



# Real Estate Contract

2019





## Real Estate Contracts 2019

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## Basic Contract Law

### Creation of a Contract

- Basic types of Contracts:
  - Express
    - Written or oral contracts in which the parties have reached specific agreement
  - Implied
    - Agreements obtained verbally or by actions. May be enforceable under certain circumstances.
- Parol Evidence Rule
  - Evidence of written agreements generally take precedence over verbal agreements.
- Statute of Frauds:
  - Contracts for the Sale of Real Property must be in writing to be enforceable
  - Signature/Initials to contract to evidence assent to its terms and conditions

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## Basic Contract Law

### Essential Contract Elements

- Parties:
  - Requires parties to be competent
  - Over 18 years of age
  - Estates
    - Testate/intestate;  
Executors/Administrators;  
Devises/Heirs at Law
  - LLCs, Corporations, Trusts
    - Organizational Documents;  
Resolutions/Affidavits
  - Partnerships
  - Powers of Attorney

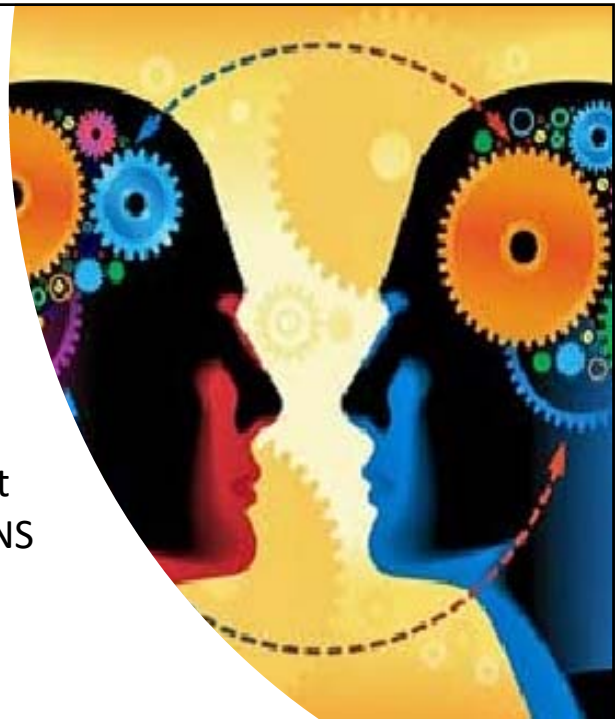


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## Basic Contract Law

### Essential Contract Elements

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- Offer and Acceptance:
    - Contract must evidence a “meeting of the minds”
      - Must show agreement to all material terms of the contract
      - **AVOID GENERAL DESCRIPTIONS**



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**Basic Contract Law**  
Essential Contract Elements

- Consideration:
  - Must contain evidence of consideration---usually monetary
  - Legislative and Regulatory Focus on Deposits

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**Basic Contract Law**  
Essential Contract Elements

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- Description:
  - Must have agreement as to the object of the contract
  - Especially important in real estate that the property in question is clearly stated
    - Vacant lots included? Personal Property? Vested Rights?



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**Basic Contract Law**  
Essential Contract  
Elements

- Potential Defenses to contract:
  - Illegal purpose or object
  - Duress (force or threat of force)
  - Undue Influence  
(drugs/alcohol/dependency/trust)
  - Mistake, Misrepresentation or Fraud

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## Problematic Areas of the Contract

**1. REAL PROPERTY** Buyer will buy and Seller will sell for the sales price ("Sales Price"), Seller's entire interest in the real property (with all improvements, rights and appurtenances) described as follows ("Property"): \_\_\_\_\_

- TAX Map/ID #                      Legal Description: Lot(s)
- Section                      Subdivision or Condominium Parking Space(s) #  
County/Municipality
- Deed Book/Liber # Page/Folio #
- Street Address
- Unit #                      City                      Zip Code

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## Problematic Areas of the Contract

- **3. DEPOSIT** Buyer's deposit ("Deposit") in the amount of ☐ \$ \_\_\_\_\_ check and/or ☐ \$ \_\_\_\_\_ by note due and payable on shall be held by ("Escrow Agent"). Buyer ☐ has delivered Deposit to Escrow Agent **OR** ☐ will deliver Deposit to Escrow Agent by \_\_\_\_\_ days after Date of Ratification.

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## Problematic Areas of the Contract

- **4. SETTLEMENT** Buyer designates ("Settlement Agent"). Buyer agrees to contact Settlement Agent within 10 Days of Date of Ratification to schedule Settlement. Settlement Agent shall order the title exam and survey if required.

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**Problematic Areas of the Contract**

**11. ACCESS TO PROPERTY** Seller will provide Broker, Buyer, inspectors representing Buyer, and representatives of lending institutions for Appraisal purposes reasonable access to the Property to comply with this Contract. In addition, Buyer and/or Buyer's representative will have the right to make walk-through inspection(s) within seven (7) days prior to Settlement and/or occupancy, unless otherwise agreed to by Buyer and Seller.

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## Problematic Areas of the Contract

**20. TITLE** Unless otherwise agreed to in writing, Seller will pay any special assessments and will comply with all orders or notices of violations of any county or local authority, condominium unit owners' association, homeowners' or property owners' association or actions in any court on account thereof, against or affecting Property on Settlement Date.



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July 1, 2019 Forms Update



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## Contract Changes - Sales Contract K1321

- Paragraph 2
  - This section was modified to move Seller subsidy into the definitions paragraph
  - Items re-arranged for clarification
  - Moved Specified Financing, Alternative Financing and Assumption terms are in the contingencies.

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## Contract Changes - Financing Contingencies

- 2 contingencies
  - Contingency with automatic extension
  - Contingency with automatic expiration

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## Forms Changes - Listing Agreements

- Clarification to track the COE changes.
  - LA will not continue marketing the property once an offer to lease/sale has been ratified unless instructed in writing by client.
- The Leasing LA has been modified to clarify that no more Common Law lease and that should LL wish to enter into a non-VRLTA lease, they will have to reach out to an attorney.

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## Forms Changes - Misc.

- Pre-Marketing Addendum to LA
  - Cleaned up to remove references to MRIS and re-organized
- Tenant Brokerage Agreement
  - Include same warning as in Buyer Brokerage Agreement about taking pictures or videos of properties without authorization.

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**Contact US!**

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