



TENNESSEE REALTORS® 2022 Contract Forms

1

TREC Rules for Virtual Class

- Login/check-in for class begins 20 minutes before the stated class start time and ends once the class begins. Students must be logged in and their identification verified by the proctor BEFORE the stated class start time.
- Students must be visible on camera AT ALL TIMES to receive CE credit.
- Students may not take phone calls during class to receive CE credit. Instructors will provide time for breaks and lunch (if applicable). During designated break/lunch time, attendees may take care of personal calls, emails, etc. NOTE: Attendees should NOT log out at any time during the class.
- Students may not participate in computer-based work while attending class to receive CE credit.

2

- Students may not "Step away" from the camera for any reason to receive CE credit. If an emergency arises, please use the "chat" feature to privately notify the proctor of your situation.
- Students are also responsible for the performance of their own technology including audio volume, video clarity and reliable internet connection.
- Video, audio and internet access are all needed to access are all needed to successfully "attend" class.
- Providers must maintain a recording of electronically streamed course.
- Your camera must remain stable and UNMOVED during the course broadcast. Excessive camera movement is distracting and may result in a student's removal from the class at the instructor's discretion.
- No sharing a room with other students unless permission has been granted in writing from the provider.

3



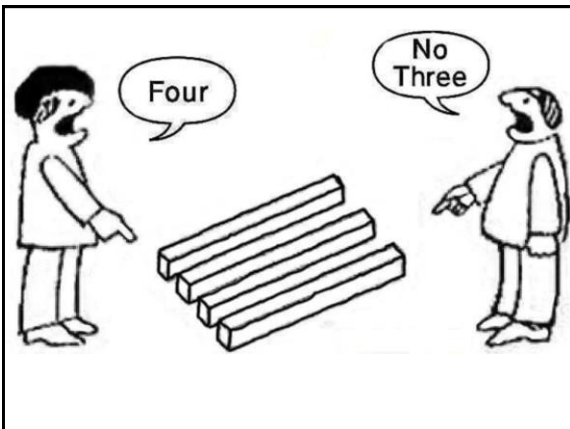
The ideas, suggestions and comments made in this class are the opinion of the instructor.

You MUST follow the direction of your Broker concerning which forms you use and the way they want you to use those forms.

4



5



6

**TENNESSEE RESIDENTIAL PROPERTY CONDITION
EXEMPTION NOTIFICATION**

The undersigned Seller of the property described as 3440 Hedley Dr. NE (cond) 3928 Bridge Dr. does hereby certify that said property is being offered to be sold in accordance with the Tennessee Residential Property Condition Exemption Notice provided by the Tennessee Residential Property Condition Act. This transfer is excluded under T.C.A. 1-6-5-209 for the following reasons:

Oldie but Goodie

- ☐ This is a transfer pursuant to a will or intestate, but not limited to, transfer subject to a court in the administration of an estate, transfer pursuant to a will of execution, transfer by intestate succession, transfer by executor or administrator, for any reason, and transfer resulting from a court of specific performance.
- ☐ This is a transfer in a building of a dual of trust by a trustee or successor in interest who is in default; transfer results under a dual of trust pursuant to a foreclosure sale, or transfer by a beneficiary under a dual of trust who has not the right property or a sole beneficial interest in a foreclosure sale under a dual of trust or the subject of the real property, and is not a foreclosure.
- ☐ This is a transfer by a beneficiary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust.
- ☐ This is a transfer from one (1) or more co-owners to one (1) or more co-owners. This provision is intended to include and shall apply to transfers of real property by the estate, a joint tenancy or a tenancy in common and the transfer will be made from one (1) or more of the owners to another owner or co-owners holding property other than jointly, tenancy in common or tenancy by the entirety.
- ☐ This is a transfer made by virtue of the record owner's failure to pay federal, state or local taxes.
- ☐ This is a transfer between spouses resulting from a divorce or divorce as a property settlement stipulation.
- ☐ This is a transfer made solely by one co-ownership of a spouse or a person in person in the last will of co-ownership (1) or more of the transferee.
- ☐ This is a transfer to the state or any governmental entity or quasi-public housing authority or agency.
- ☐ This is a transfer involving the first sale of a dwelling provided that the transferor offers a written warranty.
- ☐ This is a transfer of any property sold at public auction.
- ☐ This is a transfer of any property where the entire fee interest on the property or any time within three (3) years prior to the date of transfer.
- ☐ This is a transfer of any transfer from a debtor in a Chapter 7 or a Chapter 13 bankruptcy to a creditor or third party by a trustee in bankruptcy or to a liquidator.

