

Contracts 101

– A 4-Hour CE Course –

Sponsored by the

Tennessee Real Estate Educational Foundation

Course Introduction and Learning Objectives

Introduction

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

Learning Objectives

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

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

Checking What We Already Know

Choose the best answer to the following questions.

1. When should you review and explain the TAR Purchase and Sale Agreement (RF401) with buyers?
 - a. After the offer is submitted
 - b. Before they make an offer
 - c. When the offer is accepted
2. When should you review and explain the TAR Purchase and Sale Agreement (RF401) to sellers?
 - a. Before they receive an offer
 - b. When they receive an offer
 - c. After they accept an offer
3. Which of the following statements is TRUE?
 - a. It's most important to be familiar with the TAR Purchase and Sale Agreement (RF401) form because you can address every issue by altering the boilerplate language.
 - b. Most TAR forms are rarely used.
 - c. It's important to be familiar with the function of all TAR forms so you understand how they work together to address different issues.
4. Which of the following is NOT an example of ambiguous language?
 - a. Seller to provide Buyer with \$500 credit
 - b. Seller will provide Buyer with \$500 credit at closing towards Buyer's closing costs prepaids, discount points, and/or non-allowables including or excluding, (whatever the case may be) Title Policy
 - c. Portion of closing costs to be paid by Seller
 - d. Buyer to take possession as determined prior to closing
5. Which of the following is the most acceptable method of delivering an offer?
 - a. In person
 - b. By fax
 - c. By email
 - d. All of the above equally acceptable, with proper documentation

6. Which of the following statements is TRUE?
- a. The Buyer always gets to select the Title Company
 - b. The Seller always gets to select the Title Company
 - c. In situations where the sale is being funded by a federally insured loan, the Buyer gets to choose the Title Company if the Buyer is paying for the title insurance policy
 - d. In situations where the property is being funded by a federally insured loan, the Seller gets to choose the Title Company if the Buyer is paying for the title insurance policy
7. Which of the following inspections is NOT legally permissible and not permitted under the Inspection Section?
- a. Home inspection performed by a licensed home inspector
 - b. Home inspection performed by a licensed contractor
 - c. Home inspection performed by Buyer
8. One primary function of the TAR Purchase and Sale Agreement (RF401) is to
- a. Reduce risk and liability for REALTORS® and brokers
 - b. Confuse REALTORS® and brokers
 - c. Address every possible situation that might arise during a transaction
9. The TAR Counter Offer (RF651) states, “all terms and conditions proposed in previous counter offers, if any, are not included in this counter offer unless restated herein.”
- a. True
 - b. False
10. Per the TAR Purchase and Sale Agreement, when a Buyer is terminating the contract due to Home Inspection OR financial contingency, both Buyer and Seller must sign the Trust Money Disbursement and Release form?
- a. True
 - b. False
11. When Trust Money is either not received by the Holder or not honored for any reason, it is the Seller or Seller's Agent that notifies the Buyer/Buyer's agent?
- a. True
 - b. False

Lesson 1: Timelines, Dates, Etc.

Learning Objective

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

The What and When

1. **The TAR Purchase and Sale Agreement (RF401)** states in: “the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of the Property. **In the event a performance deadline**, other than the Closing Date, Date of Possession, Completion of Repair Deadline (Repair/Replacement Amendment), and Offer Expiration date, occurs on a Saturday, Sunday or legal holiday, the performance deadline shall be extended to the next following business day. In calculating any time period under this Agreement, the commencement date shall be the day following the initial date (e.g. Binding Agreement Date).”

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

(The TAR Purchase and Sale Agreement (RF401) defines when the Binding Agreement Date will be: “This instrument shall become a “Binding Agreement” on the date (“Binding Agreement Date”) the last offeror, or licensee of last offeror, receives notice of offeree’s acceptance. Notice of acceptance of the final offer was received on _____ day of _____, _____ at _____ ☐ a.m./☐ p.m. by _____ (name).” The date should be filled in by the last offeror (the person to receive the acceptance of the final counter offer or their agent. This will allow the agent to add the date on which it was actually received. All timelines will start on the next day for purposes of calculating days.

