

Contracts 101

– 4-Hour CE Course –

Sponsored by the

Tennessee Real Estate Educational Foundation

Course Introduction and Learning Objectives

Introduction

This course will resolve common problems, misconceptions and misunderstandings related to the Tennessee REALTORS Purchase and Sale Agreement (RF401), and provide guidance to its proper use as well as related Tennessee REALTORS forms. Students will practice filling out a sample contract and will learn how to explain its various provisions to a buyer or seller.

Learning Objectives

Upon completion of the course, students will be able to:

- Explain the meaning and significance of the various Timelines, Dates, Notices, and Actions required by both parties as found in the Tennessee REALTORS Purchase and Sale Agreement (RF401).
- Assist purchasers in choosing among Inspection and Repairs options in the Tennessee REALTORS Purchase and Sale Agreement (RF401), assist them in filling in the inspection- related sections of the form, and explain this section correctly to either buyers or sellers. [*Inspection-related provisions include the wood infestation reports.*]
- Correctly identify any required disclosures (and disclaimers) that must be included in or accompany the Purchase and Sale Agreement (RF401) in various given situations.
- Explain to customers and clients what items should and should not be included under special stipulations in the Tennessee REALTORS Purchase and Sale Agreement (RF401).
- Recognize and advise consumers correctly as to the preprinted items in the Tennessee REALTORS Purchase and Sale Agreement (RF401).
- Properly complete the TAR Purchase and Sale Agreement on behalf of a prospective purchaser, and clearly explain the significance of each contract section.

Checking What We Already Know

Choose the best answer to the following questions.

1. When should you review and explain the Tennessee REALTORS Purchase and Sale Agreement (RF401) with buyers?
 - a. After the offer is submitted
 - b. Before they make an offer
 - c. When the offer is accepted

2. When should you review and explain the Tennessee REALTORS Purchase and Sale Agreement (RF401) to sellers?
 - a. Before they receive an offer
 - b. When they receive an offer
 - c. After they accept an offer

3. Which of the following statements is TRUE?
 - a. It's most important to be familiar with the Tennessee REALTORS Purchase and Sale Agreement (RF401) form because you can address every issue by altering the boilerplate language.
 - b. Most Tennessee REALTORS forms are rarely used.
 - c. It's important to be familiar with the function of all Tennessee REALTORS forms so you understand how they work together to address different issues.

4. Which of the following is NOT an example of ambiguous language?
 - a. Seller to provide Buyer with \$500 credit
 - b. Seller will provide Buyer with \$500 credit at closing towards Buyer's closing expenses including or excluding, (whatever the case may be) Title Policy
 - c. Portion of closing costs to be paid by Seller
 - d. Buyer to take possession as determined prior to closing

5. Which of the following is the most acceptable method of delivering an offer?
 - a. In person
 - b. By fax
 - c. By email
 - d. All of the above equally acceptable, with proper documentation

6. Which of the following inspections is NOT legally permissible and not permitted under the Inspection Section?
 - a. Home inspection performed by a licensed home inspector
 - b. Home inspection performed by a licensed contractor
 - c. Home inspection performed by Buyer

7. One primary function of the Tennessee REALTORS Purchase and Sale Agreement (RF401) is to
 - a. Reduce risk and liability for REALTORS® and brokers
 - b. Confuse REALTORS® and brokers
 - c. Address every possible situation that might arise during a transaction

8. The Tennessee REALTORS Counter Offer (RF651) states, “all terms and conditions proposed in previous counter offers, if any, are not included in this counter offer unless restated herein.”
 - a. True
 - b. False

9. Per the Tennessee REALTORS Purchase and Sale Agreement, when a Buyer is terminating the contract due to Home Inspection OR financial contingency, both Buyer and Seller must sign the Trust Money Disbursement and Release form?
 - a. True
 - b. False

10. When Trust Money is either not received by the Holder or not honored for any reason, it is the Seller or Seller's Agent that notifies the Buyer/Buyer's agent?
 - a. True
 - b. False

Lesson 1: Timelines, Dates, Etc.

Learning Objective

Upon completion of this lesson, students will be able to explain the meaning and significance of the various Timelines, Dates, Notices, and Actions required by both parties as found in the Tennessee REALTORS Purchase and Sale Agreement (RF401).

The What and When

1. **The Tennessee REALTORS Purchase and Sale Agreement (RF401)** states: “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, Date of Possession, Completion of Repair Deadline (Repair/Replacement Amendment), and Offer Expiration date, occurs on a Saturday, Sunday or legal holiday, the performance deadline shall be extended to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. §6103. In calculating any time period under this Agreement, the commencement date shall be the day following the initial date (e.g. Binding Agreement Date).”

Example: The Buyer must make their loan application and pay for credit report three (3) days after the binding agreement date. So, if the binding agreement date is Thursday, then Friday is Day 1, Saturday is Day 2, Sunday is Day 3. As this is not a drop dead date, then it automatically rolls to 11:59 p.m. on Monday and Buyer has until 11:59 pm on Monday to make their loan application and pay for credit report.

(The Tennessee REALTORS Purchase and Sale Agreement (RF401) has an Acknowledgement of Receipt Section which states: _____ hereby acknowledges receipt of the final accepted offer on _____ at _____ o'clock am/pm, and this shall be referred to as the Binding Agreement Date for purposes of establishing performance deadlines as set forth in the Agreement. The Binding Agreement date should be filled in by the last offeror (the person to receive the acceptance of the final counter offer or their agent. This will allow the agent to add the date on which it was actually received. All timelines will start on the next day for purposes of calculating days.

2. **Preprinted Deadlines:** Preprinted deadlines are just as important as those you write in! If it's in the contract, it must be done by the date specified. Failing to meet deadlines may constitute a breach. An agent that allows a deadline to pass unnoticed may have a complaint filed against them with TREC and/or the local board as well as possibly facing a lawsuit.

It is imperative to discuss the pre-printed deadlines in the Tennessee REALTORS Purchase and Sale Agreement (RF401) with buyer clients BEFORE submitting an offer. If, for any reason, they will be unable to meet a required pre-printed deadline, this should be noted clearly BEFORE an offer is made or counteroffer is submitted. For seller clients, you must discuss pre-printed deadlines and filled in dates. If, for any reason, they will be unable to meet a required date or deadline, this should be noted clearly in a counteroffer.

Failure to meet a contractual deadline may result in a breach of contract, forfeiture of trust money, unenforceable performance and, in some cases, liability for civil damages.

When a preprinted deadline needs to be changed, you should first check to see if the issue is addressed by another Tennessee REALTORS form. If not, the EXACT verbiage should be copied with only the number of days for performance changed. By altering the verbiage within the attorney-approved Purchase and Sale Agreement (RF401), you could end up making the party's performance unenforceable.

3. Tennessee REALTORS offers the Purchase and Sale Agreement Checklist (RF708) to assist licensees in meeting contractual deadlines.
4. The Tennessee REALTORS Notification (RF656) form serves as a notification form for all notices required in the Purchase and Sale Agreement (RF401). This form assists licensees in creating a paper trail of their compliance.
5. You must be aware of your client's options in the case of the other party's failure to meet a specific deadline, perform a required action and/or deliver a required notice.
6. Default: In the event that any party exercises its right to terminate due to the default of the other pursuant to the terms of this Agreement, the terminating party retains the right to pursue any and all legal rights and remedies against the defaulting party following termination.

Exercise: What Happens Next

For the following situations, explain what might happen next, including the parties' options.

1. The parties execute the RF401. Ten days later, the seller's agent still has not received notification that the buyer applied for the loan, the lender's contact information or that the Buyer has instructed Lender to order credit report and appraisal.
2. The buyer has an inspection completed that reveals some problems with the property. The buyer's agent mentions to the listing agent that a repair proposal is coming. Five days after expiration of the inspection period (See paragraph 8D of RF401), the listing agent still has not received the repair proposal.
3. The RF401 states that the buyer will deliver a check for \$5000 trust money to the listing agent no later than 2 days after BAD. At the end of the third day, the listing agent has not received the check.
4. Three days before closing, the lender contacts the buyer and says there's a .5% difference in the rate on the Closing Documents from the Loan Estimate and the closing needs to be pushed back three days. The seller is livid as this will delay the closing of the new home they are purchasing.
5. 16 days after Binding Agreement Date, the Seller has not received written notice that the Buyer has made loan application and paid for the credit report or notice that the Buyer has Hazard Insurance.
6. 5 days after Binding Agreement Date, Seller has still not received Notification that Buyer has made loan application and paid for credit report.
7. 21 days after Binding Agreement Date, Seller has not received Notification that Buyer has acknowledged Intent to Proceed with lender and/or evidence of Hazard Insurance.

Lesson 2: Inspections and Repairs

“Inspections” includes ALL inspections and reports related to the condition of the property. The termite inspection is included and if the buyer waives the inspections, they could “except” the termite inspection or any other specific inspection to add it back in by inserting the “exception” in the Special Stipulations paragraph. The “exception” field is no longer provided the RF401. If the box is checked, ALL INSPECTIONS are waived.

