

Review: Previous Week



Elements of the Buy/Sell Contract

Objectives:

Review the Key Features of the Buy/Sell agreement.

Identify the common areas prone to mistakes in the Buy/Sell

Download a Buy/Sell here:
<http://bit.ly/1oReW4w>

1 The printed portions of this form, except differentiated additions, have been approved by the Colorado Real Estate Commission.
2 (CRS1-6-15) (Mandatory 1-16)
3 THIS FORM HAS IMPORTANT LEGAL CONSEQUENCES AND THE PARTIES SHOULD CONSULT LEGAL AND TAX OR
4 OTHER COUNSEL BEFORE SIGNING.
5
6 **CONTRACT TO BUY AND SELL REAL ESTATE**
7 **(RESIDENTIAL)**
8
9 Date: _____
10 **AGREEMENT**
11
12 1. **AGREEMENT.** Buyer agrees to buy and Seller agrees to sell, the Property described below on the terms and conditions set forth in this contract (Contract).
13
14 2. **PARTIES AND PROPERTY.**
15 2.1. Buyer, Buyer, _____
16 will take title to the Property described below as ☐ Joint Tenants ☐ Tenants In Common ☐ Other _____
17 2.2. No Assignability. This Contract Is Not assignable by Buyer unless otherwise specified in Additional Provisions.
18
19 2.3. Seller, Seller, _____ is
20 the current owner of the Property described below.
21 2.4. Property. The Property is the following legally described real estate in the County of _____, Colorado:
22
23
24
25 known as No. _____
26 Street Address _____ City _____ State _____ Zip _____
27 together with the interests, easements, rights, benefits, improvements and attached fixtures appurtenant thereto, and all interest of
28 Seller in vacated streets and alleys adjacent thereto, except as herein excluded (Property).
29
30 2.5. **Inclusions.** The Purchase Price includes the following items (Inclusions).
31 2.5.1. **Inclusions - Attached.** The following items are included unless excluded under Exclusions: lighting,
32 heating, plumbing, ventilating and air conditioning units, TV antennas, inside telephone, network and coaxial (cable) wiring and
33 connecting blocks/jacks, plants, mirrors, floor coverings, intercom systems, built-in kitchen appliances, sprinkler systems and
34 console, built-in vacuum systems (including accessories), garage door openers (including _____ remote controls). If checked,
35 the following are owned by the Seller and included (leased items should be listed under Due Diligence Documents): ☐ None ☐
36 Solar Panels ☐ Water Softeners ☐ Security Systems ☐ Satellite Systems (including satellite dishes). If any additional
37 items are attached to the Property after the date of this Contract, such additional items are also included in the Purchase Price.
38 2.5.2. **Inclusions - Not Attached.** If on the Property, whether attached or not, on the date of this Contract, the
39 following items are included unless excluded under Exclusions: storm windows, storm doors, window and porch shades, awnings,
40 blinds, screens, window coverings and treatments, curtain rods, drapery rods, fireplace inserts, fireplace screens, fireplace grates,
41 heating stoves, storage sheds, carbon monoxide alarms, smoke/fire detectors and all keys.
42 2.5.3. **Personal Property - Conveyance.** Any personal property must be conveyed at Closing by Seller free and
43 clear of all taxes (except personal property taxes for the year of Closing), liens and encumbrances, except _____
44 Conveyance of all personal property will be by bill of sale or other applicable legal instrument.
45 2.5.4. **Other Inclusions.** The following items, whether fixtures or personal property, are also included in the
46 Purchase Price:
47
48
49
50
51 2.5.5. **Parking and Storage Facilities.** ☐ Use Only ☐ Ownership of the following parking facilities:
52
53

CRS1-6-15. CONTRACT TO BUY AND SELL REAL ESTATE (RESIDENTIAL) Page 1 of 17



Elements of the Buy/Sell Contract

Objectives:

Review the practical aspects of presenting an offer to a Buyer or Seller

Complete a homework assignment by writing a sample contract

		Appraisal	
19	§ 6.2	Appraisal Deadline	
20	§ 6.2	Appraisal Objection Deadline	
21	§ 6.2	Appraisal Resolution Deadline	
		Survey	
22	§ 9.1	New ILC or New Survey Deadline	
23	§ 9.3	New ILC or New Survey Objection Deadline	
24	§ 9.4	New ILC or New Survey Resolution Deadline	
		Inspection and Due Diligence	
25	§ 10.3	Inspection Objection Deadline	
26	§ 10.3	Inspection Resolution Deadline	
27	§ 10.5	Property Insurance Objection Deadline	
28	§ 10.6	Due Diligence Documents Delivery Deadline	
29	§ 10.6	Due Diligence Documents Objection Deadline	
30	§ 10.6	Due Diligence Documents Resolution Deadline	
31	§ 10.7	Conditional Sale Deadline	
		Closing and Possession	
32	§ 12.3	Closing Date	
33	§ 17	Possession Date	
34	§ 17	Possession Time	
35	§ 28	Acceptance Deadline Date	
36	§ 28	Acceptance Deadline Time	

