Section 4: Closing Preparations & Procedures Notebook Guide

1. Co-ordinates the process
2. Issues validity of title opinions
3. Prepares closing documents
4. Conducts the closing
5. Buyer
6. A copy of the seller's deed
7. Accurate HOA information
8. Info on the seller's title insurance
9. Current and accurate copy of contract
10. Bills and invoices to be paid at closing
11. 14 days
12. Attorney's opinion letter
13. ALTA policy for the lender
14. Owner's policy for the buyer
15. Buyer
16. One-time charge
17. When policy is issued at closing
18. Recording
19. All funds over $5,000
20. No sooner than 10 days prior to settlement
21. Disclosure
22. Eliminate kickbacks
23. Federally related loan (any loan government can regulate)
24. 1–4 family residential
25. Cash transactions
26. Vacant land
27. Commercial transactions
28. Seller carrybacks

29. 3 days
30. Loan application
31. Required APR per TILA
32. Consumer Settlement Costs booklet
33. Lender
34. ONLY
35. Credit report
36. Anything of value
37. Settlement service providers
38. Referral fees between licensees
39. Crediting commissions to clients for costs
40. Receipt of bonuses by a licensee from someone other than settlement service provider
41. Affiliated business arrangements
42. Disclosure of relationship
43. Cannot require use
44. Must disclose all fees to be charged
45. Settlement service providers
46. Consumer Financial Protection Bureau (CFPB)
47. TRID
48. TILA/RESPA Integrated Disclosures
49. Lender
50. Closing disclosure
51. Borrower
52. 3 days
53. Lender business days
54. 3rd day
55. Thursday
56. Monday

57. Not negotiable
58. Waived
59. Confidential
60. Separate
61. Accuracy
62. Completeness
63. APR increases
64. Prepayment penalty added
65. Basic loan product changes

Section 5: The Closing Disclosures

Preparation & Review Guide to Success

The Closing Disclosures

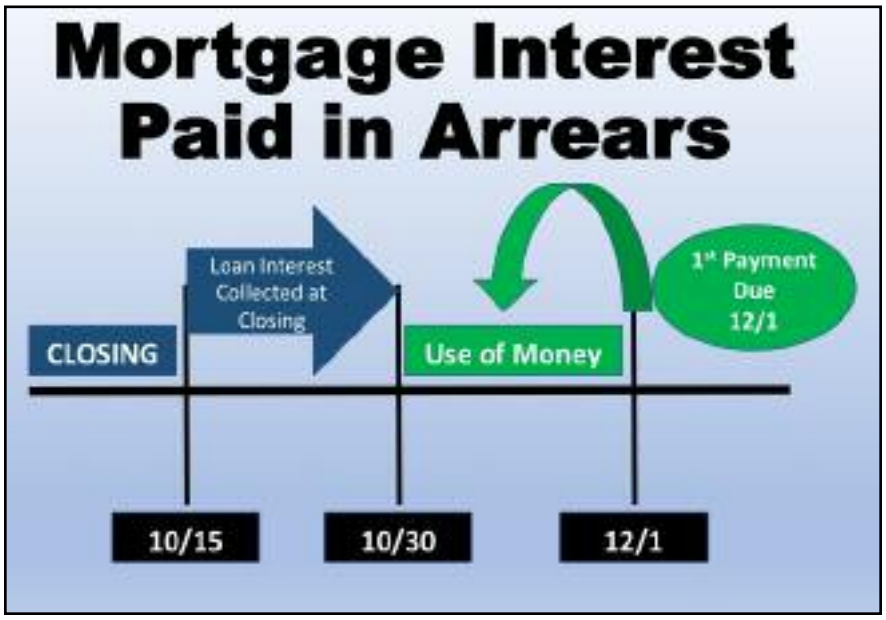
Costs and fees that are paid by the seller include all of the following:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

Costs and fees that are paid by the buyer include all of the following:

7. _____
8. _____
9. _____
10. _____
11. _____
12. _____
13. _____
14. _____
15. _____
16. _____
17. _____

When fees are indicated to be 18._____, POC means that those fees have been 19._____ and they are not collected at closing.



Mortgage Interest is Paid in Arrears

Borrowers Pay Items in Advance to Lenders to Set Up Reserve/Escrow Accounts for Taxes, Insurance, and Mortgage Insurance

Handling Seller Paid Loan Costs

When the seller is paying portions of the buyer's costs:

- Charge the costs to the 20. _____ on the 1st page.
- Debit the seller and credit the buyer on the 2nd page.

Brokerage Retention of Earnest Money

When the brokerage is retaining the EM and not delivering it to the attorney:

- Reduce the 21._____ on the 1st page.
- Deduct the amount of the earnest money from the 22._____ on page 2.

When a Transfer Involves a Rental Property

The new owner must 23._____ all rental agreements. On Vacation Rentals only those leases for 180 days.

- Security deposits appear as 24._____ for the 25._____.
- They appear as a 26._____ for the 27._____.

Rents May Have to Be Prorated per the Following Example

Example: A buyer is purchasing a rental property from the seller. The total rent collected each month is $1,850. Closing is on September 14. The tenant has already paid the rent for the month of September. What will be the Closing Disclosure entry?

Answer: $1,850 ÷ 30 (#of days in September) = $61.6667 per day in rent
Seller owned the property for 14 days and is entitled to rent of $61.667 × 14 = $863.33
Tenant paid $1,850 − $863.33 = Amount due to buyer $986.67
Debit the seller and credit the buyer $968.67

1. Commission
2. Deed preparation
3. Mortgage payoff
4. Lien release recording
5. Excise tax
6. Unpaid or double debit taxes
7. Loan origination fees
8. Discount points
9. Interest on loan
10. Mortgage insurance
11. Homeowner's insurance
12. Reserves deposited with lender
13. Closing attorney fees
14. Title insurance premium
15. Recording of mortgage lien
16. Surveys/inspections
17. Courier fees
18. POC
19. Paid outside of closing
20. Buyer
21. Commission
22. Seller
23. Honor
24. Debit
25. Seller
26. Credit
27. Buyer

Closing Cost Details

Closing Disclosure Core (Page 1 of 2)

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges					
01 % of Loan Amount (Points)					
02 Loan Origination Fee					
03					
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For					
01 Appraisal Fee					
02 Credit Report Fee					
03					
04					
05					
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01 Attorney's Closing Fee					
02 Deed Preparation					
03 Title Ins Premium (Lender's and/or Owner's policy)					
04 Pest Inspection Report					
05 Survey					
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					

Other Costs					
E. Taxes and Other Government Fees					
01 Recording Fees Deed: Mortgage:					
02 Excise Tax					
F. Prepaids					
01 Homeowner's Insurance Premium (mo.)					
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (per day from to)					
04 Property Taxes (mo.)					
05					
G. Initial Escrow Payment at Closing					
01 Homeowner's Insurance per month for mo.					
02 Mortgage Insurance per month for mo.					
03 Property Taxes per month for mo.					
04					
05					
06					
07					
08 Aggregate Adjustment					
H. Other					
01 Brokerage Commission					
02 Home Inspection					
03 Home Warranty					
04 Courier Fee for Seller's Loan Payoff					
05 Courier Fee for docs to Buyer's Lender					
06					
07					
08					
I. TOTAL OTHER COSTS (Borrower-Paid)					
Other Costs Subtotals (E + F + G + H)					

J. TOTAL CLOSING COSTS (Borrower-Paid)/Seller-Paid					
Closing Costs Subtotals (D + I)					
Lender Credits					

CLOSING DISCLOSURE LOAN ID #

NCREC, October 2015

Closing Disclosure Core (Page 2 of 2)

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

OMIT

FOR TESTING PURPOSES

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION			SELLER'S TRANSACTION		
K. Due from Borrower at Closing			**M. Due to Seller at Closing**		
01	Sale Price of Property		01	Sale Price of Property	
02	Sale Price of Any Personal Property Included in Sale		02	Sale Price of Any Personal Property Included in Sale	
03	Closing Costs Paid at Closing (J)		03		
04			04		
Adjustments			05		
05			06		
06			07		
07			08		
Adjustments for Items Paid by Seller in Advance			**Adjustments for Items Paid by Seller in Advance**		
08	City/Town Taxes	to	09	City/Town Taxes	to
09	County Taxes	to	10	County Taxes	to
10	Assessments	to	11	Assessments	to
11			12		
12			13		
13			14		
14			15		
15			16		
L. Paid Already by or on Behalf of Borrower at Closing			**N. Due from Seller at Closing**		
01	Deposit		01	Excess Deposit	
02	Loan Amount		02	Closing Costs Paid at Closing (J)	
03	Existing Loan(s) Assumed or Taken Subject to		03	Existing Loan(s) Assumed or Taken Subject to	
04			04	Payoff of First Mortgage Loan	
05	Seller Credit		05	Payoff of Second Mortgage Loan	
Other Credits			06		
06	Due Diligence Fee		07	Due Diligence Fee	
07			08	Seller Credit	
Adjustments			09		
08			10		
09			11		
10			12		
11			13		
Adjustments for Items Unpaid by Seller			**Adjustments for Items Unpaid by Seller**		
12	City/Town Taxes	to	14	City/Town Taxes	to
13	County Taxes	to	15	County Taxes	to
14	Assessments	to	16	Assessments	to
15			17		
16			18		
17			19		
CALCULATION			**CALCULATION**		
Total Due from Borrower at Closing (K)			Total Due to Seller at Closing (M)		
Total Paid Already by or on Behalf of Borrower at Closing (L)			Total Due from Seller at Closing (N)		
Cash to Close ☐ From ☐ To Borrower			**Cash ☐ From ☐ To Seller**		

CLOSING DISCLOSURE

NCREC, October 2015

LOAN ID #

Closing Disclosure Practice #1

Based on the fact situation presented below, complete pages 1 and 2 of the Closing Disclosure Statement form provided to you for this exercise and answer questions 1 through 4. Your two pages of the Closing Disclosure Statement form will not be scored but must be completed. Indicate your answers to the questions rounding to the nearest whole dollar. For prorated entries, use the 365-day year method, and for prorated entries involving the seller, consider the seller responsible for the day of closing.

Facts: Seller's home was listed and sold by a real estate company. The standard NCAR/NCBA Offer to Purchase and Contract form was used. Pertinent facts about the transaction include the following:

- Settlement date: April 18
- Contract sales price: $285,400
- Earnest money: $3,800
- Due diligence fee: $500
- Financing: Conventional 30-year loan of $256,860 at a fixed rate of 4.75%, with a 1% loan origination fee. Seller has agreed to pay two discount points.
- Items paid outside of closing by buyer:
  - Appraisal fee: $450
  - Credit report: $35
- Interim interest on buyer's new mortgage loan through April 30
- Private mortgage insurance: $840 for first year's premium due at closing
- Buyer's homeowner's insurance premium: $650 due at closing
- Reserves deposited with lender:
  - 2 months' homeowner's insurance premiums based on cost of first year's premium
  - 2 months' private mortgage insurance premiums based on a monthly renewal cost of $65
  - 2 months of real property taxes based on estimated taxes for the current year
- Seller's brokerage commission: 7% of sales price
- Seller's mortgage loan payoff: $212,300
- Real property taxes: Based on the previous year's tax bill, real property taxes for the current year are estimated to be $2,860 and will be paid later in the year by the buyer

- Miscellaneous expenses: The expenses listed below should be charged to the seller or buyer according to standard practice when using the NCAR/NCBA standard contract form:
  - Settlement or closing fee: $480
  - Lender's title insuranc: $468
  - Owner's title insurance: $78
  - Deed preparation: $125
  - Government recording and transfer charges:
    - Deed: $20
    - Buyer's mortgage (deed of trust): $47
    - Excise tax based on statutory rate
  - Additional settlement charges
    - Survey: $450
    - Wood-destroying insect report: $230
    - Homeowner's warranty provided by the seller: $480
    - Courier fee to pay off seller's mortgage: $20

Closing Cost Details

Closing Disclosure Core (Page 1 of 2)

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges					
01 % of Loan Amount (Points)					
02 Loan Origination Fee					
03					
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For					
01 Appraisal Fee					
02 Credit Report Fee					
03					
04					
05					
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01 Attorney's Closing Fee					
02 Deed Preparation					
03 Title Ins Premium (Lender's and/or Owner's policy)					
04 Pest Inspection Report					
05 Survey					
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					

Other Costs					
E. Taxes and Other Government Fees					
01 Recording Fees Deed: Mortgage:					
02 Excise Tax					
F. Prepaids					
01 Homeowner's Insurance Premium (mo.)					
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (per day from to)					
04 Property Taxes (mo.)					
05					
G. Initial Escrow Payment at Closing					
01 Homeowner's Insurance per month for mo.					
02 Mortgage Insurance per month for mo.					
03 Property Taxes per month for mo.					
04					
05					
06					
07					
08 Aggregate Adjustment					
H. Other					
01 Brokerage Commission					
02 Home Inspection					
03 Home Warranty					
04 Courier Fee for Seller's Loan Payoff					
05 Courier Fee for docs to Buyer's Lender					
06					
07					
08					
I. TOTAL OTHER COSTS (Borrower-Paid)					
Other Costs Subtotals (E + F + G + H)					

J. TOTAL CLOSING COSTS (Borrower-Paid)/Seller-Paid					
Closing Costs Subtotals (D + I)					
Lender Credits					

CLOSING DISCLOSURE LOAN ID #

NCREC, October 2015

Closing Disclosure Core (Page 2 of 2)

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

OMIT

FOR TESTING PURPOSES

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing		**M. Due to Seller at Closing**	
01 Sale Price of Property		01 Sale Price of Property	
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)		03	
04		04	
Adjustments		05	
05		06	
06		07	
07		08	
Adjustments for Items Paid by Seller in Advance		**Adjustments for Items Paid by Seller in Advance**	
08 City/Town Taxes	to	09 City/Town Taxes	to
09 County Taxes	to	10 County Taxes	to
10 Assessments	to	11 Assessments	to
11		12	
12		13	
13		14	
14		15	
15		16	
L. Paid Already by or on Behalf of Borrower at Closing		**N. Due from Seller at Closing**	
01 Deposit		01 Excess Deposit	
02 Loan Amount		02 Closing Costs Paid at Closing (J)	
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
04		04 Payoff of First Mortgage Loan	
05 Seller Credit		05 Payoff of Second Mortgage Loan	
Other Credits		06	
06 Due Diligence Fee		07 Due Diligence Fee	
07		08 Seller Credit	
Adjustments		09	
08		10	
09		11	
10		12	
11		13	
Adjustments for Items Unpaid by Seller		**Adjustments for Items Unpaid by Seller**	
12 City/Town Taxes	to	14 City/Town Taxes	to
13 County Taxes	to	15 County Taxes	to
14 Assessments	to	16 Assessments	to
15		17	
16		18	
17		19	
CALCULATION		**CALCULATION**	
Total Due from Borrower at Closing (K)		Total Due to Seller at Closing (M)	
Total Paid Already by or on Behalf of Borrower at Closing (L)		Total Due from Seller at Closing (N)	
Cash to Close ☐ From ☐ To Borrower		**Cash ☐ From ☐ To Seller**	

CLOSING DISCLOSURE

NCREC, October 2015

LOAN ID #

Questions for Closing Disclosure Practice #1

1. On page 1 of 2 of the Closing Disclosure on line J, what are the total borrower paid closing costs rounded to the nearest whole dollar?

   (A) $12,118
   (B) $6,981
   (C) $11,400
   (D) $7,300

2. On page 1 of 2 of the Closing Disclosure on line J, what are the total seller paid closing costs rounded to the nearest whole dollar?

   (A) $26,311
   (B) $21,174
   (C) $20,603
   (D) $18,300

3. At the bottom of page 2 of the Closing Disclosure what is the cash to close from borrower rounded to the nearest whole dollar?

   (A) $30,375
   (B) $25,238
   (C) $23,450
   (D) $21,860

4. At the bottom of page 2 of the Closing Disclosure what is the cash to seller at closing rounded to the nearest whole dollar?

   (A) $24,600
   (B) $22,500
   (C) $45,443
   (D) $15,680

Closing Cost Details

Closing Disclosure Core (Page 1 of 2) Practice 1

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges					
01 % of Loan Amount (Points)	5,137.20				
02 Loan Origination Fee	2,568.60				
03					
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For					
01 Appraisal Fee		450.00			
02 Credit Report Fee		35.00			
03					
04					
05					
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01 Attorney's Closing Fee	480.00				
02 Deed Preparation			125.00		
03 Title Ins Premium (Lender's and/or Owner's policy)	546.00				
04 Pest Inspection Report	230.00				
05 Survey	450.00				
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					

Other Costs					
E. Taxes and Other Government Fees					
01 Recording Fees Deed: Mortgage:	67.00		571.00		
02 Excise Tax					
F. Prepaids					
01 Homeowner's Insurance Premium (mo.)	650.00				
02 Mortgage Insurance Premium (mo.)	840.00				
03 Prepaid Interest (per day from to)	434.55				
04 Property Taxes (mo.)					
05					
G. Initial Escrow Payment at Closing					
01 Homeowner's Insurance per month for mo.	108.33				
02 Mortgage Insurance per month for mo.	130.00				
03 Property Taxes per month for mo.	476.66				
04					
05					
06					
07					
08 Aggregate Adjustment					
H. Other					
01 Brokerage Commission			19,978.00		
02 Home Inspection					
03 Home Warranty			480.00		
04 Courier Fee for Seller's Loan Payoff			20.00		
05 Courier Fee for docs to Buyer's Lender					
06					
07					
08					
I. TOTAL OTHER COSTS (Borrower-Paid)					
Other Costs Subtotals (E + F + G + H)					

J. TOTAL CLOSING COSTS (Borrower-Paid)/Seller-Paid					
Closing Costs Subtotals (D + I)	12,118.34		21,174.00		
Lender Credits					

CLOSING DISCLOSURE LOAN ID #

NCREC, October 20

Closing Disclosure Core (Page 2 of 2) Practice 1

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

OMIT FOR TESTING PURPOSES

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing

01 Sale Price of Property	285,400.00
02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	12,118.34
04	

Adjustments

05	
06	
07	

Adjustments for Items Paid by Seller in Advance

08	City/Town Taxes	to
09	County Taxes	to
10	Assessments	to
11		
12		
13		
14		
15		

L. Paid Already by or on Behalf of Borrower at Closing

01 Deposit	3,800.00
02 Loan Amount	256,860.00
03 Existing Loan(s) Assumed or Taken Subject to	
04	
05 Seller Credit	

Other Credits

06 Due Diligence Fee	500.00
07	

Adjustments

08	
09 SELLER PAID DISCOUNT POINTS	5,137.20
10	
11	

Adjustments for Items Unpaid by Seller

12	City/Town Taxes	to	
13	County Taxes	to	846.24
14	Assessments	to	
15			
16			
17			

CALCULATION

Total Due from Borrower at Closing (K)	297,518.34
Total Paid Already by or on Behalf of Borrower at Closing (L)	267,143.44
Cash to Close ■ From ☐ To Borrower	30,374.90

SELLER'S TRANSACTION

M. Due to Seller at Closing

01 Sale Price of Property	285,400.00
02 Sale Price of Any Personal Property Included in Sale	
03	
04	
05	
06	
07	
08	

Adjustments for Items Paid by Seller in Advance

09	City/Town Taxes	to
10	County Taxes	to
11	Assessments	to
12		
13		
14		
15		
16		

N. Due from Seller at Closing

01 Excess Deposit	
02 Closing Costs Paid at Closing (J)	21,174.00
03 Existing Loan(s) Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan	212,300.00
05 Payoff of Second Mortgage Loan	
06	
07 Due Diligence Fee	500.00
08 Seller Credit	
09	
10	
11 SELLER PAID DISCOUNT POINTS	5,137.20
12	
13	

Adjustments for Items Unpaid by Seller

14	City/Town Taxes	to	
15	County Taxes	to	846.24
16	Assessments	to	
17			
18			
19			

CALCULATION

Total Due to Seller at Closing (M)	285,400.00
Total Due from Seller at Closing (N)	239,957.44
Cash ☐ From ■ To Seller	45,442.56

CLOSING DISCLOSURE

NCREC, October 20■

LOAN ID #

Closing Disclosure Practice #2

Based on the fact situation presented below, complete pages 1 and 2 of the Closing Disclosure Statement form provided to you for this exercise and answer questions 1 through 4. Your two pages of the Closing Disclosure Statement form will not be scored but must be completed. Indicate your answers to the questions rounding to the nearest whole dollar. For prorated entries, use the 365-day year method, and for prorated entries involving the seller, consider the seller responsible for the day of closing.

Facts: Seller's home was listed and sold by a real estate company. The standard NCAR/NCBA Offer to Purchase and Contract form was used. Pertinent facts about the transaction include the following:

- Settlement date: March 13
- Contract sales price: $164,250
- Earnest money: $4,200
- Due diligence fee: $1,000
- Financing: Conventional 30-year loan of $150,500 at a fixed rate of 5.25%, with a 1% loan origination fee. Seller has agreed to pay 1 discount point.
- Items paid outside of closing by buyer:
  - Appraisal fee: $375
  - Credit report: $40
- Interim interest on buyer's new mortgage loan through March 31
- Private mortgage insurance: $760 for first year's premium due at closing
- Buyer's homeowner's insurance premium: $580 due at closing
- Reserves deposited with lender:
  - 2 months' homeowner's insurance premiums based on cost of first year's premium
  - 2 months' private mortgage insurance premiums based on a monthly renewal cost of $45
  - 2 months of real property taxes based on estimated taxes for the current year
- Seller's brokerage commission: 6.5% of sales price
- Seller's mortgage loan payoff: $128,500
- Real property taxes: Based on the previous year's tax bill, real property taxes for the current year are estimated to be $2,250 and have already been paid in full by the seller.

- Miscellaneous expenses: The expenses listed below should be charged to the seller or buyer according to standard practice when using the NCAR/NCBA standard contract form:
  - Settlement or closing fee: $520
  - Lender's title insuranc: $425
  - Owner's title insurance: $65
  - Deed preparation: $75
  - Government recording and transfer charges:
    - Deed: $30
    - Buyer's mortgage (deed of trust): $35
    - Excise tax based on statutory rate
  - Additional settlement charges
    - Survey: $400
    - Wood-destroying insect report: $215
    - Homeowner's warranty provided by the seller: $450
    - Courier fee to pay off seller's mortgage: $20

Closing Cost Details

Closing Disclosure Core (Page 1 of 2)

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges					
01 % of Loan Amount (Points)					
02 Loan Origination Fee					
03					
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For					
01 Appraisal Fee					
02 Credit Report Fee					
03					
04					
05					
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01 Attorney's Closing Fee					
02 Deed Preparation					
03 Title Ins Premium (Lender's and/or Owner's policy)					
04 Pest Inspection Report					
05 Survey					
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					

Other Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
E. Taxes and Other Government Fees					
01 Recording Fees Deed: Mortgage:					
02 Excise Tax					
F. Prepaids					
01 Homeowner's Insurance Premium (mo.)					
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (per day from to)					
04 Property Taxes (mo.)					
05					
G. Initial Escrow Payment at Closing					
01 Homeowner's Insurance per month for mo.					
02 Mortgage Insurance per month for mo.					
03 Property Taxes per month for mo.					
04					
05					
06					
07					
08 Aggregate Adjustment					
H. Other					
01 Brokerage Commission					
02 Home Inspection					
03 Home Warranty					
04 Courier Fee for Seller's Loan Payoff					
05 Courier Fee for docs to Buyer's Lender					
06					
07					
08					
I. TOTAL OTHER COSTS (Borrower-Paid)					
Other Costs Subtotals (E + F + G + H)					

J. TOTAL CLOSING COSTS (Borrower-Paid)/Seller-Paid					
Closing Costs Subtotals (D + I)					
Lender Credits					

CLOSING DISCLOSURE LOAN ID #

NCREC, October 2015

Closing Disclosure Core (Page 2 of 2)

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

OMIT

FOR TESTING PURPOSES

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		
K. Due from Borrower at Closing		
01 Sale Price of Property		
02 Sale Price of Any Personal Property Included in Sale		
03 Closing Costs Paid at Closing (J)		
04		
Adjustments		
05		
06		
07		
Adjustments for Items Paid by Seller in Advance		
08 City/Town Taxes	to	
09 County Taxes	to	
10 Assessments	to	
11		
12		
13		
14		
15		
L. Paid Already by or on Behalf of Borrower at Closing		
01 Deposit		
02 Loan Amount		
03 Existing Loan(s) Assumed or Taken Subject to		
04		
05 Seller Credit		
Other Credits		
06 Due Diligence Fee		
07		
Adjustments		
08		
09		
10		
11		
Adjustments for Items Unpaid by Seller		
12 City/Town Taxes	to	
13 County Taxes	to	
14 Assessments	to	
15		
16		
17		
CALCULATION		
Total Due from Borrower at Closing (K)		
Total Paid Already by or on Behalf of Borrower at Closing (L)		
Cash to Close ☐ From ☐ To Borrower		

SELLER'S TRANSACTION		
M. Due to Seller at Closing		
01 Sale Price of Property		
02 Sale Price of Any Personal Property Included in Sale		
03		
04		
05		
06		
07		
08		
Adjustments for Items Paid by Seller in Advance		
09 City/Town Taxes	to	
10 County Taxes	to	
11 Assessments	to	
12		
13		
14		
15		
16		
N. Due from Seller at Closing		
01 Excess Deposit		
02 Closing Costs Paid at Closing (J)		
03 Existing Loan(s) Assumed or Taken Subject to		
04 Payoff of First Mortgage Loan		
05 Payoff of Second Mortgage Loan		
06		
07 Due Diligence Fee		
08 Seller Credit		
09		
10		
11		
12		
13		
Adjustments for Items Unpaid by Seller		
14 City/Town Taxes	to	
15 County Taxes	to	
16 Assessments	to	
17		
18		
19		
CALCULATION		
Total Due to Seller at Closing (M)		
Total Due from Seller at Closing (N)		
Cash ☐ From ☐ To Seller		

CLOSING DISCLOSURE

NCREC, October 2015

LOAN ID #

Questions for Closing Disclosure Practice #2

1. On page 1 of 2 of the Closing Disclosure on line J, what are the total borrower paid closing costs rounded to the nearest whole dollar?

   (A) $5,800
   (B) $6,284
   (C) $7,013
   (D) $8,240

2. On page 1 of 2 of the Closing Disclosure on line J, what are the total seller paid closing costs rounded to the nearest whole dollar?

   (A) $10,900
   (B) $11,550
   (C) $11,800
   (D) $12,325

3. At the bottom of page 2 of the Closing Disclosure what is the cash to close from borrower rounded to the nearest whole dollar?

   (A) $15,594
   (B) $16,480
   (C) $15,864
   (D) $17,900

4. At the bottom of page 2 of the Closing Disclosure what is the cash to seller at closing rounded to the nearest whole dollar?