Paragraph 8.D (3), Buyer Inspection & Resolution Period which allows the Buyer and Seller to mutually agree upon a certain number of days to resolve repairs and replacements. There can be an unlimited amount of Repair/Replacement Proposals between the Buyer and Seller. If they do not meet a mutual written resolution in the agreed upon time frame, the Agreement is terminated or they have the option to extend the Resolution Period (before the end of the Resolution Period) through a mutually agreed upon Amendment – RF653 Amendment to Purchase and Sale Agreement. In any event the parties agree to negotiate repairs in good faith. (This means the Seller must respond to the list. He does not have to agree to fix anything, but he cannot simply remain silent. Failure to respond at all could give the buyer a claim for breach of contract and failure to act in good faith). Once both parties are in agreement to repairs on the Repair/Replacement Proposal(s), then those agreed repairs need to be reduced to the Repair/Replacement Amendment and signed by all parties. This is an amendment to the Purchase and Sale Agreement and therefore should be supplied to the Lender. Buyer retains the ability to accept the Property in its present “AS IS” condition during the Resolution Period and this can be done via a repair/replacement Amendment or Blank Amendment.

Costs associated with Inspections and Repairs! All inspections are performed at the expense of the buyer unless otherwise specified in the Special Stipulations Paragraph. The termite inspection costs are NOW the responsibility of the Buyer unless the Buyer is receiving a VA loan. Government regulations within VA loan requirements may not allow the Buyer to pay for a termite inspection. See/Use RF625 VA/FHA Loan Addendum which addresses this issue. The form states that the Buyer will order the inspection BUT the Seller will be responsible for paying for it. Buyers and sellers should negotiate any needed repair costs using the Repair/Replace Proposal (RF654) or the Repair/Replace Amendment (RF655) form.

Home Inspectors are licensed and regulated by a regulatory board of the Tennessee Department of Commerce & Insurance. Tenn. Code Ann. §62-6-301(5) defines a home inspector as “any person who is licensed under this part as a home inspector and who engages in the business of performing home inspections and writing home inspection reports.” Clients and customers should be encouraged to use a licensed home inspector. Although buyers may inspect the property themselves, this may not carry the same weight in the eyes of the seller as a report from a licensed home inspector.

When purchasing properties offered “as is,” buyers are still entitled to make any and all desired inspections – they can and should do so! There was a new checkbox added to the RF401 in 2022 addressing this issue:

Buyer waives the option to request items to be repaired and/or replaced under D (3) above and there shall be no Resolution Period. Buyer retains the right to perform Buyer's Inspections and to timely furnish Seller with a list of written specified objections and immediately terminate this Agreement as provided in D (1) above or accept the Property in its present AS IS condition as provided under D (2) above

Buyers may cancel the contract based on any items disapproved in the inspection report or any defects disclosed by the seller..

Sellers offering a property "as is" are still required to fully disclose any property defects of which

they have knowledge via the Tennessee Residential Property Condition Disclosure (RF201), unless exempt. It is especially important that Sellers answer honestly when a Buyer inquires about a specific issue, i.e. plumbing or wiring. In practice, Sellers may offer a property “as is” because they don’t wish to make any repairs or because they are unaware of what problems may exist. Offering a property “as is” does not obligate the Buyers to accept the property “as is” until they’ve completed all desired evaluations and inspections. In the event a Seller offers a property “as is” and a Buyer agrees to waive their statutory right to a TN Residential Property Condition Disclosure, a TN Residential Property Condition Disclaimer form (RF204) may be used. The ONLOY time this form may be used is when the Buyer of property agrees to waive his/her statutory rights to a Residential Property Condition Disclosure.

It is important to familiarize yourself with lender requirements in your area related to appraisals and inspections. Know what lenders expect to receive before they order the required items for the loan obligations. If a lender needs the appraisal and/or inspection report before ordering loan documents, the deadlines you fill in at the direction of the Buyer, included in the RF401 should allow for this to happen to avoid putting the Buyer at risk for breach. The parties may also wish to include in Special Stipulations that the appraisal and/or inspection report must be obtained to ensure their obligation are fulfilled. Lenders should be made aware of the contractual deadlines for loan obligation. The RF708 Purchase and Sale Agreement Timeline Checklist is a tool you can utilize to make sure everyone involved in the transaction is aware of the deadlines contained in the contract between Buyer and Seller.

In Tennessee, a wood destroying insect infestation inspection report is a warranty for 90 days of the accuracy of any representations made in the report. After 90 days, a new report must be obtained to reduce the liability for the parties involved.

Workshop: Inspections and Repairs

Students will workshop the following situations, using the RF401 and other related forms, if applicable.

Scenario 1:

The buyer is making an offer contingent on inspections. They are willing to pay for the inspection, which they expect to have completed within 10 days. If repairs are needed, they are willing to negotiate with the seller. How would you address this in the offer?

Scenario 2:

The buyers obtain an inspection report identifying needed replacement of the HVAC system, estimated at \$2500. They want the seller to replace the system before they will proceed with the transaction. How would you proceed if you represent the buyer?

Scenario 3:

You represent the seller. The buyer requests repairs to the roof, estimated at \$1500. The seller is willing to pay no more than \$500 towards the needed repairs. How would you proceed?

Scenario 4:

You represent the buyer, who wants to submit an offer on a two-year-old home. They want to close quickly and an existing home warranty is transferrable. They opt not to perform any inspections but notice water damage on an upstairs ceiling during a walkthrough after the contract is accepted. What are the buyer's options?

Lesson 3: Special Stipulations

The preprinted portions of the Purchase and Sale Agreement (RF401) have been approved by the Tennessee REALTORS forms committee and Tennessee REALTORS attorneys.

Handwritten provisions prevail! When you write something in the special stipulations section, it should be consistent with the rest of the Tennessee REALTORS Purchase and Sale Agreement (RF401). Whenever possible, use the same verbiage included in the preprinted portion, referencing the specific line number(s), only changing what is absolutely necessary!

Before writing something into the special stipulations section, you should FIRST check to make sure the issue is not addressed by another Tennessee REALTORS form.

NEVER include phrases such as TBD, actual costs, negotiable in blanks or in the Special Stipulations paragraph. Always be as specific as possible, especially when it comes to dates, amounts and actions required of either party. If you do not, then the contract may not be enforceable.

Additional Contract Language (RF707) exists to assist you in addressing items in this section.

The special stipulations section can be appropriately used to make simple changes to a preprinted item, such as a required deadline, if the line number is referenced and exact verbiage reprinted, with only the number of days changed.

The special stipulations section should NEVER be used to write a new contract.

Skill Practice: Special Stipulations

Students should divide into groups to address the following list of scenarios. In your groups, decide whether the item should be addressed in the special stipulations section and, if so, how. If the item should NOT be addressed in this section, identify how it would be addressed by an alternative form or section of the RF401. Choose a representative, who should be prepared to share the group's answers with the entire class.

- The buyer wants the seller to have the exterior of the home pressure washed prior to closing.
- The buyer is purchasing a foreclosed home. The bank (seller) has agreed to allow the buyer to replace three broken windows prior to closing.
- The buyer would like to have the home inspected for radon.
- The contract is contingent on the sale of the buyer's existing home in Florida.

Exercise: Stipulation Identification

Tear out the “Yes”/”No” sheet of paper in your handout and fold it in half. As the instructor reads through the following list of items, identify whether the item might appropriately be addressed in the special stipulations section. Students will answer by displaying “Yes” or “No”.

1. The buyer is obtaining a VA loan.
2. The buyer wants to change the number of days required to submit their loan application.
3. The buyer’s offer is contingent on the sale of their existing home.
4. The buyer wants the seller to make sure the house is swept clean and free of debris.
5. The buyer wants the seller to replace the damaged front door.
6. The property includes a large parcel of land and the buyer wants to make the offer contingent on a survey.
7. The buyer wants to make the contract contingent on a test of the exterior injection well.
8. The home is located behind another existing home and the driveway runs alongside the front neighbor’s property (although it is a part of the saleable property.) The buyer wants assurance their access won’t be obstructed.
9. The buyer wants to make the sale contingent on their ability to have the property rezoned.

Lesson 4: Disclosures & Disclaimers

Learning Objective

Upon completion of this lesson, students will be able to correctly identify and complete any required disclosures (and disclaimers) that must be included in or accompany the Purchase and Sale Agreement (RF401) in various given situations.

Talking Points: Disclosures and Disclaimers

Sellers must fill out the Tennessee Residential Property Condition Disclosure (RF201) form so it can be presented to buyers before they submit an offer. The law states it must be submitted “prior to the acceptance of a real estate purchase contract” Tenn. Code Ann. §66-5-203. The disclosure must include any defects known to the owner (see Tenn. Code Ann. §66-5-202). It is in the seller’s best interests to disclose any adverse facts about the property – better to have it all out in the open beforehand and reduce their liability.

Buyers should review and sign the Disclosure (RF201) form before making an offer – otherwise they cannot make an informed decision!

The Tennessee Residential Property Condition Disclosure Disclaimer Statement (RF204) is ONLY used when a buyer has waived their right to the disclosure – this is true regardless of whether the property is being offered “as is.”

Sellers offering a property “as is” are still legally required to complete the Disclosure form in the event that the Buyers will not accept the Disclaimer form (RF204). The Disclaimer form (RF204) should NOT be used unless the buyers have already agreed to waive their right to the disclosure. Also, in this case, note that buyers are only waiving their right to the disclosure – they are NOT waiving their right to perform any inspections.

The Tennessee Residential Property Condition Exemption Notification form (RF203) is used by licensees to create a “paper trail” of compliance ONLY when the property and/or transaction is exempt (under Tennessee law) from the required disclosures. Discuss exemptions.

Disclosure issues and the related forms must be used BEFORE an offer is submitted.
Buyers in Tennessee have a right to the information included in the property disclosure

form and sellers have a legal obligation to provide the disclosures BEFORE the offer is accepted – there are no exceptions other than the exemptions noted in the statute.

In practice, if the question is “Should I disclose this?” the answer is almost always “YES.”