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

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

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

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

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

Exercise: What Happens Next

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

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

Lesson 2: Inspections and Repairs

- “Inspections” includes ALL inspections and reports related to the condition of the property. The termite inspection is included and if the buyer waives the inspections, they could “except” the termite inspection or any other specific inspection to add it back in by inserting the “exception” in the Special Stipulations paragraph. The “exception” field is no longer provided in paragraph 8 E of the RF401. If the box is checked, ALL INSPECTIONS are waived.
- Paragraph 8 D (3), Buyer Inspection & Resolution Period which allows the Buyer and Seller to mutually agree upon a certain number of days to resolve repairs and replacements. There can be an unlimited amount of Repair/Replacement Proposals between the Buyer and Seller. If they do not meet a mutual written resolution in the agreed upon time frame, the Agreement is terminated or they have the option to extend the Resolution Period (before the end of the Resolution Period) through a mutually agreed upon Amendment – RF653 Amendment to Purchase and Sale Agreement. In any event the parties agree to negotiate repairs in good faith. (This means the Seller must respond to the list. He does not have to agree to fix anything, but he cannot simply remain silent. Failure to respond at all could give the buyer a claim for breach of contract and failure to act in good faith). Once both parties are in agreement to repairs on the Repair/Replacement Proposal(s), then those agreed repairs need to be reduced to the Repair/Replacement Amendment and signed by all parties. This is an amendment to the Purchase and Sale Agreement and therefore should be supplied to the Lender.
- Costs associated with Inspections and Repairs! All inspections are performed at the expense of the buyer unless otherwise specified in the Special Stipulations Paragraph. The termite inspection costs are NOW the responsibility of the Buyer unless the Buyer is receiving a VA loan. Government regulations within VA loan requirements will not allow the Buyer to pay for a termite inspection. See/Use RF625 VA/FHA Addendum which addresses this issue. The form states that the Buyer will order the inspection BUT the Seller will be responsible for paying for it. Buyers and sellers should negotiate any needed repair costs using the Repair/Replace Proposal (RF654) or the Repair/Replace Amendment (RF655) form.
- Home Inspectors are licensed and regulated by a regulatory board of the Tennessee Department of Commerce & Insurance. Tenn. Code Ann. §62-6-301(5) defines a home inspector as “any person who is licensed under this part as a home inspector and who engages in the business of performing home inspections and writing home inspection reports.” Clients and customers should be encouraged to use a licensed home inspector. Although buyers may inspect the property themselves, this may not carry the same weight in the eyes of the seller as a report from a licensed home inspector.
- When purchasing properties offered “as is,” buyers are still entitled to make any and all desired inspections – they can and should do so! Buyers may still attempt to negotiate any needed repairs. Buyers may cancel the contract based on any items disapproved in the inspection report or any defects disclosed by the seller. Purchasing a property “as is” does not limit a buyer’s options under the TAR Purchase and Sale Agreement (RF401), although, in practice, an “as is” Seller may be less likely to complete or negotiate needed repairs.
- Sellers offering a property “as is” are still required to fully disclose any property defects of which

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

- It is important to familiarize yourself with lender requirements in your area related to appraisals and inspections. Know what lenders expect to receive before they order the required items for the loan obligations. If a lender needs the appraisal and/or inspection report before ordering loan documents, the deadlines you fill in at the direction of the Buyer, included in the RF401 should allow for this to happen to avoid putting the Buyer at risk for breach. The parties may also wish to include in Special Stipulations that the appraisal and/or inspection report must be obtained to ensure their obligation are fulfilled. Lenders should be made aware of the contractual deadlines for loan obligation. Using the RF708 Purchase and Sale Agreement Timeline Checklist is a tool you can utilize to make sure everyone involved in the transaction is aware of the deadlines contained in the contract between Buyer and Seller.
- In Tennessee, a wood destroying insect infestation inspection report is a warranty for 90 days of the accuracy of any representations made in the report. After 90 days, a new report must be obtained to reduce the liability for the parties involved.