   (A) $19,560
   (B) $20,435
   (C) $22,680
   (D) $23,501

Closing Cost Details

Closing Disclosure Core (Page 1 of 2) Practice 2

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges					
01 % of Loan Amount (Points)	1,505.00				
02 Loan Origination Fee	1,505.00				
03					
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For					
01 Appraisal Fee		375.00			
02 Credit Report Fee		40.00			
03					
04					
05					
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01 Attorney's Closing Fee	520.00				
02 Deed Preparation			75.00		
03 Title Ins Premium (Lender's and/or Owner's policy)	490.00				
04 Pest Inspection Report	215.00				
05 Survey	400.00				
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					

Other Costs					
E. Taxes and Other Government Fees					
01 Recording Fees Deed: Mortgage:	65.00		329.00		
02 Excise Tax					
F. Prepaids					
01 Homeowner's Insurance Premium (mo.)	580.00				
02 Mortgage Insurance Premium (mo.)	760.00				
03 Prepaid Interest (per day from to)	411.30				
04 Property Taxes (mo.)					
05					
G. Initial Escrow Payment at Closing					
01 Homeowner's Insurance per month for mo.	96.66				
02 Mortgage Insurance per month for mo.	90.00				
03 Property Taxes per month for mo.	375.00				
04					
05					
06					
07					
08 Aggregate Adjustment					
H. Other					
01 Brokerage Commission			10,676.25		
02 Home Inspection					
03 Home Warranty			450.00		
04 Courier Fee for Seller's Loan Payoff			20.00		
05 Courier Fee for docs to Buyer's Lender					
06					
07					
08					
I. TOTAL OTHER COSTS (Borrower-Paid)					
Other Costs Subtotals (E + F + G + H)					

J. TOTAL CLOSING COSTS (Borrower-Paid)/Seller-Paid					
Closing Costs Subtotals (D + I)	7,012.96		11,550.25		
Lender Credits					

CLOSING DISCLOSURE
NCREC, October 20[illegible]

LOAN ID #:

Closing Disclosure Core (Page 2 of 2) Practice 2

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

OMIT FOR TESTING PURPOSES

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing		
Sale Price of Property		164,250.00
Sale Price of Any Personal Property Included in Sale		
Closing Costs Paid at Closing (J)		7,012.96
Adjustments		
Adjustments for Items Paid by Seller in Advance		
City/Town Taxes	to	
County Taxes	to	1,806.17
Assessments	to	
L. Paid Already by or on Behalf of Borrower at Closing		
Deposit		4,200.00
Loan Amount		150,500.00
Existing Loan(s) Assumed or Taken Subject to		
Seller Credit		
Other Credits		
Due Diligence Fee		1,000.00
Adjustments		
SELLER PAID DISCOUNT POINTS		1,505.00
Adjustments for Items Unpaid by Seller		
City/Town Taxes	to	
County Taxes	to	
Assessments	to	
CALCULATION		
Total Due from Borrower at Closing (K)		173,069.13
Total Paid Already by or on Behalf of Borrower at Closing (L)		157,205.00
Cash to Close ■ From ☐ To Borrower		15,864.13

SELLER'S TRANSACTION

M. Due to Seller at Closing		
Sale Price of Property		164,250.00
Sale Price of Any Personal Property Included in Sale		
Adjustments for Items Paid by Seller in Advance		
City/Town Taxes	to	
County Taxes	to	1,806.17
Assessments	to	
N. Due from Seller at Closing		
Excess Deposit		
Closing Costs Paid at Closing (J)		11,650.25
Existing Loan(s) Assumed or Taken Subject to		
Payoff of First Mortgage Loan		128,500.00
Payoff of Second Mortgage Loan		
Due Diligence Fee		1,000.00
Seller Credit		
SELLER PAID DISCOUNT POINTS		1,505.00
Adjustments for Items Unpaid by Seller		
City/Town Taxes	to	
County Taxes	to	
Assessments	to	
CALCULATION		
Total Due to Seller at Closing (M)		166,056.17
Total Due from Seller at Closing (N)		142,555.25
Cash ☐ From ■ To Seller		23,500.92

CLOSING DISCLOSURE

NCREC, October 20

LOAN ID #

Closing Disclosure Practice #3

Based on the fact situation presented below, complete pages 1 and 2 of the Closing Disclosure Statement form provided to you for this exercise and answer questions 1 through 4. Your two pages of the Closing Disclosure Statement form will not be scored but must be completed. Indicate your answers to the questions rounding to the nearest whole dollar. For prorated entries, use the 365-day year method, and for prorated entries involving the seller, consider the seller responsible for the day of closing.

Facts: Seller's home was listed and sold by a real estate company. The standard NCAR/NCBA Offer to Purchase and Contract form was used. Pertinent facts about the transaction include the following:

- Settlement date: September 9
- Contract sales price: $232,500
- Earnest money: $3,500
- Due diligence fee: $500
- Financing: Conventional 30-year loan of $210,500 at a fixed rate of 4.25%, with a 1% loan origination fee and 2 discount points to be paid by the buyer
- Items paid outside of closing by buyer:
  - Appraisal fee: $400
  - Credit report: $40
- Interim interest on buyer's new mortgage loan through September 30
- Private mortgage insurance: $820 for first year's premium due at closing
- Buyer's homeowner's insurance premium: $680 due at closing
- Reserves deposited with lender:
  - 2 months' homeowner's insurance premiums based on cost of first year's premium
  - 2 months' private mortgage insurance premiums based on a monthly renewal cost of $45
  - 2 months of real property taxes based on estimated taxes for the current year
- Seller's brokerage commission: 6% of sales price
  Note: At closing, the listing firm will retain the earnest money as part of its brokerage fee.
- Seller's mortgage loan payoff: $178,300

- Real property taxes: The tax bill of $2,460 for the current year is outstanding and will be prorated between the parties at closing. For purposes of this exercise, treat the real property taxes to be paid at closing as additional charges. On page 1 of 2 in Section H (Other) Line 6, write in "Double Debit Taxes" and determine the amount to be paid by the seller at closing and the amount to be paid by the buyer at closing.
- Miscellaneous expenses: The expenses listed below should be charged to the seller or buyer according to standard practice when using the NCAR/NCBA standard contract form:
  - Settlement or closing fee: $680
  - Lender's title insurance: $525
  - Owner's title insurance: $65
  - Deed preparation: $120
  - Government recording and transfer charges:
    - Deed: $20
    - Buyer's mortgage (deed of trust): $30
    - Excise tax based on statutory rate
  - Additional settlement charges
    - Survey: $475
    - Wood-destroying insect report: $185
    - Homeowner's warranty provided by the seller: $650
    - Courier fee to pay off seller's mortgage: $25

Closing Cost Details

Closing Disclosure Core (Page 1 of 2)

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges					
01 % of Loan Amount (Points)					
02 Loan Origination Fee					
03					
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For					
01 Appraisal Fee					
02 Credit Report Fee					
03					
04					
05					
06					
07					
08					
09					
10					
C. Services Borrower Did Shop For					
01 Attorney's Closing Fee					
02 Deed Preparation					
03 Title Ins Premium (Lender's and/or Owner's policy)					
04 Pest Inspection Report					
05 Survey					
06					
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					

Other Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
E. Taxes and Other Government Fees					
01 Recording Fees Deed: Mortgage:					
02 Excise Tax					
F. Prepaids					
01 Homeowner's Insurance Premium (mo.)					
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (per day from to)					
04 Property Taxes (mo.)					
05					
G. Initial Escrow Payment at Closing					
01 Homeowner's Insurance per month for mo.					
02 Mortgage Insurance per month for mo.					
03 Property Taxes per month for mo.					
04					
05					
06					
07					
08 Aggregate Adjustment					
H. Other					
01 Brokerage Commission					
02 Home Inspection					
03 Home Warranty					
04 Courier Fee for Seller's Loan Payoff					
05 Courier Fee for docs to Buyer's Lender					
06					
07					
08					
I. TOTAL OTHER COSTS (Borrower-Paid)					
Other Costs Subtotals (E + F + G + H)					

J. TOTAL CLOSING COSTS (Borrower-Paid)/Seller-Paid					
Closing Costs Subtotals (D + I)					
Lender Credits					

CLOSING DISCLOSURE LOAN ID #

NCREC, October 2015

Closing Disclosure Core (Page 2 of 2)

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

OMIT

FOR TESTING PURPOSES

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION			SELLER'S TRANSACTION		
K. Due from Borrower at Closing			**M. Due to Seller at Closing**		
01 Sale Price of Property			01 Sale Price of Property		
02 Sale Price of Any Personal Property Included in Sale			02 Sale Price of Any Personal Property Included in Sale		
03 Closing Costs Paid at Closing (J)			03		
04			04		
Adjustments			05		
05			06		
06			07		
07			08		
Adjustments for Items Paid by Seller in Advance			**Adjustments for Items Paid by Seller in Advance**		
08 City/Town Taxes	to		09 City/Town Taxes	to	
09 County Taxes	to		10 County Taxes	to	
10 Assessments	to		11 Assessments	to	
11			12		
12			13		
13			14		
14			15		
15			16		
L. Paid Already by or on Behalf of Borrower at Closing			**N. Due from Seller at Closing**		
01 Deposit			01 Excess Deposit		
02 Loan Amount			02 Closing Costs Paid at Closing (J)		
03 Existing Loan(s) Assumed or Taken Subject to			03 Existing Loan(s) Assumed or Taken Subject to		
04			04 Payoff of First Mortgage Loan		
05 Seller Credit			05 Payoff of Second Mortgage Loan		
Other Credits			06		
06 Due Diligence Fee			07 Due Diligence Fee		
07			08 Seller Credit		
Adjustments			09		
08			10		
09			11		
10			12		
11			13		
Adjustments for Items Unpaid by Seller			**Adjustments for Items Unpaid by Seller**		
12 City/Town Taxes	to		14 City/Town Taxes	to	
13 County Taxes	to		15 County Taxes	to	
14 Assessments	to		16 Assessments	to	
15			17		
16			18		
17			19		
CALCULATION			**CALCULATION**		
Total Due from Borrower at Closing (K)			Total Due to Seller at Closing (M)		
Total Paid Already by or on Behalf of Borrower at Closing (L)			Total Due from Seller at Closing (N)		
Cash to Close ☐ From ☐ To Borrower			**Cash ☐ From ☐ To Seller**		

CLOSING DISCLOSURE

NCREC, October 2015

LOAN ID #

Questions for Closing Disclosure Practice #3

1. On page 1 of 2 of the Closing Disclosure on line J, what are the total borrower paid closing costs rounded to the nearest whole dollar?

   (A) $10,499
   (B) $11,709
   (C) $12,183
   (D) $15,600

2. On page 1 of 2 of the Closing Disclosure on line J, what are the total seller paid closing costs rounded to the nearest whole dollar?

   (A) $13,408
   (B) $14,620
   (C) $14,930
   (D) $15,200

3. At the bottom of page 2 of the Closing Disclosure what is the cash to close from borrower rounded to the nearest whole dollar?

   (A) $26,300
   (B) $29,709
   (C) $31,800
   (D) $32,700

4. At the bottom of page 2 of the Closing Disclosure what is the cash to seller at closing rounded to the nearest whole dollar?

   (A) $36,792
   (B) $38,421
   (C) $38,892
   (D) $39,430

Closing Cost Details

Closing Disclosure Core (Page 1 of 2) Practice 3

Loan Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
A. Origination Charges					
% of Loan Amount (Points)	2,105.00				
Loan Origination Fee	4,210.00				
B. Services Borrower Did Not Shop For					
Appraisal Fee		400.00			
Credit Report Fee		40.00			
C. Services Borrower Did Shop For					
Attorney's Closing Fee	680.00				
Deed Preparation			120.00		
Title Ins Premium (Lender's and/or Owner's policy)	580.00				
Pest Inspection Report	185.00				
Survey	475.00				
D. TOTAL LOAN COSTS (Borrower-Paid)					
Loan Costs Subtotals (A + B + C)					

Other Costs	Borrower-Paid At Closing	Borrower-Paid Before Closing	Seller-Paid At Closing	Seller-Paid Before Closing	Paid by Others
E. Taxes and Other Government Fees					
Recording Fees Deed Mortgage	50.00				
Excise Tax			465.00		
F. Prepaids					
Homeowner's Insurance Premium (mo.)	680.00				
Mortgage Insurance Premium (mo.)	820.00				
Prepaid Interest (per day from to)	538.22				
Property Taxes (mo.)					
G. Initial Escrow Payment at Closing					
Homeowner's Insurance per month for mo.	113.33				
Mortgage Insurance per month for mo.	90.00				
Property Taxes per month for mo.	410.00				
Aggregate Adjustment					
H. Other					
Brokerage Commission			10,450.00		
Home Inspection					
Home Warranty			650.00		
Courier Fee for Seller's Loan Payoff			25.00		
Courier Fee for docs to Buyer's Lender					
DOUBLE DEBIT TAXES	761.60		1,698.40		
I. TOTAL OTHER COSTS (Borrower-Paid)					
Other Costs Subtotals (E + F + G + H)					

J. TOTAL CLOSING COSTS (Borrower-Paid)/Seller-Paid					
Closing Costs Subtotals (D + I)	11,709.15		13,408.40		
Lender Credits					

CLOSING DISCLOSURE LOAN ID #

NCREC, October 20

Closing Disclosure Core (Page 2 of 2) Practice 2

Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
Cash to Close			

OMIT FOR TESTING PURPOSES

Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION

K. Due from Borrower at Closing

Sale Price of Property	232,500.00
Sale Price of Any Personal Property Included in Sale	
Closing Costs Paid at Closing (J)	11,709.15

Adjustments

Adjustments for Items Paid by Seller in Advance

City/Town Taxes	to
County Taxes	to
Assessments	to

L. Paid Already by or on Behalf of Borrower at Closing

Deposit	3,500.00
Loan Amount	210,500.00
Existing Loan(s) Assumed or Taken Subject to	
Seller Credit	

Other Credits

Due Diligence Fee	500.00

Adjustments

Adjustments for Items Unpaid by Seller

City/Town Taxes	to
County Taxes	to
Assessments	to

CALCULATION

Total Due from Borrower at Closing (K)	244,209.15
Total Paid Already by or on Behalf of Borrower at Closing (L)	214,500.00
Cash to Close ■ From ☐ To Borrower	29,709.15

SELLER'S TRANSACTION

M. Due to Seller at Closing

Sale Price of Property	232,500.00
Sale Price of Any Personal Property Included in Sale	

Adjustments for Items Paid by Seller in Advance

City/Town Taxes	to
County Taxes	to
Assessments	to

N. Due from Seller at Closing

Excess Deposit	
Closing Costs Paid at Closing (J)	13,408.40
Existing Loan(s) Assumed or Taken Subject to	
Payoff of First Mortgage Loan	178,300.00
Payoff of Second Mortgage Loan	
Due Diligence Fee	500.00
Seller Credit	
EARNEST MONEY APPLIED TO COMMISSION	3,500.00

Adjustments for Items Unpaid by Seller

City/Town Taxes	to
County Taxes	to
Assessments	to

CALCULATION

Total Due to Seller at Closing (M)	232,500.00
Total Due from Seller at Closing (N)	195,708.40
Cash ☐ From ■ To Seller	36,791.60

CLOSING DISCLOSURE

NCREC, October 20

LOAN ID #

BLANK – FOR TAB PLACEMENT ONLY

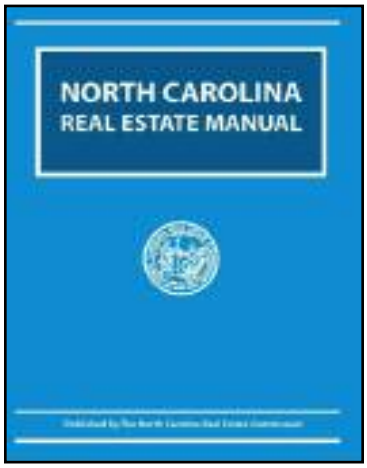
MODULE 3: ADVANCED CONTRACT ISSUES & ADDENDA

BLANK – FOR TAB PLACEMENT ONLY

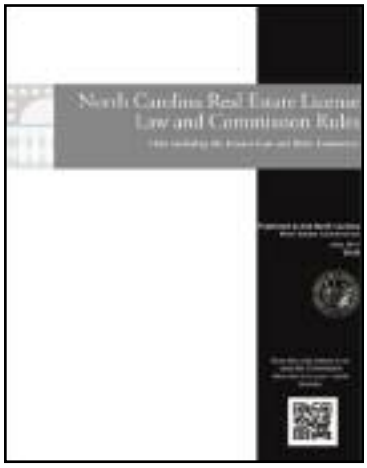
MODULE 3: ADVANCED CONTRACT ISSUES & ADDENDA

Section 6: Advanced Contract Issues & Addenda

Critical Reading Information



- Chapter 10 – Contract Law
- Chapter 11 – Sales Contract & Practices



- Rule 58A.0016 – Trust Accounts
- Rule 58A.0017 – Trust Accounts
- Rule 58A.0106 – Submission of Offers
- Rule 58A.0115 – Multiple Offers

A Matter of Signatures

All purchase contracts should be signed by 1. _____.

When identifying people in the contract, use their 2. _____.

The signature line should indicate whether or not people are "married" or "husband and wife."

The one to buy, two to sell rule in North Carolina means the following:

3._____

_____

_____

Spouses buying properties in their own name in North Carolina usually are required to:

4. _____ and

5. _____.

Electronic signatures are permitted and authorized by both a federal law dealing with interstate commerce and a state law dealing with intrastate commerce. These two laws are:

6._____

_____

Electronic systems such as Docusign or Dotloop contain a mandated disclosure for the consumers that informs them of the extent of use and purpose of their electronic signature.

Classroom Discussion
What Issues or Challenges Are Posed by the Use of Electronic Signatures?

The Modification or Amendment of Contracts

As an attorney state, North Carolina prohibits licensees from 7._____ a contract for 8. _____.

This does not prohibit any of the following:

9. _____

10. _____

11. _____

12. _____

When a contract is changed it is called an 13._____.

Changing or editing existing terms of a contract is considered an 13. _____.

Adding additional terms or conditions to a contact is properly done with an 14. _____.

There are a total of 13 NCAR/NCBA jointly approved standard addenda for use with residential contracts.

Most of the forms have accompanying Guidelines. All of the following should be adhered to:

15. _____

16. _____

17. _____

18. _____

19. _____

20. _____

Working With Addenda

In groups or pairs, work through the following addenda and answer the respective questions for each of them.

Backup Contract Addendum

1. What is the purpose and use of this form?

_____

_____

2. How does the primary contract get terminated?

_____

_____

3. How does the buyer with the backup contract know that they are now in primary position?

_____

_____

4. Does the buyer on the backup contract get to see the primary contract?

_____

_____

5. How is the backup buyer to handle due diligence fees and earnest money deposits?

_____

_____

6. How and when may the buyer terminate their backup contract?

_____

_____

BACK-UP CONTRACT ADDENDUM

NOTE: This Addendum should NOT be used in a short sale transaction. Use ONLY the Short Sale Addendum (form 2A14-T)

Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Back-Up Contract") between Seller and Buyer for the Property.

Buyer and Seller acknowledge that Seller has previously entered into an Offer to Purchase and Contract or an Offer To Purchase and Contract - Vacant Lot/Land (the "Primary Contract") with _____ [insert last name only] (the "Primary Buyer" under the Primary Contract), that the Primary Contract is currently pending, and that this Back-up Contract is accepted in a secondary or back-up position to the Primary Contract under the following terms and conditions:

1. **Condition.** It is a condition of this Back-up Contract that the Primary Contract is terminated as described below before Buyer and Seller shall be obligated to perform under this Back-up Contract.

2. **Termination of Primary Contract**. Termination of the Primary Contract shall be evidenced by:
   (a) written release signed by all parties thereto; or
   (b) written notice of termination from Seller to Primary Buyer that Seller is exercising a right to terminate the Primary Contract; or
   (c) written notice of termination from Primary Buyer to Seller that Primary Buyer is exercising a right to terminate the Primary Contract; or
   (d) final judgment of a court of competent jurisdiction that the Primary Contract is invalid, illegal, unenforceable, or is otherwise terminated.

NOTE: For example, NCAR Forms 350-T, 351-T, 352-T, 353-T, 390-T or 391-T may be used to evidence the release or notices called for in this paragraph.

3. **Indemnification/Hold Harmless**. Seller shall indemnify Buyer and hold Buyer harmless from any and all claims, damages and costs, including reasonable attorneys' fees, incurred by Buyer as a result of Buyer's reliance upon any wrongful or ineffective termination of the Primary Contract by Seller.

4. **Modification of Primary Contract**. Modification of the terms or conditions of the Primary Contract, including extensions of time, shall not constitute a termination of the Primary Contract and shall not cause this Back-up Contract to move into a primary position.

5. **Access to Primary Contract**. Buyer and Seller agree that Buyer may not examine or otherwise have access to the Primary Contract without written permission from Seller and Primary Buyer. Seller represents that the Primary Contract calls for a settlement date of _____ (date).

6. **Initial Earnest Money Deposit**. Buyer and Seller agree that any Initial Earnest Money Deposit shall be deposited within three (3) banking days following the Effective Date of this Back-up Contract even while this Back-up Contract is in secondary position.

7. **Closing on Primary Contract**. In the event the Primary Contract closes, then this Back-up Contract shall become null and void, and any Earnest Money Deposit shall be refunded to Buyer.

8. **Notification of Termination of Primary Contract**. In the event the Primary Contract is terminated, Seller shall promptly provide Buyer:
   (a) written notice stating that this Back-up Contract has become primary ("Notice of Primary Status"); and
   (b) written evidence that the Primary Contract has been terminated as provided in paragraph 2 above.

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A1-T
Revised 7/2018
© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

9. **Due Diligence/Settlement Dates**.

(a) Due Diligence Fee. Any Due Diligence Fee provided for in this Contract shall be due and payable within five (5) days after delivery to Buyer of Notice of Primary Status.

(b) Due Diligence Period. The Due Diligence Period of this Contract shall extend through 5:00 p.m. on the last day of a _____ _____ day period following Seller's delivery to Buyer of Notice of Primary Status.

(c) Settlement Date. The Settlement Date of this Contract shall be on a date that is _____ days following Seller's delivery to Buyer of Notice of Primary Status.

NOTE: Instead of inserting dates in the "Due Diligence Period" and "Settlement Date" blanks in the Contract, insert "See attached Back-Up Contract Addendum"

10. **Buyer's Right to Terminate**. Buyer may terminate this Back-up Contract without liability by giving written notice of termination to Seller at any time prior to receipt by Buyer of Notice of Primary Status and any Earnest Money Deposit shall be refunded to Buyer.

11. **Automatic Termination**. In any event, Buyer must receive Notice of Primary Status from Seller no later than 5 p.m. on _____, ***TIME BEING OF THE ESSENCE***, or this Back-up Contract shall become null and void and any Earnest Money Deposit shall be refunded to Buyer.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE BACK-UP CONTRACT THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE BACK-UP CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date: _____	Date: _____
Buyer: _____	Seller: _____
Date: _____	Date: _____
Buyer: _____	Seller: _____
Entity Buyer:	Entity Seller:
_____	_____
(Name of LLC/Corporation/Partnership/Trust/etc.)	(Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

STANDARD FORM 2A1-T
Revised 7/2018
© 7/2018

SAMPLE

NOTE: The following is a suggested notice that may be copied for the purpose of complying with the notice provision contained in paragraph 8 of the Back-Up Contract Addendum. DO NOT DETACH THE ORIGINAL OF THIS FORM FROM THE BACK-UP CONTRACT.

NOTICE TO BUYER THAT BACK-UP CONTRACT IS NOW IN EFFECT

NOTICE is hereby given to _____(insert name of Buyer) from Seller under the Back-up Contract between them dated _____ that Seller has terminated the Primary Contract with _____(Primary Buyer), as evidenced by the **ATTACHED** (initial any one of the following)**:**

(a) _____ _____ written release signed by all parties thereto; or
(b) _____ _____ written notice of termination from Seller to Primary Buyer that Seller is exercising a right to terminate the Primary Contract; or
(c) _____ _____ written notice of termination from Primary Buyer to Seller that Primary Buyer is exercising a right to terminate the Primary Contract; or
(d) _____ _____ final judgment of a court of competent jurisdiction that the Primary Contract is invalid, illegal, unenforceable, or is otherwise terminated.

and that the Back-up Contract entered into between Seller and Buyer has become primary and its terms and conditions are now in effect.

Seller: _____ Date: _____

Seller: _____ Date: _____

Seller: _____ Date: _____

SAMPLE

STANDARD FORM 2A1-T
Revised 7/2018
© 7/2018

Contingent Sale Addendum

1. What is the purpose and use of this form?

_____

_____

_____

2. When is the buyer required to have an Offer to Purchase and Contract on their existing property?

_____

_____

_____

3. Must the buyer provide a copy of the Offer to Purchase and Contract on their existing property to the seller? What if they don't provide it?

_____

_____

_____

4. What happens if the buyer's existing property does not close?

_____

_____

_____

5. How is the earnest money and due diligence fee handled under this Addendum?

_____

_____

CONTINGENT SALE ADDENDUM

Seller's Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Seller's Property.

1. **Closing Contingency for Buyer's Real Property located at:** _____ _____ ("Buyer's Property"):

(a) **Contract For Buyer's Property:** If Buyer's Property is under contract as of the Effective Date of this Contract with Seller OR goes under contract after the Effective Date of this Contract, then Buyer shall deliver a copy of the contract for Buyer's property ("Contract for Buyer's Property") to Seller and it shall be a condition of this Contract that closing on the sale of Buyer's Property occurs on or before the Settlement Date of this Contract, subject to the terms of this Addendum. If Buyer fails to deliver to Seller a copy of a Contract for Buyer's Property by the expiration of the Due Diligence Period this Contract shall be null and void and the Earnest Money Deposit shall be refunded to Buyer. In any instance when Buyer is providing to Seller a copy of a Contract for Buyer's Property, Buyer may mark out any confidential information, such as the purchase price and the buyer's identity, prior to providing the copy to Seller.

(b) **Closing on Contract For Buyer's Property:** If there is a Contract For Buyer's Property, but the closing on the sale of Buyer's Property has not occurred by the Settlement Date of this Contract, then Buyer may terminate this Contract within three days following the Settlement Date of this Contract by written notice to Seller, ***TIME BEING OF THE ESSENCE***, and the Earnest Money Deposit shall be refunded to Buyer.

(WARNING: If Buyer does not terminate this Contract as set out in (b) above, and Buyer fails to timely complete Settlement and Closing as provided in this Contract, Buyer risks the loss of the Earnest Money Deposit).

2. **Termination of Contract for Buyer's Property.** If any Contract for Buyer's Property previously delivered to Seller terminates for any reason, Buyer shall within 3 days provide Seller written notice and reasonable documentation of such termination. In the event of any such termination, then Buyer may terminate this Contract by written notice to Seller any time prior to Buyer's delivery of another Contract for Buyer's Property or the expiration of Buyer's 3-day right of termination set forth in subparagraph 1(b) above, and Seller may terminate this Contract by written notice to Buyer any time prior to Buyer's delivery of another Contract for Buyer's Property. In either event, the Earnest Money Deposit shall be refunded to Buyer. If Seller elects to terminate the Contract under this paragraph during the Due Diligence Period, Seller also must refund any Due Diligence Fee as a condition of such termination.

3. **Listing of Buyer's Property for Sale.** If Buyer has not entered into a Contract For Buyer's Property as of the Effective Date of this Contract, Buyer's Property (*check only ONE of the following options*):
- ☐ is listed with and actively marketed by _____
- ☐ will be listed with and actively marketed by _____ on or before _____
- ☐ Buyer is attempting to sell the Buyer's Property without the assistance of a real estate broker.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE SELLER'S PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A2–T
Revised 7/2016
© 7/2017

Buyer initials _____ _____ Seller initials _____ _____

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date:_____	Date: _____
Buyer:_____	Seller: _____
Date: _____	Date: _____
Buyer:_____	Seller: _____
Date: _____	Date: _____
Buyer: _____	Seller : _____
Entity Buyer:	Entity Seller:
_____	_____
(Name of LLC/Corporation/Partnership/Trust/etc.)	(Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SAMPLE

[THIS SPACE INTENTIONALLY LEFT BLANK]

STANDARD FORM 2A2–T
Revised 7/2016
© 7/2017

Working With Addenda (CONTINUED)

New Construction Addendum

1. When should a broker use this Addendum as opposed to form 800-T – The New Construction Offer to Purchase and Contract?

