Contract Basics
The Offer to Purchase Contract

D&D School of Real Estate
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Dear Licensed Agent:

As a licensee, you owe it to yourself to keep abreast of the changes in the industry. Some practices that were common in the past are now illegal. Others have become outdated and obsolete as changes continue to come to our industry.

This Contract Course is information concerning changes in laws and practices of the real estate business in Tennessee. It will give you new insight into this ever-changing Real Estate industry.

As part of your continuing education requirements, this course has been approved in Tennessee. Simply follow the instructions enclosed to fulfill the necessary requirements for the state.

We at D&D School of Real Estate have spent numerous hours collecting the information and data assembled on these pages. It is our hope that you find this course informative and helpful in your career. Any questions or comments will be most appreciated.

Thank you for using D&D School of Real Estate as your provider of continuing education.

Sincerely,

Richard J. Clemmer
President
RENEW YOUR REAL ESTATE LICENSE IN
3 EASY STEPS

STEP ONE

Study the manual at your own pace and complete the progress quizzes and the end of each section.

STEP TWO

Transfer all your answers to the answer sheet at the front of the manual, complete the additional information on the answer sheet then snail mail, email or fax the answer sheet in for grading.

STEP THREE

After receiving your notification of successful completion of this course, and your additional education hours, send your renewal fee to the state before your deadline.

A licensed instructor will be available during normal business hours if you have any questions regarding the course material. No assistance on the final exam questions and answers can be given. For assistance call: 423-232-1811 or email your questions to quickhelp@ddschoolofrealestate.com.

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THE OFFER TO PURCHASE CONTRACT

Contract Law Basics

A contract is a voluntary agreement or promise between legally competent parties to perform or to refrain from performing some legal act and it must be supported by legal consideration. Contracts are expressed in writing or orally, or they are implied. For our purposes in real estate we will only discuss express contracts and only those expressed in writing since the statute of frauds requires all listing contracts to be in writing to be enforceable in court.


(a) No action shall be brought:

(1) To charge any executor or administrator upon any special promise to answer any debt or damages out of such person's own estate;
(2) To charge the defendant upon any special promise to answer for the debt, default, or miscarriage of another person;
3) To charge any person upon any agreement made upon consideration of marriage:
(4) Upon any contract for the sale of lands, tenements, or hereditaments, or the making of any lease thereof for a longer term than one (1) year; or
(5) Upon any agreement or contract which is not to be performed within the space of one (1) year from the making of the agreement or contract; unless the promise or agreement, upon which such action shall be brought, or some memorandum or note thereof, shall be in writing, and signed by the party to be charged therewith, or some other person lawfully authorized by such party. In a contract for the sale of lands, tenements, or hereditaments, the party to be charged is the party against whom enforcement of the contract is sought.

The above excerpt from Tennessee Code, particularly paragraph (4) supports the necessity for real estate contracts to be in writing to be enforceable in court.

Contracts are bilateral or unilateral. In most cases our contracts in today's real estate business are bilateral meaning that all parties to the
contract have made promises to the other party in exchange for a return promise. We will only deal with bilateral contracts in the context of this lesson.

Contra are either executory or executed. A contract becomes a contract when the parties have agreed to all the tenants of the contract in writing. This can be most easily described as that time of acceptance, which is when an offer to purchase becomes a contract, the contract is said to be executory. The parties have agreed to all the promises but they are not yet fulfilled. Performance by one or more of the parties is required to complete the promises in the contract. Once all the promises are accomplished the contract is ready to be completed. Once completed it becomes an executed contract. It is fully performed and in the case of a sale of real estate the deed has been exchanged for what ever the valuable consideration that was promised in the contract.

There are elements necessary to assure we have a valid contract. Those elements are:

OFFER AND ACCEPTANCE

OFFER made by one party (offeror) with a request for something in exchange for the promises made in the offer.

ACCEPTANCE is a promise by the second party (offeree) to be bound by the exact terms proposed by the offeror.

REJECTION

The offer may be rejected, revoked or not answered (failure to accept) within the time frame allowed by the contract. Remember, a counter offer is a rejection of the original offer by the offeree and therefore relieves the offeror from any obligation that may have been promised in the offer.

CONSIDERATION

Contacts must have some sort of consideration to be valid. Valuable consideration is something of value. In real estate contracts we normally receive an earnest money deposit from the original offeror in the form of a check or possibly cash. We must realize that anything of valued can and must be accepted from the offeror that has value. A watch, car title or even livestock would be considered ‘valuable consideration’ and could validate a contract under this necessary element. It would be wise to further explain how the consideration will be cared for during the executory period of the contract. Most real estate practioners are not prepared to handle valuable consideration other than that which can be deposited in an escrow account.
LEGALLY COMPETENT PARTIES.
Parties to the contract must be of legal age and of sufficient mental capacity to understand the actions and consequences of said contract. Sufficient mental capacity includes the party is not under the influence of drugs or any chemical substances as well as any mental health condition that would prohibit them from making an informative decision. Reality of consent is a legal term meaning the party is able to make a prudent and knowledgeable decision and that they weren’t deprived by a mistake, misrepresentation, fraud, duress or undue influence. Any of these situations could render the contract as invalid or voidable by one of the parties.

Contracts are further affected by the following conditions:
DISCHARGE
Contracts may be discharged or terminated by any of the following:
Performance of the contract: our best choice meaning the deal will be closing.
Assignment: Contracts may be assigned or the rights may be transferred to another party (Assignee).
Breach of a contract: Default by either the buyer or the seller could be a breach of the contract. If there is a breach the other party have three options.

Rescind the contract and give the valuable consideration back to the party that deposited it.
Sue the other party for specific performance, that is force them to complete the contract.
Sue the other party for compensatory damages
In the case of a seller in a real estate transaction there is an additional option and that is to declare the contract forfeited and retain the earnest money.

Statute of Limitations: This is a time frame in which to enforce the terms of the contract. This will vary under state law from contract to contract.
Offer to Purchase Contract

The offer to purchase contract is the initial offer by the potential buyer (the offeror) to the seller (the offeree) for the purchase of the property. The name may be different from area to area but the forms are essentially the same. We will discuss the “purchase and sale agreement” example at the end of this course. This is an example sales contract, a potential buyer may use any contract they choose including writing it from scratch for themselves. As agents we must use a pre written contract, prepared by an attorney. We are authorized to assist the offeror in filling in the blanks, deleting pre-printed portions and adding addendums. It is important to remember here that the sales contract is very important since it sets the exact parameters the closing agent must comply with to fulfill the desires of the parties of the contract and dictates the contents of the deed to the property being conveyed. All the promises made are to be reduced to writing and included with in the “four corners of the contract” to be enforceable. Tennessee Real Estate Commission rules (1260-2.08) require the broker or affiliate broker to make certain that all of the terms and conditions of the real estate transaction are included in the contract to purchase.