Please keep in mind that the SELLER should be completing these forms, not the agent. If the Seller has questions about what they should disclose, they should speak with their own attorney. This information is legal advice. To tell a Seller what does not have to be disclosed can bring liability to an agent if the Seller relies upon that advice and is then sued by a Buyer.

NOTE: TCA 66-5-212 Disclosure of known....sinkhole. This law was updated as of July 1, 2015 that all sellers of residential property must disclose any known sinkholes.

Workshop: Proper Disclosures

For the following items, identify which form(s) should be used to make the disclosure.

| Issue | Form |
|---|------|
| 1. Lead-based paint was found and removed from the basement of the seller's home. | |
| 2. The buyer has agreed to waive their right to the seller's property disclosure. | |
| 3. The seller added a room to the rear of the house without a permit. | |
| 4. During periods of heavy rain, the backyard tends to have a great deal of standing water. | |
| 5. The home was previously treated for radon. | |
| 6. The seller just replaced the refrigerator, which is included in the sale. | |
| 7. A neighbor's fence encroaches two feet onto the left side of the seller's property but they have refused to move it. | |
| 8. The buyer is considering waiving their right to an inspection. | |
| 9. The seller's property contains an exterior injection well, which is in working order. | |
| 10. During the contract period, the seller discovers a significant amount of water damage in the rear wall of an upstairs closet. | |
| 11. The developer of a vacant lot of land now listed for sale has paid a \$400 impact fee to the city with the installation of utilities. | |
| 12. The seller has never occupied the property. | |
| 13. The seller's property contains a large storage shed they are planning on having moved to their new home. | |

Lesson 5: Preprinted Items

Learning Objective

Upon completion of this lesson, students will be able to recognize and advise consumers correctly as to the preprinted items in the Tennessee REALTORS Purchase and Sale Agreement (RF401)

Talking Points: Preprinted Items

The biggest lesson you can learn related to filling out contracts is one you learned a long time ago – color inside the lines! Your goal is to fill in the existing picture, NOT draw a new one!

The preprinted portions of the Tennessee REALTORS Purchase and Sale Agreement (RF401) create obligations for the parties. To correctly explain them to clients and customers, you must understand them yourself! ALL preprinted items should be thoroughly explained to buyers and sellers, especially when the item requires action on their part.

Do NOT strike through ANY portion of preprinted language. You should address any changes in the Special Stipulations section or another appropriate Tennessee REALTORS form (i.e. the RF651 Counter Offer).

Some fixtures are preprinted as included in the sale. If your seller does not wish to include them, you must note this specifically in writing – never assume anything. Please note that items included in the Listing Agreement or MLS/MLS info sheet are NOT part of the binding agreement between the parties.

Pay special attention to notices required in the preprinted language and be sure to use the appropriate Notice form, if applicable.

ALL preprinted items should be thoroughly explained to buyers and sellers, especially when the item requires action on their part.

Skill Practice: Completing the Offer

After reviewing the Tennessee REALTORS Purchase and Sale Agreement (RF401), students will divide into groups. Using the following set of circumstances, each group will fill out the Tennessee REALTORS Purchase and Sale Agreement (RF401) AND reference any other additional forms if needed. A representative from each group will be asked to present a portion of the offer as they would assist the buyer in filling it out.

After working with Steve and Dottie Anderson for some time showing them property, they have decided to purchase Col. David Nelson's 20 year old home at 428 Main, which is a three bedroom, two bath brick home in Anytown, USA. They are willing to offer \$145,000 for the home, assuming that they successfully close on the sale of their home at 428 E. Main in Yourtown, USA, upon which they have a contract scheduled to close in two weeks. They would like to purchase the home using the VA entitlement that was earned by Mrs. Anderson while serving in the Navy. They would like to put down as little as possible and prefer to have the current owner pay for all their costs from the lender.

They need a response on this offer by tomorrow, as they like the house at 528 E. Main equally as well and want to make sure that they are able to secure one of these two homes. They are particularly interested in the swing set that Col. Nelson has in his back yard, as well as the gas grill.

The Andersons are unfamiliar with the typical arrangements that agents make for clients for appraisals, inspections, etc. and are leaving those things up to your judgment. However, they very much want to have possession at time of closing and would like to close in thirty days.

The name of your company is ABC Realty. You suggest – and your client agrees – to offer 1% of the offered price as trust money, with your firm holding it in an escrow account.

Skill Practice: What's Our Agreement?

Chad, an agent with Community Real Estate, was very excited to work with a new buyer that he had met at an open house. In order to be well prepared, he met Eric at the office to discuss the buying process and identify Eric's housing needs. After talking with Eric and Eric's lender, Chad realized that he would need to structure an offer with the seller paying the buyers' closing costs.

After looking for a month, Eric found the "perfect" home. Chad wrote the offer with a purchase price to be \$215,000, sale to include the washer, dryer, refrigerator. He also included a phrase in the Purchase and Sale Agreement that the "seller was to credit the buyer \$5000 towards Buyer Expenses and also addressed the title expenses on the appropriate line" He submitted the offer to the seller's agent Jane, at Get with it Realty, with a time limit of the next day at 5:00 p.m.

At 4:00 p.m. the next day, Chad received a counteroffer #1 from the seller, and it stated: "Sales price to be \$220,000 with no credit towards closing costs."

Chad called Eric and after careful consideration, countered immediately with the following: "Sales price to be \$221,000."

Chad emailed the last counter over to Jane. When she showed it to the seller, he was thrilled to see the higher sales price and checked that he accepted it. Jane notified Chad that the counter offer was accepted.

During the inspection period, Chad and Jane were talking and it came up that the seller was paying closing costs. Jane said "Oh no, we countered that out of the deal." Chad then shared that when he sent the last counter over with only the higher price, leaving off that the seller said no closing costs, all terms reverted to the original offer.

Was Chad correct in not restating the request for closings costs on his last counter?

What should Jane have done when she received Chad's last counter to protect her seller?

Students' Choice Exercise

After reviewing the student problems and issues submitted at the beginning of the class, review the most common ones you have chosen and discuss how to correctly address that issue in the Tennessee REALTORS Purchase and Sale Agreement (RF401) or a related form.

Appendix A: Tennessee REALTORS Forms Resource Guide

| | Is Used... |
|---|---|
| RF 302– Confirmation of Agency Status | To confirm the required agency disclosures have been made – this is NOT the same as an agency agreement! |
| RF303– Notification of Change in Status or Agency Relationship | To confirm a change in agency status |
| RF 143 & RF144– Buyer Representation Agreement (Non Exclusive) | As a non-exclusive agency agreement for buyer agency |
| RF141 & RF142– Buyer Representation Agreement (Exclusive) | As an exclusive agency agreement for buyer agency |
| RF654– Repair/Replacement Proposal | When the sale is contingent on the buyer completing inspections during the inspections period this form is to be used as a worksheet to negotiate the repairs |
| RF655– Repair/Replacement Amendment | When the parties agree on repairs, those repairs are listed on this amendment. |
| RF657– Closing Date/Possession Amendment | To make a change to the closing date and/or possession date specified in the RF401 |
| RF651– Counter Offer | To submit a counter offer – this form should ALWAYS be used instead of scratching out portions of the original offer! |
| RF401 – Purchase and Sale Agreement | As the standard offer to purchase for residential properties |
| RF304– Disclaimer Notice | By licensees to notify parties they are NOT experts on property condition/inspection issues |
| RF209– Lead-Based Paint Disclosure | To fulfill statutory requirements for lead-based paint disclosures |
| RF201– Tennessee Residential Property Condition Disclosure | By the seller to disclose material facts about a property |
| RF202– Sellers’ Property Update | To update the property condition disclosure |

| | |
|--|--|
| RF305– Personal Interest Disclosure and Consent | To verify disclosure and obtain written consent when the licensee has a present or |
|--|--|

| | |
|---|---|
| | contemplated personal interest in the property |
| RF706– Interpleader | When a broker must interplead an trust money dispute |
| RF161– Agreement to Show Property | To secure the ability to show a home which is for sale by owner to a buyer |
| RF656– Notification | To adhere to requirements for notice for certain items within the RF401 |
| RF658– Authorized to Make Repairs | When the buyer wants to obtain the seller’s consent to have access to the property prior to closing for the purpose of completing repairs |
| RF481– Trust Money Disbursement and Mutual Release | To establish how trust money will be disbursed and to terminate the agreement |
| RF707– Special Stipulations Language | To provide examples of appropriate language to use in the special stipulations sections for common issues |
| RF623– Buyer’s First Right of Refusal Addendum (Sellers’ Right to Continue to Market Property) | Enables seller to give buyer XX hours to remove certain contingencies in the event an acceptable offer is received. |
| RF624– Sellers’ Notice to Buyer of Receipt of Acceptable Offer | Form to give notice of acceptable offer and removal (or non-removal) of contingencies. |
| RF711– Vendor List | When the licensee recommends vendors such as inspectors, lenders, etc. |
| RF660– Buyers Final Inspection | To properly document Buyer’s final inspection |
| RF203– Tennessee Residential Property Condition Exemption Notification | When a property or transaction is exempt from statutory disclosure requirements |
| RF204– Tennessee Residential Property Condition Disclaimer | When the buyer waives their right to receive the Property Condition Disclosure form |
| RF621–Addendum _____ to the Purchase and Sale Agreement | Blank form to be used to add items to the purchase and sale agreement |
| RF625– FHA/VA Loan Addendum | When the buyer is getting a FHA or VA loan |
| RF714– Water Supply and Waste Disposal Notification | When a property is served by a well, septic or other water or waste system |

| | |
|---|---|
| RF708– Timeline Compliance Checklist for P&S Agreement | As a worksheet to keep up with timelines and deadlines within the RF401 |
| RF208– Subsurface Sewage | To request information from governmental |

| | |
|--|--|
| Disposal System Permit Disclosure | agency charged with keeping septic records |
| <i>RF205</i>– Additional Required Residential Disclosures | When the property is served by an exterior injection well or when soil absorption rates or percolation tests have been performed. Also includes disclosure for PUD's, sinkholes, house moved from one foundation to another. |
| <i>RF101</i>– Exclusive Right to Sell Listing Agreement (Designated Agency) | As an exclusive right to sell listing agreement for designated seller agency |
| <i>RF102</i>– Exclusive Right to Sell Listing Agreement (Seller Agency) | As an exclusive right to sell listing agreement for traditional seller agency |

PURCHASE AND SALE AGREEMENT

1 **1. Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration,
2 the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer

3 _____ (“Buyer”) agrees to buy and the
4 undersigned seller _____ (“Seller”)

5 agrees to sell all that tract or parcel of land, with such improvements as are located thereon, described as follows:

6 All that tract of land known as: _____
7 (Address) _____ (City), Tennessee, _____ (Zip), as recorded in
8 _____ County Register of Deeds Office, _____ deed book(s), _____ page(s),
9 and/or _____ instrument number and as further described as:

10 _____ together with all
11 fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the “Property.”