_____

_____

2. When must the seller provide a Certificate of Occupancy?

_____

_____

3. Can improvements or additions to the property be made using this Addendum?

_____

_____

4. Who pays for the construction of additional improvements?

_____

_____

5. What happens if construction is delayed?

_____

_____

6. Does the buyer have the right to inspect the improvements?

_____

_____

7. Under what circumstances does the buyer have the right to cancel the Contract?

_____

_____

8. What is a building deposit and how is it handled?

_____

_____

NEW CONSTRUCTION ADDENDUM
(For Completed Construction)
This form is not for use when Buyer owns the Property

NOTE: This form is designed for use when Seller is a licensed contractor or has engaged a licensed contractor who has completed construction of a "spec" dwelling (including a townhouse but not a condominium) on property owned or to be owned by Seller who will convey improved property to Buyer, and should be attached as an addendum to the Offer to Purchase and Contract (Form 2-T). **If construction of the dwelling is not completed or if extensive additional improvements are to be made or appraisal is dependent on their value, the parties should use the Offer to Purchase and Contract—New Construction (Form 800-T) instead of this form**.

Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property.

The General Contractor ❑ is Seller OR ❑ is (insert contractor's name): _____
_____("General Contractor")
NC contractor's license #:_____ classification:_____ limit: _____

1. CONSTRUCTION OF HOUSE. Seller or General Contractor has completed construction of a dwelling and related improvements (hereinafter "House") on the Property. Seller represents and certifies that Seller or General Contractor was licensed to construct the House and is licensed to construct any additional improvements that may be made by Seller or General Contractor pursuant to this Contract. Seller shall provide to Buyer a certificate of occupancy ("CO") for the House and any additional improvements made thereto no later than Settlement.

2. ADDITIONAL IMPROVEMENTS.
(a) Description. The parties agree that Seller will make the following additional minor improvements to the Property (describe all improvements; insert "N/A" if no additional improvements are to be made) (hereinafter collectively the "Additional Improvements") **(As noted above, if extensive additional improvements are to be made, the parties should use the Offer to Purchase and Contract—New Construction (Form 800-T) instead of this form)**:
_____
_____
_____
_____
_____
_____

(b) Construction. Seller shall construct the Additional Improvements in compliance with all laws, regulations, codes, and ordinances applicable to the construction of the Additional Improvements and in a good and workmanlike manner with new, good quality materials and components.

(c) Changes. Seller shall not make any significant deviation or change in the Additional Improvements without the prior written consent of Buyer.

(d) Costs of Construction. Seller shall provide and pay for all labor, materials, equipment, tools, clean-up, utilities, transportation, facilities, permits, fees, licenses and all other costs, charges and expenses whatsoever in connection with or related to the construction of the Additional Improvements.

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A3-T
Revised 7/2018
© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

3. COMPLETION OF ADDITIONAL IMPROVEMENTS. Seller shall diligently pursue the construction of the Additional Improvements, and shall complete construction of the Additional Improvements on or before Settlement. If Seller is delayed at any time in the progress of construction by: (a) any act or neglect of Buyer, (b) any changes ordered in the construction, (c) material shortages, adverse weather conditions, or delays in transportation which were not reasonably anticipated or (d) acts of God, then the time for completion of construction of the Additional Improvements and the Settlement Date shall be extended automatically by a reasonable time to account for the delay experienced. Seller shall notify Buyer in writing within five (5) days after the commencement of the delay; otherwise the right to an extension shall be waived. The construction of the Additional Improvements shall be deemed completed when they have been completed in accordance with the terms of this Contract and a CO(s) of occupancy has/have been issued by the appropriate governmental authority having jurisdiction over the construction of any of the Additional Improvements.

4. INSPECTIONS. Buyer or Buyer's designated representative may enter and inspect the Additional Improvements at reasonable times and in such manner as not to interfere with the progress of construction for the limited purpose of determining whether the work performed or being performed conforms to the terms of this Contract. In the event that during construction the Buyer shall reasonably determine that construction is not proceeding in accordance with this Contract, Buyer shall give written notice to Seller specifying the particular deviation, deficiency, or omission, and the Seller shall forthwith correct such deviation, deficiency, or omission. Buyer's rights under this paragraph shall not release Seller from any of Seller's obligations for the construction of the Additional Improvements in accordance with this Contract.

5. PURCHASE PRICE AND BUILDING DEPOSIT.
(a) Purchase Price. The purchase price set forth in Paragraph 1(d) of the Contract includes the purchase price of the Additional Improvements, if any.

(b) Building Deposit. The Building Deposit, if any, referred to in Paragraph 1(d) of the Contract is not an Earnest Money Deposit and will be used by Seller in the construction of the Additional Improvements. The Building Deposit shall be paid to the Seller by cash or immediately available funds such as official bank check or wire transfer no later than the first banking day following the end of the Due Diligence Period and will be credited to the purchase price at Settlement. The Building Deposit shall be refundable only in the event of a material breach of the Contract by Seller, the nonfulfillment of the condition set forth in Paragraph 11 of the Contract, or if the Contract is terminated under Paragraph 12. Should the Buyer fail to deliver the Building Deposit in accordance with the terms of this subparagraph, Buyer shall have one (1) banking day after written notice to deliver the Building Deposit to Seller. In the event Buyer does not timely deliver the Building Deposit, Seller shall have the right to terminate this Contract upon written notice to Buyer. Seller and Buyer agree that the "Acknowledgment Of Receipt Of Building Deposit" section below shall not constitute a material part of this Contract, and that the addition or modification of any information therein shall not constitute a rejection of an offer or the creation of a counteroffer.

WARNING: In determining whether and how much Building Deposit Buyer is willing to pay, Buyer should carefully consider that even though Buyer may be legally entitled to a refund of the Building Deposit in the event of a material breach of this Contract by Seller, actual recovery of the Building Deposit may be difficult, time-consuming and/or costly if Seller is unable or unwilling to voluntarily refund the Building Deposit.

6. WARRANTIES.

(a) **Limited Warranty Of Construction.** Unless otherwise provided for herein, Seller, and General Contractor jointly and severally with Seller, hereby warrant(s) that, for a period of one (1) year from the date of Closing or the date Buyer occupies the Dwelling, whichever comes first, Seller and General Contractor will make all necessary repairs and corrections to the Dwelling, either interior or exterior, structural or nonstructural, that shall become necessary by reason of faulty construction, labor or materials or non-conformity of construction to the Plans and Specifications. At Seller's sole option, Seller and General Contractor may either (i) make such repairs and corrections, (ii) replace any faulty or non-conforming item or condition or (iii) pay to Buyer the reasonable cost of such repair, correction or replacement. This limited warranty: (1) is for the benefit of Buyer only and may not be assigned nor shall it inure to the benefit of any other person or entity, and (2) shall survive Closing and the delivery of the deed. This limited warranty is in addition to and not in lieu of any warranty implied by law and Seller and General Contractor agree they are in the business of building and selling such dwellings.

❑ If checked, the foregoing Limited Warranty shall not apply and is replaced by the attached written warranty from Seller.

(b) **Warranties Of Components.** Seller and/or General Contractor shall assign and deliver to Buyer at Settlement all guarantees and warranties of all components comprising the Dwelling to the extent the same are assignable. Buyer shall be responsible for compliance with any notice and claim procedures set forth therein. The warranty under Paragraph 5(a) shall not extend to any such component expressly guaranteed or warranted by the manufacturer.

© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

7. INSULATION OF HOUSE:

	WALLS	CEILINGS	FLOORS
TYPE			
THICKNESS			
R-VALUE			

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date: _____

Buyer: _____

Date: _____

Buyer: _____

Entity Buyer:

_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

Date: _____

Seller: _____

Date: _____

Seller: _____

Entity Seller:

_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

General Contractor (to be executed only when Seller is not the General Contractor):

General Contractor hereby joins in the execution of this Agreement for the sole and limited purpose of agreeing to remain jointly and severally liable with the Seller for the warranty obligations set forth in Paragraph 5 of this Contract.

Name of General Contractor: _____
By: _____
Name: _____
Title: _____

SAMPLE

			STANDARD FORM 2A3-T **Revised 7/2018** **© 7/2018**

ACKNOWLEDGMENT OF RECEIPT OF BUILDING DEPOSIT

Seller: _____ ("Seller")

Buyer: _____ ("Buyer")

Property Address: _____ ("Property")

❑ SELLER ACKNOWLEDGMENT OF RECEIPT OF BUILDING DEPOSIT

Paragraph 5(b) of the New Construction Addendum (Form 2A3-T) between Buyer and Seller for the sale of the Property provides for the payment to Seller of a Building Deposit in the amount of $_____, receipt of which Seller Hereby acknowledges.

Individual Seller(s):

Seller: _____
(Signature)

Date: _____

Seller: _____
(Signature)

Date: _____

Entity Seller:

Name: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

SAMPLE

			STANDARD FORM 2A3-T **Revised 7/2018** **© 7/2018**

FHA/VA Financing Addendum

1. What is the purpose and use of this form?

_____

_____

_____

2. What is an amendatory clause and what is its effect?

_____

_____

_____

3. If additional inspections and certifications are performed, whose responsibility are those?

_____

_____

_____

4. What funds constitute "any penalty by forfeiture"?

_____

_____

_____

5. Why are agents required to sign this form when the Offer to Purchase and Contract is between the seller and the buyer?

_____

_____

_____

REAL ESTATE CERTIFICATION – The seller, the purchaser, and the broker hereby certify that the terms of the sales contract are true to the best of their knowledge and belief and it is agreed that any other agreement entered into by any of the parties is ful ly disclosed and attached to the sal es contract. The seller, the purchaser, and the broker fully understand that it is a federal crime punishable by fine or imprisonment or both to knowingly make any false statement concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Sections 1012 and 1014.

I CERTIFY I HAVE READ & UNDERSTAND THE ABOVE STATEMENTS:

BUYER/BORROWER _____ DATE _____

BUYER/CO-BORROWER _____ DATE _____

Entity Buyer/Borrower: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By:_____Date: _____

Name: _____ Title: _____

SELLING FIRM _____ By: _____
(Firm Name) (Signature)

SELLER _____ DATE _____

SELLER _____ DATE _____

Entity Seller: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By:_____Date: _____

Name: _____ Title _____

LISTING FIRM _____ By: _____
(Firm Name) (Signature)

THE MORTGAGE LENDER MUST RECEIVE AN ORIGINAL SIGNATURE COPY

SAMPLE

STANDARD FORM 2A4-T
Revised 7/2014
© 7/2017

REAL ESTATE CERTIFICATION – The seller, the purchaser, and the broker hereby certify that the terms of the sales contract are true to the best of their knowledge and belief and it is agreed that any other agreement entered into by any of the parties is fully disclosed and attached to the sales contract. The seller, the purchaser, and the broker fully understand that it is a federal crime punishable by fine or imprisonment or both to knowingly make any false statement concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Sections 1012 and 1014.

I CERTIFY I HAVE READ & UNDERSTAND THE ABOVE STATEMENTS:

BUYER/BORROWER _____ DATE _____

BUYER/CO-BORROWER _____ DATE _____

Entity Buyer/Borrower: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By:_____Date: _____

Name: _____ Title: _____

SELLING FIRM _____ By: _____
(Firm Name) (Signature)

SELLER _____ DATE _____

SELLER _____ DATE _____

Entity Seller: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By:_____Date: _____

Name: _____ Title: _____

LISTING FIRM _____ By: _____
(Firm Name) (Signature)

THE MORTGAGE LENDER MUST RECEIVE AN ORIGINAL SIGNATURE COPY

SAMPLE

STANDARD FORM 2A4-T
Revised 7/2014
© 7/2017

Buyer Possession Before Closing Agreement

1. What is the purpose and use of this form?

_____

_____

2. Who are the two professionals that a buyer and seller may want to consult with before using this form?

_____

_____

3. What is the earliest time under which a buyer can take possession using this form?

_____

_____

4. Does the buyer using this form agree to pay additional money to the seller?

_____

_____

5. What additional obligations does a buyer assume when they utilize this form?

_____

_____

6. What obligations does the seller retain regarding the property even though it is occupied by the buyer?

_____

_____

7. What happens if the buyer can't or doesn't close?

_____

_____

BUYER POSSESSION BEFORE CLOSING AGREEMENT
THIS AGREEMENT IS AN ADDENDUM TO THE OFFER TO PURCHASE AND CONTRACT

***WARNINGS* TO *BUYERS AND SELLERS*:**

- **THIS FORM MAY NOT BE USED FOR LONG-TERM OCCUPANCY, LEASE PURCHASE OR LEASE OPTION TRANSACTIONS.**
- **THIS FORM DOES NOT ADDRESS IMPORTANT ISSUES TYPICALLY ADDRESSED IN A RESIDENTIAL LEASE, AND SHOULD ONLY BE USED FOR SHORT-TERM OCCUPANCY.**
- **YOU ARE ADVISED TO CONFIRM WITH AN INSURANCE PROFESSIONAL THE TERMS OF COVERAGE UNDER YOUR PROPERTY AND CASUALTY INSURANCE POLICY BEFORE USING THIS ADDENDUM.**

Property: _____

Seller: _____

Buyer: _____

This Agreement is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property. For valuable consideration, the receipt and legal sufficiency of which are acknowledged, Buyer and Seller agree:

1. **Term of Possession.** Buyer may take possession of the Property at 8:00 a.m. on _____ ("Commencement Date"). This Agreement shall terminate at the earlier of Closing or the termination of the Contract (the entire period is referred to as the "Term"). ***TIME IS OF THE ESSENCE*** with regard to the beginning and ending of the Term.

2. **Buyer's Waiver and Acceptance of Property Condition.** By taking possession of the Property on or after the Commencement Date, Buyer waives any further Due Diligence rights under Paragraph 4 of the Contract, and Buyer waives the contingency under Paragraph 11 of the Contract relating to the condition of the Property at Closing, and accepts the Property in its condition at the Commencement Date. Buyer's waiver and acceptance is subject to any other agreements between the parties that are a part of the Contract, including, but not limited to, any agreements with respect to repairs or improvements to the Property and any Seller warranties or agreements that may survive Closing.

3. **Buyer's Obligation to Maintain Property.** Prior to Closing, Buyer shall not alter, modify, or damage the Property, or fail to maintain the Property in its same condition as of the Commencement Date, and shall make no changes in the Property, decorating or otherwise, without the written consent of Seller. Seller shall not be obligated to maintain the Property after the Commencement Date, subject to any obligation that may be imposed on Seller by law. In the event Closing does not occur, Buyer shall pay all costs necessary to correct any alteration, modification or damage to the Property to restore the Property to the condition it was in at the Commencement Date. This paragraph shall not be deemed to modify the rights and obligations of the parties under Paragraph 12 of the Contract relating to the risk of loss or damage to the Property by fire or other casualty.

4. **Rent.** Prior to the Commencement Date, Buyer shall pay Seller a lump sum of $_____ ("Rent") for the Term. In the event that Buyer is the Delaying Party under Paragraph 13 of the Contract, Buyer shall pay additional rent in the sum of $_____ per day from the Settlement Date until Closing.

5. **Termination of Possession.** Buyer shall immediately vacate the Property if the Contract is terminated. If Buyer does not then immediately vacate the Property, Buyer shall continue to be bound by all the terms and conditions of this Agreement and Buyer shall in addition pay Seller a hold-over fee of $_____ per day for each day Buyer remains in possession of the Property from the date of termination of the Contract until Buyer vacates the Property or is evicted.

6. **Utilities.** Buyer shall have all utilities registered in Buyer's name as of the Commencement Date and shall pay the costs of all utilities (sewer, water, gas, electricity, etc.) during the Term.

7. **Lawn Maintenance; Trash.** Buyer shall be responsible for lawn maintenance and trash removal after the Commencement Date.

8. **Insurance on Buyer's Property.** Buyer shall keep any personal property owned by Buyer on or in the Property insured for the benefit of Buyer in such amount and to such extent as Buyer determines desirable.

9. **Insurance on Seller's Property.** Seller shall procure and/or maintain in effect a policy or policies of fire and hazard insurance adequately covering the Property and Seller's personal property, if any, located on the Property. Risk of loss or damage to the Property

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A7-T
Revised 7/2018
© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

by fire or other casualty remains with Seller until Closing under Paragraph 12 of the Contract.

10. **Buyer's Indemnification.** Buyer shall indemnify and hold Seller harmless from and against any and all liability, fines, suits, claims, demands, actions, costs and expenses of any kind or nature whatsoever caused by, or arising out of, or in any manner connected with any damage to the Property or any injury or death to a person or persons arising out of Buyer's use and/or occupancy of the Property after the Commencement Date, including intentional or negligent acts by Buyer, Buyer's family, invitees, and/or agents and employees of Buyer.

11. **Subletting; Assignment.** Buyer shall not sublet the Property or assign this Agreement.

12. **Association Dues and Charges.** Seller shall pay the owner's association dues and other like charges, if any, during the Term.

13. **Pets.** Check one: ❑ pets are allowed on the Property ❑ no pets are allowed on the Property.

14. **Eviction.** In the event of Buyer's breach of this Agreement or the Contract, Buyer may be evicted from the Property pursuant to a summary ejectment proceeding brought before the magistrate in the county where the Property is located, as provided in Chapter 42 of the North Carolina General Statutes.

15. **Costs of Legal Proceedings.** The losing party in any legal proceeding brought by Buyer or Seller against the other party for breach of any provision of this Agreement (including an action for summary ejectment) shall be liable for the costs and expenses of the prevailing party, including reasonable attorneys' fees (at all tribunal levels).

EXCEPT AS SPECIFICALLY MODIFIED HEREIN, ALL OF THE TERMS AND CONDITIONS OF THE CONTRACT SHALL REMAIN IN FULL FORCE AND EFFECT.

IN THE EVENT OF A CONFLICT BETWEEN THIS AGREEMENT AND THE CONTRACT, THIS AGREEMENT SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date:_____	Date: _____
Buyer: _____	Seller: _____
Date:_____	Date: _____
Buyer: _____	Seller: _____
Entity Buyer:	Entity Seller:
_____	_____
(Name of LLC/Corporation/Partnership/Trust/etc.)	(Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

STANDARD FORM 2A7-T
Revised 7/2018
© 7/2018

SAMPLE

Seller Possession After Closing Agreement

1. What is the purpose and use of this form?

2. Why is there a big warning to sellers about talking with an insurance professional?

3. How long after closing can a seller occupy the home using this Addendum?

4. How can the seller be required to maintain condition when they are no longer occupying the property?

5. Who bears the risk of loss if the property is destroyed or damaged after closing?

6. What must the buyer do to obtain occupancy if the seller remains beyond the time in the Addendum?

SELLER POSSESSION AFTER CLOSING AGREEMENT
THIS AGREEMENT IS AN ADDENDUM TO THE OFFER TO PURCHASE AND CONTRACT

***WARNINGS* TO *BUYERS AND SELLERS*:**

- **THIS FORM MAY ONLY BE USED FOR SHORT-TERM OCCUPANCY.**
- **THIS FORM DOES NOT ADDRESS IMPORTANT ISSUES TYPICALLY ADDRESSED IN A RESIDENTIAL LEASE DRAFTED FOR A LONG-TERM OCCUPANCY.**
- **YOU ARE ADVISED TO CONFIRM WITH AN INSURANCE PROFESSIONAL THE TERMS OF COVERAGE UNDER YOUR PROPERTY AND CASUALTY INSURANCE POLICY BEFORE USING THIS ADDENDUM.**

Property: _____

Seller: _____

Buyer: _____

This Agreement is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property. For valuable consideration, the receipt and legal sufficiency of which are acknowledged, Seller and Buyer agree:

1. **Term of Possession.** Seller may remain in possession of the Property for a period of _____ days after the Closing (insert a number of days) until 5 p.m. on the last day (the entire period including any extension agreed to by Buyer and Seller in writing is referred to as the "Term"). ***TIME IS OF THE ESSENCE*** with regard to the end of the Term.

2. **Seller Acknowledgment of Property Condition and Obligation to Maintain Property.** Seller acknowledges that all appliances, systems and equipment are in good working order except for the following (describe any appliances, systems and equipment that are not in working order at the time of this Agreement): _____
_____
_____.
Seller shall be responsible for the maintenance and repair of all appliances, systems and equipment on the Property other than any appliances, systems and equipment described above. Buyer shall not be obligated to maintain the Property after Closing while Seller remains in possession of the Property, subject to any obligation that may be imposed on Buyer by law.

Seller shall maintain the Property in its same condition as at Closing and shall make no changes in the Property, decorating or otherwise, without the written consent of Buyer. In the event that the Property is altered, modified, damaged or not maintained by Seller in its condition at Closing, Seller shall pay all costs necessary to correct any alterations, modifications or damage to the Property to restore the Property back to its condition at Closing; provided, the risk of loss or damage to the Property by fire or other casualty shall pass to Buyer at Closing without limiting Seller's obligation to indemnify and hold Buyer harmless as set forth below.

3. **Rent.** Seller shall credit Buyer at Closing a non-refundable lump sum of $_____ for the Term ("Rent").

4. **Termination of Possession.** Without a written extension signed by the Parties, Seller shall vacate the Property no later than midnight of the last day of the Term. If Seller has not vacated the Property by that time, Seller shall continue to be bound by all of the terms and conditions of this Agreement, and Seller shall in addition pay Buyer a hold-over fee of $_____ per day for each day Seller remains in possession of the Property from the end of the Term until Seller vacates the Property or is evicted.

5. **Utilities.** Seller shall keep all utilities registered in Seller's name and shall pay the costs of all utilities (sewer, water, gas, electricity, etc.) during the Term.

6. **Lawn Maintenance; Trash.** Seller shall be responsible for lawn maintenance and trash removal during the Term.

7. **Insurance on Seller's Property.** Seller shall procure and/or maintain in effect a policy or policies of insurance adequately covering Seller's personal property and insuring against any public liability which may arise out of, or by virtue of, the use and occupancy of the Property by Seller, Seller's family and/or agents and employees of Seller.

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A8-T
Revised 7/2018
© 7/2018

Buyer Initials _____ _____ Seller Initials _____ _____

SAMPLE

8. **Insurance on Buyer's Property.** As of Closing, Buyer shall keep the Property, together with any improvements and any personal property owned by Buyer on or in the Property, insured for the benefit of Buyer in such amount and to such extent as Buyer determines desirable.

9. **Seller's Indemnification.** Seller shall indemnify and hold Buyer harmless from and against any and all liability, fines, suits, claims, demands, actions, costs and expenses of any kind or nature whatsoever caused by, or arising out of, or in any manner connected with any damage to the Property or any injury or death to a person or persons arising out of Seller's use and/or occupancy of the Property during the Term, including intentional or negligent acts by Seller, Seller's family, invitees, and/or agents and employees of Seller.

10. **Subletting; Assignment.** Seller shall not sublet the Property or assign this Agreement.

11. **Association Dues and Charges.** Buyer shall pay the owner's association dues and other like charges, if any, during the Term.

12. **Pets.** Check one: ❑ pets are allowed on the Property ❑ no pets are allowed on the Property.

13. **Eviction.** In the event of Seller's breach of this Agreement, Seller may be evicted from the Property pursuant to a summary ejectment proceeding brought before the magistrate in the county where the Property is located, as provided in Chapter 42 of the North Carolina General Statutes.

14. **Costs of Legal Proceedings.** The losing party in any legal proceeding brought by Buyer or Seller against the other party for breach of any provision of this Agreement (including an action for summary ejectment) shall be liable for the costs and expenses of the prevailing party, including reasonable attorneys' fees (at all tribunal levels).

EXCEPT AS SPECIFICALLY MODIFIED HEREIN, ALL OF THE TERMS AND CONDITIONS OF THE CONTRACT SHALL REMAIN IN FULL FORCE AND EFFECT.

IN THE EVENT OF A CONFLICT BETWEEN THIS AGREEMENT AND THE CONTRACT, THIS AGREEMENT SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date:_____	Date: _____
Buyer: _____	Seller: _____
Date:_____	Date: _____
Buyer: _____	Seller: _____
Entity Buyer:	Entity Seller:
_____	_____
(Name of LLC/Corporation/Partnership/Trust/etc.)	(Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name: _____
Title : _____	Title: _____
Date:_____	Date: _____

STANDARD FORM 2A8-T
Revised 7/2018
© 7/2018

SAMPLE

Working With Addenda (CONTINUED)

Lead Based Paint & Hazard Addendum

1. What is the purpose and use of this form?

_____

_____

_____

_____

_____

2. Where would the seller check for any records or reports to comply with paragraph (b) of the Seller's Disclosure?

_____

_____

_____

_____

_____

3. Who is responsible for making certain that the buyer gets the pamphlet *Protect Your Family From Lead in Your Home*?

_____

_____

_____

_____

_____

LEAD-BASED PAINT OR LEAD-BASED PAINT HAZARD ADDENDUM

Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property.

During the Due Diligence Period, Buyer shall have the right to obtain a risk assessment or inspection of the Property for the presence of lead-based paint and/or lead-based paint hazards* at Buyer's expense. Buyer may waive the right to obtain a risk assessment or inspection of the Property for the presence of lead-based paint and/or lead-based paint hazards at any time without cause.

***Intact lead-based paint that is in good condition is not necessarily a hazard. See EPA pamphlet "Protect Your Family From Lead in Your Home" for more information.**

Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards

Lead Warning Statement
Every Buyer of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Seller of any interest in residential real property is required to provide the Buyer with any information on lead-based paint hazards from risk assessments or inspections in the Seller's possession and notify the Buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based hazards is recommended prior to purchase.

Seller's Disclosure (initial)

_____ (a) Presence of lead-based paint and/or lead-based paint hazards (check one below):

- ❑ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

  _____

  _____
- ❑ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

_____ (b) Records and reports available to the Seller (check one)

- ❑ Seller has provided the Buyer with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

  _____

  _____
- ❑ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Buyer's Acknowledgement (initial)

_____ (c) Buyer has received copies of all information listed above.

_____ (d) Buyer has received the pamphlet *Protect Your Family from Lead in Your Home.*

_____ (e) Buyer has (check one below):

- ❑ Received the opportunity during the Due Diligence Period to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
- ❑ Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A9–T
Revised 7/2015
© 7/2017

Buyer Initials _____ _____ Seller Initials _____ _____

SAMPLE

Agent's Acknowledgment (initial)

_____ (f) Agent has informed the Seller of the Seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Buyer:_____ Date:_____

Buyer:_____ Date:_____

Entity Buyer:_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____Date:_____

Name:_____Title:_____

Agent:_____ Date:_____

Seller:_____ Date:_____

Seller:_____ Date:_____

Entity Seller: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____Date_____

Name:_____ Title:_____

Agent:_____ Date:_____

SAMPLE

STANDARD FORM 2A9-T
Revised 7/2015
© 7/2017

Additional Provisions Addendum

1. In which situations should a broker use this Addendum?

_____

_____

2. Why should a broker not use this form for a vacation rental property?

_____

_____

3. What makes something a vacation rental?

_____

_____

4. What is the best way to complete the agreed-upon repairs and/or improvement sections?

_____

_____

5. Does a seller have to use a licensed contractor for repairs and/or improvements?

_____

_____

6. What does "workmanlike manner" mean?

_____

_____

7. What other document should be obtained if the transaction involves a manufactured home?

_____

_____

ADDITIONAL PROVISIONS ADDENDUM

Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property.

NOTE: All of the following provisions which are marked with an "X" shall apply to the attached Offer to Purchase and Contract or Offer to Purchase and Contract – Vacant Lot/Land ("Contract"). Those provisions marked "N/A" shall not apply.

1. _____ **EXPIRATION OF OFFER:** This offer shall expire unless unconditional acceptance is delivered to Buyer on or before _____ ❑ AM ❑ PM, on _____, ***TIME BEING OF THE ESSENCE,*** or until withdrawn by Buyer, whichever occurs first.