Note: If FHA or VA loan boxes are checked in § 4.5.3 (Loan Limitations), the Appraisal deadlines do Not apply to FHA insured or VA guaranteed loans.

3.1. **Applicability of Terms.** Any box checked in this Contract means the corresponding provision applies. Any box, blank or line in this Contract left blank or completed with the abbreviation "N/A", or the word "Deleted" means such provision, including any deadline, is not applicable and the corresponding provision of this Contract to which reference is made is deleted. If no box is checked in a provision that contains a selection of "None", such provision means that "None" applies.

The abbreviation "MEC" (mutual execution of this Contract) means the date upon which both parties have signed this Contract.

4. PURCHASE PRICE AND TERMS

4.1. **Price and Terms.** The Purchase Price set forth below is payable in U.S. Dollars by Buyer as follows:

Item No.	Reference	Item	Amount	Amount
1	§ 4.1	Purchase Price	\$	
2	§ 4.3	Earnest Money	\$	
3	§ 4.5	New Loan	\$	
4	§ 4.6	Assumption Balance	\$	
5	§ 4.7	Private Financing	\$	
6	§ 4.7	Seller Financing	\$	
7				
8				
9	§ 4.4	Cash at Closing	\$	
10		TOTAL	\$	

4.2. **Seller Concession.** At Closing, Seller will credit to Buyer \$_____ (Seller Concession). The Seller Concession may be used for any Buyer fee, cost, charge or expenditure to the extent the amount is allowed by the Buyer's lender and is included in the Closing Statement or Closing Disclosure, at Closing. Examples of allowable items to be paid for by the Seller Concession include, but are not limited to: Buyer's closing costs, loan discount points, loan origination fees, prepaid items and any other fee, cost, charge, expense or expenditure. Seller Concession is in addition to any sum Seller has agreed to pay or credit Buyer elsewhere in this Contract.

4.3. **Earnest Money.** The Earnest Money set forth in this section, in the form of a _____, will be payable to and held by _____ (Earnest Money Holder), in its trust account, on behalf of both Seller and Buyer. The Earnest Money deposit must be tendered, by Buyer, with this Contract unless the parties mutually agree to an Alternative Earnest Money Deadline for its payment. The parties authorize delivery of the Earnest Money deposit to