Working with the Offer to Purchase Contract

Lines 1 through 10
These lines identify the parties to the contract. First the buyer (or buyers) on line 2, then the seller (or sellers) on line three. Lines 4 through 8 give the legal description of the property including the address and the book and page the property is recorded on in the county records. Line nine includes the fixtures, landscaping etc. as listed as part of the purchase and will be referred to as the ‘property’ through out the contract.

Lines 11 through 18
This clause describes all the things that are to be included in the sale. The only fill in is the number of garage door openers included. The parties do have the right to cross out any thing in this list if they do not intend to pass it along with the sale of the property. Any strikeouts must be initialed and dated to assure the parties understand and have agreed to this change. This list was compiled from experience in the
market place by agents and should be sufficient to cover all items that normally would be included in the sale of a home.

Lines 19 through 22
List any items to remain with property.

Lines 23 through 26
List any items that will NOT remain with the property. If any items are also included in lines 11 through 18 above it would still be advisable to strikeout the items above to assure there is no ambiguity. Traditionally the written in language of a contract would supersede the printed word, a belt and suspenders approach certainly makes it clear as to the intentions of the parties to the contract.

Lines 27 through 29
Opportunity to list all leased items that are included with the sale and future lease payments responsibility.

Lines 30 and 31
If there is any fuel to be left on the property it will be adjusted and charged to the buyer for that which would be left at the home.

Lines 32 through 36
The purchase price is established in this paragraph and the disbursement of funds as controlled by T.C.A. 47-32-101 et seq. Below is listed a part of that code for your understanding.

47-32-102(3)
3) "Disbursement of loan funds" means the delivery of the loan funds by the mortgage lender to the settlement agent in one (1) or more of the following forms:
   (A) Cash
   (B) Federal funds wire transfer including electronic payment, as defined in federal reserve regulation CC (12 CFR 229.2(p));
   (C) Checks issued by the state of Tennessee or a political subdivision of the state;
   (D) Cashier's check, as defined in 12 CFR 229.2(l);
   (E) Teller's check, as defined in 12 CFR 229.2(gg), that is issued by a financial institution and drawn or payable through a financial institution;
   (F) Checks issued by an instrumentality of the United States organized and existing under the Farm Credit Act of 1971, compiled in 12 U.S.C. § 2001 et seq.
(G) A direct deposit by a financial institution to the account of a settlement agent held in the same institution; or

(H) Checks issued from the escrow or trust account of a real estate broker licensed pursuant to the Tennessee Real Estate Broker License Act of 1973, compiled in title 62, chapter 13, and drawn on or payable through a financial institution within the same federal reserve check processing region as the location of the settlement agent in an amount not to exceed the earnest money paid by the purchaser and collected in the escrow or trust account;

Lines 37 through 44
The buyer has a choice of box A or box B as to whether or not they will have a formal appraisal and make the offer contingent on the outcome of the appraisal. If box B is chosen the offer is contingent on the outcome of the appraisal and the buyer has a choice to terminate the contract if the appraisal does not meet the selling price by providing a copy of the appraisal. The buyer further is entitled to a refund of the earnest money deposit.

Lines 45 through 54
This clause sets closing expenses traditional to the area as to whom is responsible for the payment of such. Either party may change all these traditional payments to the contract if they so choose. As discussed above as to lines 11 through 18, strikeout procedures should be followed here as well.

Lines 55 through 60
Title expenses are discussed and a blank is left to fill in which party will be paying which expenses. Lines 58, 59 and 60 address those title expenses that may not be applicable and need to be modified. The details of the modification should be explained exactly as they are to be carried out by the closing agent.

Lines 61 through 65
The closing agent for the buyer and the seller are to be spelled out on these lines. If there is a change line 65 allows for that without a major change to the contract.
Lines 66 through 70
If there were financial contingencies in the contract this clause would be used. The buyer needs to furnish proof of available funds and is given a deadline as to furnishing this proof. Further, if the buyer fails to close due to the lack of funds the buyer will be considered in default. It should be made abundantly clear to any buyer that would be using this clause that if they are in default there are consequences.

Lines 71 through 82
We will break down the financial contingencies that are covered in lines 71 through 107 for better clarity. This clause is full of instructions that need to be understood by the buyer in detail. First the agreement is contingent on the buyer being able to obtain a loan for the purchase of the property. The amount of the loan is to be stated either as a percentage of the purchase price or as a dollar amount. The only term of the loan that must be fulfilled is the length of the loan. This blank line must be filled in. If the buyer is unable to obtain the loan they may terminate the contract by providing written notice of the loan denial from the lender. A full refund of earnest monies is due the buyer in this situation.

Lines 80 through 82
In this area of the contract the type of loan the buyer is seeking is indicated.

Lines 83 through 94
Buyer’s obligations as to the obtaining of a loan are spelled out here.
(a) 5 days to make application
(b) immediately notify sellers representative as to who the lender is.
(c) pursue qualification and approval in good faith
(d) pay all necessary fees to complete the loan process and require the lender to get a credit report with 2 days of application
(e) provide immediately requested documentation
(f) buyer represents that the loan is not contingent on the lease or sale of another property. If this is the case it must be indicated as a contingency to the contract on line 349 through
as and addenda or at line 358 and following as a special stipulation.
(g) buyer will not make any material changes to his/her financial condition that would adversely affect their ability to obtain the above referenced loan.

Lines 94 through 107
These lines are in support of the above lines 83 through 94. In essence this part of the contract gives the seller the opportunity to demand compliance to the obligations above by the buyer. Seller may make written demand for compliance and give buyer 5 days to furnish evidence. If buyer does not comply, the seller’s obligation to sell is terminated and the buyer is in default. There is no explanation as to the moves by either party from this point on in this clause. On line 269 (13. Default) there is an explanation of default by the parties and we will discuss the options at that point in the contract.
From here (line 97) the buyer is given the option to also apply for a loan different from the above described terms and conditions provided there would be no additional expense or obligation to the seller and all terms and conditions are fulfilled. It is further stated the buyer will be obligated to close if the buyer has the ability to obtain a loan as described or any other loan for which the buyer has been approved.
In line 101 the buyer is obligated to provide the seller or the seller’s representative a conditional commitment letter from the buyer’s lender providing reasonable assurance of the buyer’s ability to get the financing. As long as this letter shows the buyer will have funds available, credit and appraisal acceptable to the lender, the seller shall deem employment or income necessary to obtain the loan then is acceptable. Seller at this point may declare the contract null and void if this letter is not timely received and the earnest money is to be returned to the buyer.

Lines 108 through 127
This clause is the instructions as to the earnest money, how it is received, held and disbursed. Line 109 gives an option to receive the earnest money a specified number of days after the binding agreement date. Further it names the holder of the funds and the address of said holder (line 110). On line 111 the fill in shows the amount of the
earnest money received either as a check or other means such as cash, etc. If the check bounces the buyer is given one day to deliver good funds. If the buyer doesn’t comply the seller may terminate the contract upon written notice. Starting in line 116 instructions for disbursement of the funds is spelled out.

(a) At closing
(b) Written agreement between all parties
(c) Order of a court or arbitrator involved in a dispute
(d) Reasonable interpretation of the contract
(e) Filing an interpleader action with payment to the clerk of the court.

