

THE ABCs of REAL ESTATE

Listing Agreement Reference Guide

Listing Agreement-Page 1

LISTING AGREEMENT-“This is a legally binding contract, If not understood, seek legal advice”

- If the buyers have any questions...always suggest that they consult an attorney. NEVER advise against the use of legal counsel. If the buyers wish to use legal counsel, advise that they employ “competent legal counsel.” Advise against using any other type attorney (divorce, workman's compensation, friend-of-a-friend attorney) other than a real estate attorney.
- IT IS ADVISED THAT YOU READ THE ENTIRE LISTING AGREEMENT FOR REFERENCE AND CONTEXT TO GAIN AN UNDERSTANDING OF THE ENTIRE AGREEMENT.

1. THE NAME OF BROKER FIRM (Broker) is _____.

- If company is a member of the National Association of Realtors® they are collectively members of this trade association...and we are called “Realtors®”.

2. APPOINTMENT OF THE BROKER:

- This paragraph is the essence of the listing agreement.
- It describes our type of listing—exclusive right for sale.
- Legally described as: (legal description for the listed property) Place the legal description in this blank. Be sure to proof and verify that the legal description you are putting in the MLS and the legal description of record at the county courthouse matches where the property is situated. This information is available online or from a title company. Once you have a copy of the title insurance, match the title insurance's legal description with the legal description in any subsequent purchase agreements.
 - Example: Lot 23, Block 14, Sunny Days Subdivision.
 - Example: A metes and bounds legal description may be required for acreage and agricultural property. If the legal description is lengthy...write “legal description attached on addendum forms a part of this agreement” in the space provided and complete an addendum to the purchase agreement with the full metes and bounds legal description.

- (County): Place the county's full name where the subject property is situated... i.e. Douglas, Sarpy, Washington, Pottawattamie, etc.
- (State): Place the name of the state where the subject property is situated...i.e. Iowa, Nebraska, etc.
- Address: (Place the entire property address of the subject property. Try to avoid abbreviations. Multiple addresses should be separated with a dash (-), slash (/) or comma (,).)

3. DUTIES AND RESPONSIBILITIES OF THE BROKER:

- Review for base understanding and your ability to paraphrase and explain to seller(s).

4. DUTIES AND RESPONSIBILITIES OF SELLER'S LIMITED AGENT AS A LIMITED DUAL AGENT:

- Review for base understanding and your ability to paraphrase and explain to seller(s).

5. CONFIDENTIAL INFORMATION AND ADVERSE MATERIAL FACTS:

- Review for base understanding and your ability to paraphrase and explain to seller(s).
- Seller(s) Initials: The seller(s) MUST initial each page of the listing agreement.

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6. LISTING PERIOD:

- First blank: (the date the listing takes effect) (start date)
- Second blank: (the date the listing ends) (expiration date)
- You may take a listing to take effect today...or any future date.
- Listing periods should not be less than 90 days unless approved by your Manager
- If you are taking a "one party listing"...place the initials only of your buyer in the first blank and put a date in the second blank that would give your buyers a chance to make an informed buying decision...typically 5-10 business days.

7. PRICE AND TERMS:

- \$ (Initial list price numerically) Example: \$250,000.00
- Terms: Check the financing options the seller would like to offer prospective buyers.
- Terms and obligations for different types if financing will need to be explained to the seller(s).

8. COMMISSION:

- Any variation from 7% commission MUST be in compliance with Broker's policies and procedures or approved by Management.
- Seller must authorize BHHS Hathaway HomeServices-Ambassador to compensate both Buyer's Agents and Dual Agents. Please have the seller check BOTH boxes.

9. EQUAL OPPORTUNITY:

- Full compliance with Fair Housing Laws is policy.

10. PRICE TO INCLUDE:

- This is where the seller EXCLUDES anything (personal or real) from the listing

11. PERSONAL PROPERTY:

- This is where the seller(s) can list all personal property that they plan on selling (leaving) with the property. ..i.e refrigerator, swing/gym set, carpets, drapes and window treatments, etc.

12. SMOKE DETECTORS:

- Be sure to have the sellers check the smoke detectors BEFORE the final walk through BEFORE closing. If the smoke detectors are battery powered or hard wired...both types must be in working order upon closing and possession. It's the law.

13. SELLER PROPERTY CONDITION DISCLOSURE STATEMENT:

- Required by law...and it must be presented to the buyer(s) and signed by the buyer(s) BEFORE they are obligated to perform on any purchase agreement.
- This SPCDS should be available at the subject property at all times.
- If the SPCDS is not available when a an offer is forthcoming you may write the following language into the purchase agreement:

"Offer subject to buyer's receipt, review and execution of the Seller Property Condition Statement (SPCDS) within (specify #) of business days after acceptance. If the SPCDS is not received, reviewed and executed as specified, this offer is null and void and earnest deposit to be refunded, in full, to the buyer."