Workshop: Inspections and Repairs

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

Scenario 1:

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

Scenario 2:

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

Scenario 3:

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

Scenario 4:

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

Lesson 3: Special Stipulations

- The preprinted portions of the Purchase and Sale Agreement (RF401) have been approved by the TAR forms committee and TAR attorneys.
- Handwritten provisions prevail! When you write something in the special stipulations section, it should be consistent with the rest of the TAR Purchase and Sale Agreement (RF401). Whenever possible, use the same verbiage included in the preprinted portion, referencing the specific line number(s), only changing what is absolutely necessary!
- Before writing something into the special stipulations section, you should FIRST check to make sure the issue is not addressed by another TAR form.
- NEVER include phrases such as TBD, actual costs, negotiable in blanks or in the Special Stipulations paragraph. Always be as specific as possible, especially when it comes to dates, amounts and actions required of either party. If you do not, then the contract may not be enforceable.
- The Special Stipulations Library (RF707) exists to assist you in addressing items in this section.
- If you're using the special stipulations section to write in a contingency, there is likely another more appropriate TAR form.
- The special stipulations section can be appropriately used to make simple changes to a preprinted item, such as a required deadline, if the line number is referenced and exact verbiage reprinted, with only the number of days changed.
- The special stipulations section should NEVER be used to write a new contract.

Skill Practice: Special Stipulations

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

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

Exercise: Stipulation Identification

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

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

Lesson 4: Disclosures & Disclaimers

Learning Objective

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

Talking Points: Disclosures and Disclaimers

- Sellers must fill out the Tennessee Residential Property Condition Disclosure (RF201) form so it can be presented to buyers before they submit an offer. The law states it must be submitted “prior to the acceptance of a real estate purchase contract” Tenn. Code Ann. §66-5-203. The disclosure must include any defects known to the owner (see Tenn. Code Ann. §66-5-202). It is in the seller’s best interests to disclose any adverse facts about the property – better to have it all out in the open beforehand and reduce their liability.
- Buyers should review and sign the Disclosure (RF201) form before making an offer – otherwise they cannot make an informed decision!
- The Tennessee Residential Property Condition Disclosure Disclaimer Statement (RF204) is ONLY used when a buyer has waived their right to the disclosure – this is true regardless of whether the property is being offered “as is.”
- Sellers offering a property “as is” are still legally required to complete the Disclosure form in the event that the Buyers will not accept the Disclaimer form (RF204). The Disclaimer form (RF204) should NOT be used unless the buyers have already agreed to waive their right to the disclosure. Also, in this case, note that buyers are only waiving their right to the disclosure – they are NOT waiving their right to perform any inspections.
- The Tennessee Residential Property Condition Exemption Notification form (RF203) is used by licensees to create a “paper trail” of compliance ONLY when the property and/or transaction is exempt (under Tennessee law) from the required disclosures. Discuss exemptions.
- Disclosure issues and the related forms must be used BEFORE an offer is submitted. Buyers in Tennessee have a right to the information included in the property disclosure

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

- In practice, if the question is “Should I disclose this?” the answer is almost always “YES.”
- Please keep in mind that the SELLER should be completing these forms, not the agent. If the Seller has questions about what they should disclose, they should speak with their own attorney. This information is legal advice. To tell a Seller what does not have to be disclosed can bring liability to an agent if the Seller relies upon that advice and is then sued by a Buyer.
- NOTE: TCA 66-5-212 Disclosure of known....sinkhole. This law was updated as of July 1, 2015 that all sellers of residential property must disclose any known sinkholes.

Workshop: Proper Disclosures

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

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

Lesson 5: Preprinted Items

Learning Objective

Upon completion of this lesson, students will be able to recognize and advise consumers correctly as to the preprinted items in the TAR Purchase and Sale Agreement (RF401). Use TAR Inform Tool which is located at www.tarnet.com under Member Services as tool for clarification on all items concerning the TAR Purchase and Sale Agreement (RF401) and related forms. The Inform Tool is approved by TAR Legal Counsel.

Talking Points: Preprinted Items

- The biggest lesson you can learn related to filling out contracts is one you learned a long time ago – color inside the lines! Your goal is to fill in the existing picture, NOT draw a new one!
- The preprinted portions of the TAR Purchase and Sale Agreement (RF401) create obligations for the parties. To correctly explain them to clients and customers, you must understand them yourself! ALL preprinted items should be thoroughly explained to buyers and sellers, especially when the item requires action on their part.
- Do NOT strike through ANY portion of preprinted language. You should address any changes in the Special Stipulations section or another appropriate TAR form (i.e. the RF651 Counter Offer).
- Some fixtures are preprinted as included in the sale. If your seller does not wish to include them, you must note this specifically in writing – never assume anything. Please note that items included in the Listing Agreement or MLS/MLS info sheet are NOT part of the binding agreement between the parties.
- Pay special attention to notices required in the preprinted language and be sure to use the appropriate Notice form, if applicable.
- ALL preprinted items should be thoroughly explained to buyers and sellers, especially when the item requires action on their part.

