



Property Sold With Right to Request Repairs

Many of us recall the old Georgia Association of Realtors ("GAR") Purchase and Sale Agreement where the Buyer only had a right to terminate if there were material defects with the property discovered and the Seller was unwilling or unable to remedy/repair those by the date of closing. This version of the contract led to heated debates and litigation as to what constituted a material defect with the property giving the buyer the right to terminate. To avoid this conflict, the GAR forms committee restructured the Purchase and Sale Agreement to include the current Due Diligence period which allows the Buyer to terminate for any reason at all or, in fact, no reason at all.

Now that we are living in more of a Seller's market with Multiple Offers on most homes, we've started to see the Right to Request Repairs Exhibit be used in lieu of the Due Diligence Period again. These are a few of the Pros and Cons we see with using the Right to Request Repairs Exhibit.

Pros

- Strong offer to the Seller where the Seller knows that short of any major issues with the property (or the Buyer terminating based on a Financing Contingency, Survey, etc.) they have a deal
- Agents know the Buyer is serious about the property and is not "kicking the tires"
- An alternative to using Option Money or an Escalation Clause in a Multiple Offer Situation

Cons

- Buyer can't terminate for no reason at all
- In order to terminate, Buyer must provide Seller a legitimate list of "defects" (as that term is defined in the Exhibit) to repair and Seller is unwilling or unable to address those
- Potential arguments over what is a sufficient repair and what is a "defect"
- Buyer must have home inspection quickly and work diligently to raise concerns
- Buyer's earnest money potentially held up if Buyer and Seller argue over the right to terminate over repairs requested and "defect"

Tips

- If used, remember to mark that this will be an Exhibit on the Exhibit List and type in the name of the Exhibit in the Purchase and Sale Agreement
- Strike through Section 9 on the first page of the Purchase and Sale Agreement and paragraph 9(d) in the body of the Purchase and Sale Agreement

PURCHASE AND SALE AGREEMENT

Offer Date: _____

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A. KEY TERMS AND CONDITIONS

1. Purchase and Sale. The undersigned buyer(s) ("Buyer") agree to buy and the undersigned seller(s) ("Seller") agree to sell the real property described below including all fixtures, improvements and landscaping therein ("Property") on the terms and conditions set forth in this Agreement.

a. Property Identification: Address: _____
City _____, County _____, Georgia, Zip Code _____
MLS Number: _____ Tax I.D. Number: _____

b. Legal Description: The legal description of the Property is [select one of the following below]:
 (1) attached as an exhibit hereto;
 (2) the same as described in Deed Book _____, Page _____ of the land records of the above county; **OR**
 (3) Land Lot(s) _____ of the _____ District, _____ Section/ GMD, Lot _____, Block _____, Unit _____, Phase/Section _____ of _____ Subdivision/Development, according to the plat recorded in Plat Book _____, Page _____, et. seq., of the land records of the above county.

2. Survey. A survey of Property is **OR** is not attached to this Agreement as an exhibit.

3. Purchase Price of Property to be Paid by Buyer.
\$ _____

4. Closing Costs and Prorations.
a. Seller's Contribution at Closing:
\$ _____

5. Closing and Possession.

a. Closing Date: _____

b. Seller Retains Possession of Property Through: _____

6. Holder of Earnest Money ("Holder"). _____

7. Closing Law Firm. _____

8. Earnest Money. Earnest Money shall be paid by check cash or wire transfer of immediately available funds as follows:

- a. \$ _____ as of the Offer Date.
- b. \$ _____ within _____ days from the Binding Agreement Date.
- c. _____

~~**9. Inspection and Due Diligence.**~~

~~**a. Due Diligence Period:** Property is being sold subject to a Due Diligence Period of _____ days from the Binding Agreement Date.
b. Option Payment for Due Diligence Period: In consideration of Seller granting Buyer the option to terminate this Agreement, Buyer: (1) has paid Seller \$40.00 in nonrefundable option money, the receipt and sufficiency of which is hereby acknowledged; plus (2) shall pay Seller additional option money of \$ _____ by check or wire transfer of immediately available funds either as of the Offer Date; **OR** within _____ days from the Binding Agreement Date. Any additional option money paid by Buyer to Seller shall become nonrefundable when the Agreement becomes binding and shall not be applied toward the purchase price at closing.~~

10. Lead-Based Paint. To the best of Seller's knowledge, the residential dwelling(s) on the Property (including any portion thereof or painted fixture therein) was **OR** was not built prior to 1978.