2. _____ (To be used with Offer to Purchase and Contract Form 2-T only) **SEPTIC SYSTEM INSTALLATION/ MODIFICATION:** As a part of the Buyer's Due Diligence, Buyer intends to obtain an Improvement Permit or written evaluation from the County Health Department ("County") for a (check only ONE) ❑ conventional or ❑ other_____ _____ ground absorption sewage system for a _____ bedroom home. Except for the costs for clearing the Property, all costs and expenses of obtaining such Permit or written evaluation shall be borne by Buyer unless otherwise agreed. Seller shall be responsible for clearing that portion of the Property required by the County to perform its tests and/or inspections by no later than _____.

NOTE: *Insert a date that will allow testing to be completed prior to the end of the Due Diligence Period.*

3. _____ **RENTAL/INCOME/INVESTMENT PROPERTY:** The Property shall be conveyed subject to existing leases and/or rights of tenants. Seller shall deliver to Buyer on or before_____, true and complete copies of all existing leases, rental agreements, outstanding tenant notices, written statements of all oral tenant agreements, statement of all tenant's deposits, uncured defaults by Seller or tenants, and claims made by or to tenants, if any.

NOTE: *Insert a date that will allow review to be completed prior to the end of the Due Diligence Period).*

Any security deposit held in connection with any lease(s) shall be transferred to Buyer at Settlement and otherwise in accordance with North Carolina Tenant Security Deposit Act (N.C.G.S. § 42-54)Seller ❒ will ❒ will not transfer to Buyer any pet fee/deposit at Settlement.

NOTE: DO NOT USE THIS PROVISION FOR PROPERTY SUBJECT TO THE NORTH CAROLINA VACATION RENTAL ACT. A VACATION RENTAL ADDENDUM SHOULD BE USED IN SUCH CASES.

4. _____ **AGREED-UPON REPAIRS AND/OR IMPROVEMENTS:** Seller agrees, prior to Settlement Date and at Seller's expense, to complete the following items:_____
_____
_____
_____
_____
_____
_____
_____
_____
_____.

Buyer shall have the right to verify, prior to Settlement, that the above items have been completed in a good and workmanlike manner.

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A11–T
Revised 7/2015
© 7/2017

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

5. _____ MANUFACTURED (MOBILE) HOME: The Property shall include the following manufactured (mobile) home(s) located on the Property: VIN(s): _____ or ❑ VIN(s) unknown Other description (*year, model, etc.*): _____
_____

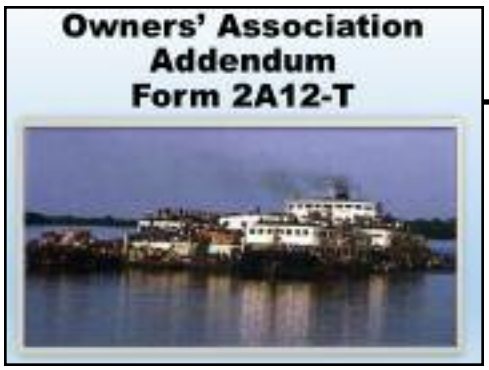
IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date: _____	Date: _____
Buyer: _____	Seller: _____
Date: _____	Date: _____
Buyer: _____	Seller: _____
Entity Buyer:	Entity Seller:
_____	_____
(Name of LLC/Corporation/Partnership/Trust/etc.)	(Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date : _____	Date: _____

SAMPLE

STANDARD FORM 2A11–T
Revised 7/2015
© 7/2017



Owners' Association Addendum

1. What is the use and purpose of this form?

2. Who completes this form?

3. What if the Owner's Association charges fees and costs for the completion of this Disclosure or the providing of any of the information? Who pays for that?

4. How is this form different from the information that is provided in the RPOADS disclosure?

5. Who pays all of the fees referenced in paragraph 5?

OWNERS' ASSOCIATION DISCLOSURE AND CONDOMINIUM RESALE STATEMENT ADDENDUM
NOTE: For condominium resales or when Residential Property and Owner's Association Disclosure Statement is not required (For example: New Construction, Vacant Lot/Land) or by agreement of the parties.

Property: _____

Buyer: _____

Seller: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Buyer and Seller for the Property.

For the purposes of this Addendum, "Development" means any planned community or condominium project, as defined by North Carolina law, which is subject to regulation and assessment by an owners' association.

Any representations made by Seller in this Addendum are true to the best of Seller's knowledge, and copies of any documents provided by Seller are true copies relating to the Development, to the best of Seller's knowledge. Except with regard to Confirmed Special Assessments, Seller does not warrant the accuracy, completeness, or present applicability of any representation or documents provided by Seller, and Buyer is advised to have all information confirmed and any documents substantiated during the Due Diligence Period.

1. Seller represents to Buyer that the Property is subject to the following owners' association(s) [insert N/A into any blank that does not apply]:

❑ (specify name): _____whose regular assessments ("dues") are $_____ per_____. The name, address and telephone number of the president of the owners' association or the association manager are: _____
_____.

Owners' association website address, if any: _____.

❑ (specify name): _____whose regular assessments ("dues") are $_____ per_____. The name, address and telephone number of the president of the owners' association or the association manager are:_____
_____.

Owners' association website address, if any: _____.

2. Seller represents to Buyer that the following services and amenities are paid for by the above owners' association(s) from the regular assessments ("dues"): (Check all that apply)

❑ Master Insurance Policy Including All Units
❑ Real Property Taxes on the Common Areas
❑ Casualty/Liability Insurance on Common Areas
❑ Management Fees
❑ Exterior Building Maintenance
❑ Exterior Yard/Landscaping Maintenance
❑ Trash Removal
❑ Pest Treatment/Extermination
❑ Legal/Accounting
❑ Street Lights
❑ Water
❑ Sewer
❑ Private Road Maintenance
❑ Parking Area Maintenance
❑ Common Areas Maintenance
❑ Cable
❑ Internet service
❑ Storm Water Management/Drainage/Ponds
❑ Gate and/or Security

❑ Recreational Amenities (specify): _____
_____
_____

❑ Other (specify)_____
❑ Other (specify) _____

SAMPLE

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A12-T
Revised 7/2015
© 7/2017

Buyer initials _____ _____ Seller initials _____ _____

3. As of this date, there are no other dues, fees or Special Assessments, Confirmed or Proposed, payable by the Development's property owners, except: _____
_____.

4. As of this date, there are no unsatisfied judgments against or pending lawsuits involving the Property, the Development and/or the owners' association, except:_____.

5. The fees charged by the owners' association or management company in connection with the transfer of Property to a new owner (including but not limited to document preparation, move in/move out fees, preparation of insurance documents, statement of unpaid assessments, and transfer fees) are as follows: _____
_____
_____

6. Seller authorizes and directs any owners' association, any management company of the owners' association, any insurance company and any attorney who has previously represented the Seller to release to Buyer, Buyer's agents, representative, closing attorney or lender true and accurate copies of the following items affecting the Property, including any amendments:

- Seller's statement of account
- master insurance policy showing the coverage provided and the deductible amount
- Declaration and Restrictive Covenants
- Rules and Regulations
- Articles of Incorporation
- Bylaws of the owners' association
- current financial statement and budget of the owners' association
- parking restrictions and information
- architectural guidelines

The parties have read, understand and accept the terms of this Addendum as a part of the Contract.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date :_____	Date: _____
Buyer: _____	Seller: _____
Date :_____	Date: _____
Buyer: _____	Seller: _____
Entity Buyer:	Entity Seller:
_____	_____
(Name of LLC/Corporation/Partnership/Trust/etc.)	(Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name:_____
Title: _____	Title:_____
Date:_____	Date:_____

STANDARD FORM 2A12-T
Revised 7/2015
© 7/2017

SAMPLE

Agreement to Amend the Contract

1. Why was this form created? Can the parties just initial and change the original document?

_____

_____

_____

2. What specific items does this form allow to be altered in the original contract?

_____

_____

_____

_____

_____

_____

_____

_____

_____

AGREEMENT TO AMEND CONTRACT

WARNING: ALL PARTIES, INCLUDING ANY LENDER AND SETTLEMENT AGENT, MUST BE PROVIDED A COPY OF THIS AGREEMENT

_____, as Buyer, and

_____, as Seller,

have entered into a contract on the Offer to Purchase and Contract (form 2-T) or the Offer to Purchase and Contract – Vacant Lot/Land (form 12-T) ("Contract") regarding the purchase and sale of the following property (insert property address): _____

_____ ("Property").

Buyer and Seller hereby agree to amend the Contract as set forth below [*check applicable box(es)*]:

❑ **Purchase Price**. The Purchase Price is hereby changed from: $_____ to: $_____.

❑ **(Additional) Earnest Money.** The (Additional) Earnest Money Deposit is hereby changed from: $_____ to: $_____.

❑ **(Additional) Earnest Money Deposit Date**: The date by which the (Additional) Earnest Money Deposit shall be paid to Escrow Agent is hereby changed to extend through 5:00 p.m. on: _____.

❑ **Building Deposit**. The Building Deposit is hereby changed from: $_____ to: $_____.

❑ **Due Diligence Fee.** The Due Diligence Fee paid to Seller is hereby changed from: $_____ to: $ _____.

❑ **Due Diligence Period.** The expiration date of the Due Diligence Period is hereby changed to extend through 5:00 p.m. on _____, ***TIME BEING OF THE ESSENCE***.

❑ **Escrow Agent**. The Escrow Agent is hereby changed to: _____.

NOTE: Use the ESCROW AGENT ACKNOWLEDGMENT OF RECEIPT OF EARNEST MONEY DEPOSIT

❑ **Settlement Date**. The Settlement Date is hereby changed to: _____.

❑(*check only if the following also will apply*) Notwithstanding anything to the contrary in the Delay in Settlement/Closing paragraph in the Contract, if a Delaying Party fails to complete Settlement and Closing within four (4) days following the Settlement Date above, the Delaying Party shall be in breach and the Non-Delaying Party may terminate the Contract in accordance with the Delay in Settlement/Closing paragraph.

❑ **Expenses.** The amount Seller shall pay at Settlement toward Buyer's expenses associated with the purchase of the Property is hereby changed from: $ _____ to: $ _____.

All terms and conditions of the Contract not specifically amended herein shall remain in full force and effect.

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

REALTOR®

EQUAL HOUSING OPPORTUNITY

FORM 4-T
Revised 7/2018
© 7/2018

Buyer Initials: _____ _____ Seller Initials: _____ _____

SAMPLE

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION.

Buyer: _____ Date _____ Seller: _____ Date _____

Buyer: _____ Date _____ Seller: _____ Date _____

Entity Buyer

_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

Entity Seller:

_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

SAMPLE

FORM 4-T
Revised 7/2018
© 7/2018

Due Diligence Request & Agreement

1. What is the purpose of this form?

_____

_____

_____

2. When should this form be completed?

_____

_____

3. How specific should the requests be in paragraph 1? Pick specific examples and write with the proper language.

_____

_____

4. Who can make the repairs? Can the seller make them?

_____

_____

5. When does the seller have to complete the repairs?

_____

_____

6. What are the consequences of the buyer releasing the inspection reports?

_____

_____

DUE DILIGENCE REQUEST AND AGREEMENT
[See Guidelines for completing this form (Standard Form # 310G)]

_____, as Buyer,

and _____, as Seller,

have entered into an Offer to Purchase and Contract ("Contract") regarding the purchase and sale of the following property (insert property address): _____

_____ ("Property").

1. Based upon Buyer's Due Diligence, the Buyer requests and the Seller agrees to the following: _____
_____
_____
_____
_____
_____
_____
_____
_____

In the event the parties have agreed to any adjustment in the condition of the Property, then such adjustment shall be completed prior to Settlement in a good and workmanlike manner. Seller shall notify Buyer upon completion of the above and provide Buyer with documentation thereof. Buyer shall have the right to verify that the items above have been completed in a good and workmanlike manner. Unless otherwise indicated in the Contract or this Agreement, such verification shall be at Buyer's expense.

NOTE: If the parties agree herein to a change in the Purchase Price or the amount Seller agrees to pay toward Buyer's expenses associated with the purchase of the Property, the Agreement to Amend Contract (Form 4-T) should be completed and signed by the parties to reflect the change. However, the parties' failure to complete and sign Form 4-T will not affect the validity of any agreement reached hereunder. Buyer is advised to confirm with Buyer's lender that this amount will not exceed the amount lender will allow Seller to contribute.

NOTE: Unless otherwise agreed, Buyer retains the right to conduct Due Diligence during the period agreed to in Paragraph 1(j), Due Diligence Period, of the Offer to Purchase and Contract. Buyer is advised to consult with Buyer's lender regarding this Agreement and/or any Agreement to Amend Contract prior to the expiration of the Due Diligence Period.

2. **Release of Inspection Reports:** Buyer ☐ does ☐ does not agree to release any inspection reports to Seller.

3. **Agreement:** This agreement shall become effective on the date it has been signed by both parties. All changes, additions or deletions hereto must be in writing and signed by all parties.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION.

Buyer: _____ Date _____ Seller: _____ Date _____

Buyer: _____ Date _____ Seller: _____ Date _____

Entity Buyer: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

Entity Seller: _____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

North Carolina Association of REALTORS®, Inc.

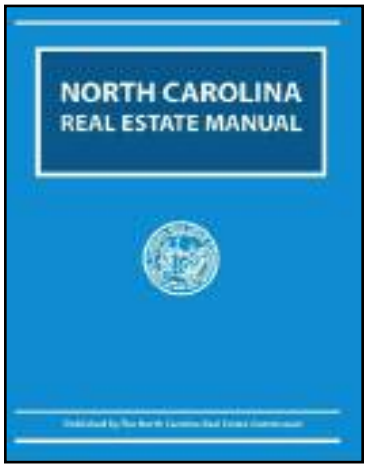
STANDARD FORM 310-T
Revised 7/2018
© 7/2018

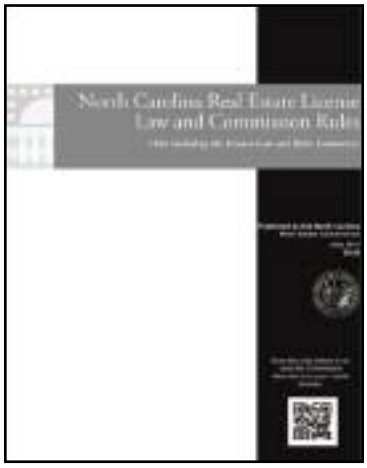
SAMPLE

1. All owners of the property
2. Individual legal names
3. Both spousal signatures to sell, one spouse may buy on their own
4. Acknowledge deed of trust
5. Sign a free trader agreement
6. E-Sign Act
   UETA – Uniform Electronic Transaction Act
7. Drafting contracts
8. Others
9. A person altering an agreement to which they are a party
10. Licensees own employment agreement with the firm
11. A listing agreement on behalf of the firm
12. A buyer broker agreement on behalf of the firm
13. Amendment
14. Addendum
15. Type or print legibly
16. Fill in all blanks
17. Be precise – avoid abbreviations and acronyms
18. Parties should initial and date every change, addition, or deletion
19. Rewrite offer if numerous changes
20. Review all contract provisions with parties and recommend legal advice

Student Notes

Section 7: Dealing with the Funds in Contracts





Integrating the Contractual Handling of Money with Commission Rules

There is no law requiring a residential brokerage to maintain a trust account.

A trust account is only required when a brokerage is holding money
1. _____.

In residential sales the earnest money may be held either in a:
2. _____ or 3. _____.

All monies that are received by a 4._____ must be delivered to a 5._____ 6._____.

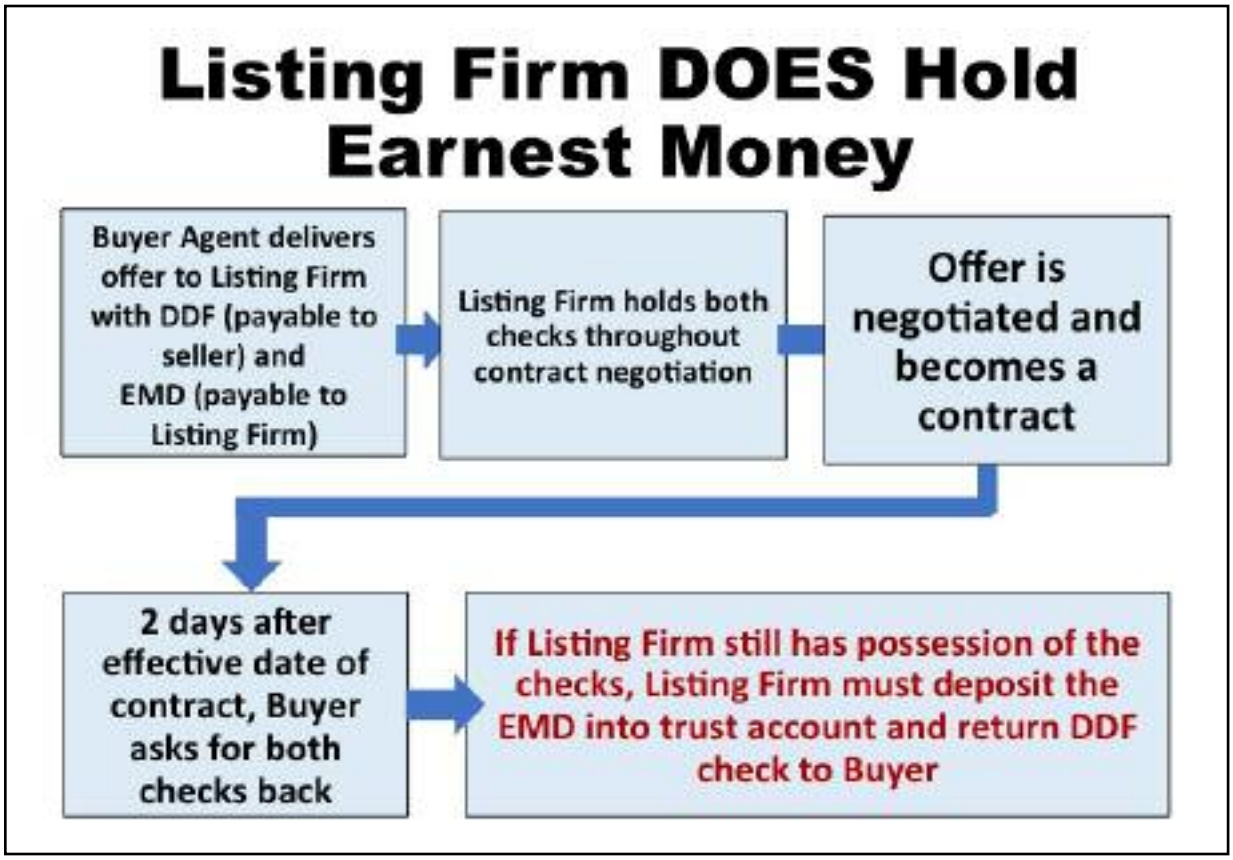
BICs must deposit all client monies to the trust account within 7._____.

The counting of the three days can be delayed until the date of 8._____.

The only monies which a North Carolina licensee is authorized to accept for delivery are:
9. _____
10. _____

Licensees are not permitted to courier or deliver funds relating to any of the following:
11. _____
12. _____
13. _____
14. _____

When a licensee accepts due diligence fees or earnest money for delivery they must
15. _____ until delivery.


Listing Firm DOES Hold Earnest Money
Buyer Agent delivers offer to Listing Firm with DDF (payable to seller) and EMD (payable to Listing Firm)
Listing Firm holds both checks throughout contract negotiation
Offer is negotiated and becomes a contract
2 days after effective date of contract, Buyer asks for both checks back
If Listing Firm still has possession of the checks, Listing Firm must deposit the EMD into trust account and return DDF check to Buyer

MLS States "Listing Firm does not hold earnest money. 'Jane Smith, Attorney' is Escrow Agent."
Buyer Agent delivers offer to Listing Firm with DDF (payable to seller) and EMD (payable to Jane Smith, Atty)
Listing Firm holds both checks throughout contract negotiation
Offer is negotiated and becomes a contract
2 days after effective date of contract, Buyer asks for both checks back
If Listing Firm still has possession of the checks, Listing Firm must return BOTH checks to Buyer

Integrating the Contractual Handling of Money with Commission Rules (CONTINUED)

Firms are permitted to earn interest on trust accounts so long as there is a written agreement specifying: 16. _____.

In the event of a dispute regarding the earnest money, there are two options for the brokerage prior to releasing the earnest money to either party:

17. _____

18. _____

Firms are permitted to transfer the earnest money from their brokerage account to the attorney/escrow agent:

19. _____

It is prohibited for any licensee or brokerage to engage in the

20. _____

or 21. _____ of client monies.

There is an exception to the commingling rule for real estate brokerages operating a trust account. The brokerage is permitted to keep

22. _____ in the trust account without it being considered commingling of funds.

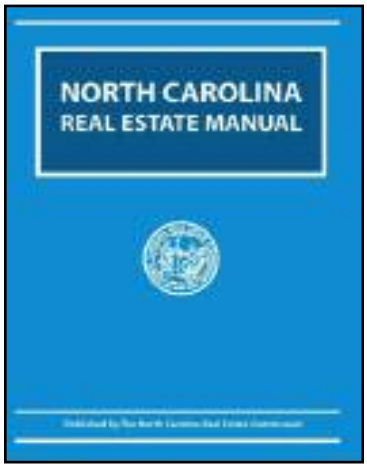
Trust accounts must be balanced every 23. _____ days.

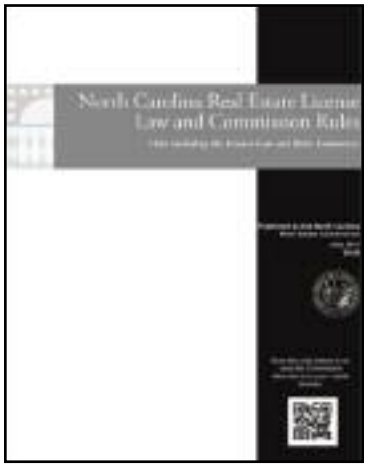
Section 7: Dealing with the Funds in Contracts Notebook Guide

1. Money belonging to another
2. Firm's trust account
3. Escrow agent/attorney
4. Provisional broker
5. BIC
6. Immediately
7. 3 banking days
8. Acceptance of contract
9. Due diligence for delivery
10. Earnest money to an escrow agent/attorney
11. Inspection payments
12. Repair payments
13. Survey payments
14. Settlement distributions other than to them or their firm
15. Direction of the buyer
16. Written instructions with the client
17. Written consent between the parties
18. Deposit with clerk of courts
19. No more than 10 days
20. Conversion
21. Commingling
22. $100 or whatever the bank requires
23. Every 30 days

Student Notes

Section 8:
Dealing with Multiple Offers





Dealing with Offers & Counteroffers

A licensee is required to submit 1. _____ offers right up through and including the 2. _____.

All offers must be presented 3. _____ but never later than 4. _____ days.

When multiple offers are created the offers should be presented to the seller at 5. _____.

When multiple buyers exist, neither the buyers nor the buyers have any right to know of the existence of other offers because the existence of multiple offers is not a 6. _____.

Because all buyers must be treated fairly and equally, a licensee may not disclose the conditions or terms of any buyers offer without first obtaining the 7. _____.

The Proper Use of Addendum 340-T
Response to Buyer's Offer

The form acts a 8._____ of the buyer's offer. It does not create a 9. _____.

The form does invite the buyer to take the following action:
10. _____

Practical Pointers for Handling Multiple Offers & Counteroffers

(See the NC Real Estate Manual, pp 384–385)

1. **Initial and date each change.**

2. **Keep all communication prompt.**

3. **Consider starting over again with a blank form.**

4. **Seek out phones calls and conversations for clarification.**

5. **Make it clear the inquiries and questions are not creating a counteroffer.**

6. **Consider referral to an attorney for complex negotiations and changes.**

Helm Simulator

The Real World Scenarios

The following scenarios occur often in the real world. There is no one right answer to these scenarios, but your understanding the various forms, rules and contract provisions are essential to protecting and promoting your client's interest when they occur.

Scenario #1 – Jack's Lender Surprise

Jack, a buyer, had been fully preapproved for a loan program where bond money was being used to supplement his down payment. He signed a standard Form 2T Offer to Contract and Purchase, which was accepted with a due diligence date of March 10 and a closing date of March 25. He tendered a $1,000 due diligence fee to the seller and provided his broker with a $5,000 earnest money check. The purchase price of the property was $245,000. On March 16, Jack was informed that the bond program had run short of funds, but that new funds would come available in April and that the lender could close by April 30.

Discuss the various options and negotiate a resolution of the scenario referencing and utilizing the proper forms.

Scenario #2 – The Reluctant Seller

Sally was initially excited about selling her home for $179,000. She even gave the buyer a very long 120-day timeframe to close. She accepted a $250 due diligence fee and the buyer has a $3,000 earnest money deposit. Since she signed the offer, Sally has learned that a new shopping center is moving into her neighborhood and it has already substantially increased property values. Sally is having second thoughts and has informed the buyer and her agent that because she now believes the house is worth more than $200,000 she does not think she is going to honor the contract and is considering not closing.

Discuss the various options and negotiate a resolution of the scenario referencing and utilizing the proper forms.

Scenario #3 – The Exuberant Inspector

Raphael signed a purchase contract and tendered a $500 due diligence fee and a $10,000 earnest money check regarding a property he agreed to purchase for $289,000. His due diligence date is May 20 and has not yet passed. On May 10, Raphael received a very lengthy and detailed home inspection report that indicated the home was in terrible shape. The inspector noted problems with the roof, the foundation and the electrical system. Raphael has obtained estimates that indicate the cost of the repairs will be approximately $28,000. The seller does not agree that all of the repairs are necessary.

Discuss the various options and negotiate a resolution of the scenario referencing and utilizing the proper forms.

_____

_____

_____

_____

_____

_____

_____

Now renegotiate the resolution if the facts had been that Raphael's due diligence date had already passed and he did not receive the final home inspection report nor obtain the estimates until after May 20.

_____

_____

_____

_____

_____

_____

_____

Scenario #4 – The Unfortunate Storm

Desiree agreed to sell her home to Barbara for $189,000. Barbara tendered a $1,000 due diligence fee and $2,500 in earnest money. Two weeks before the closing date and after the due diligence period had expired, a wind storm caused significant damage to the roof of the home. The damage will cost about $22,000 to repair and is covered under Desiree's home owner's insurance policy. However, due to a high volume of claims, the repairs are going to take approximately 6 weeks.

Discuss the various options and negotiate a resolution of the scenario referencing and utilizing the proper forms.

Scenario #5 – The Delayed Construction Project

Jacob and Beth signed a purchase contract to sell their home for a price of $424,000. They accepted a due diligence fee of $2,000 and the buyers' have deposited earnest money of $15,000 with a closing date of June 18. Jacob and Beth have just been informed that the construction of their new home will not be completed until August 1 and they would like to delay the closing date.

Discuss the various options and negotiate a resolution of the scenario referencing and utilizing the proper forms.

