

*IAR Legal
Affairs presents:*

2022

**RESIDENTIAL
FORMS CHANGES**



INDIANA
ASSOCIATION
OF REALTORS®

2022

RESIDENTIAL FORMS CHANGES



The following Residential legal forms had significant revisions and updates for 2022:

- Purchase Agreement (Improved Property)
- Purchase Agreement (Unimproved Property)
- Listing Contract (Exclusive Right to Sell) Improved Property
- Listing Contract (Exclusive Right to Sell) Unimproved Property
- As Is Addendum to Purchase Agreement
- Buyer's Exclusive Agency Agreement
- Buyer's Inspection Response
- Seller's Inspection Response
- Pre-Closing Possession Agreement
- Addendum to PA Licensee Disclosure of Interest
- Acknowledgement of Presented Offer

2022

RESIDENTIAL FORMS CHANGES



The following NEW Residential legal form was added for 2022:

- **Notice of Termination**

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RESIDENTIAL FORMS CHANGES



PURCHASE AGREEMENT Improved Property (Form #02):

Line 19: **Add** “(include leased items)” after “FOLLOWING”

REASON: To prompt parties to include items known to be leased in the Excluded from sale section.

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RESIDENTIAL FORMS CHANGES



PURCHASE AGREEMENT Improved Property (Form #02):

Lines 21-22 **move to Line 135 and make new paragraph 5**

REASON: Puts the topic of home heating fuel in a more appropriate position on the form.

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RESIDENTIAL FORMS CHANGES



PURCHASE AGREEMENT Improved Property (Form #02):

Line 39: **Delete** “Unless indicated otherwise in this Agreement, the listing broker shall act as” and **Add** “Escrow Agent to be: Listing Broker Selling Broker Other _____.”

Final result: Escrow Agent to be: Listing Broker Selling Broker Other _____.

REASON: Parties can easily select who will be the Escrow Agent.

*Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Line 24

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PURCHASE AGREEMENT Improved Property (Form #02):
Lines 42-43: **Delete** “for any reason” **Replace** “in the contracted amount” with “as agreed to above” **Add** “Buyer agrees” before “Seller may terminate” **Replace** “upon notice” with “by serving a Notice of Termination”

Final result: If Buyer fails to timely submit Earnest Money to Escrow Agent as agreed to above, Buyer agrees Seller may terminate this Agreement by serving a Notice of Termination to Buyer prior to Escrow Agent’s receipt of the Earnest Money.

REASON: Allows Seller to terminate if Earnest Money is not received timely.

*Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Line 28-29

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PURCHASE AGREEMENT Improved Property (Form #02):

Lines 55-61 **move to line 430**

REASON: Places Legal Remedies/Default section in more appropriate place on the contract and makes it more prevalent being just before signatures.

***Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Lines 41-47 move to line 374**

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PURCHASE AGREEMENT Improved Property (Form #02):

Line 88: Add “. . . , which shall include a completed appraisal, if required by lender, . . .” after “loan approval”

REASON: Clarifies that a completed appraisal is required as part of loan approval.

***Note: Same change was made to Purchase Agreement Unimproved Property (Form #34), Line 76**

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PURCHASE AGREEMENT Improved Property (Form #02):

Line 198: **Add** after “Period”: “(Does not apply with As Is Addendum)”

REASON: Clarifies that Inspection Response section does not apply when an As Is Addendum is used.

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RESIDENTIAL FORMS CHANGES



LISTING CONTRACT Exclusive Right to Sell Improved Property (Form #01):

Line 30: Delete “and all improvements and fixtures permanently installed and affixed thereto, except” after “includes the Property” and before (If applicable...).

Add “together with any existing permanent improvements and fixtures attached (unless leased or excluded), including, but not limited to, electrical and/or gas fixtures, heating and central air-conditioning equipment and all attachments thereto, built-in kitchen equipment, sump pumps, water softener, water purifier, fireplace inserts, gas logs and grates, central vacuum equipment, window shades/blinds, curtain

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LISTING CONTRACT Exclusive Right to Sell Improved Property (Form #01):

Line 30: “rods, drapery poles and fixtures, ceiling fans and light fixtures, towel racks and bars, storm doors, windows, awnings, TV antennas, wall mounts, satellite dishes, storage barns, all landscaping, mailbox, garage door opener(s) with control(s) AND THE FOLLOWING:

REASON: To familiarize Seller with same wording from Purchase Agreement.

*Note: Same change was made to Listing Contract Unimproved Property (Form #50), Line 31

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LISTING CONTRACT Exclusive Right to Sell Improved Property (Form #01):

Line 33: Add “EXCLUDES THE FOLLOWING (include leased items)” and two blank lines

REASON: For Seller to specify items not included in the sale and notifies listing broker of the same. Similar wording to the Purchase Agreement.

*Note: Same change was made to Listing Contract Unimproved Property (Form #50), Line 34

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LISTING CONTRACT Exclusive Right to Sell Improved Property (Form #01):

Line 221: Add “Due to Fair Housing risks, Broker will not prepare, review, or submit personal information letters, including photographs, from buyer to seller.”

REASON: Provides protection to Brokers by avoiding any exposure to Fair Housing violation allegations.

*Note: Same change was made to Listing Contract Unimproved Property (Form #50), Line 208

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AS IS ADDENDUM TO PURCHASE AGREEMENT (Form #53):

Line 20: Add “reserves the right to have and” after “Buyer”

REASON: To clarify that Buyer may have an inspection of the property.