- DO NOT COMPLETE ANY PORTION OF THE SPCDS FOR THE SELLER !

14. SELLER'S CERTIFICATION:

- Review for base understanding and your ability to paraphrase and explain to seller(s).

15. ASSESSMENTS:

- These assessments will usually be of record at the county courthouse in the county where the listed property is located.
- Verify, by checking the appropriate box, the status of who, if anyone, is responsible for an association dues.

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Listing Agreement-Page 3

16. EARNEST DEPOSITS (Deposit):

- Review for base understanding and your ability to paraphrase and explain to seller(s).

17. CLOSING

ESCROW AGENT:

- Review for base understanding and your ability to paraphrase and explain to seller(s).

18. TITLE AND CONVEYANCE:

- Review for base understanding and your ability to paraphrase and explain to seller(s).

19. POSSESSION:

- Possession to be given: (specify an exact date or a period of time after the closing.)
- Example: June 30, 2010 or within 10 days after closing.

20. KEYS AND LOCK BOX:

- Review for base understanding and your ability to paraphrase and explain to seller(s).
- NEVER leave buyer(s), or anyone else allow access to the property, alone at any time. It's the law.
- NEVER give the keys to anyone without permission from the seller.
- Instruct the seller that our MLS lock boxes allows us to monitor access to the

property.

21. MULTIPLE LISTING SERVICE (MLS) AUTHORITY:

-Seller need to allow (does) or disallow (does not) placing their telephone number in the MLS for showing purposes. Circle one.

22. SIGNS AND ADVERTISING:

-Review for base understanding and your ability to paraphrase and explain to seller(s).

23. RENUMERATION: This paragraph is a disclosure acknowledging to all parties to the purchase agreement that the real estate company may be earning income over and above the real estate brokerage. As required by federal law...the Controlled Business Disclosure MUST be signed by both buyer(s) and seller(s) and becomes part of the transactional file documents.

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24. RELEASE OF LOAN INFORMATION:

-Complete this section as directed. Be sure of spellings for the lender information and accuracy of the loan number.

-Review the FHA loan interest recapture for base understanding and your ability to paraphrase and explain to seller(s).

25. HOME WARRANTY ACKNOWLEDGEMENT:

-Review for base understanding and your ability to paraphrase and explain to seller(s).

-CHECK the appropriate box(es) and complete the Approximate Cost: \$_____

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26. ACKNOWLEDGEMENTS:

-Read for understanding and ability to explain to the Seller(s)

26. ELECTRONIC TRANSACTION AUTHORIZATION:

- Read for understanding and ability to explain to the Seller(s)

-Faxed documents are legal...and can be signed and used to close a sale.

Original documents should follow with original signatures, if possible.

-Try to avoid multiple faxes of the same document as multiple faxed copies become unreadable and unusable in the transaction.

-Scanning and then emailing documents for signatures is becoming more

acceptable as technology progresses.

28. REPRESENTS AND WARRANTIES

-Read for understanding and ability to explain to the Seller(s)

29. THE BLANK PARAGRAPH:

-This paragraph is a "catch all" for anything that is not addressed in "boilerplate" documents.

Complete the remainder of Page 4 as specified in the respective blanks.

Make sure everything is legible and complete.

Purchase Agreement-Page 1

PURCHASE AGREEMENT- "This is a legally binding contract, If not understood, seek legal advice"

- If the buyers have any questions...always suggest that they consult an attorney. NEVER advise against the use of legal counsel. If the buyers wish to use legal counsel, advise that they employ "competent legal counsel." Advise against using any other type attorney (divorce, workman's compensation, friend-of-a-friend attorney) other than a real estate attorney.
- All parties (and representing real estate agents) to the purchase agreement MUST have an understanding and working knowledge of Paragraph 35-Arbitration and Mediation. Sections A-F of Paragraph 35-Arbitration and Mediation may need to be addressed and discussed with

the buyer(s)/seller(s) chosen legal counsel so the parties of the purchase agreement are in full understanding of their rights in the event a dispute(s) arises from the purchase agreement.

- "Statement of Association": "The REALTORS negotiating this agreement are members of the Omaha Area Board of REALTORS and, as such, is governed by its Code of Ethics and Rules of Fair Business Practice". However, this positive, representative "Statement" governs REALTORS ONLY! Sometimes NOT all of the licensed real estate agents involved with the negotiation of this purchase agreement are REALTORS and are not bound by the Codes and Rules of the National Association of REALTORS. Any recourse for actions against non-REALTORS may require legal action(s) or complaints filed against the licensees governing real estate commission.

Date: Always put **"today's" date** in this blank. This will be the "reference date" for all future addendums and transactional documentation.