Buyer is advised that an examination of the records, express or implied, as to the condition of the property and its improvement are being offered by Seller or Seller's Agent except in the case where transfer involves the first sale of a dwelling in which he offers a written warranty. Furthermore, the Buyer should make or have made on the Buyer's behalf a thorough and diligent inspection of the property.

Signer this day of _____ at _____, Tennessee, and a copy hereof recorded.

BUYER _____ **SELLER** _____
 Signed this day of _____, 2007, at _____, Tennessee, and a copy hereof recorded.

SELLER _____
 (NOTE: This form is provided by TREC as a courtesy for other use in real estate transactions and is not to be used in the event of a dispute arising from the use of this form. It is not a warranty and does not constitute an offer of insurance or any other financial product. The Buyer should make or have made on the Buyer's behalf a thorough and diligent inspection of the property. This is a written warranty.)

Copyright © 2006 by Tennessee Association of REALTORS®
Real Estate Residential Property Condition Exemption Notification
 (Please Print Name and Address of the Seller or Seller's Agent)

7

Please Refer to Attached for Repair/Replacement Proposal Items. (3 pages).

C. Special Assessments. Special assessments approved or levied prior to the Closing Date shall be paid by the Seller at or prior to Closing unless otherwise agreed as follows:

Seller to pay 3% of buyers closing costs and prepaids

8



9

496 04/21/2021 at 1:25 PM o'clock ☐ am ☒ pm at o'clock ☐ am ☐ pm
 497 Offer Date Offer Date

290
 291 D. Buyer's Inspection and Resolution. Within 12 days after the Binding Agreement Date ("Inspection Period"),
 292 Buyer shall cause to be conducted any inspection provided for herein, including but not limited to the Wood
 293 Destroying Insect Infestation Inspection Report AND shall provide written notice of such to Seller as described below.
 294 *In the event Buyer fails to timely make such inspection and respond within said timeframe as described herein,
 295 the Buyer shall have forfeited any rights provided under this Section 7, and in such case shall accept the Property
 296 in its current condition, normal wear and tear excepted.*

296 In said notice Buyer shall either:
 297 (1) In consideration of Buyer having conducted Buyer's good faith inspections as provided for herein, the
 298 sufficiency of such consideration being hereby acknowledged, Buyer shall furnish Seller with a list of written
 299 specified objections and immediately terminate this Agreement via the Notification form or equivalent
 300 written notice. All Earnest Money/Trust Money shall be returned to Buyer upon termination.
 301 OR
 302 (2) accept the Property in its present "AS IS" condition with any and all faults and no warranties expressed or
 303 implied via the Notification form or equivalent written notice. Seller has no obligation to make repairs.
 304 OR
 305 (3) furnish Seller a written list of items which Buyer requires to be repaired and/or replaced with like quality or
 306 value in a professional and workmanlike manner via the Repair/Replacement Proposal or equivalent written
 307 notice. Seller shall have the right to request any supporting documentation that substantiates any item listed.
 308 a. Resolution Period. Seller and Buyer shall then have a period of 5 days following receipt of
 309 the above stated written list ("Resolution Period") to reach a mutual agreement as to the items to be
 310 repaired or replaced with like quality or value by Seller, which shall be evidenced by the Repair/
 311 Replacement Amendment or written equivalent(s). The receipt by Seller of the above stated written
 312 list or Repair/Replacement Proposal marks the end of the Inspection Period and beginning of the
 313 Resolution Period. *The parties agree to negotiate repairs in good faith during the Resolution*
 314 *Period.* In the event Seller and Buyer do not reach a mutual written resolution during such
 315 Resolution Period or a mutually agreeable written extension thereof as evidenced in an Amendment
 316 to this Agreement signed by both parties within said period of time, this Agreement is hereby
 317 terminated. If terminated, Buyer is entitled to a refund of the Earnest Money/Trust Money.

