

Guide To The Real Estate Purchase Contract

Searching for you new home can be a lot of fun. You get a chance to fine tune what you're looking for in a home and get to see lots of options. When you find the home you want, things get more serious.

You've heard the old saying "it's all conversation until it's in writing." Once you've found the home you want, it's time to make an offer. The local board of realtors purchase contract is used in almost all the residential real estate transactions in the area. This document will help give you an idea of the protections that are written into it for both the buyer and the seller.

The contract is 5 pages with 28 separate paragraphs. I know it sounds like a lot, but they are all there for your protection!

Disclaimer: I am not an attorney and am not offering legal advice. If you have legal questions please contact an attorney.

Here's a brief summary of each paragraph:

1. Offer – a declaration that this is an offer to purchase.
2. Property – a description of the property with address, legal description, inclusions, and exclusions.
3. Price – the dollar amount of the offer
4. Earnest money – the amount of earnest money and when it is to be paid.
5. Financing – if contingent upon financing and what type of loan – conventional, fha, va
6. Appraisal – states it must appraise at or above purchase price or buyer can terminate agreement.
7. Closing and possession – requests closing date and possession, either at close or a name time after close.

8. Inspection – important. This defines your right to an inspection but it must be completed by an agreed upon date.
9. Sex offender registration – gives purchaser the right to search public records about proximity to sex offenders and gives right to terminate if unsatisfactory information is found.
10. Property insurance – if reasonably priced home insurance can not be obtained, buyer can terminate agreement.
11. Special flood hazard area – buyer can terminate, with proper notice, if flood hazard discovered.
12. Home warranty – a home warranty can be included in the offer if not already offered by the seller.
13. Condition of property – seller must disclose anything not already disclosed in the property disclosure form.
14. Specific disclosures – seller can disclose other issues or state that they have disclosed everything.
15. Deed – states that seller will convey a “clean” deed free of liens or other encumbrances.
16. Prorations and closing costs – seller will make sure all taxes are paid up to date and prorated for any portion used but not yet due.
17. Title – seller will provide a title insurance policy.
18. Sellers representations – the seller represents there are not unpaid bills that could pop up in the future.
19. Purchasers acknowledgement – purchaser states they have inspected the property, have additional opportunity to inspect the property, unpaid water and sewer could become future lien.
20. Brokerage disclaimer – buyer and seller declare that they have not relied on any information supplied by the broker but have done their own due diligence regarding condition, etc.
21. Termination procedures – outlines conditions under which an

offer to purchase can be terminated.

22. Property maintenance and utilities – states that it is the sellers responsibility to maintain the property until closing and the sellers responsibility to repair or replace anything required by a utility company.

23. Risk of loss – seller must maintain insurance coverage until closing. In case of fire or damage, buyer can terminate or use insurance proceeds to repair.

24. General provisions – outlines legal considerations regarding status of contract.

25. Approved form – states that form is approved by toledo board of realtors and conditions of making changes to the contract.

26. Addenda – a check list of other addenda that might accompany the contract such as FHA, VA, short sale, and land contract.

27. Attorney's review – gives the right to have the agreement reviewed by an attorney within 3 days, not counting weekends.

28. Additional terms – as if all this wasn't enough, this paragraph allows the insertion of additional terms or conditions that fall outside the realm of the previous paragraphs.

Following all of this is an area where any time limit on the offer can be stated. This is followed by space for information and signatures of the involved parties.

Finally, there is an area for the seller to sign if they accept the offer.

There is now an additional addendum which authorizes lenders and closing agents to provide the parties brokers, agents, and attorneys with a settlement statement in advance of the closing for review. It also gives brokers the authority to provide any information regarding concessions that are part of the agreement

but not reflected in the purchase price.

As you can see, the detail in the offer to purchase, which has continually been updated as conditions change, is immense.

I always recommend that my buyers or sellers have an attorney review their contracts for their own peace of mind.

Please call if you have any questions.

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