The following legal forms had significant revisions and updates for 2020:

- Purchase Agreement (Improved Property)
- Purchase Agreement (Unimproved Property)
- Listing Contract (Exclusive Right to Sell) Improved Property
- Listing Contract (Exclusive Right to Sell) Unimproved Property
- Listing Contract (Exclusive Right to Lease)
- Removal of Contingency Amendment
- Addendum to Purchase Agreement First Right Contingency
- Buyer’s Exclusive Agency Agreement
- Back-Up Offer Addendum
- Multiple Offer Addendum
- FSBO/Builder Compensation Agreement

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PURCHASE AGREEMENT Improved Property (Form #02):
Move line 229 to line 188

1. ☐ BUYER WAIVES THE RIGHT TO HAVE INDEPENDENT INSPECTIONS
   (All language currently here to remain.)
2. ☐ BUYER RESERVES THE RIGHT TO HAVE INDEPENDENT INSPECTIONS
   (All language currently here to remain.)
3. ☐ PROPERTY SOLD “AS-IS.” See Attached Addendum.

REASON: This is re-formatted so that all three choices regarding inspections are together making it easier to read.
TAXES: (Check appropriate paragraph number)
1. ☐ Buyer will assume and pay all taxes on the Property beginning with the taxes due and payable on _______________________ , __________ , and all taxes thereafter. At or before closing, seller shall pay all taxes for the Property payable before that date.
2. ☐ All taxes that have accrued for any prior calendar year that remain unpaid shall be paid by Seller either to the county Treasurer and/or the Buyer in the form of a credit at closing. All taxes that have accrued for the current calendar year shall be prorated on a calendar-year basis as of the day immediately prior to the closing date.
3. ☐ For Recent Construction or Other Tax Situations. Seller will give a tax credit of $ ____________ U.S. Dollars to Buyer at closing. This shall be a final settlement.

REASON: So that all three choices regarding taxes are together making it easier to read.
PURCHASE AGREEMENT Improved Property (Form #02): Line 13

Delete “gas grills”

REASON: To reduce confusion. If the gas grill is “built-in” it is a permanent fixture and stays with the property. If it is a free-standing grill with propane tanks then it is not a permanent fixture and would not stay with the property unless negotiated separately.
PURCHASE AGREEMENT Improved Property (Form #02):
Line 16

Add text after “AND THE FOLLOWING:” (If applicable, any smart home devices should be addressed in this paragraph.)

REASON: To help remind Broker and Buyer to be aware of smart home features that may be present in the home (i.e. doorbell, thermostat, etc.) and to make sure they are addressed in the Purchase Agreement if Buyer wants them to stay with the Property. See a video from NAR at the end of this power point for further information regarding smart home devices.

* Language in red is new language.
PURCHASE AGREEMENT Improved Property (Form #02): Line 84

Buyer authorizes directs lender to order appraisal immediately.

REASON: Stronger wording to emphasize that Buyer should not delay the ordering of an appraisal.

*Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Line 84

* Language in red is new language. Strikeout indicates language removed.
PURCHASE AGREEMENT Improved Property (Form #02): Line 124-125

Bold sentence: “Seller shall remove all debris and personal property not included in the sale.”

REASON: To emphasize that Seller should not leave anything not included in the sale (i.e. cans of old paint, tires, trash heaps, etc.)

*Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Line 109
The survey shall (1) be received prior to closing and certified as of a current date, (2) be reasonably satisfactory to Buyer, (3) show the location of all improvements and easements, and (4) show the flood zone designation of the Property.

REASON: Generally surveys no longer include flood zone information and flood zone certifications are done apart from the survey.

*Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Line 122

*Strikeout indicates language removed.
Flood Area and Building Use Limitations are being separated into two different sections which will read as follows:

J. **FLOOD AREA**: If the property is located in a flood plain, Buyer may be required to carry flood insurance at Buyer’s expense. Revised flood maps and changes to Federal law may substantially increase future flood insurance premiums or require insurance for formerly exempt properties. Buyer should consult with one or more flood insurance agents regarding the need for flood insurance and possible premium increases. Buyer □ may □ may not terminate this Agreement if the Property requires flood insurance.

K. **BUILDING USE LIMITATIONS**: Buyer □ may □ may not terminate this Agreement if the Property is subject to building or use limitations by reason of the location, which
PURCHASE AGREEMENT Improved Property (Form #02): Line 143

materially interfere with Buyer’s intended use of the Property. **Buyer shall have _____ after acceptance of this Agreement to satisfy this contingency.**

**REASON:** Helps differentiate between the two different situations AND adds a time frame by which Buyer must satisfy any building use limitation.

*Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Line 127

*Language in red is new language.*
PURCHASE AGREEMENT Improved Property (Form #02): Lines 188-189

Bold “all areas of the Property.”