Skill Practice: Completing the Offer

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

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

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

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

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

Skill Practice: What's Our Agreement?

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

After looking for a month, Eric found the "perfect" home. Chad wrote the offer with a purchase price to be \$215,000, sale to include the washer, dryer, refrigerator. He also included a phrase on lines 84-85 of the Purchase and Sale Agreement that the "seller was to credit the buyer \$5000 towards closing costs, pre-pays, and non-allowables including the title policy." He submitted the offer to the seller's agent Jane, at Get with it Realty, with a time limit of the next day at 5:00 p.m.

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

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

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

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

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

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

Who carries the liability for the Seller's \$5,000 loss?

Students' Choice Exercise

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

Review Appendix A: TAR Forms Resource Guide]

Appendix A: TAR Forms Resource Guide

	Is Used...
RF 302– Confirmation of Agency Status	To confirm the required agency disclosures have been made – this is NOT the same as an agency agreement!
RF303– Notification of Change in Status or Agency Relationship	To confirm a change in agency status
RF 143 & RF144– Buyer Representation Agreement (Non Exclusive)	As a non-exclusive agency agreement for buyer agency
RF141 & RF142– Buyer Representation Agreement (Exclusive)	As an exclusive agency agreement for buyer agency
RF654– Repair/Replacement Proposal	When the sale is contingent on the buyer completing inspections during the inspections period this form is to be used as a worksheet to negotiate the repairs
RF655– Repair/Replacement Amendment	When the parties agree on repairs, those repairs are listed on this amendment.
RF657– Closing Date/Possession Amendment	To make a change to the closing date and/or possession date specified in the RF401
RF651– Counter Offer	To submit a counter offer – this form should ALWAYS be used instead of scratching out portions of the original offer!
RF401 – Purchase and Sale Agreement	As the standard offer to purchase for residential properties
RF304– Disclaimer Notice	By licensees to notify parties they are NOT experts on property condition/inspection issues
RF209– Lead-Based Paint Disclosure	To fulfill statutory requirements for lead-based paint disclosures
RF201– Tennessee Residential Property Condition Disclosure	By the seller to disclose material facts about a property
RF202– Sellers’ Property Update	To update the property condition disclosure
RF305– Personal Interest Disclosure and Consent	To verify disclosure and obtain written consent when the licensee has a present or

	contemplated personal interest in the property
RF706– Interpleader	When a broker must interplead an trust money dispute
RF161– Agreement to Show Property	To obtain a seller’s written consent to market and show their property
RF656– Notification	To adhere to requirements for notice for certain items within the RF401
RF658– Authorized to Make Repairs	When the buyer wants to obtain the seller’s consent to have access to the property prior to closing for the purpose of completing repairs
RF481– Trust Money Disbursement and Mutual Release	To establish how trust money will be dispersed
RF707– Special Stipulations Language	To provide examples of appropriate language to use in the special stipulations sections for common issues
RF623– Sellers’ Right to Continue to Market Property	Enables seller to give buyer XX hours to remove certain contingencies in the event an acceptable offer is received.
RF624– Sellers’ Notice to Buyer of Receipt of Acceptable Offer	Form to give notice of acceptable offer and removal (or non-removal) of contingencies.
RF711– Vendor List	When the licensee recommends vendors such as inspectors, lenders, etc.
RF660– Buyers Final Inspection	To properly document Buyer’s final inspection
RF203– Tennessee Residential Property Condition Exemption Notification	When a property or transaction is exempt from statutory disclosure requirements
RF204– Tennessee Residential Property Condition Disclaimer	When the buyer waives their right to receive the Property Condition Disclosure form
RF621– Blank Addendum	Blank, as stated.
RF625– FHA/VA Loan Addendum	When the buyer is getting a FHA or VA loan
RF714– Water Supply and Waste Disposal Notification	When a property is served by a well, septic or other water or waste system
RF708– Timeline Compliance Checklist for P&S Agreement	As a worksheet to keep up with timelines and deadlines within the RF401
RF208– Subsurface Sewage	To request information from governmental

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