12 **A. INCLUDED** as part of the Property (if present): all attached light fixtures and bulbs including ceiling fans;
13 permanently attached plate glass mirrors; heating, cooling, and plumbing fixtures and equipment; all doors, storm
14 doors and windows; all window treatments (e.g., shutters, blinds, shades, curtains, draperies) and hardware; all wall-
15 to-wall carpet; range; all built-in kitchen appliances; all bathroom fixtures and bathroom mirrors; all gas logs, fireplace
16 doors and attached screens; all security system components and controls; garage door opener(s) and all (at least ____)
17 remote controls; any wired electric vehicle wall charging stations; swimming pool and its equipment; awnings;
18 permanently installed outdoor cooking grills; all landscaping and all outdoor lighting; mailbox(es); attached basketball
19 goals and backboards; TV mounting brackets (inclusive of wall mount and TV brackets) but excluding flat screen
20 TVs); antennae and satellite dishes (excluding components); central vacuum systems and attachments; and all
21 available keys, key fobs, access codes, master codes or other methods necessary for access to the Property, including
22 mailboxes and/or amenities.

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

24 _____
25 _____
26 **C. Items that SHALL NOT REMAIN** with the Property:

27 _____
28 _____
29 **D. LEASED ITEMS:** Leased items that remain with the Property: (e.g., security systems, water softener systems, fuel
30 tank, etc.): _____.

31 Buyer shall assume any and all lease payments as of Closing. If leases are not assumable, the balance shall be paid in
32 full by Seller at or before Closing.

33 Buyer does not wish to assume a leased item. **(THIS BOX MUST BE CHECKED IN ORDER FOR IT TO
34 BE A PART OF THIS AGREEMENT.)**

35 Buyer does not wish to assume Seller’s current lease of _____;
36 therefore, Seller shall have said lease cancelled and leased items removed from Property prior to Closing.

37 **E. FUEL:** Fuel, if any, shall be adjusted and charged to Buyer and credited to Seller at Closing at current market prices.

38 **2. Purchase Price, Method of Payment and Closing Expenses.** Buyer warrants that, except as may be otherwise provided
39 herein, Buyer shall at Closing have sufficient cash to complete the purchase of the Property under the terms of
40 this Purchase and Sale Agreement (hereinafter “Agreement”). The purchase price to be paid is: \$ _____,

41 _____ U.S. Dollars, (“Purchase Price”) which
42 shall be disbursed to Seller or Seller’s Closing Agency by one of the following methods:

- 43 i. a Federal Reserve Bank wire transfer;
44 ii. a Cashier’s Check issued by a financial institution as defined in 12 CFR § 229.2(i); OR
45 iii. other such form as is approved in writing by Seller.

46 **A. Financial Contingency – Loan(s) To Be Obtained.** This Agreement is conditioned upon Buyer’s ability to obtain
47 a loan(s) in the principal amount up to _____% of the Purchase Price listed above to be secured by a deed of trust
48 on the Property. “Ability to obtain” as used herein means that Buyer is qualified to receive the loan described herein

49 based upon Lender's customary and standard underwriting criteria. In consideration of Buyer, having acted in good
50 faith and in accordance with the terms below, being unable to obtain financing by the Closing Date, the sufficiency of
51 such consideration being hereby acknowledged, Buyer may terminate this Agreement by providing written notice via
52 the Notification form or equivalent written notice. Seller shall have the right to request any supporting documentation
53 regarding loan denial. Upon termination, Buyer is entitled to a refund of the Earnest Money/Trust Money. Lender is
54 defined herein as the financial institution funding the loan.

55 The loan shall be of the type selected below (**Select the appropriate box.**):

- 56 Conventional Loan FHA Loan; attach addendum
57 VA Loan; attach addendum Rural Development/USDA
58 Other _____

59 Buyer may apply for a loan with different terms and conditions and also Close the transaction provided all other terms
60 and conditions of this Agreement are fulfilled, and the new loan does not increase any costs charged to Seller. Buyer
61 shall be obligated to Close this transaction if Buyer has the ability to obtain a loan with terms as described herein
62 and/or any other loan for which Buyer has applied and been approved.

63 **Loan Obligations: The Buyer agrees and/or certifies as follows:**

- 64 (1) Within three (3) days after the Binding Agreement Date, Buyer shall make application for the loan and shall
65 pay for credit report. Buyer shall immediately notify Seller or Seller's representative of having applied for
66 the loan and provide Lender's name and contact information, and that Buyer has instructed Lender to order
67 credit report. Such certifications shall be made via the Notification form or equivalent written notice;
68 (2) Within fourteen (14) days after the Binding Agreement Date, Buyer shall warrant and represent to Seller via
69 the Notification form or equivalent written notice that:
70 a. Buyer has secured evidence of hazard insurance which shall be effective at Closing and Buyer shall
71 notify Seller of the name of the hazard insurance company;
72 b. Buyer has notified Lender of an Intent to Proceed and has available funds to Close per the signed
73 Loan Estimate; and
74 c. Buyer has requested that the appraisal be ordered and affirms that the appraisal fee has been paid.
75 (3) Buyer shall pursue qualification for and approval of the loan diligently and in good faith;
76 (4) Buyer shall continually and immediately provide requested documentation to Lender and/or loan originator;
77 (5) Unless otherwise stated in this Agreement, Buyer represents that this loan is not contingent upon the lease or
78 sale of any other real property and the same shall not be used as the basis for loan denial; and
79 (6) Buyer shall not intentionally make any material changes in Buyer's financial condition which would
80 adversely affect Buyer's ability to obtain the Primary Loan or any other loan referenced herein.

81 Should Buyer fail to timely comply with section 2.A.(1) and/or 2.A.(2) above **and provide notice as required**, Seller
82 may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not
83 furnish Seller the requested documentation within two (2) days after such demand for compliance, Buyer shall be
84 considered in default and Seller's obligation to sell is terminated.

- 85 **B. Financing Contingency Waived (THIS BOX MUST BE CHECKED TO BE PART OF THIS AGREEMENT.)**
86 (e.g. "All Cash", etc.): Buyer's obligation to close shall not be subject to any financial contingency. Buyer reserves
87 the right to obtain a loan. Buyer shall furnish proof of available funds to close in the following manner:
88 _____ (e.g. bank statement, Lender's commitment letter) within five (5) days
89 after Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the
90 Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two
91 (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is
92 terminated. Failure to Close due to lack of funds shall be considered default by Buyer.

93 In the event this Agreement is contingent upon an appraisal (See Section 2.C. below), Buyer must order the appraisal
94 and provide Seller with the name and telephone number of the appraisal company and proof that appraisal was ordered
95 within five (5) days of the Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for
96 compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested
97 notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's
98 obligation to sell is terminated.

99 **C. Appraisal (Select either 1 or 2 below. The sections not checked are not a part of this Agreement).**

- 100 **1.** This Agreement **IS NOT** contingent upon the appraised value either equaling or exceeding the agreed upon
101 Purchase Price. Thereafter, failure to appraise shall not be used as the basis for loan denial or termination of
102 Agreement.

- 103 □ 2. This Agreement **IS CONTINGENT** upon the appraised value either equaling or exceeding the agreed
 104 upon Purchase Price. If the appraised value is equal to or exceeds Purchase Price, this contingency is satisfied.
 105 In consideration of Buyer having conducted an appraisal, the sufficiency of such consideration being hereby
 106 acknowledged, if the appraised value of the Property does not equal or exceed the Purchase Price, Buyer
 107 shall promptly notify the Seller via the Notification form or equivalent written notice. Buyer shall then have
 108 three (3) days to either:
 109 1. waive the appraisal contingency via the Notification form or equivalent written notice
 110 **OR**
 111 2. terminate the Agreement by giving notice to Seller via the Notification Form or equivalent written
 112 notice. Upon timely termination, Buyer is entitled to a refund of the Earnest Money/Trust Money.
 113 In the event Buyer fails to either waive the appraisal contingency or terminate the Agreement as set forth
 114 above, this contingency shall be deemed satisfied. Thereafter, failure to appraise shall not be used as the basis
 115 for loan denial or termination of Agreement. Seller shall have the right to request any supporting
 116 documentation showing appraised value did not equal or exceed the agreed upon Purchase Price.