184 4. Closing, Prorations, Special Assessments and Warranties Transfer.
 185 A. Closing Date. This transaction shall be closed ("Closed") (evidenced by delivery of warranty deed and payment of
 186 Purchase Price, the "Closing"), and this Agreement shall expire, at 11:59 p.m. local time on the 7 day of
 187 May, 2021 ("Closing Date"), or on such earlier date as may be agreed to by the
 188 parties in writing. Such expiration does not extinguish a party's right to pursue remedies in the event of default. Any
 189 extension of this date must be agreed to by the parties in writing via the Closing Date/Possession Date Amendment or
 190 equivalent written agreement.

10



11

Offer

An offer is a statement that specifies the position of the maker of the offer (who is called the offeror).

Purchase and Sale Agreement

12

Consideration



The law requires that an exchange of consideration occurs before a contract is enforceable.

Consideration is often described as anything that incurs a legal detriment or the foregoing of a legal benefit. In simple terms, each party to a contract must give up something.

13

Parties With Capacity



To have a valid contract, all parties involved must have contractual capacity. The law insists that all parties have the mental capability to know what the contract represents and to understand its terms.

14

A Lawful Purpose



A valid contract must have as its ultimate purpose some legal act or function.

EXAMPLE: Suppose a sales contract specifies the buyer's intent to utilize the property in violation of current zoning provisions. This clause may give the buyer an "out" that the seller may not recognize.

15

An Acceptance



Must mirror the precise terms and conditions as stated in the offer.
If they differ in any way – becomes a counter offer.

16

5 Elements of a Contract

- Offer
- Consideration
- Parties with Capacity
- Legal Purpose
- Acceptance



17

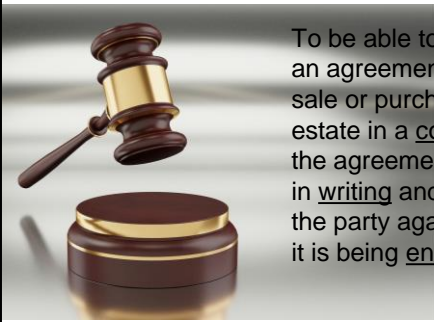
Statute of Frauds

A law
designed to
prevent
fraudulent
practices
involving
contracts.



18

In Writing



To be able to enforce an agreement for the sale or purchase of real estate in a court of law, the agreement must be in writing and signed by the party against whom it is being enforced.

19

Article 9



REALTORS®, for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing. (Amended 1/04)

20

TN Agency Law



62-13-401
62-13-403
62-13-404
62-13-405

62-13-401 - ...agency relationship shall not be assumed, implied or created without a written bilateral agreement...

62-13-403 #1 – Diligently exercise reasonable skill and care in providing services to all parties to the transaction.

62-13-404 #1 – Obey all lawful instructions of the client...

21

TN Agency Law

- Exercise reasonable skill and care...
 - Licensees are fined by TREC for failing to exercise reasonable skill and care....to the tune of over \$14750 by November in 2021!



22

- The biggest lesson you can learn related to filling out the TN REALTORS contract forms 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!

