

CHAPTER 9 - CONTRACT PRACTICAL PPLICATIONS

CONTRACT NARRATIVE

SOUTHLAND REALTY IDENTIFICATION INFORMATION:

LISTING AGENT CONTACT INFORMATION:

SELLING AGENT CONTACT INFORMATION

II. THE CONTRACT

1. PURCHASE AND SALE.

A. PROPERTY INDENFICAITON

B. LEGAL DESCRIPTION.

C. PURCHASE PRICE OF PROPERTY TO BE PAID BY BUYER.

D. SELLER'S MONETARY CONTRIBUTION AT CLOSING.

E. CLOSING DATE.

F. SELLER RETAINS POSSESSION OF PROPERTY THROUGH.

G. HOLDER OF EARNEST MONEY ("HOLDER").

H. CLOSING LAW FIRM.

I. EARNEST MONEY.

J. DUE DILIGENCE.

K. SURVEY ATTACHMENT

L. LEAD BASED PAINT

M. "PROTECT YOURSELF WHEN BUYING A HOME."

N. TIME LIMIT OF OFFER

2. BROKERAGE REALTIONSHIP IN THIS TRANSACTION

A. SELLING BROKER

B. LISTING BROKER

C. MATERIAL RELATIONSHIP DISCLOSURE

BUYER(S) INITIALS • SELLER(S) INITIALS

3. PURCHASE PRICE AND METHOD OF PAYMENT.

4. DEPOSIT OF EARNEST MONEY.

5. CLOSING COSTS, PRORATIONS, RIGHT TO EXTEND CLOSING DATE AND CLOSING LAW FIRM.

A. ITEMS PAID BY BUYER

B. ITEMS PAID BY SELLER

C. PRORATIONS

D. EXTENDING THE CLOSING DATE

E. CLOSING LAW FIRM:

6. TITLE.

A. WARRANTY.

B. EXAMINATION.

C. SURVEY.

7. RISK OF DAMAGE TO PROPERTY.

8. INSPECTION.

A. RIGHT TO INSPECT THE PROPERTY.

B. DUTY TO INSPECT THE NEIGHBORHOOD.

9. PROPERTY SOLD "AS IS" UNLESS SUBJECT TO DUE DILLIGENCE PERIOD.

A. PROPERTY SOLD SUBJECT TO DUE DILIGENCE PERIOD.

B. PURPOSE OF DUE DILLIGENCE PERIOD.

C. WRITTEN NOTICE

10. RETURN AND DISBURSEMENT OF EARNEST MONEY.

A. ENTITLEMENT TO EARNEST MONEY.

B. DISBURSEMENT OF EARNEST MONEY.

C. INTERPLEADER.

D. HOLD HARMLESS.

11. AGENCY AND BROKERAGE.

A. AGENCY DISCLOSURE.

1. NO Agency Relationship

2. CONSENT TO DUAL AGENCY

a. DUAL AGENCY DISCLOSURE

b. DESIGNATED AGENCY DISCLOSURE

B. BROKERAGE.

12. DISCLAIMER.

13. LEAD-BASED PAINT.

14. NOTICES.

A. ALL NOTICES MUST BE IN WRITING.

B. DELIVERY OF NOTICE.

C. WHEN NOTICE IS RECEIVED.

D. NOTICES SENT TO BROKER.

E. NOTICE BY FAX OR E-MAIL TO A BROKER OR AFFILIATED LICENSEE OF THE BROKER.

F. ADDRESS, E-MAIL OR NUMBER FOR RECEIVING NOTICES.

15. DEFAULT.

A. RIGHTS OF BUYER OR SELLER.

B. RIGHTS OF BROKER.

16. OTHER PROVISIONS.

A. WARRANTIES TRANSFER.

B. REPAIRS.

C. KEYS AND OPENERS.

D. ENTIRE AGREEMENT, MODIFICATION, AND ASSIGNMENT.

E. SURVIVAL AGREEMENT.

F. GOVERNING LAW AND INTERPRETATION.

G. TIME IS OF THE ESSENCE.

H. TERMINOLOGY.

I. BINDING AGREEMENT DATE.

J. DUTY TO COOPERATE.

K. ELECTRONIC SIGNITURES.

L. GAR FORMS.

M. TIME LIMIT OF OFFER.

17. EXHIBITS AND ADDENDA.

SPECIAL STIPULATIONS.

SIGNATURES.

BINDING AGREEMENT DATE.

III. FHA EXHIBIT

1. APPLICATION.

2. BUYER TO APPLY FOR LOAN APPROVAL WITH AGREED UPON MORTGAGE LENDER.

3. FINANCING CONTINGENCY.

4. DUTY TO DELIVER EVIDENCE OF ABILITY TO CLOSE.

5. AUTHORIZAITON OF BUYER TO RELEASE INFORMATION TO SELLER AND BROKERS.

6. MISCELLANEOUS.

7. The Buyer may terminate the offer without penalty if the property does not appraise for at least the amount inserted in the blank provided (typically the purchase price). The lender will base the loan amount on the sales price or the loan amount, whichever is lower.

8. FHA requires a Mortgage Insurance Premium (MIP) that protects lenders in the event the borrower defaults. It may either be paid in full at closing or financed. (The fee in our example is 1.75% and we have selected checkbox B indicating that the upfront fee will be financed.)

9. Buyer is informed that in addition to the upfront fee, an annual fee to be paid monthly and will be included with each payment.

- 10.**FHA prohibits the Buyer from paying the tax service fee that covers the cost of setting up and making payments from the Buyers escrow account. Checkboxes are included to indicate if the tax service “is” or “is not” included in the costs the Seller may have already agreed to contribute to the Buyers costs. Our narrative states that the tax service fee is included in the previously requested Seller contribution.
- 11.**FHA appraisers are required to report any necessary repairs to protect the health and safety of the occupants. If repairs are deemed necessary, a blank is provided for either the Buyer or the Seller to agree in advance to make any such repairs that do not exceed a specific dollar amount. (In our example, the Buyer is asking the Seller to commit to repairs that do not exceed \$500.00.)
- 12.**Seller will pay for any septic inspections.
- 13.**A home warranty will be provided by the Seller in the event the property is less than one year old and the warranty is required by FHA.
- 14.**HUD requires that all properties financed by FHA be connected to public water and sewer when possible. In the event the property is not connected and the service is available at the street, the parties must agree who will pay for the service not to exceed the stated amount. (The property being purchased in our narrative is connected to public water and sewer and, therefore, we insert “N/A” in the blanks provided.)
- 15.**All parties certify that this contract represents the true agreement between the parties and that no other agreements exist.
- 16.**Boxes are checked to indicate this either “is” or “is not” an arms length transaction (prior relationship).

17.The exhibit controls over all other exhibits.

18.If the property is located in a condominium project, the contract is contingent upon the project being approved and eligible for an FHA loan.

THE EXHIBIT IS SIGNED BY ALL PARTIES.

PURCHASE AND SALE AGREEMENT

FHA LOAN EXHIBIT • EXHIBIT "A"

PERSONAL PROPERTY AGREEMENT • EXHIBIT "B"

IV. PERSONAL PROPERTY AGREEMENT (BILL OF SALE)

V. COUNTEROFFER

PURCHASE AND SALE AGREEMENT

PERSONAL PROPERTY AGREEMENT

COUNTEROFFER

SELLER'S DISCLOSURE STATEMENT