11. Brokerage Relationships in this Transaction.

a. Selling Broker is _____ **and is:**
(1) representing Buyer as a client.
(2) not representing Buyer (Buyer is a customer).
(3) acting as a dual agent representing Buyer and Seller.
(4) acting as a designated agent where:
_____ has been assigned to exclusively represent Buyer.

b. Listing Broker is _____ **and is:**
(1) representing Seller as a client.
(2) not representing Seller (Seller is a customer).
(3) acting as a dual agent representing Buyer and Seller.
(4) acting as a designated agent where:
_____ has been assigned to exclusively represent Seller.

c. Material Relationship Disclosure: Broker and/or their affiliated licensees disclose the following material relationships:

12. Time Limit of Offer. The Offer set forth herein expires at _____ o'clock _____ m. on the date _____.

Buyer(s) Initials _____ / _____ Seller(s) Initials _____ / _____

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7. Closing Law Firm. If Buyer is given the right to select a law firm from a mortgage lender's approved list of closing attorneys, Buyer agrees to select the law firm referenced in this Agreement. If the law firm named above is not on the mortgage lender's approved list, and cannot be added in time to close this transaction, Buyer may select another law firm from lender's approved list to close this transaction. The closing attorney shall represent the mortgage lender in any transaction in which the Buyer obtains mortgage financing (including transactions where the method of payment referenced herein is "all cash"). In transactions where the Buyer does not obtain mortgage financing, the closing attorney shall represent the Buyer. If the closing attorney declines such representation, the Buyer may select a different closing attorney.

8. Return and Disbursement of Earnest Money.

- a. **Entitlement to Earnest Money:** Subject to the paragraph below, Buyer shall be entitled to the earnest money upon the: (1) failure of the parties to enter into a binding agreement; (2) failure of any contingency or condition to which this Agreement is subject; (3) termination of this Agreement due to the default of Seller; or (4) termination of this Agreement in accordance with a specific right to terminate set forth in the Agreement. Otherwise, the earnest money shall be applied towards the purchase price of the Property at closing or if other funds are used to pay the purchase price then the earnest money shall be returned to Buyer.
- b. **Disbursement of Earnest Money:** Holder shall disburse the earnest money upon: (1) the closing of Property; (2) a subsequent written agreement of Buyer and Seller; (3) an order of a court or arbitrator having jurisdiction over any dispute involving the earnest money; or (4) the failure of the parties to enter into a binding agreement (where there is no dispute over the formation or enforceability of the Agreement). In addition, Holder may disburse the earnest money upon a reasonable interpretation of the Agreement, provided that Holder first gives all parties at least ten (10) days notice stating to whom and why the disbursement will be made. Any party may object to the proposed disbursement by giving written notice of the same to Holder within the ten (10) day notice period. Objections not timely made in writing shall be deemed waived. If Holder receives an objection and, after considering it, decides to disburse the earnest money as originally proposed, Holder may do so and send notice to the parties of Holder's action. If Holder decides to modify its proposed disbursement, Holder shall first send a new ten (10) day notice to the parties stating the rationale for the modification and to whom the disbursement will now be made. Holder shall offer to disburse the earnest money to Seller by check in the event Holder: (1) makes a reasonable interpretation of the Agreement that the Agreement has been terminated due to Buyer's default; and (2) sends the required ten (10) day notice of the proposed disbursement to Buyer and Seller. If the check is accepted and deposited by Seller, it shall constitute liquidated damages in full settlement of all claims of Seller against Buyer and the Brokers in this transaction. Such liquidated damages are a reasonable pre-estimate of Seller's actual damages, which damages are difficult to ascertain and are not a penalty. Nothing herein shall prevent the Seller from declining the tender of the earnest money by the Holder. In such event, Holder, after giving Buyer and Seller the required ten (10) day notice of the proposed disbursement, shall disburse the earnest money to Buyer.
- c. **Interpleader:** If an earnest money dispute cannot be resolved after a reasonable time, Holder may interplead the earnest money into a court of competent jurisdiction if Holder is unsure who is entitled to the earnest money. Holder shall be reimbursed for and may deduct its costs, expenses and reasonable attorney's fees from any funds interpleaded. The prevailing defendant in the interpleader lawsuit shall be entitled to collect its attorney's fees, court costs and the amount deducted by Holder to cover Holder's costs and expenses from the non-prevailing defendant.
- d. **Hold Harmless:** All parties hereby covenant and agree to: (1) Indemnify and hold Holder harmless from and against all claims, injuries, suits and damages arising out of the performance by Holder of its duties; (2) not to sue Holder for any decision of Holder to disburse earnest money in accordance with this Agreement.