Buy/Sell Contract

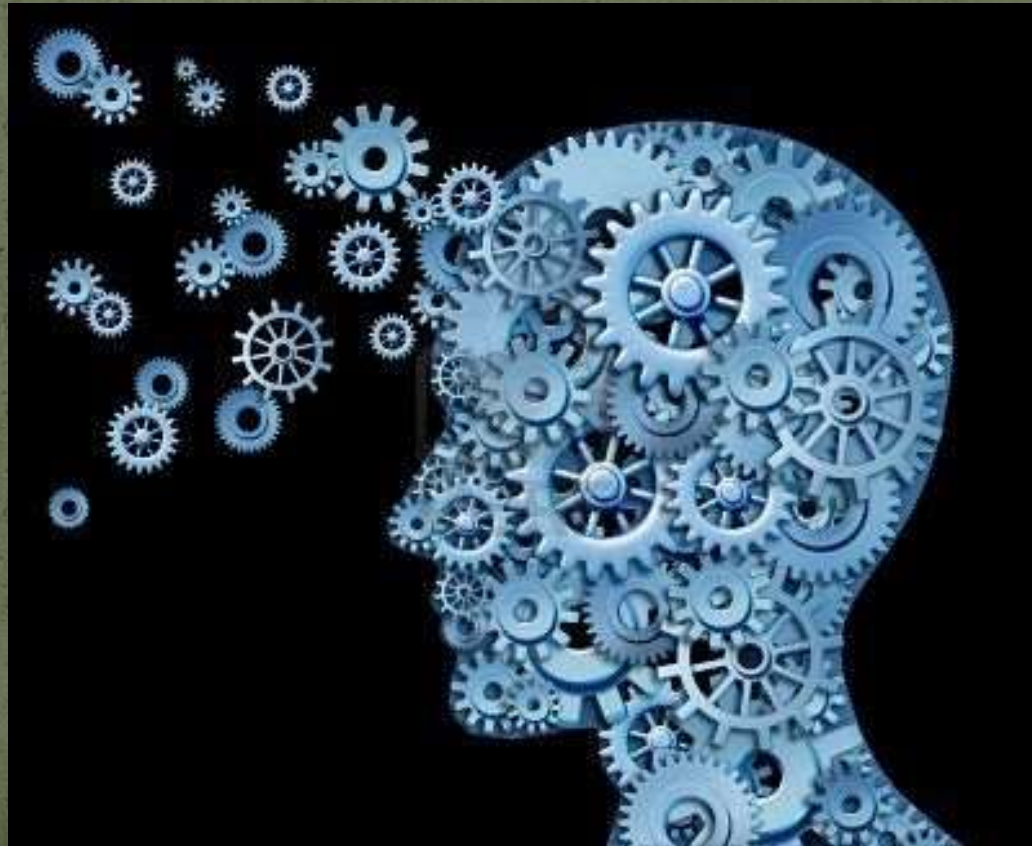


Buy/Sell Contract READ IT!



Buy/Sell Contract

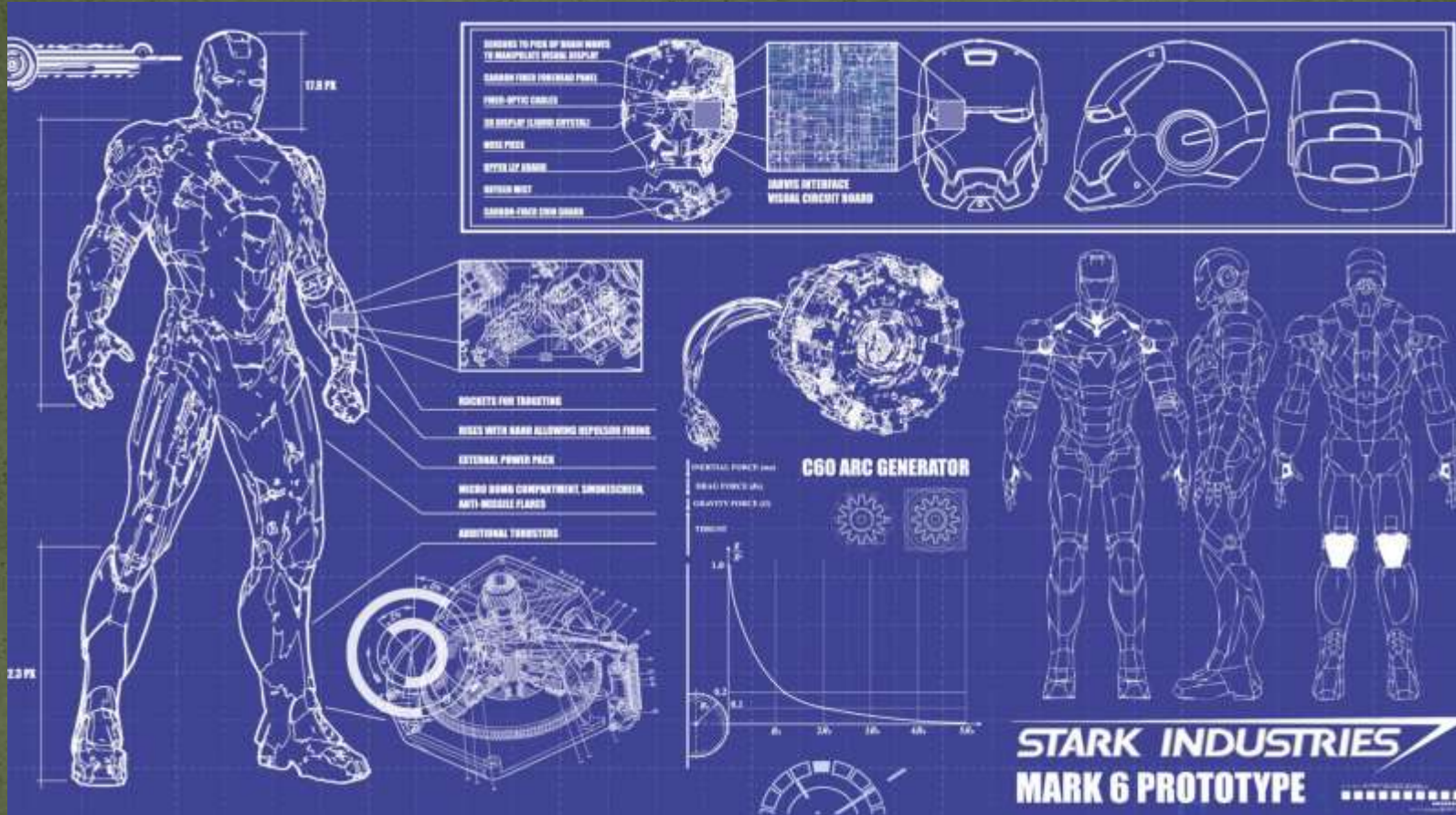
KNOW IT!



