do, including a traditional home inspection, septic inspection, radon inspection, or any other inspections. In essence, this is a due diligence period for the buyer. There is no requirement to negotiate. |
| Slide 11 |  | **[Instructor]:** CVRMLS contains most of the inspection requirements in the body of the paragraph, rather than an addendum. Buyers can choose to enter into a negotiation period or, by checking an optional paragraph, gain the ability to terminate after an inspection without negotiation (similar to the VAR process). NVAR states that the deadline for an inspection is at 9:00 p.m. on the agreed-upon day, which is different than the other contracts. |
| Slide 12 |  | **[Instructor]:** VAR’s form states that all fixtures convey, and provides categories of personal property that will transfer at settlement. Additionally, VAR has a separate form for sale of personal property (Form 1200). REIN’s contract is more specific with lists of various appliances, etc., that will convey. While this provides some certainty, mistakes that are made while filling out the form could have consequences. Ex. – checking that shed conveys when no shed exists on the property. |
| Slide 13 |  | **[Instructor]:** CVRMLS spells out what categories of personal property are included, including a catch-all of “all other items attached to the real estate.” It does not provide a specific list of items. NVAR also lists categories, but it also provides a list of specific items with checkboxes for “yes” or “no” indicate whether they are currently installed or offered. |
| Slide 14 |  |  |