117 **D. Closing Expenses.**

- 118 1. **Seller Expenses.** Seller shall pay all existing loans and/or liens affecting the Property, including all penalties,
 119 release preparation costs, and applicable recording costs; any accrued and/or outstanding association dues or fees;
 120 fee (if any) to obtain lien payoff/estoppel letters/statement of accounts from any and all associations, property
 121 management companies, mortgage holders or other liens affecting the Property; Seller's closing fee, document
 122 preparation fee and/or attorney's fees; fee for preparation of deed; notary fee on deed; and financial institution
 123 (Bank, Credit Union, etc.) wire transfer fee or commercial courier service fee related to the disbursement of any
 124 lien payoff(s). Seller additionally agrees to permit any withholdings and/or to pay any additional sum due as is
 125 required under the Foreign Investment in Real Property Tax Act. Failure to do so shall constitute a default by
 126 Seller.

127 **In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property**
 128 **Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected**
 129 **from Seller by Buyer's Closing Agent at the time of Closing.** In the event Seller is not subject to FIRPTA,
 130 Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject
 131 to FIRPTA. *It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date*
 132 *regarding such tax matters.*

- 133 2. **Buyer Expenses.** Buyer shall pay all transfer taxes and recording fees on deed of conveyance and deed of trust;
 134 Buyer's closing fee, document preparation fee and/or attorney's fees; preparation of note, deed of trust, and other
 135 loan documents; mortgage loan inspection or boundary line survey; credit report; required premiums for private
 136 mortgage, hazard and flood insurance; required reserved deposits for insurance premiums and taxes; prepaid
 137 interest; re-inspection fees pursuant to appraisal; insured Closing Protection Letter; association fees as stated
 138 within section 4.F.; and any costs incident to obtaining and closing a loan, including but not limited to: appraisal,
 139 origination, discount points, application, commitment, underwriting, document review, courier, assignment,
 140 photo, tax service, notary fees, and any wire fee or other charge imposed for the disbursement of the Seller's
 141 proceeds according to the terms of this Agreement.

- 142 3. **Title Expenses.** Cost of title search, mortgagee's policy and owner's policy (rates to be as filed with the
 143 Tennessee Department of Commerce and Insurance) shall be paid as follows:

144 _____
 145 Simultaneous issue rates shall apply. It is the Buyer's responsibility to seek independent advice or counsel prior
 146 to Closing from Buyer's Closing Agency regarding the availability and coverage provided under and American
 147 Land Title Association Standard Owner's Insurance Policy and, if available, an Extended Owner's Insurance
 148 Policy.

149 **Not all of the above items (Seller Expenses, Buyer Expenses and Title Expenses) are applicable to every transaction**
 150 **and may be modified as follows:**

151 _____
 152 _____
 153 _____
 154 _____

155 **Closing Agency for Buyer & Contact Information:** _____

156 _____
 157 **Closing Agency for Seller & Contact Information:** _____

3. **Earnest Money/Trust Money.** Buyer has paid or shall pay within _____ days after the Binding Agreement Date to _____ (name of Holder) (“Holder”) located at _____ (address of Holder), an Earnest Money/Trust Money deposit of \$ _____ by check (OR _____) (“Earnest Money/Trust Money”).

A. Failure to Receive Earnest Money/Trust Money. In the event Earnest Money/Trust Money (if applicable) is not timely received by Holder or Earnest Money/Trust Money check or other instrument is not honored for any reason by the bank upon which it is drawn, Holder shall promptly notify Buyer and Seller of the Buyer’s failure to deposit the agreed upon Earnest Money/Trust Money. Buyer shall then have one (1) day to deliver Earnest Money/Trust Money in immediately available funds to Holder. In the event Buyer does not deliver such funds, Buyer is in default and Seller shall have the right to terminate this Agreement by delivering to Buyer or Buyer’s representative written notice via the Notification form or equivalent written notice. In the event Buyer delivers the Earnest Money/Trust Money in immediately available funds to Holder before Seller elects to terminate, Seller shall be deemed to have waived Seller’s right to terminate, and the Agreement shall remain in full force and effect.

B. Handling of Earnest Money/Trust Money upon Receipt by Holder. Earnest Money/Trust Money (if applicable) is to be deposited promptly after the Binding Agreement Date or the agreed upon delivery date in this Earnest Money/Trust Money section or as specified in the Special Stipulations section contained herein. Holder shall disburse Earnest Money/Trust 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/Trust 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/Trust Money section. Earnest Money/Trust Money shall not be disbursed prior to fourteen (14) days after deposit unless written evidence of clearance by bank is provided.

4. Closing, Prorations, Special Assessments and Warranties Transfer.

A. Closing Date. This transaction shall be closed (“Closed”) (evidenced by delivery of warranty deed and payment of Purchase Price, the “Closing”), and this Agreement shall expire, at 11:59 p.m. local time on the _____ day of _____, _____ (“Closing Date”), 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 via the Closing Date/Possession Date Amendment or equivalent written agreement.

1. Possession. Possession of the Property is to be given (**Select the appropriate boxes below. Unselected items shall not be part of this Agreement**):

at Closing as evidenced by delivery of warranty deed and payment of Purchase Price;

OR

as agreed in the attached and incorporated Temporary Occupancy Agreement;

B. Prorations. Real estate taxes, rents, dues, maintenance fees, and association fees on said Property for the calendar year in which the sale is Closed shall be prorated as of the Closing Date. If the final tax rate for the current year has not been set by the Taxing Authority at time of Closing, the tax rate and property assessment for the immediately preceding calendar year shall be utilized for calculation of the tax proration. In the event of a change or reassessment of taxes for the calendar year after Closing, the parties agree to pay their recalculated share. Real estate taxes, rents, dues, maintenance fees, and association fees for prior years and rollback taxes, if any, shall be paid by Seller.

C. Greenbelt. If property is currently classified by the property tax assessor as “Greenbelt” (minimum of 15 acres or otherwise qualifies), does the Buyer intend to keep the property in the Greenbelt? (**Select the appropriate boxes below. Unselected items shall not be part of this Agreement**):

Buyer intends to maintain the property’s Greenbelt classification and acknowledges that it is Buyer’s responsibility to make timely and proper application to insure such status. Buyer’s failure to timely and properly

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213 make application shall result in the assessment of rollback taxes for which Buyer shall be obligated to pay. Buyer
214 should consult the tax assessor for the county where the property is located prior to making this offer to verify
215 that their intended use shall qualify for Greenbelt classification.
216 Buyer does not intend to maintain the property's Greenbelt status and rollback taxes shall be payable by the Seller
217 at time of closing.

218 **D. Special Assessments.** Special assessments approved or levied prior to the Closing Date shall be paid by the Seller at
219 or prior to Closing unless otherwise agreed as follows:
220

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

224 **F. Association Fees.** Buyer shall be responsible for all homeowner or condominium association transfer fees, related
225 administration fees (not including statement of accounts), capital expenditures/contributions incurred due to the
226 transfer of Property and/or like expenses which are required by the association, property management company and/or
227 the bylaws, declarations or covenants for the Property (unless otherwise specifically addressed herein and/or unless
228 specifically chargeable to Seller under applicable bylaws, declarations, and/or neighborhood covenants).

229 **5. Title and Conveyance.**

230 **A.** Seller warrants that at the time of Closing, Seller shall convey or cause to be conveyed to Buyer or Buyer's assign(s)
231 good and marketable title to said Property by general warranty deed, subject only to:

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

238 If title examination, closing or loan survey pursuant to Tenn. Code Ann. § 62-18-126, boundary line survey, or other
239 information discloses material defects, Buyer may, at Buyer's discretion:

- 240 (1) accept the Property with the defects **OR**
241 (2) require Seller to remedy such defects prior to the Closing Date. Buyer shall provide Seller with written notice
242 of such defects via the Notification form or equivalent written notice. If defects are not remedied prior to
243 Closing Date, Buyer and Seller may elect to extend the Closing Date by mutual written agreement evidenced
244 by the Closing Date/Possession Amendment form or other written equivalent. If defects are not remedied by
245 the Closing Date or any mutually agreed upon extension thereof, this Agreement shall terminate, and Buyer
246 shall be entitled to refund of Earnest Money/Trust Money.

247 Good and marketable title as used herein shall mean title which a title insurance company licensed to do business in
248 Tennessee shall insure at its regular rates, subject only to standard exceptions. The title search or abstract used for the
249 purpose of evidencing good and marketable title must be acceptable to the title insurance agent and the issuing title
250 insurance company. Seller agrees to execute such appropriate affidavits and instruments as may be required by the
251 issuing title insurance company.

252 **B.** Buyer warrants Buyer is not a sanctioned nonresident alien, sanctioned foreign business, or sanctioned foreign
253 government or an agent, trustee, or fiduciary thereof and therefore is not precluded from purchasing Property pursuant
254 to Tenn. Code Ann. §66-2-301, et seq.

255 **C. Deed.** Name(s) on Deed to be: _____ It
256 is the Buyer's responsibility to consult the closing agency or attorney prior to Closing as to the manner in which Buyer
257 holds title.

258 **D. Association Lien Payoff.** In the event the Property is subject to mandatory association assessments or other fees,
259 which may impose a lien, Seller shall cause to be delivered to Buyer or Buyer's Closing Agent not later than seven
260 (7) days before Closing a lien payoff, estoppel letter or a statement of account reflecting that the account relating to
261 the Property is current or setting forth the sum due to bring the account current.