Buy/Sell Contract LIVE IT!



Buy/Sell Contract



Think of the Contract as a Blueprint



Buy/Sell Contract

All the components of the transaction live inside this document:

Who does what?

When?

Who Pays for what?

When?

What happens if it doesn't happen?



Buy/Sell Contract

The Goal of EVERY Contract:



REMOVE AMBIGUITY!



Buy/Sell Contract

Let's Dive In!



Buy/Sell Contract

*Remember
MADLIBS? A
contract is kind of
like a legal version...*

*Leaving blanks or
using wrong words
that don't make
sense creates
problems!*



MAD LIBS®
AMUSEMENT PARKS

An amusement park is always fun to visit on a hot summer _____
NOUN

When you get there, you can wear your _____ and go
ARTICLE OF CLOTHING

for a swim. And there are lots of _____ things to eat. You can
ADJECTIVE

start off with a/an _____ -dog on a/an _____ with
ADJECTIVE NOUN

mustard, relish, and _____ on it. Then you can have a
PLURAL NOUN

battered ear of _____ with a nice _____ slice of
NOUN ADJECTIVE

_____ and a big bottle of cold _____. When you
TYPE OF FOOD TYPE OF LIQUID

are full, it's time to go on the roller coaster, which should settle your
PART OF THE BODY

Other amusement park rides are the bumper cars,

*The Document is
built to protect
both parties....
But it favors the
buyer at nearly
every step...*



Class of Two Hundred & Fourteen

Buy/Sell Contract

From the Buyer's Perspective

Objection Your Honor!!