A review of the rules of the Real Estate Commission (1260-2-.09) will show this portion of the contract follows these rules.

Line 123 addresses the holder and that they may be reimbursed for costs and expenses experienced by said holder. The prevailing party in an interpleader action may seek these costs from the other party. No party may seek damages from the holder for any matter arising out of or related to the performances of holders duties. Further the holder is allowed to hold deposited funds for a minimum of 14 days to assure the funds cleared the account of the depositor.

Lines 124 through 137
First the closing date is established in line 130; then it is determined that an earlier date is acceptable if agreed to by the parties in writing. In line 133 possession to the property is established. In the event this date is prior to closing for the buyer to possess or after the closing for the seller to maintain possession then line 137 should be checked and an occupancy agreement attached and made apart of the contract. This also needs to be mentioned in section 18 line 349 and following of the contract.

Lines 138 through 146
This section addresses prorations; special assessments, Warranties and transfer items to be prorated. There is a problem here in that the contract doe not address who pays for the day of closing. It should be addressed here since on the day of closing both parties will, under
normal closing circumstances, have possession on that day. Special assessments costs are said to be the responsibility of the seller unless otherwise agreed to and expressed on line 143. Warranty transfers will be at the option of the buyer and at buyers cost. Seller hereby agrees to transfer whatever warranties the buyer may desire.

Lines 147 through 164
Section five deals with title and conveyance. First of all seller promises to convey good and marketable title subject to the following
(1) zoning
(2) setback requirements and easement of record
(3) subdivision or condominium declarations and restrictions of record
(4) leases and other encumbrances specified in the agreement
Line 156 addresses title examination and the buyer’s options in the event of a defect. Buyer has the following options;
(1) Accept the property with the defect
(2) require the seller to attempt to remedy the defect within 15 days. If not remedied in the time given the buyer may terminate the contract and receive their deposit monies back.
Line 161 through 164 defines exactly what good and marketable title is as addressed in this contract.

Lines 165 through 167
This clause instructs the closing agent as to the exact manner in which the deed is to be written. Time should be taken at this point for the buyer to be sure these instructions are what they desire.

Lines 168 through 171
This clause addresses Tennessee Code 66-5-201 and following in that the seller must provide a property disclosure statement, exemption or if buyer waives this disclosure. This must be provided, according to the contract, prior to the binding agreement date of the contract. This conforms to the law in that this disclosure must be delivered prior to the acceptance of a contract. As a side note, this applies to all residential sales in Tennessee, not just those handled by a licensee.
66-5-203. Delivery of disclosure or disclaimer statement.
(a) The owner of residential real property subject to this part shall deliver to the purchaser the written disclosure or disclaimer statement, unless otherwise agreed upon by the purchaser, required by this part prior to the acceptance of a real estate purchase contract. For purposes of this part, a “real estate purchase contract” means a contract for the sale, exchange or lease with option to buy of real estate subject to this part, and “acceptance” means the full execution of a real estate purchase contract by all parties. The residential property disclaimer statement or residential property disclosure statement may be included in the real estate purchase contract, in an addendum to the contract, or in a separate document.

(b) Failure to provide the disclosure or disclaimer statement required by this part shall not permit a purchaser to terminate a real estate purchase contract; however, a purchaser shall not be restricted by this part from bringing such other actions at law or in equity that are otherwise permitted.


Line 172 and 173
In the event the property was constructed prior to 1978 the lead based paint disclosure is required.

Lines 174 through 192
Section 8 covers inspection of the property. All inspections will be at the buyers expense. Lines 177 through 183 require all inspectors to be licensed according to T.C.A. 62-6-301, ‘The Tennessee Home Inspectors licensing act of 2005’, or they may do it their self or hire a professional to inspect the different systems of the property. This professional may be required by law to be licensed and that would also come under Title 62 Chapter 5 of the Tennessee Code.

Line 183 requires the seller must make all systems available for inspection including having utilities turned on. Line 184 and following buyer agrees to indemnify seller for all acts of inspectors and the buyer. In line 187 the buyer waives any objections that are purely cosmetic, has no right to require repairs to meet current
building codes unless required by governmental authorities. Buyer further agrees to forfeit any rights for inspections if not timely performed and will accept the property in, as is condition.

Lines 193 through 202
This paragraph lays out just what the buyer may inspect.

Lines 203 through 212
This paragraph addresses wood destroying insects. First it determines who shall cause the inspections to made. Secondly who will pay for it and a maximum cost and to be completed by a licensed pest control operator. If any structures on the property are to be excluded they will be noted on line 208.

Starting on line 209 the seller agrees to treat infestation at their expense and document the treatment to the buyer. This cost is not to be included in the repairs and replacement costs paragraph (section 10, line 251). Any repair costs will be include in section 10 amounts.

Line 213 through 241
This part of the contract has to do with the time periods the buyer has to complete inspections and resolve any work to be completed by the seller because to these inspections. First off on line 214 the number of days the buyer has to complete inspections must be determined. Starting on line 217 the options the buyer has are enumerated.

Option one. Furnish a list of the objections and immediately terminate the contract and have the deposit returned. Buyer shall deliver a copy of all inspections.

Option two. Buyer can accept property in an "AS IS" condition.

Option three. Buyer to furnish seller any and all inspections and a written list of items which buyer wants repaired or replaced. Seller shall notify buyer in writing within a specified number of days (to be filled in on line 229) to either accept the repair proposal or submit a counter proposal if the cost is greater than specified in section 10, line 253. If seller does not respond in a timely manner then the buyer's proposal is deemed accepted. Line 235 buyer is given time (to be filled in on line 235) to accept sellers counter proposal, make a counter proposal or
terminate the agreement. Buyer’s failure to timely reply is deemed as acceptance of the seller’s counter proposal.

There are certainly questions created by this clause since the first thing the buyer does is to terminate the contract. The intent is to notify the seller of the discoveries of the inspections, give the seller the opportunity to correct the problems or come up with a proposal to repair. If the parties cannot agree on a repair proposal they should be put back to their positions prior to the contract and the contract terminated. Although the indication is there are 3 options, there really is only one option with a litany of proposals and counter proposals for the parties to the contract.

Lines 242 through 245
Buyer has the right to waive inspections or some of the inspections and may so indicate these waivers in this clause.

Lines 246 through 250
In this clause the buyer has the right to conduct a final inspection within blank days (to be filled in on line 247) of the closing to assure the property is in the same or better condition then it was on the binding agreement date and to determine that all repairs/replacements have been completed. Further this clause establishes that closing constitutes acceptance of the property in its condition at closing. This date should be as close to the actual closing as is possible or prior to possession by the buyer.

Lines 251 through 253
Repair/replacement costs are to be determined by the buyer, and then accepted by the seller prior to knowing what if any repairs or replacements are to come up. This amount must be filled in on line 253. This is traditionally a very tough number to come up with.