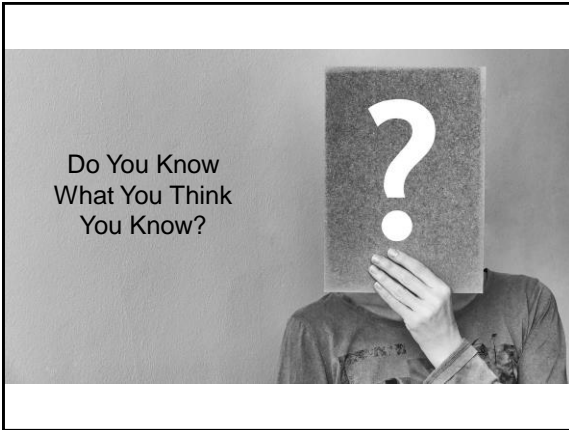
23

Exercise Reasonable Skill & Care

- Know how to explain:
 - Sections/Paragraphs
 - Sub-sections/paragraphs
- Language Used
 - “Time is of the essence”
 - “Default”
 - Definition of “days”
 - “Expenses”
 - “Obligations”
 - “Buyer Shall”



24



25

1. On the Purchase & Sale Agreement (PSA), what is the instrument number?

- a. The tax id number on file
- b. The plat number on file
- c. A number used by some counties to track property
- d. None of the above

Book/Page Or Document#
11603/978
2019040300043

Line 9

26

2. On the PSA, what is recommended to be input on the blank line after this statement, "and further described as"?

- a. Full legal description of property being sold
- b. Tax ID, Lot number (if applicable) and Subdivision (if applicable)
- c. Deed book and deed book page number
- d. None of the above

Line 10

27

Section 1

- Legal names
- Physical address of the property to include:
 - County, Deed Book/Page
 - Instrument #
- “and further described as”...
 - Tax ID, Lot#, Subdivision

Book/Page Or Document#
11603/978
2019040300043

28

3. The TN REALTOR bank of forms has a specific form to be utilized for a Condominium Sale that gives the complete legal description?
- a. True
- b. False



Line 10
RF501
RF709

29

CONDOMINIUM LEGAL DESCRIPTION EXHIBIT “ ”

1 Property Address: _____
2 Buyer: _____
3 Seller: _____
4 This Exhibit is part of the Purchase and Sale Agreement with an offer date of _____ for the purchase and
5 sale of real property located at: _____
6 **CONDOMINIUM LEGAL DESCRIPTION.**
7 All that tract or parcel of land lying and being in Land Lot _____ of the _____ District _____ Section,
8 _____ County, Tennessee, and being Unit Number _____ (“Subject Unit”) in Building Number
9 _____ as shown on that plat of survey dated, prepared by _____,
10 which plat is recorded in Condominium Plat Book _____ Page _____, _____ County
11 Register of Deeds Office. The Subject Unit being a part of that property shown on that plat of survey (Master Plot Plan for
12 _____), which plat is recorded in Condominium Plat Book _____ Page _____,
13 _____ County Register of Deeds Office, with the floor plan of the Subject Unit being shown
14 particularly on Sheet _____ of the Floor Plan for _____,
15 prepared by _____, Registered Architect, dated _____,
16 _____, with the Floor Plan being filed for record with below-described Declaration of Covenants, Conditions and
17 Restrictions for _____ (the “Declaration”), dated _____, recorded in Deed Book
18 _____ Page _____, _____ County Register of Deeds Office. The interest herein
19 conveyed includes without limiting the generality of the foregoing, an undivided _____% interest in the “common area”
20 of the “Property” of _____ as the same terms are defined and described in the
21 Declaration together with all lighting fixtures attached thereto, all electrical, mechanical, plumbing, air-conditioning, and other
22 systems or fixtures as are attached thereto and all plants, trees, and shrubbery now a part of the property.

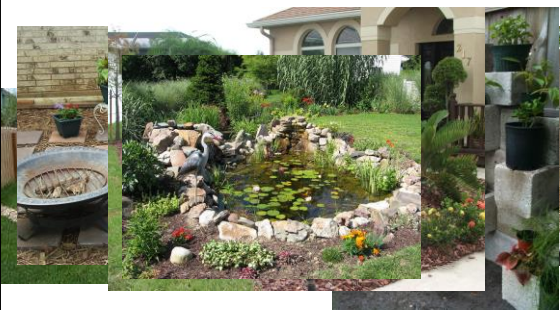
30

Court Determines By...