Loan §5.2

Appraisal §6.2

Association §7.4

Record Title §8.1

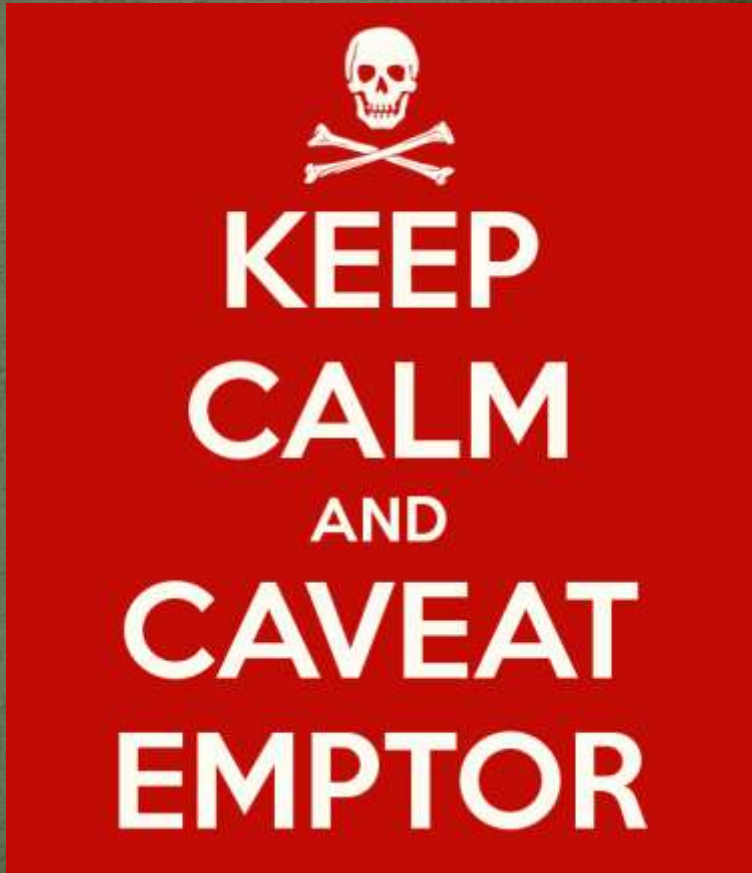
Off-Record Title § 8.3

ILC/Survey §9.3

Inspection §10.3

Property Insurance §10.5

Due Diligence §10.6

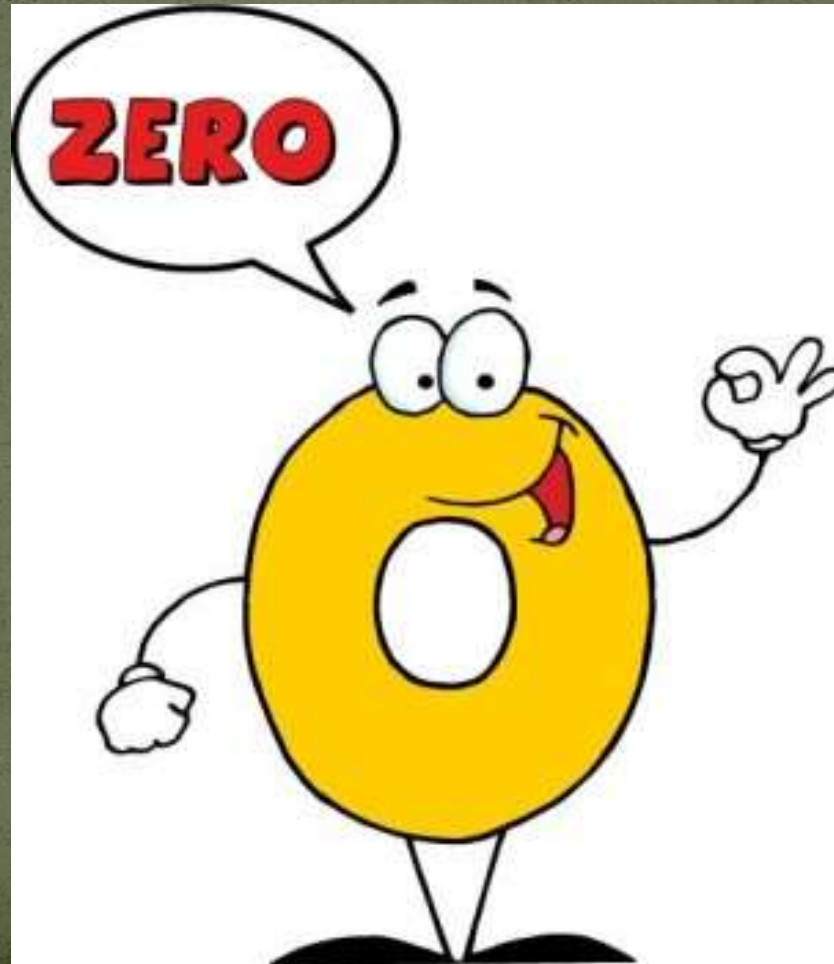


**KEEP
CALM
AND
CAVEAT
EMPTOR**



Buy/Sell Contract

Which Contingencies Favor the Seller?



Buy/Sell Contract

Affirmative Obligations vs Contingency

Buyer shall provide
a lender letter
within 24 hours
after MEC

YES

NO

Proceed
With
contract

DEFAULT

This contract
is contingent upon
Buyer obtaining
a lender letter
within 24 hours
after MEC

YES

NO

Proceed
With
contract

Contract Terminates
EM is
Returned



Buy/Sell Contract

Specific Performance vs. Liquidated Damages

21.1.1 or 21.1.2



Buy/Sell Contract

- Additional Provisions:
 - If you're doing more than stating a fact, make sure someone else looks it over.

706 30. **ADDITIONAL PROVISIONS.** (The following additional provisions have not been approved by the Colorado Real Estate
707 Commission.)
708 1. Seller shall have the carpets professionally cleaned by "Big Shot Carpet Cleaners" prior to
709 Closing.
710
711

ABC's:

About **B**y When **C**onsequences



Buy/Sell Contract

Practical Matters

*Before you start
– make sure
you’ve got all
the info you
need!!.*

6726 Autumn Ridge Drive, Fort Collins, CO 80525

Contract Writing Information

SELLERS: Jill L. Phipps

LEGAL: LOT 188, PROVINCETOWNE SUBDIVISION PLIN NO. 2, CITY OF FORT COLLINS, COUNTY OF LARIMER, STATE OF COLORADO

TITLE COMPANY: The Group Guaranteed Title

POSSESSION: Delivery of Deed

INCLUSIONS: Electric Range/Oven, Dishwasher, Refrigerator, Microwave, Fire Alarms

EXCLUSIONS: Tenant's Personal Property

TERMS: Cash, Conventional, FHA, VA

EARNEST MONEY: \$2,500.00 – Payable to The Group, Inc.