262 **6. Public Water or Public Sewer Systems**

263 In the event it is discovered that Public Water or Public Sewer System is accessible to the Property and connection to the
264 Property is required by a governmental agency/authority or Lender, Buyer shall promptly notify the Seller via the
265 Notification form or equivalent written notice. Seller and Buyer shall have five (5) days following such written notice but
266 not later than the Closing Date to negotiate in good faith the payment for the cost and the connection to the Public Water
267 or Public Sewer System. In the event Seller and Buyer do not reach a mutual written agreement for the payment of such

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268 cost or a mutually agreeable written extension of such time period as evidenced in an Amendment to this Agreement signed
269 by both parties within such period of time, this Agreement is hereby terminated. If terminated the Buyer is entitled to a
270 refund of the Earnest Money/Trust Money.

271 **7. Lead-Based Paint Disclosure (Select the appropriate box.)**

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

273 **8. Inspections.**

274 **A. Buyer's Right to Make Inspection(s).** All inspections/reports, including but not limited to the home inspection
275 report, those required/recommended in the home inspection report, Wood Destroying Insect Infestation
276 Inspection Report, septic inspection and well water test, are to be made at Buyer's expense, unless otherwise
277 stipulated in this Agreement. The parties hereto agree that in the event Buyer shall elect to contract with a third-
278 party inspector to obtain a "Home Inspection" as defined by Tennessee law, said inspection shall be conducted by a
279 licensed Home Inspector. However, nothing in this section shall preclude Buyer from conducting any inspections on
280 Buyer's own behalf, nor shall it preclude Buyer from retaining a qualified (and if required by law, licensed)
281 professional to conduct inspections of particular systems or issues within such professional's expertise or licensure,
282 including but not limited to inspection of the heating/cooling systems, electrical systems, foundation, etc., so long as
283 said professional is not in violation of Tenn. Code Ann. § 62-6-301, et seq. as may be amended. **Seller shall cause**
284 **all utility services and any pool, spa, and similar items to be operational so that Buyer may complete all**
285 **inspections and tests under this Agreement.** Buyer agrees to indemnify Seller from the acts of Buyer, Buyer's
286 inspectors and/or representatives in exercising Buyer's rights under this Purchase and Sale Agreement. Buyer's
287 obligations to indemnify Seller shall also survive the termination of this Agreement by either party, which shall remain
288 enforceable.

289 **Buyer waives any objections to matters of purely cosmetic nature (e.g. decorative, color or finish items)**
290 **disclosed by inspection. Buyer has no right to require repairs or alterations purely to meet current building**
291 **codes, unless required to do so by governmental authorities.**

292 **B. Initial Inspections.** Buyer and/or Buyer's inspectors/representatives shall have the right and responsibility to enter
293 the Property during normal business hours, for the purpose of making inspections and/or tests of the Property. Buyer
294 and/or Buyer's inspectors/representatives shall have the right to perform a visual analysis of the condition of the
295 Property, any reasonably accessible installed components, the operation of the Property's systems including but not
296 limited to the following components: heating systems, cooling systems, electrical systems, plumbing systems,
297 structural components, foundations, roof coverings, exterior and interior components, any other site aspects that affect
298 the Property, and environmental issues (e.g. radon, mold, asbestos, etc.).

299 **C. Wood Destroying Insect Infestation Inspection Report.** If desired by Buyer or required by Buyer's Lender, it shall
300 be Buyer's responsibility to obtain *at Buyer's expense* a Wood Destroying Insect Infestation Inspection Report (the
301 "Report"), which shall be made by a Tennessee licensed and chartered pest control operator. Requests for treatment
302 or for repair of damage, if any, should be addressed in the Buyer's request for repairs pursuant to Subsection 8.D.,
303 Buyer's Inspection and Resolution below.

304 **D. Buyer's Inspection and Resolution.** Within _____ days after the Binding Agreement Date ("Inspection Period"),
305 Buyer shall cause to be conducted any inspection provided for herein, including but not limited to the Wood
306 Destroying Insect Infestation Inspection Report **AND** shall provide written notice of such to Seller as described below.
307 ***In the event Buyer fails to timely make such inspections and respond within said timeframe as described herein,***
308 ***the Buyer shall have forfeited any rights provided under this Section 8, and in such case shall accept the Property***
309 ***in its current condition, normal wear and tear excepted.***

310 **In said notice Buyer shall either:**

311 (1) In consideration of Buyer having conducted Buyer's good faith inspections as provided for herein, the
312 sufficiency of such consideration being hereby acknowledged, Buyer shall furnish Seller with a list of written
313 specified objections and immediately terminate this Agreement via the Notification form or equivalent
314 written notice. All Earnest Money/Trust Money shall be returned to Buyer upon termination.

315 **OR**

316 (2) accept the Property in its present "AS IS" condition with any and all faults and no warranties expressed or
317 implied via the Notification form or equivalent written notice. Seller has no obligation to make repairs.

318 **OR**

319 (3) furnish Seller a written list of items which Buyer requires to be repaired and/or replaced with like quality or
320 value in a professional and workmanlike manner via the Repair/Replacement Proposal or equivalent written
321 notice. Seller shall have the right to request any supporting documentation that substantiates any item listed.

322 Resolution Period. Seller and Buyer shall then have a period of _____ days following receipt of
323 the above stated written list (“Resolution Period”) to reach a mutual agreement as to the items to be
324 repaired or replaced with like quality or value by Seller, which shall be evidenced by the Repair /
325 Replacement Amendment or written equivalent(s). The receipt by Seller of the above stated written
326 list or Repair/Replacement Proposal marks the end of the Inspection Period and the beginning of
327 the Resolution Period. ***The parties agree to negotiate repairs in good faith during the Resolution***
328 ***Period.*** Buyer reserves the right to withdraw the above stated written list or Repair/Replacement
329 Proposal during the Resolution Period via the Notification form or equivalent written notice. Upon
330 withdrawal, Buyer shall be deemed to have accepted the Property in its present “AS IS” condition
331 and Seller shall have no obligation to make repairs.

332 **This Agreement shall terminate at the end of the Resolution Period with a refund of**
333 **Earnest Money/Trust Money to the Buyer, unless one of the following occurs:**

334 (1) Seller and Buyer enter into a Repair/Replacement Amendment or written equivalent(s),

335 OR

336 (2) Buyer provides written notice to Seller that Buyer is accepting Property “AS IS”;

337 OR

338 (3) Seller and Buyer enter into a written amendment extending the Resolution Period.

- 339 Buyer waives the option to request items to be repaired and/or replaced under D (3) above and there shall be no
340 Resolution Period. Buyer retains the right to perform Buyer’s Inspections and to timely furnish Seller with a list
341 of written specified objections and immediately terminate this Agreement as provided in D (1) above or accept
342 the Property in its present AS IS condition as provided under D (2) above.

343 **E. Waiver of All Inspections. THIS BOX MUST BE CHECKED TO BE PART OF THIS AGREEMENT.**

344 **Buyer, having been advised of the benefits of inspections, waives any and all Inspection Rights under this**
345 **Section 8 (including but not limited to the Wood Destroying Insect Infestation Inspection Report).**

346 **9. Completion of Repairs.** In the event a Completion of Repairs Deadline is not established in a Repair/ Replacement
347 Amendment or written equivalent, the Buyer shall use the Final Inspection to determine that all repairs/ replacements
348 agreed to during the Resolution Period, if any, have been completed.

349 In the event repairs have not been completed by the established deadline, Seller shall be considered in default of this
350 Agreement and Buyer may terminate via the Notification Form or written equivalent. Upon termination, Earnest Money/
351 Trust Money shall be returned to Buyer.

352 **10. Final Inspection.** Buyer and/or Buyer’s inspectors/representatives shall have the right to conduct a final inspection of
353 Property on the Closing Date or within ___ day(s) prior to the Closing Date only to confirm Property is in the same or
354 better condition as it was on the Binding Agreement Date, normal wear and tear excepted. Property shall remain in such
355 condition until Closing at Seller’s expense.

356 **Closing of this sale constitutes acceptance of Property in its condition as of the time of Closing, unless otherwise**
357 **mutually agreed upon in writing.**

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

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

363 **B. Insurability.** Many different issues can affect the insurability and the rates of insurance for property. These include
364 factors such as changes in the Flood Zone Certifications, changes to the earthquake zones maps, the insurability of the
365 buyer, and previous claims made on the Property. It is the right and responsibility of Buyer to determine the
366 insurability, coverage and the cost of insuring the Property. It is also the responsibility of Buyer to determine whether
367 any exclusions shall apply to the insurability of said Property.

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

371 **D. Waste Disposal.** The system may or may not meet state and local requirements. It is the right and responsibility of
372 Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a fee,
373 obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division

374 of Ground Water Protection. [For additional information on this subject, request the “Water Supply and Waste
 375 Disposal Notification” form.]

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

379 **12. Disclaimer.** It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller
 380 and/or Buyer and their brokers (collectively referred to as “Brokers”) are not parties to this Agreement and do not have or
 381 assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not
 382 be responsible for any of the following, including but not limited to, those matters which could have been revealed through
 383 a survey, flood certification, title search or inspection of the Property; the insurability of the Property or cost to insure the
 384 Property; for the condition of the Property, any portion thereof, or any item therein; for any geological issues present on
 385 the Property; for any issues arising out of the failure to physically inspect Property prior to entering into this Agreement
 386 and/or Closing; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal
 387 consequences of this transaction; for the availability, capability, and/or cost of utility, sewer, septic, or community
 388 amenities; for any proposed or pending condemnation actions involving Property; for applicable boundaries of school
 389 districts or other school information; for the appraised or future value of the Property; for square footage or acreage of the
 390 Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions, and
 391 availability of financing; and/or for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller
 392 acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice,
 393 representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any
 394 claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it
 395 has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them,
 396 that they secure the services of appropriately credentialed experts and professionals of Buyer’s or Seller’s choice for the
 397 independent expert advice and counsel relative thereto. Buyer and Seller acknowledge that photographs, marketing
 398 materials, and digital media used in the marketing of the property may continue to remain in publication after Closing.
 399 Buyer and Seller agree that Brokers shall not be liable for any uses of photographs, marketing materials or digital media
 400 which the Broker is not in control.