Revelations, Insights, Ideas & To Do List

What are the best and brightest ideas you got from this section of the material?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Section 8: Dealing with Multiple Offers Notebook Guide

1. All
2. Through and including the day of closing
3. Immediately
4. 3 days
5. Presented at the same time
6. Material fact
7. Offeror's consent
8. Express rejection of the offer
9. Not a counteroffer
10. Rewrite your offer on different terms

BLANK – FOR TAB PLACEMENT ONLY

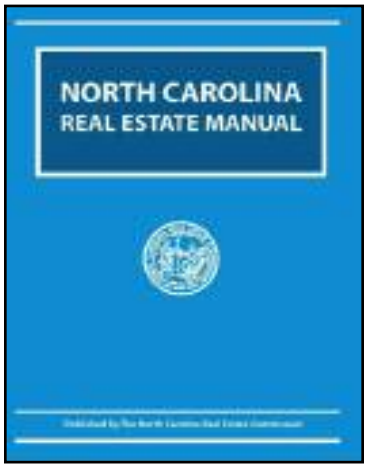
MODULE 4: OTHER TYPES OF PURCHASE CONTRACTS

BLANK – FOR TAB PLACEMENT ONLY

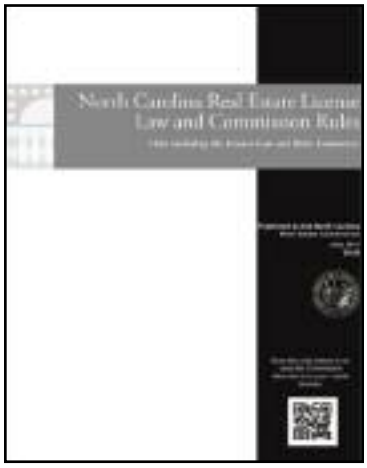
MODULE 4: OTHER TYPES OF PURCHASE CONTRACTS

Section 9: Other Types of Purchase Contracts

Critical Reading Information



- Chapter 10 – Contract Law
- Chapter 11 – Sales Contract & Practices



Dealing with Land Purchases & Subdivisions

In North Carolina, the Vacant Land Contract should **NOT** be used to transfer parcels where

1. _____ is involved.

Subdivided land requires compliance with NC Subdivision laws and statutes.

A subdivision in North Carolina exists when a parcel of land is divided into 2. _____ lots.

There are two exceptions:

- No lot is smaller than 3. _____ acres
- A division of up to a 4. _____ lot into as many as 3 lots by a single owner.

The NC Subdivision requirements mandate approval by the municipality or county where the subdivision is going to be located. The final step in the subdivision approval process is issuance of a FINAL PLAT APPROVAL.

Prior to approval of a final plat map, the developer may do/not do the following:

What They Can Do	What They Cannot Do
5. _____	6. _____
_____	_____
_____	_____
_____	_____
_____	_____

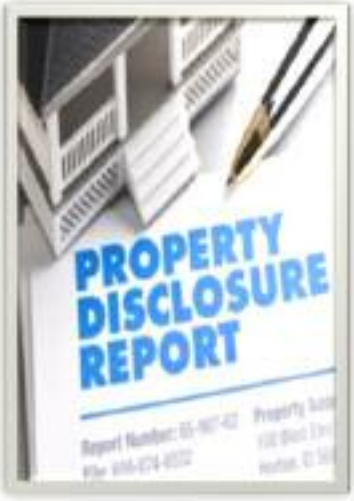
The Interstate Land Sales Full Disclosure Act

Applies when the sale of lots occurs

7. _____.

Only applies to developments of

8. _____ lots or more.



Requires that the buyers be provided with a HUD Property report containing:

9. _____

10. _____

11. _____

12. _____

13. _____

Buyer must be provided with the report

14. _____

There is a 15. _____ day rescission period on such transactions.

Failure to provide allows the buyer to revoke the contract and a full refund of all monies paid for a 16. _____ period.

Helm Simulator

In groups, identify one unique issue that occurs in regard to due diligence on vacant land.

Reviewing the Offer to Purchase & Contract – Vacant Land

1. What is the purpose and use of this form?

_____

_____

2. Is there any limit on the size of the parcel?

_____

_____

3. Is there still a due diligence period?

_____

_____

4. How are the earnest money and due diligence fees handled?

_____

_____

5. What are 10 items of the buyer's due diligence (paragraph 2b)?

_____

_____

_____

_____

6. What are the items about which the seller makes representations (paragraph 5a)?

_____

_____

7. What are the seller's obligations (paragraph 6a)?

_____

_____

8. Can a licensee still use with this contract the addenda we discussed for the Residential Offer to Purchase and Contract?

_____

_____

OFFER TO PURCHASE AND CONTRACT - VACANT LOT/LAND
[Consult "Guidelines" (form 12G) for guidance in completing this form]

NOTE: This contract is intended for unimproved real property that Buyer will purchase only for personal use and does not have immediate plans to subdivide. It should not be used to sell property that is being subdivided unless the property has been platted, properly approved and recorded with the register of deeds as of the date of the contract. If Seller is Buyer's builder and the sale involves the construction of a new single family dwelling prior to closing, use the standard Offer to Purchase and Contract—New Construction (Form 800-T) or, if the construction is completed, use the Offer to Purchase and Contract (Form 2-T) with the New Construction Addendum (Form 2A3-T).

For valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Buyer offers to purchase and Seller upon acceptance agrees to sell and convey the Property on the terms and conditions of this Offer To Purchase and Contract and any addendum or modification made in accordance with its terms (together the "Contract").

1. **TERMS AND DEFINITIONS**: The terms listed below shall have the respective meaning given them as set forth adjacent to each term.

(a) "**Seller**": _____

(b) "**Buyer**": _____

(c) "**Property**": The Property shall include all that real estate described below together with all appurtenances thereto including the improvements located thereon.

NOTE: If the Property will include a manufactured (mobile) home(s), Buyer and Seller should consider including the Manufactured (Mobile) Home provision in the Additional Provisions Addendum (Standard Form 2A1[illegible] with this offer.

Street Address: _____
City: _____ Zip: _____
County: _____ North Carolina

NOTE: Governmental authority over taxes, zoning, school districts, utilities and mail delivery may differ from address shown.

Legal Description: (Complete *ALL* applicable)
Plat Reference: Lot/Unit_____, Block/Section _____, Subdivision/Condominium _____
_____, as shown on Map Book/Slide _____ at Page(s) _____
The PIN/PID or other identification number of the Property is: _____
Other description: _____
Some or all of the Property may be described in Book _____ at Page _____

(d) "**Purchase Price**":

$ _____ paid in U.S. Dollars upon the following terms:

$ _____ BY DUE DILIGENCE FEE made payable and delivered to Seller by the Effective Date

$ _____ BY INITIAL EARNEST MONEY DEPOSIT made payable and delivered to Escrow Agent named in Paragraph 1(f) by ❑ cash ❑ personal check ❑ official bank check ❑ wire transfer, ❑ electronic transfer, EITHER ❑ with this offer OR ❑ within five (5) days of the Effective Date of this Contract.

$ _____ BY (ADDITIONAL) EARNEST MONEY DEPOSIT made payable and delivered to Escrow Agent named in Paragraph 1(f) by cash, official bank check, wire transfer or electronic transfer no later than 5 p.m. on _____, ***TIME BEING OF THE ESSENCE***.

$ _____ BY ASSUMPTION of the unpaid principal balance and all obligations of Seller on the existing loan(s) secured by a deed of trust on the Property in accordance with the attached Loan Assumption Addendum (Standard Form 2A6-T).

$_____ BY SELLER FINANCING in accordance with the attached Seller Financing Addendum (Standard Form 2A5-T).

$_____ BALANCE of the Purchase Price in cash at Settlement (some or all of which may be paid with the proceeds of a new loan)

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 12-T
Revised 7/2018
© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

Should Buyer fail to deliver either the Due Diligence Fee or any Initial Earnest Money Deposit by their due dates, or should any check or other funds paid by Buyer be dishonored, for any reason, by the institution upon which the payment is drawn, Buyer shall have one (1) banking day after written notice to deliver cash, official bank check, wire transfer or electronic transfer to the payee. In the event Buyer does not timely deliver the required funds, Seller shall have the right to terminate this Contract upon written notice to Buyer.

(e) "**Earnest Money Deposit**": The Initial Earnest Money Deposit, the Additional Earnest Money Deposit and any other earnest monies paid or required to be paid in connection with this transaction, collectively the "Earnest Money Deposit", shall be deposited and held in escrow by Escrow Agent until Closing, at which time it will be credited to Buyer, or until this Contract is otherwise terminated. In the event: (1) this offer is not accepted; or (2) a condition of any resulting contract is not satisfied, then the Earnest Money Deposit shall be refunded to Buyer. In the event of breach of this Contract by Seller, the Earnest Money Deposit shall be refunded to Buyer upon Buyer's request, but such return shall not affect any other remedies available to Buyer for such breach. In the event of breach of this Contract by Buyer, the Earnest Money Deposit shall be paid to Seller as liquidated damages and as Seller's sole and exclusive remedy for such breach, but without limiting Seller's rights under Paragraphs 2(c) and 2(d) for damage to the Property or Seller's right to retain the Due Diligence Fee. It is acknowledged by the parties that payment of the Earnest Money Deposit to Seller in the event of a breach of this Contract by Buyer is compensatory and not punitive, such amount being a reasonable estimation of the actual loss that Seller would incur as a result of such breach. The payment of the Earnest Money Deposit to Seller shall not constitute a penalty or forfeiture but actual compensation for Seller's anticipated loss, both parties acknowledging the difficulty determining Seller's actual damages for such breach. If legal proceedings are brought by Buyer against Seller again the other to recover the Earnest Money Deposit, the prevailing party in the proceeding shall be entitled to recover from the non-prevailing party reasonable attorney fees and court costs incurred in connection with the proceeding.

(f) "**Escrow Agent**" (insert name): _____

NOTE: In the event of a dispute between Seller and Buyer over the disposition of the Earnest Money Deposit held in escrow, a licensed real estate broker ("Broker") is required by state law (and Escrow Agent if not a Broker hereby agrees) to retain the Earnest Money Deposit in the Escrow Agent's trust or escrow account until Escrow Agent has obtained written release from the parties consenting to its disposition or until disbursement is ordered by a court of competent jurisdiction. Alternatively, if a Broker or an attorney licensed to practice law in North Carolina ("Attorney") is holding the Earnest Money Deposit, the Broker or Attorney may deposit the disputed monies with the appropriate clerk of court in accordance with the provisions of N.C.G.S. §93A-12.

THE PARTIES AGREE THAT A REAL ESTATE BROKERAGE FIRM ACTING AS ESCROW AGENT MAY PLACE THE EARNEST MONEY DEPOSIT IN AN INTEREST BEARING TRUST ACCOUNT AND THAT ANY INTEREST EARNED THEREON SHALL BE DISBURSED TO THE ESCROW AGENT MONTHLY IN CONSIDERATION OF THE EXPENSES INCURRED BY MAINTAINING SUCH ACCOUNT AND RECORDS ASSOCIATED THEREWITH.

(g) "**Effective Date**": The date that: (1) the last of Buyer and Seller has signed or initialed this offer or the final counteroffer, if any, and (2) such signing or initialing is communicated to the party making the offer or counteroffer, as the case may be. The parties acknowledge and agree that the initials lines at the bottom of each page of this Contract are merely evidence of their having reviewed the terms of each page, and that the complete execution of such initials lines shall not be a condition of the effectiveness of this Agreement.

(h) "**Due Diligence**": Buyer's opportunity to investigate the Property and the transaction contemplated by this Contract, including but not necessarily limited to the matters described in Paragraph 2 below, to decide whether Buyer, in Buyer's sole discretion, will proceed with or terminate the transaction.

(i) "**Due Diligence Fee**": A negotiated amount, if any, paid by Buyer to Seller with this Contract for Buyer's right to terminate the Contract for any reason or no reason during the Due Diligence Period. It shall be the property of Seller upon the Effective Date and shall be credited to Buyer at Closing. The Due Diligence Fee shall be non-refundable except in the event of a material breach of this Contract by Seller, or if this Contract is terminated under Paragraph 6(m) or Paragraph 9, or as otherwise provided in any addendum hereto. Buyer and Seller each expressly waive any right that they may have to deny the right to conduct Due Diligence or to assert any defense as to the enforceability of this Contract based on the absence or alleged insufficiency of any Due Diligence Fee, it being the intent of the parties to create a legally binding contract for the purchase and sale of the Property without regard to the existence or amount of any Due Diligence Fee.

(j) "**Due Diligence Period**": The period beginning on the Effective Date and extending through 5:00 p.m. on _____ _____ ***TIME BEING OF THE ESSENCE.***

SAMPLE

(k) "**Settlement**": The proper execution and delivery to the closing attorney of all documents necessary to complete the transaction contemplated by this Contract, including the deed, settlement statement, deed of trust and other loan or conveyance documents, and the closing attorney's receipt of all funds necessary to complete such transaction.

(l) **"Settlement Date":** The parties agree that Settlement will take place on _____ _____(the "Settlement Date"), unless otherwise agreed in writing, at a time and place designated by Buyer.

(m) **"Closing"**: The completion of the legal process which results in the transfer of title to the Property from Seller to Buyer, which includes the following steps: (1) the Settlement (defined above); (2) the completion of a satisfactory title update to the Property following the Settlement; (3) the closing attorney's receipt of authorization to disburse all necessary funds; and (4) recordation in the appropriate county registry of the deed(s) and deed(s) of trust, if any, which shall take place as soon as reasonably possible for the closing attorney after Settlement. Upon Closing, the proceeds of sale shall be disbursed by the closing attorney in accordance with the settlement statement and the provisions of Chapter 45A of the North Carolina General Statutes. If the title update should reveal unexpected liens, encumbrances or other title defects, or if the closing attorney is not authorized to disburse all necessary funds, then the Closing shall be suspended and the Settlement deemed delayed under Paragraph 10 (Delay in Settlement/Closing).

WARNING: The North Carolina State Bar has determined that the performance of most acts and services required for a closing constitutes the practice of law and must be performed only by an attorney licensed to practice law in North Carolina. State law prohibits unlicensed individuals or firms from rendering legal services or advice. Although non-attorney settlement agents may perform limited services in connection with a closing, they may not perform all the acts and services required to complete a closing. A closing involves significant legal issues that should be handled by an attorney. Accordingly it is the position of the North Carolina Bar Association and the North Carolina Association of REALTORS® that all buyers should hire an attorney licensed in North Carolina to perform a closing.

(n) "**Special Assessments**": A charge against the Property by a governmental authority in addition to ad valorem taxes and recurring governmental service fees levied with such taxes, or by an owners' association in addition to any regular assessment (dues), either of which may be a lien against the Property. A Special Assessment may be either proposed or confirmed.

"**Proposed Special Assessment**": A Special Assessment that is under formal consideration but which has not been approved prior to Settlement. Whether payable in a lump sum or future installments.

"**Confirmed Special Assessment**": A Special Assessment which has been approved prior to Settlement whether payable in a lump sum or future installments.

NOTE: Any Proposed and Confirmed Special Assessments must be identified by Seller in paragraph 5(b), and Buyer's and Seller's respective responsibilities for Proposed and Confirmed Special Assessments are addressed in paragraphs 4(a) and 6(k).

2. **BUYER'S DUE DILIGENCE PROCESS**:

WARNING: BUYER IS STRONGLY ENCOURAGED TO CONDUCT DUE DILIGENCE DURING THE DUE DILIGENCE PERIOD. If Buyer is not satisfied with the results or progress of Buyer's Due Diligence, Buyer should terminate this Contract, *prior to the expiration of the Due Diligence Period*, unless Buyer can obtain a written extension from Seller. SELLER IS NOT OBLIGATED TO GRANT AN EXTENSION. Although Buyer may continue to investigate the Property following the expiration of the Due Diligence Period, Buyer's failure to deliver a Termination Notice to Seller prior to the expiration of the Due Diligence Period will constitute a waiver by Buyer of any right to terminate this Contract based on any matter relating to Buyer's Due Diligence. Provided however, following the Due Diligence Period, Buyer may still exercise a right to terminate if Seller fails to materially comply with any of Seller's obligations under paragraph 6 of this Contract or for any other reason permitted under the terms of this Contract or North Carolina law.

(a) **Loan**: Buyer, at Buyer's expense, shall be entitled to pursue qualification for and approval of the Loan if any.

NOTE: Buyer's obligation to purchase the Property is not contingent on obtaining a Loan. Therefore, Buyer is advised to consult with Buyer's lender prior to signing this offer to assure that the Due Diligence Period allows sufficient time for the appraisal to be completed and for Buyer's lender to provide Buyer sufficient information to decide whether to proceed with or terminate the transaction.

(b) **Property Investigation**: Buyer or Buyer's agents or representatives, at Buyer's expense, shall be entitled to conduct all desired tests, surveys, appraisals, investigations, examinations and inspections of the Property as Buyer deems appropriate, including but NOT limited to the following:

SAMPLE

(i) **Soil And Environmental**: Reports to determine whether the soil is suitable for Buyer's intended use and whether there is any environmental contamination, law, rule or regulation that may prohibit, restrict or limit Buyer's intended use.

(ii) **Septic/Sewer System**: Any applicable investigation(s) to determine: (1) the condition of an existing sewage system, (2) the costs and expenses to install a sewage system approved by an existing Improvement Permit, (3) the availability and expense to connect to a public or community sewer system, and/or (4) whether an Improvement Permit or written evaluation may be obtained from the County Health Department for a suitable ground absorption sewage system.

(iii) **Water**: Any applicable investigation(s) to determine: (1) the condition of an existing private drinking water well, (2) the costs and expenses to install a private drinking water well approved by an existing Construction Permit, (3) the availability, costs and expenses to connect to a public or community water system, or a shared private well, and/or (4) whether a Construction Permit may be obtained from the County Health Department for a private drinking water well.

(iv) **Review of Documents**: Review of the Declaration of Restrictive Covenants, Bylaws, Articles of Incorporation, Rules and Regulations, and other governing documents of any applicable owners' association and/or subdivision. If the Property is subject to regulation by an owners' association, it is recommended that Buyer review the comm[illegible]d Owners' Association And Addendum (Standard Form 2A12-T) provided by Seller prior to signing this offer. It is also recommended that the Buyer determine if the owners' association or its management company charges fees for providing information required by Buyer's lender or confirming restrictive covenant compliance.

(v) **Appraisals**: An appraisal of the Property

(vi) **Survey**: A survey to determine whether the property is suitable for Buyer's intended use [illegible] location of easements, setbacks, property boundaries and other issues which may or may not constitute title defects.

(vii) **Zoning and Governmental Regulation**: Investigation of current or proposed zoning or other governmental regulation that may affect Buyer's intended use of the Property, adjacent land uses, planned or proposed road construction, and school attendance zones.

(viii) **Flood Hazard**: Investigation of potential flood hazards on the Property and/or any requirement to purchase flood insurance in order to obtain the Loan.

(ix) **Utilities and Access:** Availability, quality, and obligations for maintenance of utilities including electric, gas, communication services, storm water management, and means of access to the Property and amenities.

(x) **Streets/Roads**: Investigation of the status of the street(s) upon which the Property fronts as well as any other street/road used to access the Property, including: (1) whether the street(s)/road(s) are public or private, (2) whether any street(s)/road(s) designated as public are accepted for maintenance by the State of NC or any municipality, or (3) if private or not accepted for public maintenance, the consequences and responsibility for maintenance and the existence, terms and funding of any maintenance agreements.

NOTE: NC General Statutes Section 136-102.6(f) (the "Statute") requires that under circumstances described in the Statute, a buyer must be provided a subdivision street disclosure statement prior to entering into an agreement to buy subdivided property described in the Statute. If Buyer or Seller are uncertain whether the sale of the Property described in this Contract is subject to the Statute, consult a NC real estate attorney.

(c) **Buyer's Obligation to Repair Damage**: Buyer shall, at Buyer's expense, promptly repair any damage to the Property resulting from any activities of Buyer and Buyer's agents and contractors, but Buyer shall not be responsible for any damage caused by accepted practices applicable to any N.C. licensed professional performing reasonable appraisals, tests, surveys, examinations and inspections of the Property. This repair obligation shall survive any termination of this Contract.

(d) **Indemnity**: Buyer will indemnify and hold Seller harmless from all loss, damage, claims, suits or costs, which shall arise out of any contract, agreement, or injury to any person or property as a result of any activities of Buyer and Buyer's agents and contractors relating to the Property except for any loss, damage, claim, suit or cost arising out of pre-existing conditions of the Property and/or out of Seller's negligence or willful acts or omissions. This indemnity shall survive this Contract and any termination hereof.

(e) **Buyer's Right to Terminate:** Buyer shall have the right to terminate this Contract for any reason or no reason, by delivering to Seller written notice of termination (the "Termination Notice") during the Due Diligence Period (or any agreed-upon written extension of the Due Diligence Period), ***TIME BEING OF THE ESSENCE***. If Buyer timely delivers the Termination Notice, this Contract shall be terminated and the Earnest Money Deposit shall be refunded to Buyer.

(f) **CLOSING SHALL CONSTITUTE ACCEPTANCE OF THE PROPERTY IN ITS THEN EXISTING CONDITION UNLESS PROVISION IS OTHERWISE MADE IN WRITING.**

3. **BUYER REPRESENTATIONS**:

(a) **Loan**: Buyer ❑ does ❑ does not intend to obtain a new loan in order to purchase the Property. If Buyer is obtaining a new loan, Buyer intends to obtain a loan as follows: ❑ Conventional ❑ Other: _____ loan at a ❑ Fixed Rate ❑ Adjustable Rate in the principal amount of _____ for a term of _____ year(s), at an initial interest rate not to exceed _____ % per annum (the "Loan").

SAMPLE

NOTE: Buyer's obligations under this Contract are not conditioned upon obtaining or closing any loan.

NOTE: If Buyer does not intend to obtain a new loan, Seller is advised, prior to signing this offer, to obtain documentation from Buyer which demonstrates that Buyer will be able to close on the Property without the necessity of obtaining a new loan.

(b) **Other Property**: Buyer ❑ does ❑ does not have to sell or lease other real property in order to qualify for a new loan or to complete purchase.

NOTE: If Buyer does have to sell, Buyer and Seller should consider including a Contingent Sale Addendum (Standard Form 2A2-T) with this offer.

(c) **Performance of Buyer's Financial Obligations**: To the best of Buyer's knowledge, there are no other circumstances or conditions existing as of the date of this offer that would prohibit Buyer from performing Buyer's financial obligations in accordance with this Contract, except as may be specifically set forth herein.

4. **BUYER OBLIGATIONS**:

(a) **Responsibility for Proposed Special Assessments**: Buyer shall take title subject to all Proposed Special Assessments.

(b) **Responsibility for Certain Costs**: Buyer shall be responsible for all costs with respect to:
(i) any loan obtained by Buyer, including charges by an owners association and/or management company agent of an owners' association for providing information required by Buyer's lender;
(ii) charges required by an owners' association declaration to be paid by Buyer for Buyer's future use and enjoyment of the Property, including, without limitation, working capital contributions, membership fees, or charges for Buyer's use of the common elements and/or services provided to Buyer, such as "move-in fees";
(iii) determining restrictive covenant compliance;
(iv) appraisal;
(v) title search;
(vi) title insurance;
(vii) any fees charged by the closing attorney for the preparation of the Closing Disclosure, Seller Disclosure and any other settlement statement;
(viii) recording the deed; and
(ix) preparation and recording of all instruments required to secure the balance of the Purchase Price unpaid at Settlement.

(c) **Authorization to Disclose Information**: Buyer authorizes the Buyer's lender(s), the parties' real estate agent(s) and closing attorney: (1) to provide this Contract to any appraiser employed by Buyer or by Buyer's lender(s); and (2) to release and disclose any buyer's closing disclosure, settlement statement and/or disbursement summary, or any information therein, to the parties to this transaction, their real estate agent(s) and Buyer's lender(s).

5. **SELLER REPRESENTATIONS**:
(a) **Ownership**: Seller represents that Seller:
❑ has owned the Property for at least one year.
❑ has owned the Property for less than one year.
❑ does not yet own the Property.

(b) **Assessments**: To the best of Seller's knowledge there ❑ are ❑ are not any Proposed Special Assessments. If any Proposed Special Assessments, identify: _____.

Seller warrants that there ❑ are ❑ are not any Confirmed Special Assessments. If any Confirmed Special Assessments, identify: _____.

NOTE: Buyer's and Seller's respective responsibilities for Proposed and Confirmed Special Assessments are addressed in paragraphs 4(a) and 6(k).

(c) **Owners' Association(s) and Dues**: To best of Seller's knowledge, ownership of the Property ❑ subjects ❑ does not subject Buyer to regulation by one or more owners' association(s) and governing documents, which impose various mandatory covenants, conditions and restrictions upon the Property and Buyer's enjoyment thereof, including but not limited to obligations to pay regular assessments (dues) and Special Assessments. If there is an owners' association, then an Owners' Association Disclosure and Addendum For Properties Exempt from Residential Property Disclosure Statement (Standard Form 2A12-T) shall be completed by Seller, at Seller's expense, and must be attached as an addendum to this Contract.

SAMPLE

(d) **Sewage System Permit:** (❑ Applicable ❑ Not Applicable) Seller warrants that the sewage system described in the Improvement Permit attached hereto has been installed, which representation survives Closing, but makes no further representations as to the system.

(e) **Private Drinking Water Well Permit**: (❑ Applicable ❑ Not Applicable) Seller warrants that a private drinking water well has been installed, which representation survives Closing, but makes no further representations as to the well. (If well installed after July 1, 2008, attach Improvement Permit hereto.

6 . **SELLER OBLIGATIONS**:

(a) **Evidence of Title, Payoff Statement(s)** and Non Foreign Status**:**

(i) Seller agrees to use best efforts to provide to the closing attorney as soon as reasonably possible after the Effective Date, copies of all title information in possession of or available to Seller, including but not limited to: title insurance policies, attorney's opinions on title, surveys, covenants, deeds, notes and deeds of trust, leases, and easements relating to the Property.

(ii) Seller shall provide to the closing attorney all information needed to obtain a written payoff statement from any lender(s) regarding any security interest in the Property as soon as reasonably possible after the Effective Date, and further designates the closing attorney as Seller's agent with express authority to request and obtain on Seller's behalf payoff statements and/or short-pay statements from any such lender(s).

(iii) If Seller is not a foreign person as defined by the Foreign Investment in Real Property Tax Act, Seller shall also provide to the closing attorney a non-foreign status affidavit (pursuant to the Foreign Investment in Real Property Tax Act). In the event Seller shall not provide a non-foreign status affidavit, Seller acknowledges that there may be withholding as provided by the Internal Revenue Code.

(b) **Authorization to Disclose Information**: Seller authorizes: (1) any attorney presently or previously representing Seller to release and disclose any title insurance policy in such attorney's file to Buyer, Buyer's and Seller's agents and attorneys; (2) the Property's title insurer or its agent to release and disclose all materials in the Property's title insurer's (or title insurer's agent's) file to Buyer and both Buyer's and Seller's agents and attorneys, and the closing attorney to release and disclose any seller's closing disclosure, settlement statement and/or disbursement summary, or any information therein, to the parties to this transaction, their real estate agent(s) and Buyer's lender(s).

(c) **Access to Property**: Seller shall provide reasonable access to the Property (including working, existing utilities) through the earlier of Closing or possession by Buyer, including, but not limited to, allowing Buyer and/or Buyer's agents or representatives an opportunity to (i) conduct Due Diligence, (ii) verify the satisfactory completion of negotiated repairs/improvements, and (iii) conduct a final walk-through inspection of the Property. To the extent applicable, Seller shall also be responsible for timely clearing that portion of the Property required by the County to perform tests, inspections and/or evaluations to determine the suitability of the Property for a sewage system and/or private drinking water well.

NOTE: See WARNING in paragraph 2 above for limitation on Buyer's right to terminate this Contract as a result of Buyer's continued investigation of the Property following the expiration of the Due Diligence Period.

(d) **Removal of Seller's Property**: Seller shall remove from the Property, by the date possession is delivered, (i) all personal property which is not a part of the purchase and (ii) unless otherwise agreed, all garbage and debris.

(e) **Affidavit And Indemnification Agreement**: Seller shall furnish at Settlement an affidavit(s) and indemnification agreement(s) in form satisfactory to Buyer and Buyer's title insurer, if any, executed by Seller and any person or entity who has performed or furnished labor, services, materials or rental equipment to the Property within 120 days prior to the date of Settlement and who may be entitled to claim a lien against the Property as described in N.C.G.S. §44A-8 verifying that each such person or entity has been paid in full and agreeing to indemnify Buyer, Buyer's lender(s) and Buyer's title insurer against all loss from any cause or claim arising therefrom.