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RESIDENTIAL FORMS CHANGES



AS IS ADDENDUM TO PURCHASE AGREEMENT (Form #53):

Line 28: Add new paragraph 4. “DEFECT DEFINED: Under Indiana law, “Defect” means a condition that would have a significant adverse effect on the value of the property, that would significantly impair the health or safety of future occupants of the property, or that if not repaired, removed, or replaced, would significantly shorten or adversely affect the expected normal life of the premises.”

REASON: Ensures that the definition of defect is included and applies to the As Is Addendum.

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AS IS ADDENDUM TO PURCHASE AGREEMENT (Form #53):

Add new paragraph 5. An Inspection Response by Buyer requesting credits or repairs in violation of this “As Is” Addendum shall allow Seller to terminate the Purchase Agreement by serving a Notice of Termination to Buyer and Earnest Money shall be promptly returned to Buyer.”

REASON: Clarifies that Buyer is not entitled to submit an Inspection Response under the terms of an As Is Addendum and further establishes that, if Buyer does make such a request, Seller may terminate.

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RESIDENTIAL FORMS CHANGES



AS IS ADDENDUM TO PURCHASE AGREEMENT (Form #53):

Line 29: **Delete** “latent”

REASON: Seller is to disclose all defects which are known to Seller, not just those which are latent.

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RESIDENTIAL FORMS CHANGES



BUYER'S EXCLUSIVE AGENCY CONTRACT (Form #15):

Line 69: Add G. FAIR HOUSING. “Due to Fair Housing risks, Broker will not prepare, review, or submit personal information letters, including photographs, from buyer to seller.”

REASON: Provides protection to Brokers by avoiding any exposure to Fair Housing violation allegations.

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BUYER'S EXCLUSIVE AGENCY CONTRACT (Form #15):

Line 73: Add H. CONFIDENTIALITY. “Buyer has been advised of the possibility that sellers or sellers’ representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties.”

REASON: Provides protection to Brokers by notifying Buyer that the Code of Ethics does not require Sellers or listing brokers to keep terms of offers confidential.

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BUYERS INSPECTION RESPONSE (Form #05):

Line 19: **Move** line19 to line 32

REASON: Puts the language in a more appropriate location on the form.

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BUYERS INSPECTION RESPONSE (Form #05):

Line 50: Add “ Seller rejects Buyer’s Response above. See attached Mutual Release from Purchase Agreement.”

REASON: Provides additional option for Seller to reject Buyer’s Inspection Response and submit a Mutual Release. This option should not be used by Seller in response to Buyer’s initial Inspection Response because the Purchase Agreement establishes that Buyer gets to choose to continue toward closing or terminate the contract once receiving Seller’s Inspection Reply.

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SELLERS INSPECTION RESPONSE (Form #06):

Line 15: **Move** line 15 to Line 23

REASON: Puts the language in a more appropriate location on the form.

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RESIDENTIAL FORMS CHANGES



SELLERS INSPECTION RESPONSE (Form #06):

Line 39: Add “ Buyer rejects Seller’s Response above. See attached Mutual Release from Purchase Agreement.”

REASON: Provides additional option for Buyer to reject Seller’s Inspection Response and submit a Mutual Release.

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PRE-CLOSING POSSESSION AGREEMENT (Form #21):

Line 10: Add “Unless otherwise agreed in Purchase agreement and/or Inspection Response(s),” at beginning of sentence before “Buyer agrees...”

REASON: To ensure that Seller must still perform any repairs previously agreed to in either the Purchase Agreement or an Inspection Response.

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RESIDENTIAL FORMS CHANGES



PRE-CLOSING POSSESSION AGREEMENT (Form #21):

Line 30: **Change** Listing Broker to Escrow Agent

REASON: The parties may have selected in the Purchase Agreement someone other than the listing broker to be the Escrow Agent.

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ADDENDUM TO PURCHASE AGREEMENT LICENSEE DISCLOSURE OF INTEREST (Form #44):

Title: **Change** title to “Disclosure of Interest Addendum”

Lines 5, 7, 17 **Change** “licensee” to “Broker”

Lines 8 & 9 **Change** “he” to “the Broker”

REASON: To discontinue the use of “licensee” and make form gender neutral.

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ADDENDUM TO PURCHASE AGREEMENT LICENSEE DISCLOSURE OF INTEREST (Form #44):

Lines 19-21 **Change** to read:

Has a financial interest in the property being sold being purchased.

Has a familial relationship with the Seller prospective Buyer.

REASON: Allows for one form to be used to disclose Broker interest in any required situation.

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RESIDENTIAL FORMS CHANGES



ACKNOWLEDGEMENT OF PRESENTED OFFER (Form #58):

Title: **Add** “/COUNTER OFFER” at end of title

Line 13 Add: offer counter offer

Line 13 Add: Seller(s) Buyer(s)

Line 18 Add: Buyer(s) after Seller(s)

Signatures: **Add** signature block for Buyer’s Broker

REASON: Code of Ethics Standard of Practice 1-8 is being changed to include the ethical obligation of buyer/tenant brokers to confirm submission of counter offers, effective January 1, 2022.

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The following NEW form was added for 2022:

- **Notice of Termination**

REASON: To be used by the Seller in the following situations:

1. Failure of Buyer to timely deliver Earnest Money;
2. Buyer submitted Inspection Response while under an AS IS Addendum;
3. To terminate a Back Up Addendum once Seller closes on primary Purchase Agreement.

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RESIDENTIAL FORMS CHANGES



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.