9. Inspection and Due Diligence.

- a. **Right to Inspect Property:** Buyer and/or Buyer's representatives shall have the right to enter the Property at Buyer's expense and at reasonable times (including immediately prior to closing) to inspect, examine, test, appraise and survey Property. Seller shall cause all utilities, systems and equipment to be on so that Buyer may complete all inspections. Buyer agrees to hold Seller and all Brokers harmless from all claims, injuries and damages relating to the exercise of these rights.
- b. **Duty to Inspect Neighborhood:** In every neighborhood there are conditions which different buyers may find objectionable. Buyer shall have the sole duty to become familiar with neighborhood conditions that could affect the Property such as landfills, quarries, power lines, airports, cemeteries, prisons, stadiums, odor and noise producing activities, crime and school, land use, government and transportation maps and plans. It shall be Buyer's sole duty to become familiar with neighborhood conditions of concern to Buyer. **If Buyer is concerned about the possibility of a registered sex offender residing in a neighborhood in which Buyer is interested, Buyer should review the Georgia Violent Sex Offender Registry available on the Georgia Bureau of Investigation Website at www.gbi.georgia.gov.**
- c. **Warranties Transfer:** Seller agrees to transfer to Buyer, at closing, subject to Buyer's acceptance thereof (and at Buyer's expense, if there is any cost associated with said transfer), Seller's interest in any existing manufacturer's warranties, service contracts, termite treatment and/or repair guarantee and/or other similar warranties which, by their terms, may be transferable to Buyer.
- d. **Property Sold "As-Is" Unless this Agreement is Subject to Due Diligence Period:**
 - (1) **General:** Unless the Property is being sold subject to a Due Diligence Period referenced herein, the Property shall be sold "as-is" with all faults. The inclusion of a Due Diligence Period herein shall: (a) during its term make this Agreement an option contract in which Buyer may decide to proceed or not proceed with the purchase of the Property for any or no reason; and (b) be an acknowledgement by Seller that Buyer has paid separate valuable consideration of \$10 for the granting of the option.
 - (2) **Purpose of Due Diligence Period:** During the Due Diligence Period, Buyer shall determine whether or not to exercise Buyer's option to proceed or not proceed with the purchase of the Property. If Buyer has concerns with the Property, Buyer may during the Due Diligence Period seek to negotiate an amendment to this Agreement to address such concerns.

~~(3) Notice of Decision Not To Proceed: Buyer shall have elected to exercise Buyer's option to purchase the Property unless prior to the end of any Due Diligence Period, Buyer notifies Seller of Buyer's decision not to proceed by delivering to Seller a notice of termination of this Agreement. In the event Buyer does not terminate this Agreement prior to the end of the Due Diligence Period, then: (a) Buyer shall have accepted the Property "as-is" subject to the terms of this Agreement; and (b) Buyer shall no longer have any right to terminate this Agreement based upon the Due Diligence Period.~~

e. **Repairs:** All agreed upon repairs and replacements shall be performed in a good and workmanlike manner prior to closing.

10. **Lead-Based Paint.** If any portion of a residential dwelling on the Property was built prior to 1978, the Lead-Based Paint Exhibit is hereby attached as an exhibit to this Agreement. The term "residential dwelling" includes any painted fixture or material used therein that was built or manufactured prior to 1978.

11. **Agency and Brokerage.**

a. **Agency Disclosure:** In this Agreement, the term "Broker" shall mean a licensed Georgia real estate broker or brokerage firm and, where the context would indicate, the broker's affiliated licensees. No Broker in this transaction shall owe any duty to Buyer or Seller greater than what is set forth in their brokerage engagements and the Brokerage Relationships in Real Estate Transactions Act, O.C.G.A. § 10-6A-1 et. seq.;

(1) **No Agency Relationship:** Buyer and Seller acknowledge that, if they are not represented by Brokers in a client relationship, they are each solely responsible for protecting their own interests, and that Broker's role is limited to performing ministerial acts for that party.