(f) **Designation of Lien Agent, Payment and Satisfaction of Liens**: If required by N.C.G.S. §44A-11.1, Seller shall have designated a Lien Agent, and Seller shall deliver to Buyer as soon as reasonably possible a copy of the appointment of Lien Agent. All deeds of trust, deferred ad valorem taxes, liens and other charges against the Property, not assumed by Buyer, must be paid and satisfied by Seller prior to or at Settlement such that cancellation may be promptly obtained following Closing. Seller shall remain obligated to obtain any such cancellations following Closing.

(g) **Good Title, Legal Access**: Seller shall execute and deliver a GENERAL WARRANTY DEED for the Property in recordable form no later than Settlement, which shall convey fee simple marketable and insurable title, without exception for mechanics' liens, and free of any other liens, encumbrances or defects, including those which would be revealed by a current and accurate survey of

SAMPLE

the Property, except: ad valorem taxes for the current year (prorated through the date of Settlement); utility easements and unviolated covenants, conditions or restrictions that do not materially affect the value of the Property; and such other liens, encumbrances or defects as may be assumed or specifically approved by Buyer in writing. The Property must have legal access to a public right of way.

NOTE: Buyer's failure to conduct a survey or examine title of the Property prior to the expiration of the Due Diligence Period does not relieve the Seller of their obligation to deliver good title under this paragraph.

NOTE: If any sale of the Property may be a "short sale," consideration should be given to attaching a Short Sale Addendum (Standard Form 2A14-T) as an addendum to this Contract.

(h) **Deed, Taxes, and Fees**: Seller shall pay for preparation of a deed and all other documents necessary to perform Seller's obligations under this Contract, and for state and county excise taxes, and any deferred, discounted or rollback taxes, and local conveyance fees required by law. The deed is to be made to: _____ _____.

(i) **Agreement to Pay Buyer Expenses**: Seller shall pay at Settlement $_____ toward any of Buyer's expenses associated with the purchase of the Property, at the discretion of Buyer and/or lender, if any, including any FHA/VA lender and inspection costs that Buyer is not permitted to pay.

(j) **Owners' Association Fees/Charges**: Seller shall pay: (i) any fees required for confirming Seller's account payment information on owners' association dues or assessments for payment or proration; (ii) any fees imposed by an owners' association and/or a management company as agent of the owners' association in connection with the transaction contemplated by this Contract other than those fees required to be paid by Buyer under paragraph 4(b) above; and (iii) fees incurred by Seller in completing the Residential Property and Owners' Association Disclosure Statement, and resale or other certificates related to a proposed sale of the Property.

(k) **Payment of Confirmed Special Assessments**: Seller shall pay in full at Settlement, all Confirmed Special Assessments, whether payable in a lump sum or future installments, provided that the amount thereof can be reasonably determined or estimated. The payment of such estimated amount shall be the final payment between the Parties.

(l) **Late Listing Penalties**: All property tax late listing penalties, if any, shall be paid by Seller.

(m) **Owners' Association Disclosure and Condominium Resale Statement Addendum** (Standard Form 2A12-T): If applicable, Seller shall provide the completed Owners' Association Disclosure and Condominium Resale Statement Addendum to Buyer on or before the Effective Date.

(n) **Seller's Failure to Comply or Breach**. If Seller fails to materially comply with any of Seller's obligations under this Paragraph 6 or Seller materially breaches this Contract, and Buyer elects to terminate this Contract as a result of such failure or breach, then the Earnest Money Deposit and the Due Diligence Fee shall be refunded to Buyer and Seller shall reimburse to Buyer the reasonable costs actually incurred by Buyer in connection with Buyer's Due Diligence without affecting any other remedies. If legal proceedings are brought by Buyer against Seller to recover the Earnest Money Deposit, the Due Diligence Fee and/or the reasonable costs actually incurred by Buyer in connection with Buyer's Due Diligence, the prevailing party in the proceeding shall be entitled to recover from the non-prevailing party reasonable attorney fees and court costs incurred in connection with the proceeding.

7. **PRORATIONS AND ADJUSTMENTS**: Unless otherwise provided, the following items shall be prorated through the date of Settlement and either adjusted between the parties or paid at Settlement:
(a) **Taxes on Real Property:** Ad valorem taxes and recurring governmental service fees levied with such taxes on real property shall be prorated on a calendar year basis;
(b) **Rents**: Rents for the Property;
(c) **Dues**: owners association regular assessments (dues) and other like charges.

8. **CONDITION OF PROPERTY AT CLOSING**: Buyer's obligation to complete the transaction contemplated by this Contract shall be contingent upon the Property being in substantially the same or better condition at Closing as on the date of this offer, reasonable wear and tear excepted.

9. **RISK OF LOSS**: The risk of loss or damage by fire or other casualty prior to Closing shall be upon Seller. If the improvements on the Property are destroyed or materially damaged prior to Closing, Buyer may terminate this Contract by written notice delivered to Seller or Seller's agent and the Earnest Money Deposit and any Due Diligence Fee shall be refunded to Buyer. In the event Buyer does NOT elect to terminate this Contract, Buyer shall be entitled to receive, in addition to the Property, any of Seller's insurance proceeds payable on account of the damage or destruction applicable to the Property being purchased. Seller is advised not to cancel existing insurance on the Property until after confirming recordation of the deed.

SAMPLE

10. **DELAY IN SETTLEMENT/CLOSING**: Absent agreement to the contrary in this Contract or any subsequent modification thereto, if a party is unable to complete Settlement by the Settlement Date but intends to complete the transaction and is acting in good faith and with reasonable diligence to proceed to Settlement ("Delaying Party"), and if the other party is ready, willing and able to complete Settlement on the Settlement Date ("Non-Delaying Party") then the Delaying Party shall give as much notice as possible to the Non-Delaying Party and closing attorney and shall be entitled to a delay in Settlement. If the parties fail to complete Settlement and Closing within fourteen (14) days of the Settlement Date (including any amended Settlement Date agreed to in writing by the parties) or to otherwise extend the Settlement Date by written agreement, then the Delaying Party shall be in breach and the Non-Delaying Party may terminate this Contract and shall be entitled to enforce any remedies available to such party under this Contract for the breach.

11. **POSSESSION**: Unless otherwise provided herein, possession, including all means of access to the Property (keys, codes, including security codes, gate openers, electronic devices, etc.) shall be delivered at Closing as defined in Paragraph 1(m). No alterations, excavations, tree or vegetation removal or other such activities may be done before possession is delivered

12. **ADDENDA:** CHECK ALL STANDARD ADDENDA THAT MAY BE A PART OF THIS CONTRACT, IF ANY, AND ATTACH HERETO. ITEMIZE ALL OTHER ADDENDA TO THIS CONTRACT, IF ANY, AND ATTACH HERETO.

- ❑ Additional Provisions Addendum (Form 2A11-T)
- ❑ Additional Signatures Addendum (Form 3-T)
- ❑ Back-Up Contract Addendum (Form 2A1-T)
- ❑ Contingent Sale Addendum (Form 2A2-T)
- ❑ Loan Assumption Addendum (Form 2A6-T)
- ❑ Owners' Association Disclosure and Condominium Resale Statement Addendum (Form 2A12-T)
- ❑ Seller Financing Addendum (Form 2A5-T)
- ❑ Short Sale Addendum (Form 2A14-T)

❑ Identify other attorney or party drafted addenda: _____

_____

NOTE: UNDER NORTH CAROLINA LAW, REAL ESTATE BROKERS ARE NOT PERMITTED TO DRAFT ADDENDA TO THIS CONTRACT.

13. **ASSIGNMENTS**: This Contract may not be assigned without the written consent of all parties except in connection with a tax-deferred exchange, but if assigned by agreement, then this Contract shall be binding on the assignee and assignee's heirs and successors.

14. **TAX-DEFERRED EXCHANGE**: In the event Buyer or Seller desires to effect a tax-deferred exchange in connection with the conveyance of the Property, Buyer and Seller agree to cooperate in effecting such exchange; provided, however, that the exchanging party shall be responsible for all additional costs associated with such exchange, and provided further, that a non-exchanging party shall not assume any additional liability with respect to such tax-deferred exchange. Buyer and Seller shall execute such additional documents, including assignment of this Contract in connection therewith, at no cost to the non-exchanging party, as shall be required to give effect to this provision.

15. **PARTIES**: This Contract shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective heirs, successors and assigns. As used herein, words in the singular include the plural and the masculine includes the feminine and neuter genders, as appropriate.

16. **SURVIVAL:** If any provision herein contained which by its nature and effect is required to be observed, kept or performed after the Closing, it shall survive the Closing and remain binding upon and for the benefit of the parties hereto until fully observed, kept or performed.

17. **ENTIRE AGREEMENT**: This Contract contains the entire agreement of the parties and there are no representations, inducements or other provisions other than those expressed herein. All changes, additions or deletions hereto must be in writing and signed by all parties. No [illegible] shall alter any agreement between a REALTOR® or broker and Seller or Buyer as contained in any listing agreement, buyer agency agreement, or any other agency agreement between them.

18. **CONDUCT OF TRANSACTION**: The parties agree that any action between them relating to the transaction contemplated by this Contract may be conducted by electronic means, including the signing of this Contract by one or more of them and any notice or communication given in connection with this Contract. Any written notice or communication may be transmitted to any mailing address, e-mail address or fax number set forth in the "Notice Information" section below. Any notice or communication to be given to a party herein, any any fee, deposit of other payment to be delivered to a party herein, may be given to the party or to such party's agent. Seller and Buyer agree that the "Notice Information" and "Acknowledgment of Receipt of Monies" sections below shall not constitute a material part of this Contract, and that the addition or modification of any information therein shall not constitute a rejection of an offer or the creation of a counteroffer.

© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

19. **EXECUTION**: This Contract may be signed in multiple originals or counterparts, all of which together constitute one and the same instrument.

20. **COMPUTATION OF DAYS/TIME OF DAY**: Unless otherwise provided, for purposes of this Contract, the term "days" shall mean consecutive calendar days, including Saturdays, Sundays, and holidays, whether federal, state, local or religious. For the purposes of calculating days, the count of "days" shall begin on the day following the day upon which any act or notice as provided in this Contract was required to be performed or made. Any reference to a date or time of day shall refer to the date and/or time of day in the State of North Carolina.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

This offer shall become a binding contract on the Effective Date. Unless specifically provided otherwise, Buyer's failure to timely deliver any fee, deposit or other payment provided for herein shall not prevent this offer from becoming a binding contract, provided that any such failure shall give Seller certain rights to terminate the contract as described herein or as otherwise permitted by law.

Date: _____	Date: _____
Buyer: _____	Seller: _____
Date: _____	Date: _____
Buyer: _____	Seller: _____
Entity Buyer:	Entity Seller:
_____ (Name of LLC/Corporation/Partnership/Trust/etc.)	_____ (Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

WIRE FRAUD WARNING

TO BUYERS: BEFORE SENDING ANY WIRE, YOU SHOULD CALL THE CLOSING ATTORNEY'S OFFICE TO VERIFY THE INSTRUCTIONS. IF YOU RECEIVE WIRING INSTRUCTIONS FOR A DIFFERENT BANK, BRANCH LOCATION, ACCOUNT NAME OR ACCOUNT NUMBER, THEY SHOULD BE PRESUMED FRAUDULENT. DO NOT SEND ANY FUNDS AND CONTACT THE CLOSING ATTORNEY'S OFFICE IMMEDIATELY.

TO SELLERS: IF YOUR PROCEEDS WILL BE WIRED, IT IS RECOMMENDED THAT YOU PROVIDE WIRING INSTRUCTIONS AT CLOSING IN WRITING IN THE PRESENCE OF THE ATTORNEY. IF YOU ARE UNABLE TO ATTEND CLOSING, YOU MAY BE REQUIRED TO SEND AN ORIGINAL NOTARIZED DIRECTIVE TO THE CLOSING ATTORNEY'S OFFICE CONTAINING WIRING INSTRUCTIONS. THIS MAY BE SENT WITH THE DEED, LIEN WAIVER AND TAX FORMS IF DOCUMENTS ARE BEING PREPARED FOR YOU BY THE CLOSING ATTORNEY. AT A MINIMUM, YOU SHOULD CALL THE CLOSING ATTORNEY'S OFFICE TO PROVIDE THE WIRE INSTRUCTIONS. THE WIRE INSTRUCTIONS SHOULD BE VERIFIED OVER THE TELEPHONE VIA A CALL TO YOU INITIATED BY THE CLOSING ATTORNEY'S OFFICE TO ENSURE THAT THEY ARE NOT FROM A FRAUDULENT SOURCE.

WHETHER YOU ARE A BUYER OR A SELLER, YOU SHOULD CALL THE CLOSING ATTORNEY'S OFFICE AT A NUMBER THAT IS INDEPENDENTLY OBTAINED. TO ENSURE THAT YOUR CONTACT IS LEGITIMATE, YOU SHOULD NOT RELY ON A PHONE NUMBER IN AN EMAIL FROM THE CLOSING ATTORNEY'S OFFICE, YOUR REAL ESTATE AGENT OR ANYONE ELSE.

SAMPLE

STANDARD FORM 12-T
Revised 7/2018
© 7/2018

NOTICE INFORMATION

NOTE: INSERT AT LEAST ONE ADDRESS AND/OR ELECTRONIC DELIVERY ADDRESS EACH PARTY AND AGENT APPROVES FOR THE RECEIPT OF ANY NOTICE CONTEMPLATED BY THIS CONTRACT. INSERT "N/A" FOR ANY WHICH ARE NOT APPROVED.

BUYER NOTICE ADDRESS:

Mailing Address: _____

_____

Buyer Fax #: _____

Buyer E-mail:_____

SELLER NOTICE ADDRESS:

Mailing Address: _____

_____

Seller Fax #:_____

Seller E-mail:_____

CONFIRMATION OF AGENCY/NOTICE ADDRESSES

Selling Firm Name: _____
Acting as ❑ Buyer's Agent ❑ Seller's (sub)Agent ❑ Dual Agent

Firm License#: _____

Mailing Address:_____

_____

Individual Selling Agent:_____
❑ Acting as a Designated Dual Agent (check only if applicable)

Selling Agent License#: _____

Selling Agent Phone#: _____

Selling Agent Fax#: _____

Selling Agent E-mail: _____

Listing Firm Name:_____
Acting as ❑ Seller's Agent ❑ Dual Agent

Firm License#:_____

Mailing Address: _____

_____

Individual Listing Agent:_____
❑ Acting as a Designated Dual Agent (check only if applicable)

Listing Agent License#:_____

Listing Agent Phone#:_____

Listing Agent Fax#:_____

Listing Agent E-mail:_____

SAMPLE

[THIS SPACE INTENTIONALLY LEFT BLANK]

STANDARD FORM 12-T
Revised 7/2018
© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

ACKNOWLEDGMENT OF RECEIPT OF MONIES

Seller:_____("Seller")

Buyer:_____("Buyer")

Property Address:_____("Property")

❑ **LISTING AGENT ACKNOWLEDGMENT OF RECEIPT OF DUE DILIGENCE FEE**

Paragraph 1(d) of the Offer to Purchase and Contract between Buyer and Seller for the sale of the Property provides for the payment to Seller of a Due Diligence Fee in the amount of $_____, receipt of which Listing Agent hereby acknowledges.

Date_____ Firm:_____

By:_____
(Signature)

_____
(Print name)

❑ **SELLER ACKNOWLEDGMENT OF RECEIPT OF DUE DILIGENCE F**

Paragraph 1(d) of the Offer to Purchase and Contract between Buyer and Seller for the sale of the Property provides for the payment to Seller of a Due Diligence Fee in the amount of $_____, receipt of which Seller hereby acknowledges.

Date:_____ Seller:_____
(Signature)

Date:_____ Seller:_____
(Signature)

❑ **ESCROW AGENT ACKNOWLEDGMENT OF RECEIPT OF INITIAL EARNEST MONEY DEPOSIT**

Paragraph 1(d) of the Offer to Purchase and Contract between Buyer and Seller for the sale of the Property provides for the payment to Escrow Agent of an Initial Earnest Money Deposit in the amount of $_____. Escrow Agent as identified in Paragraph 1(f) of the Offer to Purchase and Contract hereby acknowledges receipt of the Initial Earnest Money Deposit and agrees to hold and disburse the same in accordance with the terms of the Offer to Purchase and Contract.

Date:_____ Firm:_____

By:_____
(Signature)

_____
(Print name)

❑ **ESCROW AGENT ACKNOWLEDGMENT OF RECEIPT OF (ADDITIONAL) EARNEST MONEY DEPOSIT**

Paragraph 1(d) of the Offer to Purchase and Contract between Buyer and Seller for the sale of the Property provides for the payment to Escrow Agent of an Additional Earnest Money Deposit in the amount of $_____. Escrow Agent as identified in Paragraph 1(f) of the Offer to Purchase and Contract hereby acknowledges receipt of the (Additional) Earnest Money Deposit and agrees to hold and disburse the same in accordance with the terms of the Offer to Purchase and Contract.

Date:_____ Firm:_____

Time: _____❒ AM ❒ PM By:_____
(Signature)

_____
(Print name)

SAMPLE

STANDARD FORM 12-T
Revised 7/2018
© 7/2018

Working in New Construction

Working in new construction requires that you know whether you are working with a licensed agent or not. NCREC Commission Rules allow unlicensed individuals who are W2 employees to be involved in the sale of their employer's own property without licensure.

Contractors are licensed by 17. _____.

Buying a Newly Constructed Home

1. What is the purpose and use of this form?

2. What is the limitation on improvements and additional work?

3. Who pays for all labor, materials and costs under this Addendum?

4. What is a building deposit and how is it handled?

5. What are the buyer's options to cancel the Contract?

6. What warranties does the builder make?

Review of Offer to Purchase & Contract New Construction Form 800T

1. What is the difference between this form and Addendum 2A3-T?

_____

_____

_____

2. How does the building deposit differ from the earnest money and due diligence fee?

_____

_____

_____

3. What is a "Pre-construction Evaluation Period" and how is it used?

_____

_____

_____

4. Why is there a plans and specifications section?

_____

_____

_____

5. What are the buyer's obligations?

_____

_____

_____

6. What are the additional contingencies for the seller?

_____

_____

_____

7. How are changes in construction handled?

_____

_____

_____

8. What happens if there are construction delays?

_____

_____

_____

OFFER TO PURCHASE AND CONTRACT—NEW CONSTRUCTION

[Consult "Guidelines" (Form 800G) for guidance in completing this form]

[This form is designed for use when the Seller of a new home is or has engaged a licensed contractor who is constructing or will construct a "spec" or custom single-family dwelling on land owned or to be owned by Seller and then convey improved land to Buyer. It is not for use when: (1) the Seller does not or will not own the land to be conveyed, (2) Buyer owns the land or (3) Buyer will provide financing for construction.]

For valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Buyer offers to purchase and Seller upon acceptance agrees to sell and convey the Property on the terms and conditions of this Offer To Purchase and Contract—New Construction and any addendum or modification made in accordance with its terms (together the "Contract").

1. **TERMS AND DEFINITIONS**: The terms listed below shall have the respective meaning given them as set forth adjacent to each term.

(a) **"Seller"**: _____

The General Contractor is ❑ the Seller OR ❑ is (insert contractor's name): _____

_____ ("General Contractor")

NC contractor's license #:_____ classification:_____ limit:_____

(b) **"Buyer"**: _____

(c) **"Real Estate"**: The Real Estate shall include all that certain lot or parcel of land described below together with all appurtenances thereto.

Street Address: _____

City:_____Zip_____

County: _____, North Carolina

NOTE: Governmental authority over taxes, zoning, school districts, utilities and mail delivery may differ from address shown.

Legal Description: (Complete *ALL* applicable)

Plat Reference: Lot_____, Block/Section _____, Subdivision _____

_____, as shown on Plat Book/Slide _____ at Page(s) _____

The PIN/PID or other identification number of the Real Estate is: _____

Other description _____

Some or all of the Real Estate may be described in Deed Book _____ at Page _____

(d) **"Purchase Price"**:

$ _____ Paid in U.S. Dollars upon the following terms (to be adjusted by allowance and Change Orders as defined in Paragraph 3(b)(iii)):

$ _____ BY INITIAL EARNEST MONEY DEPOSIT made payable and delivered to Escrow Agent named in Paragraph 1(j) by ❑ cash ❑ personal check ❑ official bank check ❑ wire transfer, ❑ electronic transfer, EITHER ❑ with this offer OR ❑ within five (5) days of the Effective Date of this Contract.

$ _____ BY (ADDITIONAL) EARNEST MONEY DEPOSIT made payable and delivered to Escrow Agent named in Paragraph 1(j) by cash, official bank check, wire transfer or electronic transfer no later than 5 p.m. on _____, ***TIME BEING OF THE ESSENCE.***

$_____ BY SELLER FINANCING in accordance with the attached Seller Financing Addendum.

$_____ BY BUILDING DEPOSIT made payable to Seller in accordance with the terms of subparagraph (l) below

$_____ BALANCE of the Purchase Price in cash at Settlement (some or all of which may be paid with the proceeds of a new loan)

Whenever the final cost for allowances is more or less than the allowances set forth in this Contract or any addendum to this Contract and whenever there are Change Orders which change the cost for the Dwelling, the difference shall be adjusted between the parties either prior to Settlement or at Settlement. The Purchase Price shall be the complete cost for the Property.

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 800-T
Revised 7/2018
© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

Should Buyer fail to deliver any Initial Earnest Money Deposit by their due dates, or should any check or other funds paid by Buyer be dishonored, for any reason, by the institution upon which the payment is drawn, Buyer shall have one (1) banking day after written notice to deliver cash, official bank check, wire transfer or electronic transfer to the payee. In the event Buyer does not timely deliver the required funds, Seller shall have the right to terminate this Contract upon written notice to Buyer.

(e) **"Pre-Construction Evaluation Period"**: The period beginning on the Effective Date and extending through 5 p.m. on _____, ***TIME BEING OF THE ESSENCE***.

(f) "**Dwelling**"**:** Seller shall complete construction of a single family dwelling and related improvements to be constructed on the Real Estate in accordance with the Plans and Specifications agreed to by Seller and Buyer.

(g) "**Property**": The Property shall mean the Real Estate described in 1(c) plus the Dwelling described in 1(f).

(h) **"Plans and Specifications"**:

NOTE: All site plans, drawings, floor plans, landscape plans, schedule of allowances, description of materials and specification lists should either be listed with copies attached as exhibits OR described with specificity (title of document, date, number of pages, designer, etc.) so they can be clearly identified and referenced:

_____

_____

_____

_____

(i) **"Earnest Money Deposit"**: The Initial Earnest Money Deposit, the Additional Earnest Money Deposit and any other earnest monies paid or required to be paid in connection with this transaction, collectively the "Earnest Money Deposit", shall be deposited and held in escrow by Escrow Agent until Closing, at which time it will be credited to Buyer, or until this Contract is otherwise terminated. In the event: (1) this offer is not accepted; or (2) a condition of any resulting contract is not satisfied, then the Earnest Money Deposit shall be refunded to Buyer. In the event of breach of this Contract by Seller, the Earnest Money Deposit shall be refunded to Buyer upon Buyer's request, but such return shall not affect any other remedies available to Buyer for such breach. In the event of breach of this Contract by Buyer, then without limiting any other remedies available to Seller for such breach, the Earnest Money Deposit shall be applied to such damages as Seller may be legally entitled to recover for such breach, and the balance of the Earnest Money Deposit, if any, shall be refunded to Buyer upon Buyer's request. If legal proceedings are brought by Buyer or Seller against the other to recover the Earnest Money Deposit, the prevailing party in the proceeding shall be entitled to recover from the non-prevailing party reasonable attorney fees and court costs incurred in connection with the proceeding.

(j) **"Escrow Agent"** (insert name): _____

NOTE: In the event of a dispute between Seller and Buyer over the disposition of the Earnest Money Deposit held in escrow, a licensed real estate broker ("Broker") is required by state law (and Escrow Agent, if not a Broker, hereby agrees) to retain the Earnest Money Deposit in the Escrow Agent's trust or escrow account until Escrow Agent has obtained a written release from the parties consenting to its disposition or until disbursement is ordered by a court of competent jurisdiction. Alternatively, if a Broker or an attorney licensed to practice law in North Carolina ("Attorney") is holding the Earnest Money Deposit, the Broker or Attorney may deposit the disputed monies with the appropriate clerk of court in accordance with the provisions of N.C.G.S. §93A-12.

THE PARTIES AGREE THAT A REAL ESTATE BROKERAGE FIRM ACTING AS ESCROW AGENT MAY PLACE THE EARNEST MONEY DEPOSIT IN AN INTEREST BEARING TRUST ACCOUNT AND THAT ANY INTEREST EARNED THEREON SHALL BE DISBURSED TO THE ESCROW AGENT MONTHLY IN CONSIDERATION OF THE EXPENSES INCURRED BY MAINTAINING SUCH ACCOUNT AND RECORDS ASSOCIATED THEREWITH.

(k) **"Effective Date"**: The date that: (i) the last one of Buyer and Seller has signed or initialed this offer or the final counteroffer, if any, and (ii) such signing or initialing is communicated to the party making the offer or counteroffer, as the case may be. The parties acknowledge and agree that the initials lines at the bottom of each page of this Contract are merely evidence of their having reviewed the terms of each page, and that the complete execution of such initials lines shall not be a condition of the effectiveness of this Agreement.

© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

(l) **"Building Deposit"**: The purpose of the Building Deposit, if any, shall be to compensate Seller for the cost of making the following special improvements: _____
_____
_____
_____

The Building Deposit shall be paid to Seller (not Escrow Agent) promptly upon occurrence of both of the following events: (i) expiration of the Pre-Construction Evaluation Period and (ii) receipt by Buyer of documentary evidence of Seller's financial ability to construct the Dwelling. If the Building Deposit is to be payable in installments, the payments shall be made according to the following schedule (insert "0" or "N/A" if the Building Deposit will not be paid in installments or if no Building Deposit will be paid).

NOTE: The total of any installments should equal the amount of the Building Deposit set forth in Paragraph 1(d) above, if any:

$_____ Date or event triggering payment:_____
$_____ Date or event triggering payment:_____
$_____ Date or event triggering payment:_____
$_____ Date or event triggering payment:_____

The Building Deposit is not a part of the Earnest Money Deposit and will be used by Seller in the construction of the special improvements described above. The Building Deposit will be credited to the Purchase Price at Settlement. The Building Deposit shall be refundable only in the event of a material breach of the Contract by Seller, or if this Contract is terminated under paragraph 13.

Should Buyer fail to deliver the Building Deposit or any installment thereof in accordance with the terms of this subparagraph, Buyer shall have seven (7) days after written notice to deliver the Building Deposit or the installments to Seller. In the event Buyer does not timely deliver the Building Deposit, Seller shall have the right to terminate this Contract upon written notice to Buyer.

WARNING: In determining whether and how much Building Deposit Buyer is willing to pay, Buyer should carefully consider that even though Buyer may be legally entitled to a refund of the Building Deposit in the event of a material breach of this Contract by Seller, actual recovery of the Building Deposit may be difficult, time-consuming and/or costly if Seller is unable or unwilling to voluntarily refund the Building Deposit.

(m) **"Settlement"**: The proper execution and delivery to the closing attorney of all documents necessary to complete the transaction contemplated by this Contract, including the deed, settlement statement, deed of trust and other loan or conveyance documents, and payment of all funds necessary to complete such transaction.