401 **13. Brokerage.** As specified by separate agreement, Seller agrees to pay Listing Broker at Closing the agreed upon
 402 compensation. The Listing Broker shall direct the closing agency to pay the Selling Broker, from the compensation
 403 received, an amount in accordance with the terms and provisions specified by separate agreement. The parties agree and
 404 acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties
 405 to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third
 406 party beneficiary only for the purposes of enforcing their commission rights, and as such, shall have the right to maintain
 407 an action on this Agreement for any and all compensations due and any reasonable attorney’s fees and court costs.

408 **14. Default.** Should Buyer default hereunder, the Earnest Money/Trust Money shall be forfeited as damages to Seller and
 409 shall be applied as a credit against Seller’s damages. Seller may elect to sue, in contract or tort, for additional damages or
 410 specific performance of the Agreement, or both. Should Seller default, Buyer’s Earnest Money/Trust Money shall be
 411 refunded to Buyer. In addition, Buyer may elect to sue, in contract or tort, for damages or specific performance of this
 412 Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including
 413 suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover
 414 all costs of such enforcement, including reasonable attorney’s fees. In the event that any party exercises its right to
 415 terminate due to the default of the other pursuant to the terms of this Agreement, the terminating party retains the right to
 416 pursue any and all legal rights and remedies against the defaulting party following termination. The parties hereby agree
 417 that all remedies are fair and equitable and neither party shall assert the lack of mutuality of remedies, rights and/or
 418 obligations as a defense in the event of a dispute.

419 **15. Home Protection Plan.** This is not a substitution for Home Inspection. Exclusions to coverage may apply. **(Select the**
 420 **appropriate box below. Items not selected are not part of this Agreement).**

421 **Home Protection Plan.** _____ to pay \$ _____ for the purchase of a limited home
 422 protection plan to be funded at Closing. Plan Provider: _____.
 423 Ordered by: _____ (Real Estate Company)

424 **Home Protection Plan waived.**

425

426 **16. Non-Assignability.** This Purchase and Sale Agreement shall not be assignable by the Buyer without prior written consent
 427 by the Seller.

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428 **17. Other Provisions.**

429 **A. Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date.** This Agreement
430 shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and
431 approved assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no
432 modification of this Agreement shall be binding unless signed by all parties or approved assigns to this Agreement.
433 No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. It
434 is hereby agreed by both Buyer and Seller that any real estate agent working with or representing either party shall not
435 have the authority to bind the Buyer, Seller or any approved assignee to any contractual agreement unless specifically
436 authorized in writing within this Agreement. Any approved assignee shall fulfill all the terms and conditions of this
437 Agreement. The parties hereby authorize either licensee to insert the time and date of receipt of the notice of
438 acceptance of the final offer. The foregoing time and date shall be referred to for convenience as the Binding
439 Agreement Date for purposes of establishing performance deadlines.

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

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

445 **D. Time of Essence.** Time is of the essence in this Agreement.

446 **E. Terminology.** As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa;
447 (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine
448 shall mean the feminine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to
449 be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be
450 determined by the location of Property. **In the event a performance deadline**, other than the Closing Date (as defined
451 herein), Date of Possession (as defined herein), Completion of Repair Deadline (as defined in the Repair/Replacement
452 Amendment), and Offer Expiration Date (as defined in Time Limit of Offer Section), occurs on a Saturday, Sunday
453 or legal holiday, the performance deadline shall extend to the next following business day. Holidays as used herein
454 are those days deemed federal holidays pursuant to 5 U.S.C. § 6103(a). In calculating any time period under this
455 Agreement, the commencement shall be the day following the initial date (e.g. Binding Agreement Date).

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

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

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

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

474 **J. Severability.** If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for
475 any reason, each such portion or provision shall be severed from the remaining portions or provisions of this
476 Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect. In the
477 event that the contract fails due to the severed provisions, then the offending language shall be amended to be in
478 conformity with state and federal law.

- 479 **K. Alternative Dispute Resolution.** In the event the parties elect to utilize Alternative Dispute Resolution,
480 incorporate "Resolution of Disputes by Mediation Addendum/Amendment" (RF629).
- 481 **L. Contract Construction.** This Agreement or any uncertainty or ambiguity herein shall not be construed against any
482 party but shall be construed as if all parties to this Agreement jointly prepared this Agreement.
- 483 **M. Section Headings.** The Section Headings as used herein are for reference only and shall not be deemed to vary the
484 content of this Agreement or limit the scope of any Section.

485 **18. Seller's Additional Obligations.** In addition to any other disclosure required by law, the Seller shall, prior to entering
486 into an Agreement with a Buyer, disclose in writing including acknowledgement of receipt: (a) the presence of any known
487 exterior injection well or sinkhole (as defined in TCA § 66-5-212) on the property; (b) the results of any known percolation
488 test or soil absorption rate performed on the property that is determined or accepted by the Department of Environment and
489 Conservation; (c) if the property is located in a Planned Unit Development (PUD); (d) if the property is located in a PUD, make
490 available to the Buyer a copy of the development's restrictive covenants, homeowner bylaws and master deed upon request;
491 (e) if any single-family residence located on the Property has been moved from an existing foundation to another foundation
492 where such information is known to the Seller; and (f) if a permit for a subsurface sewage disposal system for the Property was
493 issued during a sewer moratorium pursuant to TCA § 68-221-409. If so, Buyer may have a future obligation to connect to the
494 public sewer system.

495 **19. Method of Execution.** The parties agree that signatures and initials transmitted by facsimile, other photocopy transmittal,
496 or by transmittal of digital signature as defined by the applicable State or Federal law shall be acceptable and may be treated
497 as originals and that the final Purchase and Sale Agreement containing all signatures and initials may be executed partially by
498 original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable
499 State or Federal law.

500 **20. Exhibits and Addenda.** All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part
501 of this Agreement: _____
502 _____
503 _____
504 _____

505 **21. Special Stipulations.** The following Special Stipulations, if conflicting with any preceding section, shall control:
506 _____
507 _____
508 _____
509 _____
510 _____
511 _____
512 _____
513 _____
514 _____
515 _____
516 _____

517 **22. Time Limit of Offer.** This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not
518 countered or accepted by _____ o'clock a.m./ p.m.; on the _____ day of _____, _____.

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

522 **NOTE: Any provisions of this Agreement which are preceded by a box "☐" must be marked to be a part of this**
523 **Agreement. Any blank herein that is not otherwise completed shall be deemed to be zero or not applicable.**

524 **WIRE FRAUD WARNING: Never trust wiring instructions sent via email. Cyber criminals are hacking email accounts**
525 **and sending emails with fake wiring instructions. These emails are convincing and sophisticated. Always independently**
526 **confirm wiring instructions in person or via a telephone call to a trusted and verified phone number. Never wire money**
527 **without double-checking that the wiring instructions are correct. NEVER ACCEPT WIRING INSTRUCTIONS FROM**
528 **YOUR AGENT OR BROKER.**

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BY AFFIXING YOUR SIGNATURE BELOW, YOU ACKNOWLEDGE THAT YOU HAVE REVIEWED AND UNDERSTAND ALL TERMS OF THIS AGREEMENT.

529 Buyer hereby makes this offer.

530 _____

531 **BUYER** _____ **BUYER** _____

532 _____ at _____ o'clock am/ pm _____ at _____ o'clock am/ pm

533 **Offer Date** _____ **Offer Date** _____

534 Seller hereby:

535 **ACCEPTS** – accepts this offer.

536 **COUNTERS** – accepts this offer subject to the attached Counter Offer(s).

537 **REJECTS** – rejects this offer and makes no counter offer.

538 _____

539 **SELLER** _____ **SELLER** _____

540 _____ at _____ o'clock am/ pm _____ at _____ o'clock am/ pm

541 **Date** _____ **Date** _____

542 **Acknowledgement of Receipt.** _____ hereby acknowledges receipt of the final accepted offer
 543 on _____ at _____ o'clock am/ pm, and this shall be referred to as the Binding Agreement Date for
 544 purposes of establishing performance deadlines as set forth in the Agreement.

For Information Purposes Only:

| | |
|--|--------------------------------|
| Listing Company: _____ | Selling Company: _____ |
| Listing Firm Address: _____ | Selling Firm Address: _____ |
| Firm License No.: _____ | Firm License No.: _____ |
| Firm Telephone No.: _____ | Firm Telephone No.: _____ |
| Listing Licensee: _____ | Selling Licensee: _____ |
| Licensee License Number: _____ | Licensee License Number: _____ |
| Licensee Email: _____ | Licensee Email: _____ |
| Licensee Cellphone No.: _____ | Licensee Cellphone No.: _____ |
| Home Owner's / Condominium Association ("HOA/COA")/ Property Management Company: _____ | |
| Phone: _____ | Email: _____ |

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NOTIFICATION

1 This is NOTIFICATION from the Seller (Notifying Party) to Buyer OR Buyer (Notifying Party) to Seller.
2 This NOTICE is hereby tendered in accordance with the provisions of that certain Purchase and Sale Agreement
3 for the purchase and sale of real property located at:
4 _____

5 with a

6 Binding Agreement Date of _____ OR Offer Date of _____

7 **CHECK THE BOX(ES) THAT APPLY:**

8 **Notification from Buyer to Seller:**

9 1. Buyer has made application for loan and is notifying Seller and/or Seller's Representative of the name and
10 contact information of the Lender. Buyer has also instructed Lender to order and has paid for the credit
11 report. Lender's name and contact information is:
12 _____
13 _____

14 2. Buyer has waived Buyer's financial contingency and is furnishing proof of available funds in the following
15 manner: _____ . *Documentation attached.*

16 3. Buyer has waived Buyer's financial contingency and is providing Seller with the name and telephone
17 number of the appraiser who shall conduct the appraisal on the property:
18 _____

19 4. Appraised value did not equal or exceed the Purchase Price. Buyer shall notify Seller of decision to
20 terminate agreement or waive contingency within 3 days per the terms stated in the Purchase and Sale
21 Agreement.