Lines 254 through 265
This clause protects the agents from liability from any of the following:

(1) They are not parties to the contract
(2) Not responsible for the performance or nonperformance of the buyer or seller.
(3) Matters, which could have been revealed by a survey
(4) Flood certification
(5) Title search
(6) Any property inspections
(7) Property condition or any portion there of
(8) Necessity or cost of any repairs
(9) Hazardous or toxic materials
(10) Tax or legal consequences
(11) Availability-capability or costs of utilities or community amenities
(12) School district boundaries
(13) Appraised or future value of property
(14) Square footage of property
(15) Conditions off property that may effect property whether permitted or proposed
(16) Buyer and seller acknowledge that agents are not experts to any of the above matters and that they should seek independent advice relative thereto.

Lines 266, 267 and 268
Seller has agreed to pay the listing broker by separate agreement (listing contract) and that the listing broker will direct the closing agent to pay selling broker an amount specified by said separate agreement.

Lines 269 through 274
Provisions for default by either party are laid out in this clause.

Lines 275 through 281
This clause covers the availability of a home protection plan and if it is to be provided by the seller. It further states that the broker ordering the plan may receive an administrative fee for the plan. Line 281 shows that the parties to the contract have waived this plan. By signing this contract both parties show they were made aware of a home protection plan so they cannot come back in the future saying they were not made aware of such a plan.
Here other provisions to the contract are spelled out. We will discuss them individually.

(A) Binding agreement. It is explained that this is the entire agreement between the parties and that it is binding on said parties. Anything not in the contract is not binding upon the parties. The parties further authorize either licensee (sellers agent or buyers agent) to insert the time and date this offer was accepted by all parties and agrees to be bound by that date (the binding agreement date).

(B) Survival clause allows for actions that may be performed after the closing are still binding on the parties.

(C) Governing law and Venue. The laws of the state of Tennessee will govern the contract.

(D) Time is of the Essence. This requires the parties to act in a timely manner as to performing all tasks addressed in the contract.

(E) Terminology. Self explanatory as to context of the agreement.

(F) Responsibility To Cooperate. Both buyer and seller agree to cooperate in the complete execution of the contract and to further assist in correcting any necessary documents after closing if asked.

(G) Notices. Any notice may be delivered by;

1. in person
2. prepaid overnight delivery
3. facsimile transmission
4. U.S. postage service
5. email

Notice will be deemed to have been given as of the date and time it is actually received. Receipt by a representing or assisting broker will be accepted as notice to the contractual party.

(H) Risk of loss. Risk of loss shall be borne by the seller. If a loss prior to closing exceeds 10% of the purchase price either party may terminate the contract and earnest money will be refunded to buyer.

(I) Equal Housing. Fair housing rules apply in this contractual process.

(J) Buyer agrees to furnish seller with any and all documentation, which supports a buyer’s right to terminate under any provision in the contract at the seller’s request. This documentation is provided for the sellers benefit only. However, the buyer is not required to provide documentation in violation of any confidentially agreement or copyright protection laws.
Additional due diligence by the buyer in the following areas are suggested in this clause.

A. Survey and flood certification. These are the best means of identifying boundary lines and or encroachments and easements, also to determine if the property is in a flood zone. This is a suggestion to the buyer to obtain these items.

B. Water supply. It is the right and the responsibility of the buyer to determine if the water supply meets state or local standards.

C. Waste disposal. This system also may or may not meet state and local requirements. Again it is the buyer’s right and responsibility to find out this information.

D. Title Exceptions. This is a statement as to the general warranty deed that will be passed at closing. It will be subject to matters addressed in this clause.

Seller is obligated to disclose the existence of any injection well, percolation test or soil absorption rate by counter offer unless the disclosure has already been received and acknowledged by the buyer. This conforms to T.C.A. 66-5-212 as shown below.

66-5-212. Disclosure of known percolation tests or soil absorption rates
In addition to any other disclosure required by this part, the seller shall, prior to entering a contract with a buyer, disclose in the contract itself or in writing, including acknowledgement of receipt, the presence of any known exterior injection well and the results of any known percolation test or soil absorption rate performed on the property that is determined or accepted by the department of environment and conservation.

[Acts 2006, ch. 699, § 1; 2007, ch. 244, § 1.]
Lines 349 through 357
Section 18 is for listing all exhibits and addenda that are attached and made a part of the contract.

Lines 358 through 376
Section 19 is for ‘special stipulations’. Changes to the contract, contingencies or additional information are to be stipulated in this section. When preparing a contingency it is important that it clearly describes the actions that are to take place to fulfill the contingency or condition. By remembering the acronym “CAT” may help in writing a condition or contingency.
C  Who will bear the cost of the contingency?
A  What actions must be satisfied to fulfill the contingency
T  Spell out the exact time frame in which the actions are to be performed.

Lines 377 through 381
Method of execution. This clause authorizes acceptance of signatures via fax, photocopy, or digital signature as the same as an original. It further states that a combination of an original signature plus any of the above mentioned are acceptable as well. In today’s electronic environment this is an important clause to have in a contract.

Lines 382, 383 and 384
Section 21 limits the time of the offer. This time must be completed by the offeror and limits the time for the offeree to respond. If response does not occur in the specified time the offer terminates. With this time inserted all counter offers would also be limited to the time. It may be necessary to extend the time if negotiations are taking longer than originally thought to take.

Lines 385 through 389
Disclaimer to the parties that this is a legal and binding document and that the agents are NOT authorized or qualified to give legal advice. If there are questions the contract should be reviewed by an attorney representing the questioning party.
Lines 389, 390 and 391
Instructions as to the use of the boxes throughout this contract.

Lines 392 through 396
Signature lines for the buyer and the time/date of the offer.

Lines 397 through 404
Signature lines for the seller and an indication of acceptance, counters or rejection. This is also time/date stamped to show compliance with section 21 above.

Lines 405, 406 and 407
The binding agreement date is inserted here and is established by the receipt of notice of the last offeree’s acceptance. This is filled in by authorization of the parties previously given at line 288 by the either agent.

Lines 408 through 412
These are informational lines to let the parties know the real estate companies involved and the agents of those companies.

This concludes our in depth discussion of the sales contract. As mentioned previously the contract used may be in any form accepted by the parties to the contract. As professionals we should urge the parties to use a form professionally prepared that does cover all the aspects of the purchase they are interested in completing. A contract such as this assures the parties that all necessary aspects of the agreement are included.
PURCHASE AND SALE AGREEMENT

1. Purchase and Sale.
   The undersigned buyer ("Buyer") agrees to buy and the undersigned seller
   ("Seller") agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows:
   All that tract of land known as: ____________________________ ("City"), __________________ ("State"), ____________ ("Zip"), as recorded in
   __________ County Register Office, deed book(s), __________ page(s), and further described as:
   together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the
   "Property."