1. ADDRESS: Place the entire property address of the subject property. Try to avoid abbreviations. Multiple addresses should be separated with a dash (-), slash (/) or comma (,).

2. LEGAL DESCRIPTION (Property): Place the legal description in this blank. Be sure to verify that the legal description in the MLS and the legal description of record at the county courthouse matches where the property is situated. This information is available online at county websites or from a title company. Once you have a copy of the title insurance, match the title insurance's legal description with the legal description in the purchase agreement.

- Example: Lot 23, Block 14, Sunny Days Subdivision.
- Example: A metes and bounds legal description may be required for acreage and agricultural property. If the legal description is lengthy...write "legal description attached on addendum forms a part of this agreement" in the space provided and complete an addendum to the purchase agreement with the full metes and bounds legal description.
- (County): Place the county's full name where the subject property is situated...i.e. Douglas, Sarpy, Washington, Pottawattamie, etc.
- (State): Place the name of the State defaults in bold type as NE

3. PERSONAL PROPERTY: Check the appropriate box identifying the personal property that is to be left in the property and included in the sale. If items are not listed to be checked...Place a list of all personal property that is in and/or on the subject property that is to be included in the sale of the subject property in the blank provided.

- Avoid abbreviations -Confirm the personal property to be included with the MLS, the seller or seller's agent

- Confirm with the buyer all personal property to be included with the sale by verifying all the personal property listed in this paragraph before the buyer executes this purchase agreement. Note brand, model, color, size, etc. if applicable.
- Just because the personal property is listed in the MLS...does not necessarily represent that it is included in THIS sale. If you expect any particular piece of personal property to be included in the sale and on/in the property when the buyer takes possession...IT MUST BE LISTED IN THE COMPLETED AND FINAL PURCHASE AGREEMENT ON THE SUBJECT PROPERTY. IT IS ADVISED THAT IF THE PERSONAL PROPERTY HAS MODEL, SERIAL, OR ANY OTHER IDENTIFYING NUMBERS/LETTERS INCLUDE, IN WRITING, THOSE IDENTIFYING NUMBERS/LETTERS IN THE SPECIFIC DESCRIPTION OF THE PERSONAL PROPERTY ITEM THAT IS TO BE INCLUDED IN THE SALE.

You may wish to clarify any ASSUMED "permanently affixed" items, by specifically listing the item(s) in this section.

- Typical items included as personal property: -Garage Door Opener(s) and working Control(s) ...NOT JUST "GDO and CTLS"
- All carpets, drapes and window treatments (window treatments includes anything like mini-blinds, rods, valances, awnings, sheers, etc.)
- Fireplace log rack and fireplace tools/equipment (specify number of racks and tools if necessary)
- All light fixtures (specify and describe any specialty lighting...landscape accent lights, chandelier(s), pool lights, etc.)
- If appliances are included...list them with manufacturer (if possible) and the specific location in the property.
 - Example: Whirlpool refrigerator in kitchen, Maytag clothes washer/dryer set, etc.
 - Example: Portable Sears Dishwasher in lower level bar area
 - "Swings/Gym sets, swimming pool/spa equipment, central vacuum equipment, and pool tables with all equipment" are examples of additional personal property that would need to be listed in purchase agreement if the buyer wanted it to be on/in the property at possession.
- Lake properties personal property may need to include boats, docks, wenchs, boat lifts, life jackets, etc.
- Some agents may just put "all personal property items as listed in the MLS" in this paragraph...but that is no guarantee that the personal property will be included unless it is specifically named and listed in the purchase agreement.
- "all fixtures and equipment attached" may become "unattached and gone" unless specified in writing in this paragraph

Other personal property items to consider.

- Above ground pool Basketball hoop, Bathroom mirrors Book Shelves, Burglar/Security System Building supplies Ceiling fans & Controls Central vacuum equipment Door knockers, Draperies, curtains, etc. Fireplace equipment and/or screen, Swing Set/Gym set, Ben Franklin stove/fireplace inserts Garage door opener/control(s), Gas lights or BBQ's, Hot tub or spa, Humidifier, Business equipment, All carpets, drapes and window treatments, LP gas tanks (or possible proration of gas remaining in the tank, Mailbox and post, Playhouse/Tree house, Pool-equipment/supplies, Porch swing, Portable dishwasher, Refrigerator, Satellite dish and converters, Stained glass, Stoves/ranges, Swag lights, Fireplace logs/rack, Swimming pool/equipment, trees, shrubs, special plants, TV antenna/routers, Under counter microwave, Water softener, Farm/ranch equip/buildings, Computer network wiring/server, etc.

Be advised...excessive amounts of personal property could affect a loan-to-value ratio...causing appraisal problems...if financing is involved in the transaction. You may wish to use a Bill of Sale for the transfer of personal property in the real estate transaction.