REASON: To emphasize that all areas of the Property must be available for inspection (i.e. boxes should not be stacked in front of crawl access, cars should not be parked under attic pull downs, etc.)

*Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Lines 150-151
The following sentence to be bolded and moved to Lines 424 and 442 – just above the signature lines for the Buyers and the Sellers:

By signature below, the parties verify that they understand and approve this Purchase Agreement and acknowledge receipt of signed copy.

REASON: Risk reduction tool for Broker. For parties to take ownership of any mistakes with the selections in the Purchase Agreement. Being placed just above signature lines makes it more visible.

*Note: Same change was made to Listing Contract Unimproved Property (Form #50), Line 360
LISTING CONTRACT Exclusive Right to Sell Improved Property (Form #01): Line 13

Price will be written out after numerical amount is entered like on Purchase Agreement.

REASON: In case numbers are not legible.

*Note: Same change was made to Listing Contract Unimproved Property (Form #50), Line 14
And Listing Contract Right to Lease (Form #35), Line 32
LISTING CONTRACT Exclusive Right to Sell
Improved Property (Form #01): Line 35

Seller shall remove all debris and personal property not included in the sale. Any existing improvements and fixtures permanently installed and affixed which Seller does not want included in the sale shall be removed by Seller prior to the effective date of this listing and replaced with an appropriate substitute, if applicable.

REASON: To emphasize that if there are fixtures seller does not want included in the sale of the Property, those items should be removed and replaced with something else BEFORE the Property is marketed (i.e. light fixtures, smart devices, etc.)

*Note: Same change was made to Listing Contract Unimproved Property (Form #50), Line 171

• Language in red is new language.

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ADDENDUM TO PURCHASE AGREEMENT FIRST RIGHT CONTINGENCY (Form #24): Line 22 and 31

With the exception of the Earnest Money, before “all remaining time conditions.”

REASON: To clarify that earnest money is to be submitted in accordance with the Purchase Agreement and does not wait until the contingency is removed.

Language in red is new language.
REMOVAL OF CONTINGENCY (Form #25): Line 10

- have accepted a Purchase Agreement on our home and therefore are removing the First Right Contingency on this Purchase Agreement;
- have NOT accepted a Purchase Agreement on our home but are removing the First Right Contingency on this Purchase Agreement;
- Other: are removing the contingency on this Purchase Agreement concerning ________________________________.

REASON: To simplify the form by providing the removal of contingency reasons.

- Language in red is new language.
With the exception of the Earnest Money, all remaining time conditions in the Purchase Agreement and First Right Contingency Addendum shall begin to run upon the removal of the contingency.

REASON: To serve as a reminder that the deadlines in the Purchase Agreement will take effect when the contingency is removed.
F. RECORDINGS AT THE PROPERTY. Buyer should be aware that an owner may utilize audio and/or video devices to monitor their property. Buyer should not discuss negotiation strategies or other confidential information within a property. Buyer hereby releases Broker, Broker Company and its agents from any liability which may result from any recordings occurring within a property.

REASON: Warns buyer and protects broker.
Upon acceptance, the earnest money shall be delivered and deposited in accordance with the Purchase Agreement.

REASON: To clarify that earnest money is to be submitted according to the terms of the Purchase Agreement even though it is a Back Up Offer.
4) Any outstanding Counter Offer by seller is hereby withdrawn.

REASON: In the event seller had previously presented buyer with a Counter Offer to which buyer had not yet responded, this language clarifies that seller is withdrawing such counter offer.
FSBO/BUILDER COMPENSATION AGREEMENT (Form #32):
Line 17

Unless indicated otherwise in the Purchase Agreement, the undersigned broker shall act as Escrow Agent for Earnest Money.

REASON: To establish between broker and seller that broker will hold the earnest money unless agreed otherwise in the Purchase Agreement.

• Language in red is new language.
The following NEW forms were added for 2020:

• Final Walk-Through Form

REASON: To serve as a risk management tool for Brokers to show that a walk-through was offered to the buyer and they either did walk through the property or chose against it.

• Sight Unseen Acknowledgement (Sale)

REASON: To serve as a risk management tool for Brokers in situations where a buyer purchases a property without having seen it in person.
Legal Tips for Smart Home Devices:
(Video referenced on slide #6)

https://www.nar.realtor/videos/legal-tips-for-smart-home-devices
Special thanks must be extended to the IAR Forms Committee. This volunteer group provides many hours of time each year to provide the most current updates to these forms.

Questions on these changes may be directed to the IAR Legal Hotline:
1.800.444.5472 (toll free)

The IAR Legal Hotline is available to Managing Broker members and their designated agents, statewide, Monday-Friday 9:00am to 5:00pm.