(n) **"Settlement Date"**: The parties agree that Settlement will take place on _____ (the "Settlement Date"), unless otherwise agreed in writing, at a time and place designated by Buyer. The parties acknowledge and understand that Settlement may be delayed for a number of reasons, including but not limited to: (i) an extension of the Pre-Construction Evaluation Period under paragraph 2(e); (ii) a delay in construction under paragraph 3(g); (iii) an unsatisfactory title update or the closing attorney's lack of authority to disburse funds under paragraph 1(o); or (iv) Seller's failure to perform any required correction, repair, treatment or remediation or other work that may be required under paragraph 4. In the event of a delay in Settlement, the Settlement Date will be extended by a reasonable time to account for the delay(s) experienced. Unless otherwise agreed in writing, there must be Substantial Completion of the Dwelling on or before the Settlement Date.

(o) **"Closing"**: The completion of the legal process which results in the transfer of title to the Property from Seller to Buyer. Closing includes the following steps: (1) the Settlement (defined above); (2) the completion of a satisfactory title update to the Property following the Settlement; (3) the closing attorney's receipt of authorization to disburse all necessary funds; and (4) recordation in the appropriate county registry of the deed(s) and deed(s) of trust, if any, which shall take place as soon as reasonably possible for the closing attorney after Settlement. Upon Closing, the proceeds of sale shall be disbursed by the closing attorney in accordance with the settlement statement and the provisions of Chapter 45A of the North Carolina General Statutes. If the title update should reveal unexpected liens, encumbrances or other title defects, or if the closing attorney is not authorized to disburse the lender's funds, then the Closing shall be suspended and the Settlement deemed delayed.

WARNING: The North Carolina State Bar has determined that the performance of most acts and services required for a closing constitutes the practice of law and must be performed only by an attorney licensed to practice law in North Carolina. State law prohibits unlicensed individuals or firms from rendering legal services or advice. Although non-attorney settlement agents may perform limited services in connection with a closing, they may not perform all the acts and services required to complete a closing. A closing involves significant legal issues that should be handled by an attorney. Accordingly it is the position of the North Carolina Bar Association and the North Carolina Association of REALTORS® that all buyers should hire an attorney licensed in

Buyer initials _____ _____ Seller initials _____ _____

North Carolina to perform a closing.

(p) "**Special Assessments"**: A charge against the Property by a governmental authority in addition to ad valorem taxes and recurring governmental service fees levied with such taxes, or by an owners' association in addition to any regular assessment (dues), either of which may be a lien against the Property. A Special Assessment may be either proposed or confirmed.

"**Proposed Special Assessment**": A Special Assessment that is under formal consideration but which has not been approved prior to Settlement.

"**Confirmed Special Assessment**": A Special Assessment that has been approved prior to Settlement whether payable in a lump sum or future installments.

NOTE: Any Proposed and Confirmed Special Assessments must be identified by Seller in paragraph 9(b), and Buyer's and Seller's respective responsibilities for Proposed and Confirmed Special Assessments are addressed in paragraphs 8(a) and 10(k).

(q) "**Substantial Completion**": The completion of the construction of the Dwelling in accordance with the Plans and Specifications and any other special provisions that may be part of the Contract to the degree that: (i) it is habitable and broom-clean, (ii) a certificate of occupancy has been issued by the appropriate governmental authority having jurisdiction over the construction of the Dwelling and delivered to Buyer, and (iii) only Punch List Items remain to be corrected.

2. **CONDITIONS APPLICABLE DURING PRE-CONSTRUCTION EVALUATION PERIOD**: During the Pre-Construction Evaluation Period, the following conditions shall apply:

(a) **Buyer Loan Condition:** ❑ Not Applicable

Unless not applicable, Buyer's performance is contingent upon Buyer's ability to obtain a ❑ FHA ❑ VA (attach FHA/VA Financing Addendum) ❑ Conventional ❑ Other: _____ loan at a ❑ Fixed Rate ❑ Adjustable Rate in the principal amount of _____ plus any financed VA Funding Fee or FHA MIP for a term of _____ year(s), at an initial interest rate not to exceed _____ % per annum, with mortgage loan discount points not to exceed _____ % and with loan origination fee not to exceed _____% of the loan amount ("Loan"). Buyer agrees pursue qualification for and approval of the Loan diligently and in good faith. Prior to the expiration of the Pre-Construction Evaluation Period, ***TIME BEING OF THE ESSENCE***, Buyer shall have the right to terminate this Contract by delivering to Seller written notice of termination if Buyer, in Buyer's sole discretion, is not satisfied that the Loan will be approved and funded. If Buyer has timely delivered such notice, this Contract shall be terminated and all Earnest Money shall be refunded to Buyer. If Buyer fails to deliver such notice, then Buyer will be deemed to have waived this condition. Buyer shall provide documentary evidence to Seller that Buyer can obtain the Loan.

(b) **Seller Loan Condition:** ❑ Not Applicable

Unless not applicable, Seller's performance is contingent upon Seller's ability to obtain such financing as may be necessary to perform Seller's obligations under this Contract. Seller agrees to pursue qualification for and approval of such financing diligently and in good faith. Prior to the expiration of the Pre-Construction Evaluation Period, ***TIME BEING OF THE ESSENCE***, Seller shall have the right to terminate this Contract by delivering to Buyer written notice of termination if Seller, in Seller's sole discretion, is not satisfied that Seller will be able to obtain financing necessary to perform Seller's obligations under this Contract or financing upon such terms that are acceptable to Seller. If Seller has timely delivered such notice, this Contract shall be terminated and all Earnest Money shall be refunded to Buyer. If Seller fails to deliver such notice, then Seller will be deemed to have waived this condition. Seller shall provide documentary evidence to Buyer of Seller's financial ability to construct the Dwelling.

(c) **Reports**: This Contract is contingent upon Seller obtaining the following applicable report(s) or permits (collectively the "Reports"):

(i) **Soil Suitability** (❑ Applicable ❑ Not Applicable): The soil is suitable for the Dwelling.

(ii) **Utility Availability** (❑ Applicable ❑ Not Applicable): The following utilities are available to the Property: _____.

(iii) **Environmental Restrictions** (❑ Applicable ❑ Not Applicable): There is no environmental contamination, law, rule or regulation that prohibits or unreasonably limits the use of the Property for residential purposes.

(iv) **Environmental Permits** (❑ Applicable ❑ Not Applicable): An Improvement Permit from any environmental regulatory agency which may have jurisdiction concerning the Real Estate which would allow the construction of the Dwelling.

(v) **Flood Hazard** (❑ Applicable ❑ Not Applicable): There is no flood hazard that prohibits or unreasonably limits the use of the Property for residential purposes.

SAMPLE

(vi) **Septic System** (❑ Applicable ❑ Not Applicable): An Improvement Permit or written evaluation from the County Health Department ("County") for a (check only ONE) ❑ conventional or ❑ other _____ _____ ground absorption sewage system for a _____ bedroom home.

(vii) **Private Drinking Water Well** (❑ Applicable ❑ Not Applicable): A Construction Permit from the County Health Department ("County") for a private drinking water well.

(viii) **Zoning/Restrictive Covenants** (❑ Applicable ❑ Not Applicable): The Dwelling may be constructed in accordance with applicable zoning and restrictive covenants.

(ix) **Architectural Review** (❑ Applicable ❑ Not Applicable): Approval from architectural review board/committee that the Dwelling meets applicable architectural requirements.

All costs and expenses of obtaining the Reports shall be borne by Seller, and Seller shall use best efforts to timely obtain the Reports and provide copies of them to Buyer. If the Reports cannot be obtained by the expiration of the Pre-Construction Evaluation Period, either party may terminate this Contract by delivering to the other party written notice of termination no later than 5 p.m. on the third day following the expiration of the **Pre-Construction Evaluation Period, *TIME BEING OF THE ESSENCE***. If the terminating party has timely delivered such notice, this Contract shall be terminated and all Earnest Money shall be refunded to Buyer. If neither party delivers such notice, then the parties will be deemed to have waived this condition.

(d) **Insurance Availability/Affordability Condition:**

❑ (i) **Casualty Insurance:** (*if checked, the following terms apply*). Buyer must be able to obtain the insurance set forth in subparagraph (a) or (b) below at a rate not exceeding One Hundred Fifty Percent (150%) of the "Base Rate" for such insurance as filed by the NC Rate Bureau with the NC Department of Insurance.

(*Check the appropriate box*)

❑ (a) Buyer intends to occupy the Dwelling as Buyer's primary residence, and must be able to obtain insurance on the Property with coverage at least equivalent to that contained in a Homeowners 2 - Broad Form policy (also known as an HO2 policy) without optional coverages.

❑ (b) Buyer does not intend to occupy the Dwelling as Buyer's primary residence and must be able to obtain insurance on the Property with coverage at least equivalent to that contained in a Dwelling Property 2 - Broad Form policy (also known as a DP2 policy) without optional coverages.

❑ (ii) **Flood Insurance:** (*if checked, the following terms apply*). Buyer must be able to obtain Flood Insurance on the proposed Dwelling through the Federal Environmental Management Act Program.

(iii) **Termination**: If either subparagraph (i) or (ii) or both, above, have been checked, then prior to the expiration of the Pre-Construction Evaluation Period. ***TIME BEING OF THE ESSENCE***, Buyer shall have the right to terminate this Contract by delivering to Seller written notice of termination if Buyer, in Buyer's sole discretion, is not satisfied that Buyer will be able to obtain insurance of the type and at the rate described above. If Buyer has timely delivered such notice, this Contract shall be terminated and all Earnest Money shall be refunded to Buyer. If Buyer fails to deliver such notice, then Buyer will be deemed to have waived this condition.

(e) **Street Disclosure/Investigation:**

Buyer shall have the opportunity during the Pre-Construction Evaluation Period to investigate the status of the street/road upon which the Property fronts as well as any other street/road used to access the Property, including: (1) whether any street(s)/road(s) are public or private, (2) whether any street(s)/road(s) designated as public are currently maintained by the State of NC or any municipality where the Property is located, and (3) if private or not accepted for public maintenance, the consequences and responsibility for maintenance and the existence, terms and funding of any maintenance agreements. Prior to the expiration of the Pre-Construction Evaluation Period, ***TIME BEING OF THE ESSENCE***, Buyer shall have the right to terminate this Contract by delivering to Seller written notice of termination if Buyer, in Buyer's sole discretion, is not satisfied with the status of the street/road upon which the Property fronts as well as any other street/road used to access the Property. If Buyer has timely delivered such notice, this Contract shall be terminated and all Earnest Money shall be refunded to Buyer. If Buyer fails to deliver such notice, then Buyer will be deemed to have waived this condition.

NOTE: NC General Statutes Section 136-102.6(f) (the "Statute") requires that under circumstances described in the Statute, a buyer must be provided a subdivision streets disclosure statement prior to entering into an agreement to buy subdivided property described in the Statute. If Buyer or Seller are uncertain whether the sale of the Property described in this Contract is subject to the Statute, consult a NC real estate attorney.

(f) **Extension:** ***TIME IS OF THE ESSENCE*** REGARDING THE EXPIRATION OF THE PRE-CONSTRUCTION EVALUATION PERIOD. The parties may, but are not required to, agree to extend the Pre-Construction Evaluation Period. Any extension of the Pre-Construction Evaluation must be in writing and signed by the parties. In the event of an extension, the Settlement Date shall be extended by the same period of time that the Pre-Construction Evaluation Period has been extended.

NOTE: The failure of a party to terminate this Contract based upon a condition contained in this Pre-Construction Evaluation Period paragraph shall not constitute a waiver of or otherwise affect any other rights that the party may have under this Contract.

© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

SAMPLE

3. **CONSTRUCTION OF DWELLING.**

(a) **Quality of Construction:** Seller shall construct the Dwelling (i) in accordance with the Plans and Specifications; (ii) in compliance with all laws, regulations, codes, and ordinances applicable to the construction of the Dwelling; and (iii) in a good and workmanlike manner with new, good quality materials and components.

(b) **Changes:**

(i) **Seller Changes:** Seller shall not make any significant deviation or change in the Plans and Specifications without the prior written consent of Buyer.

(ii) **Buyer Changes:** Buyer may request changes in the construction of the Dwelling within the general scope of the Plans and Specifications, consisting of additions, deletions or other revisions.

(iii) **Change Order**: Changes under (i) and/or (ii) above shall be made only by a Change Order, which shall be in writing and signed by both Buyer and Seller ("Change Order"). Any adjustments in the Purchase Price, Building Deposit and Settlement date shall be as set forth in the Change Order.

(c) **Construction Costs:** Seller shall provide and pay for all labor, materials, equipment, tools, clean-up, utilities, transportation, facilities, permits, fees, licenses, all plans and specifications and all other costs, charges and expenses whatsoever in connection with or related to the construction of the Dwelling unless otherwise agreed in writing.

(d) **Construction Financing:** Seller shall pay all costs, charges, and other expenses, of any nature whatsoever, for Seller's construction financing of the Dwelling.

(e) **Building Permit**: Within ____ days after the expiration of the Pre-Construction Evaluation Period, Seller will obtain the building permit for the construction of the Dwelling. **With respect to this deadline, *TIME* ❑ *IS* ❑ *IS NOT OF THE ESSENCE*.** Construction of the Dwelling shall commence upon issuance of the building permit and necessary land use permits.

(f) **Punch List Items**:

(i) Seller shall notify Buyer when there has been Substantial Completion of the Dwelling and shall schedule a mutually agreeable date and time on which Buyer shall inspect the Dwelling. Prior to Settlement, Buyer and Seller shall agree upon a written list of all deficiencies in workmanship and material that are detectable by visual examination ("Punch List Items"). Seller shall correct Punch List Items at Seller's cost within a reasonable period of time. AFTER SUBSTANTIAL COMPLETION(as defined in Paragraph 1(q)), SELLER'S FAILURE TO CORRECT A PUNCH LIST ITEM PRIOR TO SETTLEMENT WILL NOT BE GROUNDS FOR DELAYING SETTLEMENT OR THE IMPOSITION OF ANY CONDITIONS ON SETTLEMENT; PROVIDED, SETTLEMENT SHALL NOT RELIEVE SELLER FROM THE OBLIGATION TO CORRECT ANY PUNCH LIST ITEM.

(ii) This subparagraph (f) shall not be deemed to limit Buyer's right to conduct inspections under Paragraph 4 below or limit the obligations of Seller under the Limited Warranty of Construction under Paragraph 5 below.

(g) **Delay in Construction:** If Seller is delayed at any time in the progress of construction by (i) any act or neglect of Buyer; (ii) written Change Orders; (iii) shortages of materials, adverse weather conditions, or delays in transportation which were not reasonably anticipated; or (iv) acts of God, Seller shall give as much notice as possible of the delay to Buyer and the time for Substantial Completion of construction of the Dwelling and the Settlement Date shall be extended by a reasonable time to account for the delay(s) experienced. BUYER ACKNOWLEDGES AND UNDERSTANDS THE IMPORTANCE OF COOPERATING FULLY WITH SELLER IN ORDER TO HELP EXPEDITE THE CONSTRUCTION OF THE DWELLING AND TO AVOID OR MINIMIZE ANY DELAY IN SETTLEMENT, INCLUDING BUT NOT LIMITED TO TIMELY COMMUNICATION OF ANY REQUESTED CHANGES IN THE CONSTRUCTION OF THE DWELLING IN ACCORDANCE WITH PARAGRAPH 3(b)(ii) ABOVE AND MAKING PROMPT DECISIONS ON ANY ALLOWANCE ITEMS.

4. **BUYER'S INVESTIGATION OF CONSTRUCTION:**

(a) **Inspections:** Buyer and/or Buyer's agents or representative may enter the Dwelling at reasonable times through the earlier of Closing or possession by Buyer, in such manner as not to interfere with the progress of construction, for the purpose of conducting such inspections as Buyer deems appropriate to determine whether the work performed or being performed conforms with the Plans and Specifications and the terms of this Contract. In the event that during construction Buyer shall reasonably determine that such construction is not proceeding in accordance with this Contract, Buyer shall give written notice to Seller specifying the particular deviation, deficiency, or omission, and Seller shall forthwith correct such deviation, deficiency, or omission. Buyer's rights under this paragraph shall not release Seller from any of Seller's obligations for the construction of the Dwelling in accordance with the Plans and Specifications and this Contract.

(b) **Wood-Destroying Insects:** Buyer shall have the option of obtaining, at Buyer's expense, prior to Settlement, a report from a licensed pest control operator on a standard form in accordance with the regulations of the North Carolina Structural Pest Control Committee, stating that as to the Dwelling there was no visible evidence of wood-destroying insects and containing no indication of visible damage therefrom. If the report indicates that there is visible evidence of wood-destroying insects or visible damage

SAMPLE

therefrom, Seller shall perform any required treatment and make any necessary repairs. **Buyer is advised that the inspection report described in this paragraph may not always reveal either structural damage or damage caused by agents or organisms other than wood-destroying insects**. Seller shall provide a standard warranty of termite soil treatment.

(c) **Radon Inspection**: Buyer shall have the option, at Buyer's expense, to have the Property tested for radon prior to Settlement. The test result shall be deemed satisfactory to Buyer if it indicates a radon level of less than 4.0 pico curies per liter of air **(as of January 1, 1997, EPA guidelines reflect an "acceptable" level as anything less than 4.0 pico curies per liter of air).** If the test result exceeds the above-mentioned level, Seller shall remediate to bring the radon level within the satisfactory range. Upon the completion of remediation, Buyer may have a radon test performed at Seller's expense, and if the test result indicates a radon level less than 4.0 pico curies per liter of air, it shall be deemed satisfactory to Buyer.

(d) **Delay in Settlement:** Seller's failure to perform any required correction, repair, treatment or remediation or other work that may be required under this paragraph 4 prior to Settlement will be grounds for delaying Settlement.

(e) **Buyer's Obligation to Repair Damage:** Buyer shall, at Buyer's expense, promptly repair any damage to the Property resulting from any activities of Buyer and Buyer's agents and contractors, but Buyer shall not be responsible for any damage caused by accepted practices either approved by the NC Home Inspector Licensure Board or applicable to any other NC licensed professional performing reasonable appraisals, tests, surveys, examinations and inspections of the Property.

(f) **Indemnity**: Buyer will indemnify and hold Seller harmless from all loss, damage, claims, suits or costs, which shall arise out of any contract, agreement, or injury to any person or property as a result of any activities of Buyer and Buyer's agents and contractors relating to the Property except for any loss, damage, claim, suit or cost arising out of pre-existing conditions of the Property and/or out of Seller's negligence or willful acts or omissions. This repair obligation and indemnity shall survive this Contract and any termination hereof.

5. **WARRANTIES:**

(a) **Limited Warranty Of Construction.** Unless otherwise provided for herein, Seller, and General Contractor jointly and severally with Seller, hereby warrant(s) that, for a period of one (1) year from the date of Closing or the date Buyer occupies the Dwelling, whichever comes first, Seller and General Contractor will make all necessary repairs and corrections to the Dwelling, either interior or exterior, structural or nonstructural, that shall become necessary by reason of faulty construction, labor or materials or non-conformity of construction to the Plans and Specifications. At Seller's sole option, Seller and General Contractor may either (i) make such repairs and corrections, (ii) replace any faulty or non-conforming item or condition or (iii) pay to Buyer the reasonable cost of such repair, correction or replacement. This limited warranty: (1) is for the benefit of Buyer only and may not be assigned nor shall it inure to the benefit of any other person or entity, and (2) shall survive Closing and the delivery of the deed. This limited warranty is in addition to and not in lieu of any warranty implied by law and Seller and General Contractor agree they are in the business of building and selling such dwellings.

❑ If checked, the foregoing limited warranty shall not apply and is replaced by the attached written warranty provided by Seller and/or General Contractor.

(b) **Warranties Of Components.** Seller and/or General Contractor shall assign and deliver to Buyer at Settlement all guarantees and warranties of all components comprising the Dwelling to the extent the same are assignable. Buyer shall be responsible for compliance with any notice and claim procedures set forth therein. The warranty under Paragraph 5(a) shall not extend to any such component expressly guaranteed or warranted by the manufacturer.

6. **INSULATION OF DWELLING:**

	WALLS	CEILINGS	FLOORS
TYPE			
THICKNESS			
R-VALUE			

7. **BUYER REPRESENTATIONS:**

(a) **Other Property**: Buyer ❑ does ❑ does not intend to sell or lease other real property in order to qualify for a new loan or to complete the purchase of the Property.

WARNING: This does not create a contingent sale condition. The Contingent Sale Addendum (Form 2A2-T) is not designed for use with this Contract and should not be used. If a contingent sale condition is desired, consult a NC real estate attorney.

© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

(b) **Performance of Buyer's Financial Obligations**: To the best of Buyer's knowledge, there are no other circumstances or conditions existing as of the date of this offer that would prohibit Buyer from performing Buyer's financial obligations in accordance with this Contract, except as may be specifically set forth herein.

(c) **Mineral and Oil and Gas Rights Mandatory Disclosure Statement** (*check only one*):

❑ Buyer has received a signed copy of the N.C. Mineral and Oil and Gas Rights Mandatory Disclosure Statement prior to the signing of this offer.

❑ Buyer has NOT received a signed copy of the N.C. Mineral and Oil and Gas Rights Mandatory Disclosure Statement prior to the signing of this offer and shall have the right to terminate or withdraw this Contract without penalty (including a refund of any Due Diligence Fee) prior to WHICHEVER OF THE FOLLOWING EVENTS OCCURS FIRST: (1) the end of the third calendar day following receipt of the Disclosure Statement; (2) the end of the third calendar day following the Effective Date; or (3) Settlement or occupancy by Buyer in the case of a sale or exchange.

❑ Exempt from N.C. Mineral and Oil and Gas Rights Mandatory Disclosure Statement because (SEE GUIDELINES) :_____
_____.

Buyer's receipt of a Mineral and Oil and Gas Rights Mandatory Disclosure Statement does not modify or limit the obligations of Seller under Paragraph 10(g) of this Contract and shall not constitute the assumption or approval by Buyer of any severance of mineral and/or oil and gas rights, except as may be assumed or specifically approved by Buyer in writing.

NOTE: The parties are advised to consult with a NC attorney prior to signing this Contract if severance of mineral and/or oil and gas rights has occurred or is intended.

8. **BUYER OBLIGATIONS:**

(a) **Responsibility for Proposed Special Assessments:** Buyer shall take title subject to all Proposed Special Assessments.

(b) **Responsibility for Certain Costs**: Buyer shall be responsible for all costs with respect to:

(i) any loan obtained by Buyer, including charges by an owners association and/or management company as agent of an owners' association for providing information required by Buyer's lender,

(ii) charges required by an owners' association declaration to be paid by Buyer for Buyer's future use and enjoyment of the Property, including, without limitation, working capital contributions, membership fees, or charges for Buyer's use of the common elements and/or services provided to Buyer, such as "move-in fees";

(iii) determining restrictive covenant compliance;

(iv) appraisal;

(v) title search;

(vi) title insurance;

(vii) any fees charged by the closing attorney for the preparation of the Closing Disclosure, Seller Disclosure and any other settlement statement;

(viii) recording the deed; and

(ix) preparation and recording of all instruments required to secure the balance of the Purchase Price unpaid at Settlement.

(c) **Authorization to Disclose Information**: Buyer authorizes the Buyer's lender(s), the parties' real estate agent(s) and closing attorney: (1) to provide this Contract to any appraiser employed by Buyer or by Buyer's lender(s); and (2) to release and disclose any buyer's closing disclosure, settlement statement and/or disbursement summary, or any information therein, to the parties to this transaction, their real estate agent(s) and Buyer's lender(s).

9. **SELLER REPRESENTATIONS:**

(a) **Ownership:** Seller represents that Seller:

❑ has owned the Real Estate for at least one year;

❑ has owned the Real Estate for less than one year

❑ does not yet own the Real Estate

(b) **Assessments**: To the best of Seller's knowledge there ❑ are ❑ are not any Proposed Special Assessments. If any Proposed Special Assessments, identify: _____.

Seller warrants that there ❑ are ❑ are not any Confirmed Special Assessments. If any Confirmed Special Assessments, identify: _____.

NOTE: Buyer's and Seller's respective responsibilities for Proposed and Confirmed Special Assessments are addressed in paragraphs 8(a) and 10(k).

(c) **Contractor's License:** Seller represents that Seller is licensed to construct the improvements on the Real Estate.

SAMPLE

(d) **Owners' Association(s) and Dues**: To best of Seller's knowledge, ownership of the Property ❑ subjects ❑ does not subject Buyer to regulation by one or more owners' association(s) and governing documents, which impose various mandatory covenants, conditions and restrictions upon the Property and Buyer's enjoyment thereof, including but not limited to obligations to pay regular assessments (dues) and Special Assessments. If there is an owners' association, then an Owners' Association Disclosure and Addendum For Properties Exempt from Residential Property Disclosure Statement (Standard Form 2A12-T) shall be completed by Seller, at Seller's expense, and must be attached as an addendum to this Contract.

10. **SELLER OBLIGATIONS**: In addition to Seller's obligation to construct the Dwelling in accordance with paragraph 3 above, Seller shall have the following additional obligations:

(a) **Evidence of Title, Payoff Statement(s)** and Non Foreign Status**:**
(i) Seller agrees to use best efforts to provide to the closing attorney as soon as reasonably possible after the Effective Date, copies of all title information in possession of or available to Seller, including but not limited to: title insurance policies, attorney's opinions on title, surveys, covenants, deeds, notes and deeds of trust, leases, and easements relating to the Property.
(ii) Seller shall provide to the closing attorney all information needed to obtain a written payoff statement from any lender(s) regarding any security interest in the Property as soon as reasonably possible after the Effective Date, and Seller designates the closing attorney as Seller's agent with express authority to request and obtain on Seller's behalf payoff statements and/or short-pay statements from any such lender(s).
(iii) If Seller is not a foreign person as defined by the Foreign Investment in Real Property Tax Act, Seller shall also provide to the closing attorney a non-foreign status affidavit (pursuant to the Foreign Investment in Real Property Tax Act). In the event Seller shall not provide a non-foreign status affidavit, Seller acknowledges that there may be withholding as provided by the Internal Revenue Code.

(b) **Authorization to Disclose Information**: Seller authorizes: (1) any attorney presently or previously representing Seller to release and disclose any title insurance policy in such attorney's file to Buyer and both Buyer's and Seller's agents and attorneys; (2) the Property's title insurer or its agent to release and disclose all materials in the Property's title insurer's (or title insurer's agent's) file to Buyer and both Buyer's and Seller's agents and attorneys; and (3) the closing attorney to release and disclose any seller's closing disclosure, settlement statement and/or disbursement summary, or any information therein, to the parties to this transaction, their real estate agent(s) and Buyer's lender(s).

(c) **Access to Property**: Seller shall provide reasonable access to the Property (including working, existing utilities) through the earlier of Closing or possession by Buyer, including, but not limited to, allowing the Buyer and/or Buyer's agents or representatives, an opportunity to (i) investigate enumerated issues found in paragraphs 2, 3 and 4, (ii) verify the satisfactory completion of negotiated change orders/repairs/improvements, and (iii) conduct a final walk-through inspection of the Property.

NOTE: See paragraph 2 for limitations on Buyer's right to terminate this Contract as a result of Buyer's continued investigation of the Property following the expiration of the Examination Period.

(d) **Removal of Seller's Property**: Seller shall remove, by the date possession is made available to Buyer, all personal property which is not a part of the purchase and all garbage and debris from the Property.

(e) **Affidavit And Indemnification Agreement**: Seller shall furnish at Settlement an affidavit(s) and indemnification agreement(s) in form satisfactory to Buyer and Buyer's title insurer, if any, executed by Seller and any person or entity who has performed or furnished labor, services, materials or rental equipment to the Property within 120 days prior to the date of Settlement and who may be entitled to claim a lien against the Property as described in N.C.G.S. §44A-8 verifying that each such person or entity has been paid in full and agreeing to indemnify Buyer, Buyer's lender(s) and Buyer's title insurer against all loss from any cause or claim arising therefrom.