4. CONVEYANCE: This is how the property is legally transferred from seller to buyer. If any other deed other than a warranty deed is to be used specify the type of deed after the words "warranty deed or _____". *Usually, check the box "no exception"* unless advised by the seller that another type of deed (conveyance) will be used. Advise your manager, buyer's legal counsel, and/or seller's agent or title company if this "except" blank is to be used. Any change in the type of conveyance, after acceptance, must be mutually agreed, in writing, by all parties to the purchase agreement.

The terms of this paragraph allows for the Purchaser to assign this fully accepted agreement to any nominee of the Purchaser's choice. If this situation presents itself, contact your agent for guidance and the nominee disclosure process or seek legal real estate advice from a real estate attorney

5. ASSESSMENTS: Specifies that the seller...for example...must pay for any work done on the property even though the bill for the work completed has not yet been assessed (by public record at the courthouse) prior to closing and/or possession.

6. CONSIDERATION AND EARNEST DEPOSIT: "Consideration" means "The Establishment of Value". Write the purchase price typed or "in long hand"...and then numerically.

- Example: *Two Hundred Fifty Thousand & 00/100 (\$250,000.00)*

After the "purchase price amount" DOLLARS \$ (*numerically*) i.e. \$1,000,000 \$ EARNEST DEPOSIT SPECIFIED (Deposit)

- the larger the earnest deposit the better...shows strength of buyer. 2%...5%...or up to 10% of purchase price earnest deposits are common and in some cases demanded by

seller...especially a new home builder.

- language in this paragraph is direct and explicit as to the handling and disposition of the earnest deposit. *Check the appropriate box identifying who exactly will be receiving and handling the earnest.*

7. All Cash: Check this box ONLY if no loan or mortgage will be required for the buyer to perform on this purchase agreement.

- Balance of \$ (purchase price minus earnest deposit).

8. CONDITIONED UPON FINANCING: Check this box if the buyer will be applying for a loan and require the mortgage loan to perform as agreed in the purchase agreement.

Terms of Financing:

- Balance of \$ (purchase price minus earnest deposit)
- ...by first mortgage or deed of trust on the property in the amount of \$ (amount of mortgage loan)

The financing will be: Check the specific type of financing's box that will be used to secure the mortgage loan. Verify the loan's interest rate and terms with the buyer's lender. A pre-approval letter may be required by the seller before final acceptance.

The financing may be:

- VA: Veteran's Administration
 - FHA: Federal Housing Administration
 - Conventional: 80% loan-to-value or greater
 - Conventional with PMI: No government mortgage with Private Mortgage Insurance (used to insure conventional loans that are less than 80% loan-to-value)
 - NIFA (Nebraska Investment Finance Authority): This is a bond issue sponsored by the State of Nebraska. It has special terms and conditions that must be met by both the buyer and seller. Not all lenders offer NIFA financing. Verify all loan terms and conditions with the appropriate lender when using NIFA financing.
 - USDA (United States Department of Agriculture): This type of financing has specific qualification requirements set by the USDA to aid rural communities in the financing of real estate. Check with the appropriate lender when using USDA financing.
 - Blank box: This could include seller financing (Land Contract, Lease Purchase, etc)
- ...initial monthly principal and interest payment of not more than \$ (buyer's monthly payment of showing principal and interest only)

- ...initial interest rate not exceeding (first year's interest rate) % per annum
- ...note will be for a period of not less than (15? 30?) years

Enter the Property Address of the Subject property.

Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement. *It is advised that "TBD (To Be Determined)" is not acceptable terms for any part of this paragraph.*

Purchase Agreement-Page 2

8.2 Purchaser Loan Application Requirements: BOTH the Buyer's agent and Seller's agent need to verify and confirm that the buyer made application as agreed in the purchase agreement and note in the transactional file. The buyer cannot change the financing without a written addendum mutually agreed and executed by BOTH the buyer(s) and seller(s).

- Lender: (Lender's exact Company name, correctly spelled!) Check the appropriate box identifying the lender.
- If using SAC Federal Credit...check the first box and specify the name of the loan officer and their phone number(s).
- If using an outside lender: complete this line with all the information specified on this line.
- ...if the financing is not approved within 30-45 (typically 30...but check with lender) days

9. Check either **Box A: Seller Financing** or **Box B: Loan Assumption** and use the appropriate addendum that is available in your packet to detail selected financing terms and conditions.

10. Additional Provisions (check all that apply)

- A. Contingent Upon Sale and Closing...use broker provided addendum.
- B. Contingent Upon Closing...complete to match the terms and conditions of existing agreement(s) for the sale/closing of the Purchaser's present home.
- C. Other provisions...attach addenda as required or use clear, concise, mutually agreed language in this section.