22 5. Appraised value did not equal or exceed the Purchase Price. Buyer **WAIVES the appraisal contingency**
23 in the Purchase and Sale Agreement.

24 6. Appraised value did not equal or exceed the Purchase Price. Buyer is exercising the right to terminate and
25 hereby requests refund of Earnest Money/Trust Money.

26 7. Having acted in good faith, Buyer is unable to obtain financing and is exercising the right to terminate
27 and hereby requests refund of Earnest Money/Trust Money.

28 8. Buyer has changed lenders and is notifying Seller that the new Lender's name and contact information is:
29 _____
30 _____

31 9. Buyer warrants and represents the following:

32 Buyer has secured evidence of hazard insurance which shall be effective at Closing and has provided
33 Seller with the name of the hazard insurance company:
34 _____

35 Buyer has notified Lender of an Intent to Proceed and has available funds to Close per the signed Loan
36 Estimate; and

- 37 Buyer has requested that the appraisal be ordered and affirms that the appraisal fee has been paid.
- 38 10. Title examination, closing or loan survey pursuant to Tenn. Code Ann. § 62-18-126, boundary line survey,
39 or other information has disclosed the following material defects:

40 _____
41 _____
42 _____

- 43 and Buyer is requiring Seller to remedy such defects prior to the Closing Date. *Documentation attached.*
- 44 11. Material defects disclosed from title examination, closing or loan survey pursuant to Tenn. Code Ann. §
45 62-18-126, boundary line survey, or other information have not been remedied prior to the Closing Date or
46 any extension thereof resulting in the termination of the Purchase and Sale Agreement. Buyer is hereby
47 requesting refund of Earnest Money/Trust Money.
- 48 12. Buyer has made any and all inspections available under the Inspection section of the Purchase and Sale
49 Agreement and is exercising Buyer's right to immediately **TERMINATE** the Purchase and Sale Agreement
50 with all Earnest Money/Trust Money refunded to Buyer. **This Notification hereby serves as NOTICE**
51 **OF TERMINATION of the Purchase and Sale Agreement and WRITTEN DEMAND FOR**
52 **DISTRIBUTION OF EARNEST MONEY/TRUST MONEY to the Buyer.** Buyer is hereby providing
53 a list of written specified objections which Buyer has discovered in good faith.

54 LIST OF SPECIFIED OBJECTIONS:

55 _____
56 _____
57 _____

- 58 13. Buyer has made any and all inspections available under the Inspection section of the Purchase and Sale
59 Agreement and **ACCEPTS the Property in its present AS IS condition** with any and all faults and no
60 warranties expressed or implied. Seller has no obligation to make repairs. However, Buyer has not waived
61 Buyer's rights under the Final Inspection paragraph of the Purchase and Sale Agreement.
- 62 14. Buyer **WAIVES any and all inspection** contingencies available under the Inspection section of the
63 Purchase and Sale Agreement except as to the Final Inspection section of the Purchase and Sale Agreement.
- 64 15. Pursuant to the First Right of Refusal Addendum, Buyer has listed their home with a licensed real estate
65 broker and the home is advertised in a Multiple Listing Service, where applicable. See proof of listing
66 attached to this form.
- 67 16. Buyer **WITHDRAWS** all offers and/or counter offers.
- 68 17. Buyer is exercising Buyer's right to **TERMINATE** this Agreement due to Seller's failure to complete
69 agreed upon repairs by the Completion of Repairs Deadline or the Final Inspection in the event no
70 Completion of Repairs Deadline was established. **This notification hereby serves as NOTICE OF**
71 **TERMINATION of the Purchase and Sale Agreement and WRITTEN DEMAND FOR**
72 **DISTRIBUTION OF EARNEST MONEY/TRUST MONEY to the Buyer.**

- 73 18. OTHER: _____
74 _____
75 _____
76 _____
77 _____

78 **CHECK THE BOX(ES) THAT APPLY:**

79 **Notification from Seller to Buyer:**

- 80 19. This is Seller's written demand for Buyer to provide the name and contact information of the Lender and
81 that Buyer has instructed Lender to order and has paid for the credit report.
- 82 20. Seller has made written demand for Buyer to provide the name and contact information of the Lender and
83 that Buyer has instructed Lender to order and has paid for the credit report and Buyer failed to do so within
84 two (2) days, thereby terminating the Agreement.
- 85 21. This is Seller's written demand for Buyer to provide supporting documentation regarding loan denial.
- 86 22. This is Seller's written request for Buyer to provide proof of available funds as required in transactions
87 wherein Buyer has waived Buyer's financial contingency.
- 88 23. Seller has made written demand for Buyer to provide proof of available funds as required in transactions
89 wherein Buyer has waived Buyer's financial contingency. However, Buyer failed to do so within two (2)
90 days, thereby terminating the Agreement.
- 91 24. This is Seller's written demand for the name and telephone number of the appraiser and proof that appraisal
92 was ordered in a transaction in which Buyer has waived Buyer's financial contingency.
- 93 25. Seller has made written demand for the name and telephone number of the appraiser and proof that appraisal
94 was ordered in a transaction in which Buyer has waived his financial contingency. However, Buyer failed
95 to do so within two (2) days, thereby terminating the Agreement.
- 96 26. This is Seller's written request that Buyer provide supporting documentation showing appraised value did
97 not equal or exceed the agreed upon purchase price.
- 98 27. This is Seller's written demand for Buyer to provide the following warranties and representations:
- 99 Buyer has secured evidence of hazard insurance which shall be effective at Closing. The name of the
100 hazard insurance company is: _____.
- 101 Buyer has notified Lender of an Intent to Proceed with Lender and has available funds to Close per the
102 signed Loan Estimate; and
- 103 Buyer has requested that the appraisal be ordered and affirms that the appraisal fee has been paid.
- 104 28. Seller has made written demand for Buyer to warrant and represent that Buyer has secured evidence of
105 hazard insurance and provided the name of insurance company; has provided Lender with an Intent to
106 Proceed; and has requested that the appraisal be ordered and has paid appraisal fee. However, Buyer failed
107 to do so within two (2) days, thereby terminating the Agreement.
- 108 29. Holder has advised that the Earnest Money/Trust Money Check or other instrument has been dishonored or
109 not timely received by Holder. Seller is hereby notifying Buyer that Buyer has one (1) day to deliver Earnest
110 Money/Trust Money in immediately available funds to Holder.
- 111 30. Holder has advised that the Earnest Money/Trust Money Check or other instrument has been dishonored.
112 Buyer has failed to timely deliver immediately available funds following notice by Holder. Seller is hereby
113 exercising Seller's right to terminate this Agreement.
- 114 31. Holder has advised that the Earnest Money/Trust Money has not been timely received as required pursuant
115 to the Earnest Money/Trust Money paragraph. Buyer has failed to timely deliver immediately available
116 funds following notice by Holder. Seller is hereby exercising Seller's right to terminate this Agreement.
- 117 32. Pursuant to Buyer's First Right of Refusal Addendum, this is Seller's written demand for proof Buyer has
118 listed their home with a licensed real estate broker and home is advertised in a Multiple Listing Service,
119 where applicable.
- 120 33. Pursuant to Buyer's First Right of Refusal Addendum, Seller has made written demand for Buyer to
121 provide proof Buyer has listed their home with a licensed real estate broker and advertised the home in a
122 Multiple Listing Service, where applicable. However, Buyer failed to do so within one (1) day. Seller is
123 hereby exercising Seller's right to terminate this Agreement.

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- 124 34. For new construction only, Seller hereby notifies Buyer that the improvements are substantially
 125 completed. Buyer shall cause to be conducted any inspection provided in the New Construction Purchase
 126 and Sale Agreement.
- 127 35. For new construction only, Seller hereby notifies Buyer of a delay caused by
 128 _____
 129 _____ as provided for in the Delays Section of the New
 130 Construction Purchase and Sale Agreement.
- 131 36. For Back-Up Agreement Contingencies only, Seller hereby notifies Buyer that the Primary Agreement
 132 has been terminated or is null and void. Buyer's Back-Up Agreement has moved into a primary position.
- 133 37. Seller **WITHDRAWS** all offers and/or counter offers.
- 134 38. OTHER:
 135 _____
 136 _____
 137 _____
 138 _____

| | |
|--|--|
| 139 _____ 140 NOTIFYING PARTY (Buyer/Seller Signature) 141 _____ at _____ o'clock <input type="checkbox"/> am/ <input type="checkbox"/> pm 142 Date | _____ NOTIFYING PARTY (Buyer/Seller Signature) _____ at _____ o'clock <input type="checkbox"/> am/ <input type="checkbox"/> pm Date |
|--|--|

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