

## **Residential Contract of Purchase**

The contract's first portion are the recitals. Here you should see the name of the Seller(s) and the Purchaser(s) with their addresses. The listing company and the selling company (if any) will be listed here and will disclose who they represent. There is also a provision where the Purchaser can assign the contract with the Seller's permission only. If you do not understand what an assignment is and how this may impact the sale of the home, please seek legal advice.

### **Real Property**

The Purchaser agrees to purchase the Seller's property, the description of the property includes the location, the legal description, and the more commonly known address. Included in the sale are all the fixtures on the property that are present on the date of this contract.

Common fixtures included if present are: blinds, ceiling fans, curtain rods and brackets, audio-video or media mount and mounting hardware, built-in dishwasher, door knockers, garage door openers and controls, gas fireplace logs and inserts, installed floor and wall coverings, installed mirrors, light fixtures, mailbox and post, built-in range, shades, shrubs, exterior plants and trees, shutters, smoke and heat detectors, storm windows and storm doors, switch and receptacle covers, television antenna(e), window screens, and screen doors

### **Common Interest Community**

If the home is a condominium, a cooperative, or part of a homeowner's association, the Seller will request a resale certificate from the association or associations. The resale certificate will contain materials which should be closely examined to make sure that you in fact would like to purchase the home.

Purchaser can terminate the contract within 3 days or up to 7 (if agreed to) after receiving the resale certificate. If Purchaser received the certificate before signing the termination period begins once they sign. The Purchaser has the right to terminate the contract at any point before receiving the certificate.

### **Personal Property**

If there is any personal property included, it needs to be included as an addendum. Please be sure to remember that if any personal property is being purchased as part of this contract, it needs to be in writing.

### **Financing**

The first lines need to contain the price of the property. This will be what is owed by Purchaser settlement.

The following paragraphs need to contain the financing information. "Third Party First Trust" and "Third Party Second Trust" require the type/description of the loan, the amount or percentage being financed, the rates, the length of the loan, and the discount points which do not include a loan origination fee. If the Purchaser is going to assume an existing loan from the Seller, the fee, if any, will be listed and the

parties agree that the balance is an approximation but the exact amount will be established at settlement.

Both of the previous trust loans are from third party sources, "Seller Financing" is when the Seller will provide funds and act as a lender. It requires the previous information. But it requires a credit report and current personal finance statements from each Purchaser.

If "Balance of Purchase Price" is selected, then the Purchaser will be responsible for any amount not covered by any of the previous loans. "Seller Concessions/Closing Costs" will indicate how much the Seller is going to provide the Purchaser at closing. "Other Financing Terms" will include any terms not established in the previous paragraphs.

If the Purchaser is purchasing this property with a loan, they have five business days from when the offer is accepted to apply in writing for financing. This includes completing any applications, paying any fees, and diligently working to obtain the loan. The Purchaser will have a set date and time to notify the Seller if they are unable to obtain the commitment. If the Purchaser does not provide notice that they have obtained the commitment after the date listed, then the Seller can terminate the contract. If the Purchaser has provided the Seller evidence of the commitment but the lender, then denies the commitment then Purchaser has 3 days to notify the Seller and will then Purchaser will receive their deposit.

A commitment is a written acknowledgement from the lender or lenders that:

- 1) The sale of another property is not required unless it is a term in this contract.
- 2) The purchaser made the application for financing and paid the fees required.
- 3) The lender has verified the Purchaser's finances are adequate and no other action is required.

If Purchaser gives the Seller evidence of the commitment from the lender and the lender then notifies that they will not provide the financing, the Purchaser will notify the Seller in 3 days of receiving the notice.

If there is a down payment or the purchase is being partly or fully financed by cash if Seller requests then Purchaser will provide Seller with written verification of the availability of the cash. If Seller requests the written verification but Purchaser does not provide it, then Seller can terminate the contract by giving written notice within 5 days after the verification was supposed to be given.

If Purchaser is depending on the sale of another piece of property to go through with this sale, then this needs to be specified in writing.

If Purchaser does any of the things listed below, then they would be in default. But Purchaser can remove the default if they provide written evidence in 3 days of fixing the issue.

- 1) Purchaser does not apply for the loan in time, or they do not make efforts to complete to apply for the loan.
- 2) Purchaser does not get the interest rate from the lender they contracted to here.
- 3) Purchaser does not get necessary materials to the lender in a timely manner.
- 4) Purchaser does not notify if there is a change in their circumstances.
- 5) Purchaser does not have the funds required for the down payment or other cash required.
- 6) Purchaser takes action (or no action) to not obtain the financing.

7) Purchaser knowingly submits to lender invalid statements that lead to not getting the financing.

Purchaser needs to represent whether they are going to occupy the home as their primary home or not.

Purchaser can find alternative financing which will complete the funds necessary to fund this contract. But if the alternative financing fails then they are still liable for the original financing. Obtaining alternative financing should not be done at the expense of the original financing terms unless obtained.

The Purchaser is responsible for all costs from the loan unless the Seller agrees to pay some of them and is allowed to by law.

### **Deposit**

A Deposit amount and how that deposit will be paid will be listed here. This deposit is a prepayment that the Purchaser pays for, among other things, the purpose of having the contract accepted. This amount will be credited to the Purchaser at settlement. There are checkboxes to indicate if they have already paid the deposit or will pay it and within how many days to pay. If they do not perform anything they are required to do by the contract, then it is possible that the deposit paid will be given to the Seller, if not then the amount will be likely returned to the Purchaser.