   A. INCLUDED as part of the property (if present): all attached light fixtures and bulbs including ceiling fans,
   permanently attached plate glass mirrors; heating, cooling, and plumbing fixtures and equipment; all doors, storm doors
   and windows; all window treatments and hardware; all wall-to-wall carpet; range; all built-in kitchen appliances; all
   bathroom fixtures and bathroom mirrors; all gas logs, fireplace doors and attached screens; all security system
   components and controls; garage door opener and all (at least _____ ) remote controls; swimming pool and its
   equipment; awnings, permanently installed outdoor cooking grills; all landscaping and all outdoor lighting; mail boxes;
   attached basketball goals and backboards; TV antennae and satellite dishes (excluding components); central vacuum
   systems and attachments.

   B. Other items that REMAIN with the Property at no additional cost to Buyer:

   C. Items that WILL NOT REMAIN with the Property:

   D. LEASED ITEMS: Leased items that remain with the Property (e.g. security systems, water softener systems, fuel
   tank, etc.): ____________________________ . Future lease payments shall be the
   responsibility of ____________________________ . If leases are not assumable, it will be Seller's responsibility to pay balance.

   E. FUEL: Fuel, if any, will be adjusted and charged to the Buyer and credited to the Seller at closing at current market
   prices.

2. Purchase Price, Method of Payment and Closing Expenses. Buyer warrants that, except as may be otherwise
   provided herein, Buyer will at closing have sufficient cash to complete the purchase of the Property. The purchase price to be
   paid is: $ ____________________________ .

   U.S. Dollars, which shall be disbursed and paid to Seller or Seller's Closing Agency in the same form as deemed acceptable

   APPRAISAL (Select either A or B below. The sections not checked are not a part of this Agreement.)
   □ A. This Agreement IS NOT contingent upon the appraised value either equaling or exceeding the agreed upon Purchase
   Price.
   □ B. This Agreement IS CONTINGENT upon the appraised value either equaling or exceeding the agreed upon Purchase
   Price. If appraised value is equal to or exceeds Purchase Price, this contingency is satisfied. If the appraised value of
   the Property does not equal or exceed the Purchase Price, the Buyer may terminate this Agreement by providing
   written notice to the Seller and providing written proof of the same (e.g. copy of appraisal, signed letter from Lender).

   Upon termination, Buyer is entitled to refund of the Earnest Money.

Closing Costs and Discount Points:
Seller Expenses: Seller shall pay all existing loans affecting the Property, including all penalties, release preparation costs,
and applicable recording costs; Seller's closing fee, document preparation fee and/or attorney's fee; fee for preparation of deed;
and notary fee on deed.
Buyer Expenses: Buyer shall pay all transfer taxes and recording fees on deed of conveyance and deed of trust; Buyer's closing
fee, document preparation fee and/or attorney's fee; preparation of note, deed of trust, and other loan documents; mortgage
loan inspection or boundary line survey; credit report; required premiums for private mortgage, hazard and flood insurance;
required reserved deposits for insurance premiums and taxes; prepaid interest; and reinspeccion fees pursuant to appraisal; and
any costs incident to obtaining and closing a loan, including but not limited to: appraisal, origination, discount points, application, commitment, underwriting, document review, courier, assignment, photo, tax service and notary fees.
Title Expenses: cost of title search or abstract; mortgagee’s policy and owner’s policy shall be paid as follows:

Buyer to receive benefit of simultaneous issue.
Not all of the above items are applicable to every transaction and may be modified as follows:

Closing Agency for Buyer: ________________________________
Closing Agency for Seller: ________________________________
Title Company: ________________________________
or other Closing Agency as mutually agreed by Seller and Buyer.

Purchase is subject to the following [Select A or B below. The sections not marked are not a part of this Agreement]:

☐ A. No Financial Contingency:
Buyer's obligation to close shall not be subject to any financial contingency. Buyer reserves the right to obtain a loan.
Buyer will furnish proof of available funds to close in the following manner: ________________________________
(e.g. bank statement, lender’s commitment letter) within _____ days after Binding Agreement Date. Failure to close due
to lack of funds shall be considered default by Buyer.

☐ B. Financial Contingency - Loan(s) To Be Obtained: This Agreement is conditioned upon Buyer's ability to
obtain a loan(s) in the principal amount of _____% of the purchase price listed above or $______________________, to be
secured by a deed of trust on the Property; the loan to be paid in consecutive monthly installments of principal and
interest over a term of _____ years. "Ability to obtain" as used herein means that Buyer is qualified to receive the loan
described herein based upon lender's customary and standard underwriting criteria. In the event Buyer, having acted in good
faith and in accordance with the terms below, is unable to obtain financing, Buyer may terminate this agreement by
providing written notice and a copy of Lender's loan denial letter. Upon termination, Buyer is entitled to a refund of the
Earnest Money. Lender is defined herein as the financial institution funding the loan. The loan shall be of the type
selected below:
☐ Fixed Rate Loan  ☐ Adjustable Rate Loan  ☐ Conventional Conforming Loan  ☐ Nonconforming Loan
☐ FHA Loan; attach addendum  ☐ VA Loan; attach addendum  ☐ Assumption (attach Assumption Addendum)
☐ Additional Loan To Be Obtained (e.g. second loan, home equity line of credit, etc.)  ☐ Other

Loan Obligations: The Buyer agrees and/or certifies as follows:
(a) to make application for the loan within five (5) days after the Binding Agreement Date;
(b) to immediately notify Seller’s representative of having applied for the loan and Lender’s name and contact
information;
(c) to pursue qualification for and approval of the loan diligently and in good faith;
(d) to pay any fees necessary to complete full loan processing and approval, and require Lender to order credit report and
   appraisal within two (2) days after application;
(e) to continually and immediately provide requested documentation to Lender;
(f) unless otherwise stated in this Agreement, Buyer represents that this loan is not contingent upon the lease or sale of
   any existing property and the same shall not be used as the basis for loan denial; and
(g) Buyer shall not intentionally make any material changes in Buyer's financial condition which would adversely affect
   Buyer's ability to obtain the Primary Loan or any other loan referenced herein.

Should Buyer fail to make timely application and provide appropriate notice as required in (a) and (b) above, Seller may
make written demand for compliance. If Buyer does not furnish Seller written evidence of application within five (5) days
after such notice, Seller's obligation to sell is terminated and Buyer shall be considered in default. Buyer may also apply
for a loan with different terms and conditions and close the transaction provided all other terms and conditions of this
Agreement are fulfilled, and the new loan does not increase any costs charged to the Seller. Buyer shall be obligated to
close this transaction if Buyer has the ability to obtain a loan with terms as described herein and/or any other loan for
which Buyer has applied and been approved. Within twenty (20) days after Binding Agreement Date, Buyer shall provide
to Seller or Seller's representative a conditional commitment letter from the Buyer's Lender providing reasonable
assurance of Buyer's ability to obtain the financing contemplated by this Agreement. Said letter shall be in form and
substance acceptable to Seller at Seller's reasonable discretion; however, a letter from the Lender verifying that Buyer has
available funds to close, credit and appraisal acceptable to Lender, and employment or income necessary to obtain said
loan shall be deemed acceptable. Seller shall have the right to declare this Agreement null and void if said letter is not
timely received, in which case Earnest Money shall be returned to Buyer.