HOA: \$660/Year

Utilities

WATER	(FTC/LVLD Water): High: \$44.37	Low: \$38.08	Average: \$40.84
ELECTRIC	(City of Fort Collins): High: \$98.79	Low: \$50.33	Average: \$68.77
GAS	(Xcel Energy): High: \$69.77	Low: \$18.65	Average: \$31.00

Please Add These Clauses, if Applicable, To The Contract You Prepare On This Property:

- A. All parties acknowledge receipt of the following documents from the City of Fort Collins:
1. The City of Fort Collins' Pamphlet: RADON- Buying and Selling a home in Fort Collins dated November, 2004
 2. Disclosure Statement Regarding Occupancy Limits

**** All disclosures can be found in MLS ****

Exclusive Service:

JON HOLSTEN

Broker Associate/Partner

375 E. Horsehoath Road #1 / Fort Collins, CO 80525

970-237-2752: Cell | 970-223-0700: Office | 970-223-2999: Fax

jholsten@thegroupinc.com

****Please cc: offer to my licensed assistant
Jacqueline Fell (jfelli@thegroupinc.com)****



Buy/Sell Contract

Practical Matters

Give yourself time

Your client's contract should not be the first you've ever written (hint... this is homework)

Have a well-planned approach to the listing agent when you are bringing them an OFFER

Confirm how you will get them the offer and the earnest money.

**Need
Writing
HELP?**



Buy/Sell Contract

Other things to keep in mind

- ❑ The Protocol with DocuSign...
- ❑ You are NOT a party to the contract
- ❑ You control the process, they control the decisions



Buy/Sell Contract

Other things to keep in mind

- ❑ Dangers of being the “hero” or “too clever”
- ❑ Competing offers (for buyers and sellers)



Buy/Sell Contract

What Makes Your Offer Strong?

- ☐ Aggressive/Achievable Dates/Deadlines
- ☐ Type of financing
- ☐ Lender Letter
- ☐ Inspection for Major Components Only
- ☐ All Documents Signed
- ☐ How “easy” you’ll be to work with



Buy/Sell Contract

Appeal Letters...

HUGE LIABILITY!!!



December 3

Dear Santa,

My family is not perfect. My mom needs money to pay bills. She belives in what we have. I belive in what's in my heart. Our furniture don't match. Our frige and oven don't work, a little. She prays for me. My mom is sad, please help.

Sincerely,
Katrina

Highlights from the Buy/Sell

- ☐ In Severalty §2.1
- ☐ # of Remote Controls §2.5.1
- ☐ Inclusions §2.5
- ☐ Fixtures/Personal Property §2.5.4
- ☐ Time of day deadline for inspection resolution §3
- ☐ Filling in blanks with n/a vs none other or none §3.1
- ☐ Seller concession '0.00' §4.2
- ☐ Personal Check §4.3
- ☐ Availability of funds §4.4.2
- ☐ Loan Type √-box §4.5.3
- ☐ Omit Needless Sections
- ☐ FHA Appraisal – Purchase Price §6.2.2
- ☐ Due Diligence – n/a?
- ☐ Rents Accrued §16.2
- ☐ Association Assessments are part of dues §16.3



Highlights from the Buy/Sell

Dates and Deadlines

Finance Deals: 35 days*

Alternative EM Deadline: MEC + 3

Title Docs: 10 days

Title Objection: 12 days

Title Resolution: 14 days***

HOA Docs: 10 days

HOA Objection: 12 days

SPD: 3-5 days

Loan Application: MEC + 4 days

Loan Objection: 20-25 days

Appraisal Deadline: 15-20 days*

Appraisal Objection: 4-5 days after appraisal deadline

Appraisal Resolution: 1-2 days after appraisal objection***

ILC Deadline: 15 days**

ILC Objection: 17 days

ILC Resolution: 19 days

Inspection Objection: 10-12 days*

Inspection Resolution: 13-14 days***

Property Insurance: 10 days

Due Diligence: 10-12 days

Due Diligence Objection: 13-14 days

Due Diligence Resolution: 15-16***
days and time of day.

*Check with vendor/partner early

**Only ordered if required

***Use date and time of day