(f) **Designation of Lien Agent, Payment and Satisfaction of Liens**: If required by N.C.G.S. §44A-11.1, Seller shall have designated a Lien Agent, and Seller shall deliver to Buyer as soon as reasonably possible a copy of the appointment of Lien Agent. All deeds of trust, deferred ad valorem taxes, liens and other charges against the Property, not assumed by Buyer, must be paid and satisfied by Seller prior to or at Settlement such that cancellation may be promptly obtained following Closing. Seller shall remain obligated to obtain any such cancellations following Closing.

(g) **Good Title, Legal Access**: Seller shall execute and deliver a GENERAL WARRANTY DEED for the Property in recordable form no later than Settlement, which shall convey fee simple marketable and insurable title, without exception for mechanics' liens, and free of any other liens, encumbrances or defects, including those which would be revealed by a current and accurate survey of the Property, except: ad valorem taxes for the current year (prorated through the date of Settlement); utility easements and unviolated covenants, conditions or restrictions that do not materially affect the value of the Property; and such other liens, encumbrances or defects as may be assumed or specifically approved by Buyer in writing. The Property must have legal access to a public right of way.

SAMPLE

(h) **Deed, Taxes, and Fees**: Seller shall pay for preparation of a deed and all other documents necessary to perform Seller's obligations under this Contract, and for state and county excise taxes, and any deferred, discounted or rollback taxes, and local conveyance fees required by law. The deed is to be made to: _____
_____.

(i) **Agreement to Pay Buyer Expenses**: Seller shall pay at Settlement $_____ toward any of Buyer's expenses associated with the purchase of the Property, at the discretion of Buyer and/or lender, if any, including any FHA/VA lender and inspection costs that Buyer is not permitted to pay.

NOTE: Parties should review the FHA/VA Addendum prior to entering an amount in Paragraph 10(i). Certain FHA/VA lender and inspection costs CANNOT be paid by Buyer at Settlement and the amount of these should be included in the blank above.

(j) **Owners' Association Fees/Charges**: Seller shall pay: (i) any fees required for confirming Seller's account payment information on owners' association dues or assessments for payment or proration; (ii) any fees imposed by an owners' association and/or a management company as agent of the owners' association in connection with the transaction contemplated by the Contract other than those fees required to be paid by Buyer under paragraph 8(b) above; and (iii) fees incurred by Seller in completing the Residential Property and Owners' Association Disclosure Statement; and resale or other certificates related to a proposed sale of the Property.

(k) **Payment of Confirmed Special Assessments**: Seller shall pay, in full at Settlement, all Confirmed Special Assessments, whether payable in a lump sum or future installments, provided that the amount thereof can be reasonably determined or estimated. The payment of such estimated amount shall be the final payment between the Parties

(l) **Late Listing Penalties**: All property tax late listing penalties, if any, shall be paid by Seller.

(m) **Owners' Association Disclosure and Addendum For Properties Exempt from Residential Property Disclosure Statement** (Standard Form 2A12-T): If applicable, Seller shall provide the completed Owners' Association Disclosure and Addendum For Properties Exempt from Residential Property Disclosure Statement to Buyer on or before the Effective Date.

(n) **Seller's Failure to Comply or Breach**: If Seller fails to materially comply with any of Seller's obligations under this Paragraph 10 or Seller materially breaches this Contract, and Buyer elects to terminate this Contract as a result of such failure or breach, then the Earnest Money Deposit and any Building Deposit will be refunded to Buyer and Seller shall reimburse to Buyer the reasonable costs actually incurred by Buyer in connection with Buyer's qualification for and approval of any Loan and any tests, surveys, appraisals, investigations, examinations and inspections of the Property conducted by Buyer or Buyer's agents or representatives, without affecting any other remedies. If legal proceedings are brought by Buyer against the Seller to recover the Earnest Money Deposit, any Building Deposit and/or the reasonable costs actually incurred by Buyer in connection with Buyer's qualification for and approval of any Loan and any tests, surveys, appraisals, investigations, examinations and inspections of the Property conducted by Buyer or Buyer's agents or representatives, the prevailing party in the proceeding shall be entitled to recover from the non-prevailing party reasonable attorney fees and court costs incurred in connection with the proceeding.

11. **PRORATIONS AND ADJUSTMENTS:** Unless otherwise provided, the following items shall be prorated through the date of Settlement and either adjusted between the parties or paid at Settlement:
(a) Ad valorem taxes and recurring governmental service fees levied with such taxes on real property shall be prorated on a calendar year basis;
(b) Owners' association regular assessments ("dues") and other like charges.

12. **ADDITIONAL THIRD-PARTY HOME WARRANTY:**
❑ No additional third party home warranty is to be provided by Seller.
❑ Buyer may obtain a _____-year home warranty at a cost not to exceed $_____ which includes sales tax and Seller agrees to pay for it at Settlement.
❑ Seller has obtained and will provide a _____-year home warranty from _____ at a cost of $ _____ which includes sales tax and will pay for it at Settlement.

NOTE: Home warranties typically have limitations on and conditions to coverage. Refer specific questions to the home warranty company.

Any additional third party home warranty shall not limit Seller's obligations under Paragraph 5.

13. **RISK OF LOSS AND INSURANCE**:
(a) **Risk of Loss:** The risk of loss or damage by fire or other casualty prior to Closing shall be upon Seller. If the improvements on the Real Estate are destroyed or materially damaged prior to Closing, Buyer may terminate this Contract by written notice delivered

SAMPLE

to Seller or Seller's agent and all deposits shall be refunded to Buyer. In the event Buyer does NOT elect to terminate this Contract, Buyer shall be entitled to receive, in addition to the Property, any of Seller's insurance proceeds payable on account of the damage or destruction applicable to the Property being purchased. Seller is advised not to cancel existing insurance on the Property until after confirming recordation of the deed.

(b) **Insurance:** Seller shall purchase and maintain "All Risks" Builder's Risk Insurance coverage, including Theft and Vandalism and Malicious Mischief, upon the Dwelling on a "Completed Values" basis, while the Dwelling is in the course of construction. "Completed Values" shall mean the full value of the Dwelling, as of the date that all construction is completed, including Seller's total cost plus profit, but excluding the cost of the land. In the event that construction is fully completed prior to sale of the Property, Seller shall purchase and maintain Permanent "All Risks" Property Insurance coverage on the Dwelling, including Theft and Vandalism and Malicious Mischief, on a "Replacement Cost" basis. "Replacement Cost" shall mean the full cost of replacement of the structure or structures at the same site with new material of like kind and quality without deduction for depreciation. In addition, Seller shall purchase and maintain Third Party Liability Insurance coverage on the premises of the Property during the course of, and after construction is completed.

14. **POSSESSION:** Possession, including all means of access to the Property (keys, codes including security codes, garage door openers, electronic devices, etc.).) shall be delivered upon Closing as defined in Paragraph 1(o) unless otherwise provided herein.

15. **ADDENDA:** CHECK ALL STANDARD ADDENDA THAT MAY BE A PART OF THIS CONTRACT, IF ANY, AND ATTACH HERETO. ITEMIZE ALL OTHER ADDENDA TO THIS CONTRACT, IF ANY, AND ATTACH HERETO.

- ❑ Additional Provisions Addendum (Form 2A11-T)
- ❑ Additional Signatures Addendum (Form 3-T)
- ❑ Schedule of Allowances Addendum (Form 800A1-T
- ❑ FHA/VA Financing Addendum (Form 2A4-T)
- ❑ Owners' Association Disclosure And Condominium Resale Statement Addendum (Form 2A12-T)
- ❑ Seller Financing Addendum (Form 2A5-T)

❑ Identify other attorney or party drafted addenda: _____
_____

NOTE: UNDER NORTH CAROLINA LAW, REAL ESTATE BROKERS ARE NOT PERMITTED TO DRAFT ADDENDA TO THIS CONTRACT16. **ASSIGNMENTS:** This Contract may not be assigned without the written consent of all parties except in connection with a tax- deferred exchange, but if assigned by agreement, then this Contract shall be binding on the assignee and his heirs and successors.

17. **TAX-DEFERRED EXCHANGE:** In the event Buyer or Seller desires to effect a tax-deferred exchange in connection with the conveyance of the Property, Buyer and Seller agree to cooperate in effecting such exchange; provided, however, that the exchanging party shall be responsible for all additional costs associated with such exchange, and provided further, that a non-exchanging party shall not assume any additional liability with respect to such tax-deferred exchange. Seller and Buyer shall execute such additional documents, including assignment of this Contract in connection therewith, at no cost to the non-exchanging party, as shall be required to give effect to this provision.

18. **PARTIES:** This Contract shall be binding upon and shall inure to the benefit of Buyer and Seller and their respective heirs, successors and assigns. As used herein, words in the singular include the plural and the masculine includes the feminine and neuter genders, as appropriate.

19. **SURVIVAL:** If any provision herein contained which by its nature and effect is required to be observed, kept or performed after the Closing, it shall survive the Closing and remain binding upon and for the benefit of the parties hereto until fully observed, kept or performed.

20. **ENTIRE AGREEMENT:** This Contract contains the entire agreement of the parties and there are no representations, inducements or other provisions other than those expressed herein. All changes, additions or deletions hereto must be in writing and signed by all parties. Nothing contained herein shall alter any agreement between a REALTOR® or broker and Seller or Buyer as contained in any listing agreement, buyer agency agreement, or any other agency agreement between them.

21. **CONDUCT OF TRANSACTION**: The parties agree that any action between them relating to the transaction contemplated by this Contract may be conducted by electronic means, including the signing of this Contract by one or more of them and any notice or communication given in connection with this Contract. Any written notice or communication may be transmitted to any mailing address, e-mail address or fax number set forth in the "Notice Information" section below. Any notice or communication to be given to a party herein, and any fee, deposit or other payment to be delivered to a party herein, may be given to the party or to such party's agent. Seller and Buyer agree that the "Notice Information" and "Acknowledgment of Receipt of Monies" sections below shall not constitute

SAMPLE

a material part of this Contract, and that the addition or modification of any information therein shall not constitute a rejection of an offer or the creation of a counteroffer.

22. **EXECUTION**: This Contract may be signed in multiple originals or counterparts, all of which together constitute one and the same instrument.

23. **COMPUTATION OF DAYS/TIME OF DAY:** Unless otherwise provided, for purposes of this Contract, the term "days" shall mean consecutive calendar days, including Saturdays, Sundays, and holidays, whether federal, state, local or religious. For the purposes of calculating days, the count of "days" shall begin on the day following the day upon which any act or notice as provided in this Contract was required to be performed or made. Any reference to a date or time of day shall refer to the date and/or time of day in the State of North Carolina.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

This offer shall become a binding contract on the Effective Date. Unless specifically provided otherwise, Buyer's failure to timely deliver any fee, deposit or other payment provided for herein shall not prevent this offer from becoming a binding contract, provided that any such failure shall give Seller certain rights to terminate the contract as described herein or as otherwise permitted by law.

Date:_____

Buyer:_____

Date:_____

Buyer: _____

Entity Buyer:

_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name:_____

Title: _____

Date:_____

Date: _____

Seller: _____

Date: _____

Seller: _____

Entity Seller:

_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

General Contractor (to be executed only when Seller is not the General Contractor):

General Contractor hereby joins in the execution of this Agreement for the sole and limited purpose of agreeing to remain jointly and severally liable with the Seller for the warranty obligations set forth in Paragraph 5 of this Contract.

Name of General Contractor:_____
By: _____
Name: _____
Title: _____

SAMPLE

WIRE FRAUD WARNING

TO BUYERS: BEFORE SENDING ANY WIRE, YOU SHOULD CALL THE CLOSING ATTORNEY'S OFFICE TO VERIFY THE INSTRUCTIONS. IF YOU RECEIVE WIRING INSTRUCTIOS FOR A DIFFERENT BANK, BRANCH LOCATION, ACCOUNT NAME OR ACCOUNT NUMBER, THEY SHOULD BE PRESUMED FRAUDULENT. DO NOT SEND ANY FUNDS AND CONTACT THE CLOSING ATTORNEY'S OFFICE IMMEDIATELY.

TO SELLERS: IF YOUR PROCEEDS WILL BE WIRED, IT IS RECOMMENDED THAT YOU PROVIDE WIRING INSTRUCTIONS AT CLOSING IN WRITING IN THE PRESENCE OF THE ATTORNEY. IF YOU ARE UNABLE TO ATTEND CLOSING, YOU MAY BE REQUIRED TO SEND AN ORIGINAL NOTARIZED DIRECTIVE TO THE CLOSING ATTORNEY'S OFFICE CONTAINING THE WIRING INSTRUCTIONS. THIS MAY BE SENT WITH THE DEED, LIEN WAIVER AND TAX FORM IF THOSE DOCUMENTS ARE BEING PREPARED FOR YOU BY THE CLOSING ATTORNEY. AT A MINIMUM, YOU SHOULD CALL THE CLOSING ATTORNEY'S OFFICE TO PROVIDE THE WIRE INSTRUCTIONS. THE WIRE INSTRUCTIONS SHOULD BE VERIFIED OVER THE TELEPHONE VIA A CALL TO YOU INITIATED BY THE CLOSING ATTORNEY'S OFFICE TO ENSURE THAT THEY ARE NOT FROM A FRAUDULENT SOURCE.

WHETHER YOU ARE A BUYER OR A SELLER, YOU SHOULD CALL THE CLOSING ATTORNEY'S OFFICE AT A NUMBER THAT IS INDEPENDENTLY OBTAINED. TO ENSURE THAT YOUR CONTACT IS LEGITIMATE, YOU SHOULD NOT RELY ON A PHONE NUMBER IN AN EMAIL FROM THE ATTORNEY'S OFFICE, YOUR REAL ESTATE AGENT OR ANYONE ELSE.

SAMPLE

STANDARD FORM 800-T
Revised 7/2018
© 7/2018

Buyer initials _____ _____ Seller initials _____ _____

NOTICE INFORMATION

NOTE: INSERT AT LEAST ONE ADDRESS AND/OR ELECTRONIC DELIVERY ADDRESS EACH PARTY AND AGENT APPROVES FOR THE RECEIPT OF ANY NOTICE CONTEMPLATED BY THIS CONTRACT. INSERT "N/A" FOR ANY WHICH ARE NOT APPROVED.

BUYER NOTICE ADDRESS:

Mailing Address: _____
_____

Buyer Fax#: _____

Buyer E-mail:_____

SELLER NOTICE ADDRESS:

Mailing Address: _____
_____

Seller Fax#: _____

Seller E-mail: _____

CONFIRMATION OF AGENCY/NOTICE ADDRESSES

Selling Firm Name:_____
Acting as ❑ Buyer's Agent ❑ Seller's (sub)Agent ❑ Dual Agent

Firm License# :_____

Mailing Address :_____
_____

Individual Selling Agent: _____
❑ Acting as a Designated Dual Agent (check only if applicable)

Selling Agent License#: _____

Selling Agent Phone#:_____

Selling Agent Fax#:_____

Selling Agent E-mail: _____

Listing Firm Name: _____
Acting as ❑ Seller's Agent ❑ Dual Agent

Firm License#: _____

Mailing Address: _____
_____

Individual Listing Agent: _____
❑ Acting as a Designated Dual Agent (check only if applicable)

Listing Agent License#: _____

Listing Agent Phone#: _____

Listing Agent fax#:_____

Listing Agent E-mail: _____

SAMPLE

[THIS SPACE INTENTIONALLY LEFT BLANK]

Buyer initials _____ _____ Seller initials _____ _____

STANDARD FORM 800-T
Revised 7/2018
© 7/2018

ACKNOWLEDGMENT OF RECEIPT OF MONIES

Seller:_____("Seller")

Buyer:_____("Buyer")

Property Address:_____("Property")

❑ **ESCROW AGENT ACKNOWLEDGMENT OF RECEIPT OF INITIAL EARNEST MONEY DEPOSIT**

Paragraph 1(d) of the Offer to Purchase and Contract between Buyer and Seller for the sale of the Property provides for the payment to Escrow Agent of an Initial Earnest Money Deposit in the amount of $_____. Escrow Agent as identified in Paragraph 1(j) of the Offer to Purchase and Contract hereby acknowledges receipt of the Initial Earnest Money Deposit and agrees to hold and disburse the same in accordance with the terms of the Offer to Purchase and Contract.

Date_____ Firm:_____

By:_____
(Signature)

_____
(Print name)

❑ **ESCROW AGENT ACKNOWLEDGMENT OF RECEIPT OF (ADDITIONAL) EARNEST MONEY DEPOSIT**

Paragraph 1(d) of the Offer to Purchase and Contract between Buyer and Seller for the sale of the Property provides for the payment to Escrow Agent of an (Additional) Earnest Money Deposit in the amount of $_____. Escrow Agent as identified in Paragraph 1(j) of the Offer to Purchase and Contract hereby acknowledges receipt of the (Additional) Earnest Money Deposit and agrees to hold and disburse the same in accordance with the terms of the Offer to Purchase and Contract.

Date_____ Firm:_____

Time: _____ ❒ AM ❒ PM By:_____
(Signature)

_____
(Print name)

❑ **SELLER ACKNOWLEDGMENT OF RECEIPT OF BUILDING DEPOSIT**

Paragraph 1(d) of the Offer to Purchase and Contract between Buyer and Seller for the sale of the Property provides for the payment to Seller of a Building Deposit in the amount of $_____, receipt of which Seller hereby acknowledges.

Date_____ Seller: _____
(Signature)

Date_____ Seller: _____
(Signature)

STANDARD FORM 800-T
Revised 7/2018
© 7/2018

SAMPLE

The Art of Seller Financing

A seller can assist the buyer when traditional financing is not available by:

18. _____

19. _____

20. _____

All FHA, VA, and Conventional loans are 21. _____ so long as the borrower qualifies in the same manner and method as the original owner.

Approval by the lender is almost always required so as not to trigger the 22._____ or 23._____ in most loans.

Classroom Discussion

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Captain Training

1. When writing an offer and using this Addendum where does the licensee get all of the information on the first page?

_____

_____

2. Who is making the representations about the loan in this Addendum?

_____

_____

_____

3. Should the buyer and the buyer's agent verify the representations? How?

_____

_____

_____

4. Who pays all of the assumption costs?

_____

_____

_____

5. What unique pro-rations have to occur when using this Addendum?

_____

_____

_____

6. What is unique about the property insurance?

_____

_____

_____

7. How is the seller's ongoing liability for the loan handled?

_____

_____

_____

8. Is the seller relieved of liability under this Addendum?

_____

_____

_____

LOAN ASSUMPTION ADDENDUM

Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property.

Type of existing loan to be assumed (Use a separate addendum for each loan to be assumed:
_____ FHA _____ VA _____ Private _____ Conventional
_____ Fixed Rate at _____% per annum
_____ Adjustable Rate currently at _____% per annum with adjustments occurring _____
_____ Other: _____

Approximate unpaid principal balance: $_____ as of _____

The loan payments are currently: $_____ per _____ Includes: ☐Taxes ☐Insurance ☐MIP ☐PMI

Final payment date of loan: _____ Loan Account No.: _____

Loan currently held by: _____
Address: _____
_____
Telephone No.: _____ Fax: _____
Email: _____

Buyer intends to assume the unpaid principal balance of the existing loan described above for the remainder of the loan term at the interest rate set forth above (subject to adjustment if the loan is indicated above as an adjustable rate loan) with Buyer paying all mortgage loan assumption costs and discount points. Buyer is advised to determine prior to the expiration of the Due Diligence Period:

- the amount of the principal balance,
- the cash due at Settlement,
- whether the existing loan is assumable without either acceleration of the amount secured or any change in the original terms of the note and deed of trust, and
- that Buyer qualifies to assume the loan. All payments due from Seller on the loan must be current at Settlement, and the principal balance assumed shall be computed as of the date of Settlement. Seller shall not prepay principal prior to Closing. The amount shown for the assumption balance and cash at Settlement shall be adjusted as appropriate at Settlement to reflect the Purchase Price. Accrued, but unpaid interest and other charges on the loan, if any, shall be computed to the date of Settlement and paid by Seller. Interest and other charges on the loan prepaid by Seller, if any, shall be credited to Seller at Closing and paid by Buyer. Examples of other charges include FHA and private mortgage insurance premiums. Upon request, Seller shall provide Buyer with copies of the note(s) and deed(s) of trust to be assumed.

Buyer shall be responsible for all loan assumption costs. Seller shall have no obligation to pay any loan assumption costs unless specifically provided herein. If Seller is to pay any loan assumption costs, these costs are as follows:
_____
_____.

Unless otherwise provided herein, the escrow account(s) and lender's stock or capital account required in connection with the loan, if any, shall be purchased by Buyer.

Unless otherwise provided herein, if the hazard and/or flood insurance policies are transferred to Buyer, Buyer shall pay Seller for any prepaid insurance based on a proration of the existing premium on a per diem basis.

This form jointly approved by
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A6 - T
Revised 7/2015
© 7/2017

Buyer Initials _____ _____ Seller Initials _____ _____

SAMPLE

Seller's obligations under this Contract are contingent upon Seller being released from liability on the assumed loan. Buyer is advised to determine prior to the expiration of the Due Diligence Period whether the release and/or assumption can be effected.

If a VA loan is being assumed, Buyer must assume Seller's potential indemnity liability to the U.S. Government for the repayment of the loan. Seller's obligations under this Contract ❑ are ❑ are not contingent upon Buyer's substituting Buyer's VA entitlement for Seller's VA entitlement on the assumed loan. Buyer is advised to determine prior to the expiration of the Due Diligence Period whether the substitution of entitlement can be effected.

Other Provisions: _____
_____
_____

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date:_____	Date: _____
Buyer: _____	Seller: _____
Date:_____	Date: _____
Buyer: _____	Seller: _____
Entity Buyer:	Entity Seller:
_____	_____
(Name of LLC/Corporation/Partnership/Trust/etc.)	(Name of LLC/Corporation/Partnership/Trust/etc.)
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SAMPLE

STANDARD FORM 2A6 - T
Revised 7/2015
© 7/2017

A Guideline to Understanding Seller Financing

All of the following are synonymous terms where the seller is simply acting as the bank. Transfers full title to the owner and has a lien for all or part of the home's price. The buyer typically executes a Promissory Note and a Deed of Trust to the seller. The seller retains no ownership of the home.

24. _____

25. _____

26. _____

When subordinate financing is utilized the 27. _____ should always be informed and all financing should appear on the 28. _____.

In the event of a default in North Carolina, state statutes prevent the seller from obtaining 29. _____.

Under What Circumstances Might the Parties Consider Seller Financing?

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Review of Seller Financing Addendum Form 2A5-T

1. Does the borrower obligate themselves to execute a Promissory Note and Deed of Trust to the seller?

2. Should the drafted Promissory Note & Deed of Trust accompany the Addendum? Who must prepare these?

3. Does this Addendum provide for subordinate financing?

4. How are payments collected and handled? By whom?

SELLER FINANCING ADDENDUM

Property: _____

Seller: _____

Buyer: _____

This Addendum is attached to and made a part of the Offer to Purchase and Contract ("Contract") between Seller and Buyer for the Property.

Seller agrees to provide Buyer with Seller Financing in the amount set forth in the Contract on the following terms and conditions:

1. The Seller Financing shall be evidenced by a balance of purchase money promissory note ("Note") secured by a balance of purchase money deed of trust ("Deed of Trust") on the Property.

2. The Deed of Trust shall be a ❑ first ❑ second lien on the Property. If the Deed of Trust will be junior to another deed of trust, the principal amount of the senior lien(s) shall not exceed the amount of the Loan as represented in the Contract.

3. The Seller Financing shall bear interest prior to default at the rate of _____ % per annum and shall be payable as follows:
_____
_____

The Seller Financing shall bear interest after default at the rate of _____ % per annum.

4. Unless otherwise provided herein, the Note may be prepaid in whole or in part at any time without penalty. If there are any restrictions on this prepayment right, the restrictions are as follows: _____
_____

5. The Seller Financing ❑ shall ❑ shall not become due and payable in accordance with the terms of the Deed of Trust upon Buyer's sale or other transfer of the Property.

6. Additional Seller Financing terms (if any): _____
_____
_____

7. Unless otherwise provided herein, the Note and Deed of Trust shall be in form of and contain the provisions of the currently approved North Carolina Bar Association Forms 4 and 5, completed in accordance with the terms provided above or contained in this Contract.

NOTE: In the event of Buyer's default of the Seller Financing, Seller's remedies will likely be limited to foreclosure of the Property. If a deed of trust given to secure Seller Financing is subordinate to, or is later subordinated to, senior financing, and such senior financing is subsequently foreclosed, the Seller will likely have no remedy to recover under the Note or Deed of Trust. The advice of an attorney is recommended prior to Seller agreeing to provide seller financing.

IN THE EVENT OF A CONFLICT BETWEEN THIS ADDENDUM AND THE CONTRACT, THIS ADDENDUM SHALL CONTROL, EXCEPT THAT IN THE CASE OF SUCH A CONFLICT AS TO THE DESCRIPTION OF THE PROPERTY OR THE IDENTITY OF THE BUYER OR SELLER, THE CONTRACT SHALL CONTROL.

SAMPLE

This form jointly approved by:
North Carolina Bar Association
North Carolina Association of REALTORS®, Inc.

STANDARD FORM 2A5-T
Revised 7/2015
© 7/2017

Buyer initials _____ _____ Seller initials _____ _____

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC. AND THE NORTH CAROLINA BAR ASSOCIATION MAKE NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. IF YOU DO NOT UNDERSTAND THIS FORM OR FEEL THAT IT DOES NOT PROVIDE FOR YOUR LEGAL NEEDS, YOU SHOULD CONSULT A NORTH CAROLINA REAL ESTATE ATTORNEY BEFORE YOU SIGN IT.

Date:_____

Buyer: _____

Date:_____

Buyer: _____

Entity Buyer:

_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

Date: _____

Seller: _____

Date: _____

Seller: _____

Entity Seller:

_____
(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

SAMPLE

STANDARD FORM 2A5-T
Revised 7/2015
© 7/2017

Land Contracts in North Carolina have all of the following characteristics:

30. _____

31. _____

32. _____

33. _____

NC State law requires all of the following in a Land Contract or Deed of Trust:

34. _____

35. _____

36. _____

Dealing with Options

Options in North Carolina must be in 37._____

Options are 38._____ because only one party is bound.

Helm Simulator

_____

_____

_____

_____

_____

_____

_____

_____

Section 9: Other Types of Purchase Contracts Notebook Guide

1. Subdividing
2. Two or more
3. 10 acres
4. 2 acre parcel into 3 lots by a single owner
5. Write contracts
   Take reservations
   Sign contracts
   Hold deposits
6. Cannot transfer, convey, or close until after final plat approval
7. Across state lines
8. 25 lots or more
9. Distance to paved roads
10. Number of homes occupied
11. Soil conditions and septic
12. Type of title
13. Existence of liens
14. Prior to signing lease or purchase contract
15. 7 day
16. 2 years
17. NC Licensing Board for General Contractors
18. Assumptions
19. Seller financing & carrybacks
20. Contracts for deed
21. Assumable
22. Alienation Clause
23. Due on Sale Clause

24. Seller financing
25. Seller carryback
26. Subordinated seller mortgage
27. Lender
28. Closing disclosures
29. Deficiency judgment
30. Buyer provides downpayment
31. Seller retains title
32. Buyer makes payments
33. Sellers transfers title upon full payment
34. 3-day cancellation
35. Seller must record within 5 days of execution
36. Buyer must be given 30 days to cure any default
37. Writing
38. Unilateral contract

Revelations, Insights, Ideas & To Do List

What are the best and brightest ideas you got from this section of the material?

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

Student Notes