3. Earnest Money.
Buyer has paid or will pay within _____ days after the Binding Agreement Date to ____________________
("Holder") located at ____________________ an Earnest Money deposit of ____________________
by check (OR ____________________ ). In the event any Earnest Money check
is not honored, for any reason, by the bank upon which it is drawn, Holder shall promptly notify Buyer and Seller. Buyer shall
have one (1) day after notice to deliver good funds to Holder. In the event Buyer does not timely deliver good funds, the Seller
shall have the right to terminate this Agreement upon written notice to the Buyer. Earnest Money is to be deposited promptly
after the Binding Agreement Date or the agreed upon delivery date in this section or as specified in the Special Stipulations
section. Holder shall disburse Earnest Money only as follows:

(a) at closing to be applied as a credit toward Buyer's Purchase Price;
(b) upon a written agreement signed by all parties having an interest in the funds;
(c) upon order of a court or arbitrator having jurisdiction over any dispute involving the Earnest Money;
(d) upon a reasonable interpretation of the Agreement; or
(e) upon the filing of an interpleader action with payment to be made to the clerk of the court having jurisdiction over
the matter.

Holder shall be reimbursed for, and may deduct from any funds interpleaded, its costs and expenses, including reasonable
attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and
expenses reimbursed to Holder. No party shall seek damages from Holder (nor shall Holder be liable for the same) for any
matter arising out of or related to the performance of Holder's duties under this Earnest Money paragraph. Earnest Money shall
not be disbursed prior to fourteen (14) days after date of deposit unless written evidence of clearance by bank is provided.

A. Closing Date: This transaction shall be closed (evidenced by delivery of warranty deed and payment of purchase price),
and this Agreement shall expire, on midnight of the ______ day of ______, ______, or on such earlier date
as may be agreed to by the parties in writing. Such expiration does not extinguish a party's right to pursue remedies in the
event of default. Any extension of this date must be agreed to by the parties in writing.

1. Possession: Possession of the Property is to be given:

☐ with delivery of deed; or
☐ on ________________ at _____ o'clock __ am/ __ pm; local time; or
☐ no later than _____ o'clock __ am/ __ pm; local time on the _____ day after closing.

☐ Occupancy Agreement attached.

B. Prorations: Real estate taxes, rents, due, maintenance fees, and association fees on said Property for the calendar year
in which the sale is closed shall be prorated as of the date of closing. In the event of a change or reassessment of taxes for
the calendar year after closing, the parties agree to pay their recalculated share. Taxes for prior years and roll back taxes, if
any, will be paid by Seller.

C. Special Assessments: Special assessments approved or levied prior to the closing date shall be paid by the Seller at
or prior to closing unless otherwise agreed as follows: ____________________.

D. Warranties Transfer: Seller, at the option of Buyer and at Buyer's cost, agrees to transfer Seller's interest in any
manufacturer's warranties, service contracts, termite bond or treatment guarantee and/or other similar warranties which by
their terms may be transferable to Buyer.

5. Title and Conveyance.
A. Seller warrants that at the time of closing, Seller will convey or cause to be conveyed to Buyer or Buyer's assign(s) good
and marketable title to said Property by general warranty deed, subject only to

(1) zoning;
(2) setback requirements and general utility, sewer, and drainage easements of record on the Binding Agreement Date
upon which the improvements do not encroach;
(3) subdivision and/or condominium declarations, covenants, restrictions, and easements of record on the Binding
Agreement Date; and
(4) leases and other encumbrances specified in this Agreement.

If title examination, mortgage loan inspection, boundary line survey, or other information discloses material defects,
Buyer may
(1) accept the Property with the defects OR
(2) require Seller to attempt to remedy within fifteen (15) days after notification to Seller. If not remedied within
fifteen (15) days, Buyer may elect to terminate this Agreement with refund of Earnest Money deposit to Buyer.

Good and marketable title as used herein shall mean title which a title insurance company licensed to do business in
Tennessee will insure at its regular rates, subject only to standard exceptions. The title search or abstract used for the
purpose of evidencing good and marketable title must be acceptable to the title insurance agent and the issuing title
insurance company.

B. Deed: Deed to be made in the name of
The manner in which Buyer takes title determines ownership and survivorship rights. It is the Buyer’s responsibility to
counsel the closing agency or attorney prior to closing.


Pursuant to the requirements of the Tennessee Residential Property Condition Disclosure Act, a Property Condition
Disclosure Statement, Exemption, or if Buyer waives Disclosure, a Disclaimer has been or will be provided prior to the
Binding Agreement Date.

7. Lead Based Paint Disclosure.
☐ does not apply. ☐ does apply (Property built prior to 1978 - see attached Lead Based Paint Disclosure)

8. Inspections.

A. RIGHT TO MAKE INSPECTIONS: All inspections/reports are to be made at Buyer’s expense,
including those required/recommended in the home inspection report, unless otherwise stipulated
in this Agreement. The parties hereto agree that in the event Buyer shall elect to contract with a third party
inspector to obtain a “Home Inspection” as defined by Tennessee law, said inspection shall be conducted by a licensed
Home Inspector. However, nothing in this paragraph shall preclude Buyer from conducting any inspections on his/her
own, nor shall it preclude a Buyer from retaining a qualified (and if required by law, licensed) professional to
conduct inspections of particular systems or issues within such professional’s expertise or licensure, including but not
limited to inspection of the heating/cooling systems, electrical systems, foundation, etc., so long as said professional is
not in violation of TCA § 62-6-301, et. seq. as may be amended. Seller shall cause all utility services and any pool, spa,
and similar items to be operational so that Buyer may complete all inspections and tests under this Agreement. Buyer
agrees to indemnify Seller for the acts of himself, his inspectors and/or representatives in exercising his rights under this
Purchase and Sales Agreement. Buyer’s obligations to indemnify Seller shall also survive the termination of this
agreement by either party, which shall remain enforceable. Buyer waives any objections to matters of purely
cosmetic nature disclosed by inspection. Buyer has no right to require repairs or alterations
purely to meet current building codes, unless required to do so by governmental authorities. In
the event Buyer fails to timely make any inspection, the Buyer shall have forfeited any rights
provided under this Section, and in such case shall accept the Property in its current condition,
normal wear and tear excepted.

B. Initial Inspections: Buyer and/or his inspectors/representatives shall have the right and responsibility to enter the
Property during normal business hours, for the purpose of making inspections and/or tests of the following items: all
appliances, the plumbing systems (including but not limited to spa/whirlpool tub, hot tub, sauna, swimming pools,
irrigation system), heating and air conditioning systems, electrical systems (including but not limited to smoke, fire,
security system), sewage disposal systems, wells, water source, fireplaces (including but not limited to gas starter and/or
logs), environmental issues (including but not limited to asbestos, radon gas, and toxic mold), synthetic stucco (BIFS),
cracked window panes and/or broken seals, structural defects, interior water intrusion(s), standing water within foundation
and/or basement, and the roof and decking. The inspection report is not to ascertain the cosmetic
imperfections of Property or other items that Buyer has already considered or should have already
considered in determining the purchase price.