11. TAXES: -Check either possession or closing.

- Tax questions often arise regarding current taxes and taxes paid in-arrears. See your agent for details on how to explain the different county's real estate tax collection procedures if not fully explained in the existing language.
- **NOTE: BUYER'S AGENTS SHOULD ALWAYS VERIFY CURRENT TAX AMOUNT AND STATUS IN**

THE EVENT THE SUBJECT PROPERTY MAY NOT YET BE FULLY ASSESSED, EXEMPT, OR PRESENTLY A HOMESTEAD.

12. RENTS, DEPOSITS AND LEASES, IF RENTED: All prorated rents, deposits and lease terms will be either a credit or debit on either the buyer's or seller's estimated closing cost sheets as dictated by the lease agreement(s) and any dollar amounts of collected rents/deposits or account receivable funds. This paragraph also gives the Purchaser the right to inspect and approve/reject any and all existing leases on the subject property.

13. SANITARY IMPROVEMENT DISTRICT (S.I.D.):

- ...located within S.I.D. # (number of S.I.D.)
- S.I.D. number available online, in the MLS listing or from a title insurance company
- Required by law to go with the purchase agreement at initial signing!
- If the buyer has any questions about the S.I.D. Statement, direct them to the property's respective county courthouse, title insurance attorney or any one of the signers on the S.I.D. Statement. AGENTS ARE NOT EXPERTS ON S.I.D. STATEMENTS!!!

Enter the Property Address of the Subject property.

Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement.

Purchase Agreement-Page 3

14. CONVEYANCE OF TITLE

TITLE INSURANCE:

- Ask for...and review the title insurance policy as early as possible in the transaction. Ask the title company and lender if there is anything in the title binder that could be a problem that would need to be solved before closing.
- "Approximate closing date to be (specify the exact date) on which the Purchaser wishes to close on the sale)...specify possession and closing by completing the choices and specifications in this paragraph.
- Buyer hereby directs the title insurance work to: Check the appropriate box:
 - ___ TitleCore National or
 - ___ OTHER_____
- Buyer hereby selects Expanded Title Insurance Coverage (protects against claims filed before

and after closing.) OR (specify is not selecting the Expanded Title Insurance Coverage.

- If Expanded Title Insurance Coverage is not available...check with the title insurance company to determine the appropriate way to complete this blank.
- Understand that title insurance policy premiums are usually split between buyer and seller in normal course of business.
- Federal law gives the Purchaser sole and exclusive right to choose a title insurance provider. However, there may be times (REO, foreclosures, short sales, new construction) where the seller can, and hopefully by mutual agreement, select the title insurance provider.

15. ESCROW CLOSING: Escrow closers are independent service providers that complete the real estate transaction as per all written documents and in accordance with the title insurance requirements and handle loan payoffs and the entire closing process.

- Buyer must select their choice of escrow closing company:
- Check the appropriate box next to the selected escrow closing company

16. UTILITIES: In compliance with this paragraph, when transferring utilities from the present owner to the owner...it is advised that the applicant use the words "continuance service" at the address. This may help in avoiding shut off and re-hook up fees for transferring the utilities into the new owner's name.

17. HOMEOWNER'S ASSOCIATION and PROTECTIVE COVENANTS:

- Buyer(s) needs to receive and review all documents (Homeowner's Association Rules and Regulations, Fees, and any protective covenants that run with the property that will specify and building and use restrictions.
- Dues shall be prorated and included on either the buyer's or seller's estimated closing costs sheets as required for pro-ration.

18. STATE DOCUMENTARY TAX: Often called "doc stamps"...each "doc stamp" represents a tax per \$1000 of the purchase price (rounded up) at the current rate per \$1000. Check with your Manager, escrow company, or county court house to verify the current "doc stamp tax". This amount is reflected on the Seller's Estimated Closing Cost Sheet.

19. AFFILIATED BUSINESS ARRANGEMENTS: This paragraph is a disclosure acknowledging to all parties to the purchase agreement that the real estate company may be earning income over and

above the real estate brokerage. As required by federal law...the Affiliated Business Arrangement Disclosure MUST be signed by both buyer(s) and seller(s) and becomes part of the transactional file documents.

- If any agent involved in the transaction has controlled business relationships any service providers...the agent MUST disclose their Affiliated Business Arrangements, in writing, with the buyer and seller. Check with your agent for details on how to disclose these arrangements.

20. RELEASE OF INFORMATION: By releasing the transactional information to such entities as the Great Plains Multiple Listing Service of the Omaha Area Board of REALTORS and its participants and/or government entities, we have the ability to better perform our roles when we engage in the creation and packaging of market information. This offers buyers and sellers information that may be critical in making a buying or selling decision.