### **Settlement and Possession**

This will be done on the date and time agreed to in the contract. Unless there are issues which can be solved and the party needing to solve them is working towards a fix. Possession of the property will happen at settlement unless it is agreed otherwise. To complete settlement both sides must have all of the requirements met, for example, financing.

The Purchaser has the right to select who the settlement company will be. The Seller can also have an attorney present to represent their interests.

### **Expenses**

Both Seller and Purchaser are responsible for their own charges. Seller is responsible for the deed preparation and the recordation taxes applicable. Purchaser is responsible for the charges charged by the settlement company. They are also responsible for any fuel, oil, or propane on the property at the current market price.

Seller can agree to pay some or all of the closing costs by adding an amount to 10(b). These costs will only be applied to the charges from the settlement company and do not become a Seller concession if any amount is left over.

Seller can have an Attorney represent them to draft the deed and for providing services other than those reserved to the Settlement agent.

### **Wood Infestation Inspection and Report**

Before settlement, the Seller will give the Purchaser a report that is not more than 30 days old from a wood infestation control company that is licensed. The report will show if there is any damage from wood destroying insects or the presence of wood destroying insects.

If there are insects present the Seller will have the infestation treated by a qualified company. If there is damage the Seller will pay to have it repaired. But if the damage and the treatment is more than \$1,000 and the Seller and Purchaser cannot agree on how it will be paid the Purchaser can:

- 1) Accept repairs and treatment limited to \$1,000.
- 2) Receive a credit of \$1,000 at settlement.
- 3) Terminate the contract and receive their deposit back.

### **Title**

Seller will give the Purchaser a general warranty deed at settlement. Please ask a qualified person about the details of a general warranty deed if necessary. If there is an issue with the title that can be fixed by Seller, then the Seller being limited by the Remediation Limit of the contract, will correct the issue. If this is not corrected in 60 days by Seller after being notified, then the Purchaser has the right to terminate the contract or continue with settlement if possible. If the Seller has agreed to correct the issue, then the settlement date will be extended as long as necessary but not more than 60 days unless the Purchaser agrees.

Seller will give the Purchaser an affidavit at settlement that there has not been work performed within 90 days of settlement from a company which could file a Mechanic's Lien. If work has been done during those 90 days, the Seller will provide an affidavit that says that the debts have been paid.

### **Title Insurance**

The Purchaser may buy title insurance for the property if they want to. Depending on the circumstances of the property and the transaction it would provide coverage against possible issues which would affect the title of the property. Purchaser should seek competent advice to decide whether to buy title insurance unless the lender requires it.

### **Equipment Condition and Inspection**

The Seller will deliver the property to the Purchaser at settlement in the current condition with any reasonable wear and tear and with any repairs that may have been agreed to. The Seller agrees to provide the property in broom-clean condition and to exercise care not to damage the property until settlement.

If there is to be an inspection of the property and it is requested in writing, the Seller will provide access to the Purchaser's inspectors. Any requests for inspection should be made after receiving the reports and within the timelines agreed upon. Purchaser also has a right to conduct a presettlement inspection but cannot ask for any repairs that are found at this time unless they have already been agreed to.

If there is no inspection, then the Seller will provide all appliances, heating and cooling equipment, plumbing, septic systems, electric systems in working condition at the time of settlement. You can conduct a presettlement inspection to make sure that they are all in working condition. If they are not, you can request repairs, but they are limited to the Remediation Limit.

### **Well**

If there is a Well which provides water to the property, the Seller will deliver a report no more than 30 days before settlement that indicates that the water does not coliform bacteria. If the Purchaser is obtaining a VA or FHA loan the certificate will also say the water is free from unacceptable levels of lead.

If there is contamination, then the Seller will fix this with the Remediation Limit as their limit. If Seller does not fix the issue, then the Purchaser can terminate the contract or go to settlement.

### **Remediation Limit**

Any cost to fix issues with title, repairs requested when there was no home inspection contingency, or well contamination, will be limited to \$1,000 unless a different amount is agreed to. If there are issues above the limit, the Seller can fix the issues with no limit or pay the limit to the Purchaser at settlement. If the Seller decides to pay only the limit, then the Purchaser can accept or terminate the contract.

### **Risk of Loss**

The Seller is responsible for the risk of any losses to the property until settlement is completed. If there is any substantial damage, the Purchaser can either terminate this contract, or can continue and the Seller will give the Purchaser the rights to any policy of insurance that apply.

### **Lead-Based Paint Inspection**

If the home was built before 1978 Purchaser will receive a disclosure containing their rights under the "Lead Paint Act." The Purchaser has the right to conduct a risk assessment or inspection for lead-based paint or hazards, unless they agree not to.

### **Brokerage Fee/Settlement Statements**

The Settlement agent will provide the Listing Company and/or the Selling company with their portion of the agreed commission with the proceeds of the sale. They will also provide a closing disclosure for the transaction to all the parties. Please review these disclosures to make sure they are correct.

### **Broker Indemnification**

Seller and Purchaser agree not to sue the Listing Company or Selling company or any of their members or employees for any delay or expense because of the delay if there is an issue with regulatory or legal requirements.

### **Wire Fraud Alert**

Please make sure that when wiring any funds that you consult with the person you are wiring funds to. They will provide you with instructions on how to do so and you should confirm those instructions with them, preferably by phone or in person. If by phone, use a phone number you know is correct or have previously verified. Do not send any personal information, including bank account numbers or social security numbers except by secure e-mail to the person you are intending to send it to.