C. Wood Destroying Insect Infestation Inspection Report:

Party responsible for obtaining the “Wood Destroying Insect Infestation Inspection Report” shall cause it to be delivered
to the other party no later than 3 days prior to the expiration of Buyer’s inspection period. ☐ Buyer ☐ Seller
shall cause it to be made at ☐ Buyer’s expense ☐ Seller’s expense, the inspection report at a cost not to exceed
$___________, by a Tennessee licensed and chartered pest control operator, of each dwelling, garage, and other
permanent structure on the Property excluding:
for evidence of active infestation and/or damage. If the report indicates evidence of active infestation, the Seller agrees to
treat infestation at Seller’s expense and provide documentation of the treatment to the Buyer. The cost of such treatment
shall not be included in the Repairs / Replacement Costs paragraph below. Damage and/or repair costs, if any, shall be
D. Buyer’s Inspection Period and Resolution:
Within _____ days after Binding Agreement Date, any inspections described herein shall be made AND, by written notice to Seller using the Buyer Inspection Contingency Removal /Notification form or equivalent written notice, Buyer shall either:

☐ (OPTION 1) furnish Seller with a list of written specified objections and immediately terminate this Agreement, provided Buyer has conducted a Home Inspection or other inspection(s) as allowed herein, and in good faith discovers matters objectionable to Buyer within the scope of such inspection(s). As additional consideration for Buyer’s right to terminate, Buyer shall deliver to Seller or Seller’s representative, upon Seller’s request, a copy of all inspection reports. All Earnest Money shall be returned to Buyer upon termination. THIS BOX MUST BE CHECKED IN ORDER FOR OPTION 1 TO BE A PART OF THIS AGREEMENT

OR

☐ (OPTION 2) accept the Property in its present ”AS IS” condition with any and all faults and no warranties expressed or implied. Seller has no obligation to make repairs;

OR

☐ (OPTION 3) furnish Seller a copy of any and all inspection reports and a written list of items set forth in the inspection report(s) which Buyer requires to be repaired and/or replaced in a professional and workmanlike manner.

Seller shall, by written notice within _____ days after receipt of notice of repair requirements

☐ (a) accept the repair proposal if the cost is within the limit stated in Repairs / Replacement Costs paragraph

☐ (b) if the cost exceeds the limit, Seller shall have the option of making repairs OR may submit to Buyer a counter repair proposal.

Seller’s failure to timely respond shall be deemed acceptance of Buyer’s repair proposal.

Buyer shall, within _____ days after receipt of Seller’s counter repair proposal, either

☐ (a) accept Seller’s counter repair proposal;

☐ (b) make a counter repair proposal to Seller;

☐ (c) terminate this Agreement with all Earnest Money refunded to Buyer.

Buyer’s failure to timely respond shall be deemed acceptance of Seller’s counter repair proposal.

E. Waiver of Inspection:

THIS BOX MUST BE CHECKED TO BE PART OF THIS AGREEMENT

☐ Buyer, having been advised of the benefits of inspections, waives the Inspection Rights under this Section except:

________________________________________________________________________________________

9. Final Inspection: Buyer and/or his inspectors/representatives shall have the right to conduct a final inspection of the Property no later than _____ days prior to closing only to confirm the Property is in the same or better condition as it was on the Binding Agreement Date, normal wear and tear excepted and to determine that all repairs/replacements have been completed. Closing of this sale constitutes acceptance of the Property in its condition as of the time of closing, unless otherwise noted in writing.

10. Repairs / Replacement Costs: Seller’s total cost to make repairs and/or replacements of damage or deficiencies identified by any and all inspections, “Wood Destroying Insect Infestation Inspection Report” (excluding treatment expense), tests, appraisals and/or lender requirements shall not exceed $__________.

11. Disclaimer. It is understood and agreed that the real estate firms and real estate licensees(s) representing or assisting the Seller or the Buyer are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any of the following, including but not limited to, those matters which could have been revealed through a survey, flood certification, title search or inspection of the Property; for the condition of the Property, any portion thereof, or any item therein; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the availability, capability, and/or cost of utilities, sewer, septic, or community amenities; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; square footage of Property; any condition(s) existing off the Property which may affect the Property; for the terms, conditions and availability of financing; and for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that, if any of these matters or any other matters are of concern to them, they shall seek independent expert advice relative thereto.

12. Brokerage. Seller agrees to pay Listing Broker at closing the compensation specified by separate agreement. The Listing Broker will direct the closing agency to pay the Selling Broker, from the compensation received, an amount in accordance
13. Default. Should Buyer default hereunder, the Earnest Money shall be forfeited as damages to the Seller, and Seller may sue, in contract or tort, for additional damages or specific performance of the Agreement, or both. Should Seller default, Buyer’s Earnest Money shall be refunded to the Buyer and Buyer may sue, in contract or tort, for damages or specific performance of this Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney’s fees.


☐ Home Protection Plan: $________ per $________ for the purchase of a limited home protection plan to be funded at closing. Plan Provider: ______________________________ (Real Estate Co.)

Deductible $_________. Buyer and Seller understand that an administrative fee may be paid to the Broker by the Plan Provider.

☐ Home Protection Plan waived.

15. Other Provisions.

A. Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date.

This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. Any assignee shall fulfill all the terms and conditions of this Agreement. The parties hereby authorize either licensor to insert the time and date of receipt of the notice of acceptance of the final offer and further agree to be bound by such as the Binding Agreement Date following the signature section of this Agreement, or Counter Offer, if applicable.

B. Survival Clause. Any provision herein contained, which by its nature and effect, is required to be performed after closing shall survive the closing and delivery of the deed and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter.

C. Governing Law and Venue. This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the state of Tennessee.

D. Time of Essence. Time is of the essence of this Agreement.

E. Terminology. As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa, and (2) all pronouns shall mean and include the person, entity, firm, or corporation to which they relate, and (3) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of the Property. In the event a performance deadline, other than the Closing Date, Day of Possession (in paragraph four (4)), and Offer Expiration date (in paragraph twenty-one (21)), occurs on a Saturday, Sunday or legal holiday, the performance deadline shall be extended to the next following business day. In calculating any time period under this Agreement, the commencement day shall be the day following the initial date (e.g. Binding Agreement Date).

F. Responsibility to Cooperate. Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the closing documents by the parties shall constitute their approval of any differences between this Agreement and the closing. The Buyer and Seller agree that if requested after closing they will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason of mistake, clerical errors or omissions, or the result of erroneous information.

G. Notices. Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person, (2) by prepaid overnight delivery service, (3) by facsimile transmission (FAX), (4) by the United States Postal Service, postage prepaid, registered or certified return receipt requested or (5) Email. NOTICE shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or their Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. Risk of Loss. The risk of hazard or casualty loss or damage to the Property shall be borne by the Seller until transfer of title. If casualty loss prior to closing exceeds 10% of the Purchase Price, Seller or Buyer may elect to terminate this agreement with a refund of Earnest Money to Buyer.