21. SURVEY: (Check one)

- Typically selection is determined by the lender is a mortgage loan is required.
- The Improvement Location Survey (plot plan) is most common in residential property located in plotted cities and subdivisions
- The Boundary and Improvement Survey (pin survey) is more expensive, but locates the corner pins for an exact measurement of the size of the lot/parcel. Often used in acreage or agricultural transactions.
- The ALTA Survey is a complete improvement, easement, encroachment, boundary survey that is almost always a lender requirement and used primarily for commercial or industrial property.
- Waived if not required by the lender...is OK as long as the buyer is comfortable with the status and representations made about the property.

Enter the Property Address of the Subject property.

Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement.

Purchase Agreement-Page 4

22. SELLER PROPERTY CONDITION DISCLOSURE STATEMENT: (also called SPCDS)

- All items that require the seller's response to "Working" or "Not Working" or "Do Not Know If Working" or "None/Not Included" must be completed by the seller (NOT THE AGENT UNDER ANY CIRCUMSTANCES BY COMPANY POLICY!) by checking the appropriate box.

- In the event a box is left blank...the Buyer Agent has the obligation and right to demand the box be completed prior to obligating the buyer to any purchase agreement.
- Required by law...and it must be presented to the buyer(s) and signed by the buyer(s) BEFORE they are obligated to perform on any purchase agreement.
- This SPCDS should be available at the subject property at all times.
- You may also secure the SPCDS from either the seller's agent or online from the MLS.
- If the SPCDS is not available you may write the following language into Paragraph 10-C:
Offer subject to buyer's receipt, review and execution of the Seller Property Condition Statement (SPCDS) within (specify #) of business days after acceptance. If the SPCDS is not received, reviewed and executed as specified, this offer is null and void and earnest deposit to be refunded, in full, to the buyer.

23. HOME WARRANTY ACKNOWLEDGEMENT:

- Explaining the benefits of a limited warranty service plan will be key in responding to the questions surrounding home warranties.
- Check the "Property Warranty" box if the buyer(s) wants a home warranty -Then...Check the box that identifies whether the Buyer or Seller is paying for the home warranty. This cost will appear on the respective estimated closing cost sheet.
- Check the box by the selected Plan...or specify "Other" home warranty that is to be provided.
- "Cost" is \$ (exact cost of home warranty) plus applicable tax (If buyer declines property warranty coverage then the

box MUST be checked along with the buyers initialing after this box). -It should be specified in the purchase agreement (Paragraph 10-C) that all warranties should be in effect with NO EXCLUSIONS TO COVERAGE.

24. PROPERTY INSPECTION:

- Buyer(s) must elect to "have" or "not have" a home/property inspection. -Buyer(s) must elect to "have" or "not have" any of the inspections or Other as specified in this paragraph.
- Visit with your Agent on the best ways to present and respond to the accurate and representative way to present this paragraph to the Purchaser(s).
- If not within seven (7) business days: Specify the number of days under a specific time frame for completion of the Home Inspection.

Enter the Property Address of the Subject property.

Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement.

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- Your Agent will provide an explanation of Options A-B & C along with the purchaser's obligation(s) regarding the terms of this paragraph and advise you to seek the advise of a real estate attorney.

25. PURCHASER'S PERSONAL INSPECTION:

- Understand that YOUR AGENT CAN NEVER guarantee the condition of the subject property.
- YOUR AGENT WILL NEVER make repairs or make arrangements for repairs.
- YOUR AGENT WILL NEVER perform any maintenance work or make arrangements for maintenance items like minor repairs, lawn care, snow removal, etc.
- Anything you do...repair or maintenance...on property you do not own could hold you liable for all repairs and damages if the work is found to be the cause of future damages or personal injury.
- Since most property information is supplied via the MLS...and is typically supplied by the seller's agent...it is advised that the buyer's agent and the buyer verify all information including but not limited to square footage, lot size/property lines, fences, taxes, services, easements and encroachments, utility records, school districts and availability, appliances, swing sets/recreation equipment, and personal property that was to be included in the sale at "walk-through" inspections as specified in the underlined italic terms of this paragraph.

26. CONDITION OF PROPERTY:

- Buyer needs to determine a window of time (i.e. 24-48 hours) BEFORE closing when they will be able to "walk through" the subject property to make sure the property is in the same condition as when the offer was initially written and accepted.

Keep in mind the time limits for the TRID financial requirements prior to closing!

(This is the Know Before You Owe Rule. TILA/RESPA Integrated Disclosure rule, also known as TRID. This rule is designed to help borrowers understand the terms of their home financing transaction, there is a trend to start referring to this rule as the Know Before You Owe rule instead of TRID. The Know Before You Owe rule took effect October 3, 2015.