(2) **Consent to Dual Agency:** If Broker is acting as dual agent in this transaction, Buyer and Seller consent to the same and acknowledge having been advised of the following:

i. **Dual Agency Disclosure:** *[Applicable only if Broker is acting as a dual agent in this transaction.]*

- (a) As a dual agent, Broker is representing two clients whose interests are or at times could be different or even adverse;
- (b) Broker will disclose all adverse material facts relevant to the transaction and actually known to the dual agent to all parties in the transaction except for information made confidential by request or instructions from each client which is not otherwise required to be disclosed by law;
- (c) Buyer and Seller do not have to consent to dual agency and the consent of Buyer and Seller to dual agency has been given voluntarily and the parties have read and understand their brokerage engagement agreements.
- (d) Notwithstanding any provision to the contrary contained herein Buyer and Seller each hereby direct Broker while acting as a dual agent to keep confidential and not reveal to the other party any information which could materially and adversely affect their negotiating position.

ii. **Designated Agency Disclosure:** If Broker in this transaction is acting as a designated agent, Buyer and Seller consent to the same and acknowledge that each designated agent shall exclusively represent the party to whom each has been assigned as a client and shall not represent in this transaction the client assigned to the other designated agent.

b. **Brokerage:** Seller has agreed to pay Listing Broker(s) a commission pursuant to a separate brokerage engagement agreement entered into between the parties and incorporated herein by reference ("Listing Agreement"). The Listing Broker has agreed to share that commission with the Selling Broker. The closing attorney is hereby authorized and directed to pay the Broker(s) at closing, their respective portions of the commissions out of the proceeds of the sale. If the sale proceeds are insufficient to pay the full commission, the party owing the commission shall pay any shortfall at closing. The acceptance by the Broker(s) of a partial real estate commission at the closing shall not relieve the party owing the same from paying the remainder after the closing (unless the Broker(s) have expressly and in writing agreed to accept the amount paid in full satisfaction of the Broker(s) claim to a commission).

c. **Disclaimer:** Buyer and Seller have not relied upon any advice or representations of Brokers other than what is included in this Agreement. Brokers shall have no duty to advise Buyer and Seller on any matter relating to the Property which could have been revealed through a survey, title search, Official Georgia Wood Infestation Report, inspection by a professional home inspector or construction expert, utility bill review, an appraisal, inspection by an environmental engineering inspector, consulting governmental officials or a review of this Agreement and transaction by an attorney, financial planner, mortgage consultant or tax planner. Buyer and Seller should seek independent expert advice regarding any matter of concern to them relative to the Property and this Agreement.

12. **Time Limit of Offer.** The Time Limit of the Offer shall be the date and time referenced herein when the Offer expires unless prior to that date and time both of the following have occurred: (a) the Offer has been accepted by the party to whom the Offer was made; and (b) notice of acceptance of the Offer has been delivered to the party who made the Offer.

C. OTHER TERMS AND CONDITIONS

1. **Notices.**

a. **Generally:** All notices given hereunder shall be in writing, legible and signed by the party giving the notice. In the event of a dispute regarding notice, the burden shall be on the party giving notice to prove delivery. The requirements of this notice paragraph shall apply even prior to this Agreement becoming binding. Notices shall only be delivered: (1) in person; (2) by courier, overnight delivery service or by certified or registered U.S. mail (hereinafter collectively "Delivery Service"); or (3) by e-mail or facsimile. The person delivering or sending the written notice signed by a party may be someone other than that party.

b. **Delivery of Notice:** A notice to a party shall be deemed to have been delivered and received upon the earliest of the following to occur: (1) the actual receipt of the written notice by a party; (2) in the case of delivery by a Delivery Service, when the written notice is delivered to an address of a party set forth herein (or subsequently provided by the party following the notice provisions herein), provided that a record of the delivery is created; (3) in the case of delivery electronically, on the date and time the written notice is electronically sent to an e-mail address or facsimile number of a party herein (or subsequently provided by the party following the notice provisions herein). Notice to a party shall not be effective unless the written notice is sent to an address, facsimile number or e-mail address of the party set forth herein (or subsequently provided by the party following the notice provisions herein).