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I. Equal Housing. This Property is being sold without regard to race, color, sex, religion, handicap, familial status, or national origin.

J. Other. In further consideration of Buyer's right to legally, properly, and in good faith invoke a right to terminate this Agreement pursuant to any specific Buyer contingency as stated herein, Buyer agrees, upon Seller's request, to provide Seller or Seller's representative with copies of any supporting documentation which supports Buyer's right to exercise said contingency, the sufficiency and adequacy of said additional consideration being acknowledged. Any such supporting documents shall be provided for the Seller's benefit only and Seller shall not disseminate the same to third parties. However, Buyer shall not be required to provide any documents to Seller in violation of any confidentiality agreement or copyright protection laws, if applicable.

16. Buyer’s Additional Due Diligence. If any of the matters below are of concern to the Buyer, Buyer should address the concern by specific contingency in the Special Stipulations Section of this Agreement.

A. Survey and Flood Certifications. Survey Work and Flood Certifications are the best means of identifying boundary lines and/or encroachments and easements or flood zone classifications. Buyer may obtain a Mortgage Loan Inspection or Boundary Line Survey and Flood Zone Certifications.

B. Water Supply. The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. [For additional information on this subject, request the “Water Supply and Waste Disposal Notification” form.]

C. Waste Disposal. The system may or may not meet state and local requirements. It is the right and responsibility of Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division of Ground Water Protection. [For additional information on this subject, request the “Water Supply and Waste Disposal Notification” form.]

D. Title Exceptions. At Closing, the general warranty deed will be subject to subdivision and/or condominium declarations, covenants, restrictions and easements of record, which may impose obligations and may limit the use of the Property by Buyer.

17. Seller’s Additional Obligations. If Seller has any knowledge of an Exterior Injection Well and/or a Percolation Test or Soil Absorption Rate, Seller shall be obligated to counter this offer by disclosure of the existence of the above including any tests and reports unless disclosure has already been received and acknowledged in writing by Buyer.

18. Exhibits And Addenda. All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement:

19. Special Stipulations. The following Special Stipulations, if conflicting with any preceding paragraph, shall control:
20. Method of Execution. The parties agree that signatures and initials transmitted by facsimile, other photocopy transmittal, or by transmittal of digital signature as defined by the applicable State or Federal Law will be acceptable and may be treated as originals and that the final Purchase and Sale Agreement containing all signatures and initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal Law.

21. Time Limit of Offer. This Offer may be withdrawn at any time before acceptance with notice. Offer terminates if not countered or accepted by

____ o'clock □ am/ □ pm, on the ___ day of ____________, ________.

LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

NOTE: Any provisions of this Agreement which are preceded by a box “☐” must be marked to be a part of this Agreement. By affixing your signature below you also acknowledge that you have reviewed each page and received a copy of this Agreement.

Buyer hereby makes this offer.

__________________________________________
BUYER

at __ o'clock □ am/ □ pm

__________________________________________
OFFER DATE

Seller hereby:

☐ ACCEPTS • accepts this offer.
☐ COUNTERS • accepts this offer subject to the attached Counter Offer(s).
☐ REJECTS this offer and makes no counter offer.

__________________________________________
SELLER

at __ o'clock □ am/ □ pm

__________________________________________
DATE

Binding Agreement Date. This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date") the last offeror, or licensee of offeror, receives notice of offeror’s acceptance. Notice of acceptance of the final offer was provided on ___ day of ____________, ________ at ___ time ___ by _______ name

For Information:

Listing Company

Selling Company

Independent Licensee

Independent Licensee

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Offer to Purchase Contracts Course
QUIZ

Answer all the questions and transfer your answers to the answer sheet included in this course.

1. The parties to the contract are enumerated on lines 1 through 10 of our example contract. Do the names provided here as the purchasers establish the names that are to be used on the deed?
   a. Yes
   b. No
   c. This is determined by the closing agent
   d. The deed is to be in the name provided in section 5 paragraph B of the contract.

2. Is it necessary to list items that may be described as fixtures that will not be included in the sale of the property?
   a. No
   b. This would depend on whether the item is a trade fixture or not.
   c. It would be necessary to list and lines are provided for this action.
   d. This is left to the discretion of the parties to the contract.

3. Which of the following is not an authorized form of disbursement of funds at the closing of a transaction when the property sale is funded by a loan?
   a. Cash
   b. Personal check with bank estoppel letter
   c. direct deposit by a financial institute
   d. Teller’s check
4. If the buyer chose to check the box for section 2 paragraph A and then be unable to obtain financing what happens to the earnest money deposit?
   a. The buyer is considered in default and the seller has the option to keep the deposit.
   b. The buyer has the right to terminate the contract and receive the deposit back.
   c. The buyer and the seller would split the deposit.
   d. A portion of the deposit would be used to cover all expenses thus far expended to complete the transaction and the remainder would be split between the listing broker, the selling broker, the buyer and the seller.

5. Which of the following is NOT an obligation of the buyer when obtaining a loan to fund the purchase of a property?
   a. Five days to make application
   b. Notify the seller's representative as to who the lender will be.
   c. Require the lender to get a credit report within 2 days of application.
   d. Provide the seller or their representative with all loan documentation when requested.

6. The Regan's have an accepted contract on a property on Walnut Street. They have had their uncle Raymond, a general contractor, do the home inspection and have submitted a list of repairs they require the seller to make. The estimated cost is within the amount stipulated by the seller but the seller is refusing to pay for the expenses. Under what conditions does the seller hold this right?
   a. The seller is required by section 10 to complete the repairs or be considered in default of the contract.
   b. The buyer is considered in default of the contract under section 10.
   c. The buyer is out of compliance with the contract due to T.C.A. 62-6-301 and therefore the seller does not have to comply.
   d. The amount of the repairs is still negotiable under the terms of the contract.
7. Henry and Meara Jefferson have an accepted offer on a home on Lamont St. The Wood destroying infestation report indicated there are termites in the home and a fair amount of damage. Do they have the right to expect the costs for treatment and repair to be borne by the seller?
   a. Yes
   b. The seller in the contract agreed to pay for the treatment but the repairs would fall under section 10 of the contract.
   c. The seller would always pay for the treatment and the repairs under section 8 paragraphs C of the contract.
   d. This would be determined by the negotiations between the parties to the contract.

8. Under section 8 paragraphs D of the example contract, how many options may the buyer check as to inspection period and resolution of items discovered through allowable inspections?
   a. One
   b. Two
   c. Three
   d. None of the above.

9. Section eleven protects which of the following parties
   a. The buyer and the seller
   b. The buyer, seller, closing agent and the real estate brokers
   c. The closing agent and the real estate agents
   d. The Real estate firms and the real estate licensees representing or assisting the buyer and the seller.

10. Which section of the sample contract allows the renegotiation of the commission by the seller and the buyer?
    a. Section 10
    b. Section 12
    c. Section 18
    d. None of the above