- Try to make sure that all repairs, inspections, etc. are completed BEFORE you and the buyer have the "walk through".
- It is advised that language be placed in the purchase agreement (Paragraph 10- C) that the buyer receive all paid receipts, warranty information (if any), and contact information for all

entities completing work on the subject property.

- It is advised that the buyer(s) "sign off" that the property is acceptable at the "walk through" either on an addendum or on a specific document created especially for this purpose.

27. WOOD INFESTATION:

- Buyer needs to select the 2% option or a specified dollar amount for any treatment or repair work found necessary.
- Buyer needs to select an inspection company by checking the box and specifying an independent choice.
- Terms of this paragraph are straight forward. Any questions beyond the selections that need to be made may require expanded explanation.

Enter the Property Address of the Subject property.

Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement.

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28. INSURANCE: This paragraph explains the insurance risk of the seller...and the buyer's obligation to get their own homeowner's insurance BEFORE closing. The buyer may wish to contact their insurance agent and have the insurance agent research the property for any past claims...especially water damage claims...that may increase future insurance premiums due to the potential for mold. Major claims are reported to the respective state's Homeowners Insurance Bureau (HIB) or the buyer/buyer's insurance agent may wish to check out www.choicepoint.com for similar claim information.

In the event you have reason(s) to believe that the property may require additional insurance coverage (flood, exclusions, etc), you may wish to add the following language in Paragraph 10-C: "Offer subject to the purchaser obtaining insurance satisfactory to the purchaser within _____ (3-5) days from acceptance."

29. SMOKE DETECTOR: Be sure to have the buyers check the smoke detectors on the final walk through BEFORE closing. If the smoke detectors are battery powered or hard wired...both types must be in working order upon closing and possession.

30. COMPENSATION OF SELLING BROKER

- This is compensation over and above any commission earned from the list/sale of the subject property.
- This fee offsets additional expenses beyond the normal brokerage expenses to list and sell the subject property as required by law to maintain closed transactional files.
- Some financing options do not allow such fees to be paid to the selling broker.

31. LEAD-BASED PAINT ADDENDUM:

- Lead Based Paint Addendum are available in every office! Check the appropriate YES/NO box if the home was built PRIOR to 1978 (that means "year built" would be 1977 or earlier according to the official county records where the subject property is located.

32. EQUAL OPPORTUNITY

- It is imperative that there is never any discrimination against any person(s) as specified here in the purchase agreement.
- All agents, associates, and employees are expected to act in accordance with company policy and procedures regarding all current federal, state and local Fair Housing Standards and Guidelines.

33. MODIFICATION IN WRITING:

- Every change in this agreement MUST be approved in writing by all parties to this purchase agreement.
- Any changes "above any signature(s)" must initialed and dated at the location of the change on the document by all parties to this purchase agreement.

34. ELECTRONIC TRANSACTION AUTHORIZATION:

- Faxed documents are legal and can be signed and used to close a sale. Original documents should follow with original signatures, if possible.
- Try to avoid multiple faxes of the same document as multiple faxed copies become unreadable and unusable in the transaction—this is why scanning and then emailing documents for signatures is recommended.
- Electronic signatures are acceptable. -Emails are not acceptable forms of acceptance and agreement unless emails are followed with original signatures on original documents (i.e. faxed or scanned with electronic signatures.)

35. ARBITRATION AND MEDIATION

- This paragraph is critical to explain, in detail, to all parties that will or could become a party to this agreement.
- Each of the paragraphs (A-F) have specific obligations and implications in the event there is a dispute that arises from performance or lack of performance by any/all parties to this agreement.

Enter the Property Address of the Subject property.

Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement.

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35. ARBITRATION AND MEDIATION

- Continuing with Paragraph D as specified in the agreement.
- Paragraph F is a "Waiver" of any parties right to take legal action against and/or litigate against anyone regarding this agreement.

36. OFFER EXPIRATION:

- First blank is the ("date this offer expires" i.e. MONTH/DAY/YEAR)
- Second blank is the ("time-of-day this offer expires" i.e. 7:15pm)
- *BE SPECIFIC IN BOTH!!!*

37. LIST OF ATTACHMENTS AND ADDENDA, AND DISCLOSURES

- Review this list of Attachments, Addenda and Disclosures for familiarity and applicable to the purchase agreement
 - Check all that apply
- Be sure to complete, in full, all documents with accurate and verifiable data and information.

Enter the Property Address of the Subject property.

Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement.

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SECURE SIGNATURES, AND ALL INFORMATION IDENTIFIED IN THIS DISCLOSURE THAT THIS CONTRACT CONTAINS AN ARBITRATION CONDITION!

- Purchaser(s) sign INSIDE THE BOX...EITHER PERSONALLY OR ELECTRONICALLY
- Complete all the following information in full...following the Purchaser's Name (Printed).