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PROPERTY SOLD WITH RIGHT TO REQUEST REPAIRS EXHIBIT " _____ "

2015 Printing

This Exhibit is part of the Agreement with an Offer Date of _____ for the purchase and sale of that certain Property known as: _____, Georgia _____.

Property Sold with Right to Request Repairs

1. Buyer shall have the right to request that Seller repair and/or replace Defects, if any, in Property identified by Buyer's Inspector(s) in a written report(s). Within _____ days from Binding Agreement Date, Buyer shall provide Seller with: (a) a signed written amendment to this Agreement requesting Defects to be repaired and/or replaced; and (b) a copy of all reports of Inspectors describing those Defects. If Buyer does not timely present the written amendment and inspection report(s), Buyer shall be deemed to have accepted Property "as is."
2. If Buyer timely submits the written amendment and accompanying inspection reports, Buyer and Seller shall have _____ days from the Binding Agreement Date (hereinafter "Defect Resolution Period") to attempt to negotiate the Defects to be repaired and/or replaced, sign an amendment to the Agreement regarding the same and have it delivered to Buyer and Seller. If the requirements of the preceding sentence have not occurred before the end of the Defect Resolution Period, then within one day thereafter: (a) Buyer or Seller may accept in writing the other party's last written offer or counteroffer regarding the repair and/or replacement of Defects (regardless of whether the same has expired, or has previously been rejected, it being the express intent of the parties to override any common law to the contrary); or (b) Buyer may accept Property in "as-is" condition. A final agreement regarding the Defects to be repaired and/or replaced shall be formed by the first party to give such notice of acceptance to the other party. All parties shall then promptly execute an amendment to the Agreement reflecting the accepted offer or counteroffer. If neither party timely accepts the other party's last offer or counteroffer or Buyer does not elect to buy Property "as-is," this Agreement shall terminate.
3. Notwithstanding any other provision to the contrary, in the event the Inspector, in a written report provided to Seller, recommends any additional test, study, inspection or evaluation of any product, item or condition in Property, then the time period to inspect Property and the Defect Resolution Period may be extended once by Buyer, upon notice to Seller, delivered prior to the expiration of the original period to inspect Property, for up to seven (7) additional days. The date of closing shall also be extended for the same number of days but only if the original closing date would, as a result of the above time periods being extended, fall within the new Defect Resolution Period.
4. Nothing herein shall require Seller to replace a product or item (or portion thereof) in Property if it can be repaired such that at closing it is reasonably fit for the purpose(s) for which it was intended.
5. Definitions.
 - (a) **Inspector:** The term "Inspector" shall mean a person or company with specific, professional expertise in property inspections or in an item, building product or condition contained therein for which the Inspector is inspecting, examining, testing and/or surveying. With respect to inspections for termites and other wood destroying organisms the term "Inspector" shall mean a licensed Georgia pest control operator.
 - (b) **Defects:** The term "Defects" shall mean any infestation by termites, insects or other wood destroying organisms or any condition, building product or item in Property, or portion thereof identified by an Inspector in a written report, which: (1) is in a condition which represents a significant health risk (including lead-based paint and/or lead-based paint hazards) or an imminent risk of injury or damage to persons or property; (2) constitutes a violation of current laws, governmental codes or regulations except if it is "grandfathered" because it was initially installed or constructed prior to or in accordance with all applicable laws, codes or regulations; or (3) is not at the present time in good working order and repair (including damage caused by termites, infiltrating pests, and any other wood destroying organisms), excepting other normal wear and tear. All parties acknowledge that certain building products are or have been the subject of class action lawsuits and are generally considered by Inspectors to be defective ("Defective Product"). Notwithstanding the above, all parties agree that if the existence of a particular Defective Product has been disclosed by Seller to Buyer in the Seller's Property Disclosure Statement prior to Buyer contracting to purchase Property, then that Defective Product, or any portion thereof, as the case may be, shall not be considered to be a Defect if at the time of the inspection it is functioning in accordance with manufacturer's specifications and is reasonably fit for the purposes for which it was intended. However, if a particular building product is identified by the Inspector in a written report as generally being a Defective Product and the particular building product is not disclosed in the Seller's Property Disclosure Statement as set forth above, all parties agree that such a Defective Product shall be considered a Defect which Buyer can request Seller to repair and/or replace.

Buyer's Initials: _____ / _____

Seller's Initials: _____ / _____

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F129, Property Sold with the Right to Request Repairs Exhibit, 01/01/15