NAMES FOR DEED:

- Write the EXACT AND CORRECTLY SPELLED NAMES OF THE BUYER(S) as they wish to take title.
- After the name(s) specify the type of ownership desired by the buyers
 - Joint Tenants With Rights Of Survivorship (JTWROS)
 - when one dies the interest in the property immediately transfers to the surviving party.
 - Tenants In Common (TIC)
 - when one dies the surviving party retains their percent of ownership and the deceased party's interest is transferred as specified in a will, probate, etc.

BUYER AGENT INFO

- Be sure to complete or acquire and complete this section
- Having this information will make it easier for you and all ancillary service providers to have all the information they need to make this a smooth and timely transaction.

EARNEST DEPOSIT "RECEIPT":

- NEVER receipt for an earnest deposit you do not actually receive at the time the purchase agreement is first signed by the buyer(s).
- The accepted purchase agreement and the earnest deposit MUST be submitted to your office for processing the next business day after acceptance.
- Broker has 72 hours to deposit the earnest deposit into our Trust Account. So...time is of the essence. Don't delay in submitting the purchase agreement with the earnest deposit so we can comply with the law.
- ...an Earnest Deposit of (written out long hand and \$numerically) (One Thousand Dollars and no/100 \$1,000.00)
- Check # (write in the buyer's check number that is being used for the earnest deposit)
- RECEIVED BY: Agent receiving earnest deposit name printed
- SIGNATURE: Same agent's signature

Enter the Property Address of the Subject property.

Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement.

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38. SELLER'S "ACCEPTANCE"

- Enter the date and time of the seller's acceptance
- If the seller counters the offer, enter the sellers countered terms in the box on the contract after "except as follows":
- If the seller rejects the buyer's initial offer and refuses to submit a counter offer back to the buyer...write "Seller respectfully rejects the buyers offer" in the same box where the seller would counter the buyer's initial offer.

Complete by signing, dating, and writing the time of the rejection

- ...Example of a counter offer: "except price to be \$260,000.00. All other terms remain the same."

SELLER AGENT INFO

- Agent name: (Your name...legible)
- Office Address: (Your office's complete mailing address) -
- Agent Signature: (Your signature)
- Broker Code #: (The MLS number for your office)
- Agent Code #: (Your MLS agent number)
- Home/Mobile Phone: (Your home/mobile telephone number) -
- Agent E-mail: (Your email address)

PURCHASER'S ACCEPTANCE of COUNTER OFFER:

- Enter the date and time of the buyer's acceptance
- If the buyer counters the offer, enter the sellers countered terms in the box on the contract after "except as follows":
- If the buyer's initial/counter offer is acceptable in price and terms for the buyer...write "Accepted as written" inside the box below "except as follows,"
- If the seller's counter offer is unacceptable and the buyer does not wish to submit a counter offer...write "Buyer respectfully rejects the buyers offer." Complete by signing, dating as stated in the contract, and writing the time of the rejection in the box. Create Closing Cost Sheets

signed by the seller(s) and buyer(s) with each offer and counter offer. The FIRST Estimated Closing Cost Sheet and the FINAL Estimated Closing Cost Sheets are the only two required to be retained for the transactional file.

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SELLER'S ACCEPTANCE of COUNTER OFFER: Check the appropriate box that states the seller's intention.

- If the seller checks "accept the terms above", you have a fully accepted, mutually agreed purchase agreement.
- If the seller wishes to continue the counter offer process, use an attached addendum to counter the buyer's counter offer.
- Seller must sign in the signature box no matter how which box they check in this section.
- Print the seller's name as directed.

REAL ESTATE CERTIFICATION:

- This is the written representation by buyer(s) and seller(s) that this is an "arms-length" transaction and NOTHING is undisclosed regarding any terms and conditions of the purchase agreement.
- Complete this section by having BOTH Buyer(s) and Seller(s) sign and date in the appropriate box(es).

PURCHASER RECEIPT:

- The buyer(s) MUST receive and sign/date for a copy of the completed purchase agreement.
- The buyer's agent and/or the buyer(s) MUST be notified immediately of the seller's acceptance. Upon notification AND delivery of the accepted purchase agreement to the buyer's agent/buyer you have a valid and enforceable accepted purchase agreement.
- The buyer(s) does not have to sign the Buyer's Receipt to have a valid purchase agreement.
- Seller(s) Initials/Purchaser(s) Initials: The seller(s) and buyer(s) MUST initial each page of the purchase agreement.

ADDITIONAL INFORMATION AND LANGUAGE FOR POSSIBLE AND APPLICABLE USE IN THE BLANK PARAGRAPH...10-C

This paragraph is a "catch all" for anything that is not addressed in Purchase Agreement documents.