- M = Method of attachment
- A = Agreement between the parties
- R = Relationship of the parties
- I = Intention of the parties
- A = Adaptation of the article to the real property.

34

Landscaping



35

Improvements???

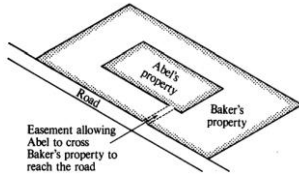
- Any structure added to or benefiting the land or enhancing value such as a house, fence, curbs, sidewalks, outbuildings, etc.



36

Appurtenance???

- An incidental right attached to a principal property right. Goes with the land.



37

Pre-Printed Fixture Items



- Some fixtures are **PRE-PRINTED** as included in the sale (if present). If the seller does not wish to include them, you specifically address these items – in writing. **NEVER** assume anything.
- Items included in the Listing Agreement or MLS Info Sheet are **NOT** part of the Binding Agreement between the parties.

38

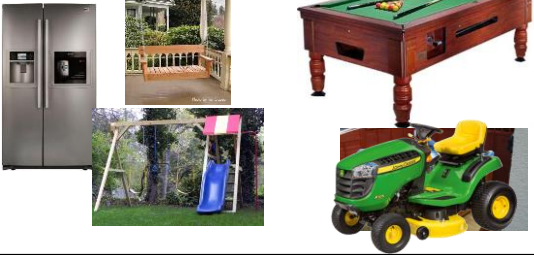
5. On the lines following the statement, "Other items that remain with the property at no additional cost to Buyer", it is appropriate to input
- a. As per MLS number 1234567
 - b. As per the TN Residential Property Condition Disclosure
 - c. Specific information including make, model, color, location of items and other pertinent information so as to be clear between the Buyer and the Seller
 - d. None of the above

Line 22-24

39

Personal Property

- ...movable property; belongings exclusive of land and buildings.



40

6. According to the PSA, fuel, if any, will be adjusted and charged to the Buyer and credited to the Seller at closing, at current market prices?

- a. True
- b. False



Line 36

41

Section 2



42



7. You will see the term “good faith” throughout the PSA. What do you think this term means?

– Honesty or Sincerity of Intention

Lines 48-49 & others

43

8. Is there an addendum that must be attached to the PSA when the Buyer is applying for an FHA or VA loan?

- a. Yes
- b. No



Line 55-56
RF625

44



Type of Loan

ONLY 1

- The loan shall be of the type selected below (Select the appropriate box.)
- | | |
|---|--|
| <input type="checkbox"/> Conventional Loan | <input type="checkbox"/> FHA Loan; attach addendum |
| <input type="checkbox"/> VA Loan; attach addendum | <input type="checkbox"/> Rural Development/USDA |
| <input type="checkbox"/> THDA | <input type="checkbox"/> Other _____ |

45

9. Can a Buyer apply for a different loan than the one initially indicated in the PSA?

- a. Yes
- b. No

10. Is there any caveat to the Buyer applying for a different loan than the one initially indicated in the PSA?

- a. Yes
- b. No

Line 58-61

46

11. What shall a Buyer do within three (3) days after the Binding Agreement Date?

- a. Secure evidence of hazard insurance
- b. Notify Lender of an intent to proceed
- c. Request the Lender order the appraisal & pay for the appraisal
- d. Make application for the loan



Lines 63-66

47

13. What shall a Buyer do within fourteen (14) days after the Binding Agreement Date? This question has more than one answer.

- a. Secure evidence of hazard insurance
- b. Notify Lender of an intent to proceed
- c. Request the Lender order the appraisal & pay for the appraisal
- d. Make application for the loan



Lines 67-73

48

- What is the legal definition of shall?
 - Shall is **an imperative command, usually indicating that certain actions are mandatory, and not permissive**. This contrasts with the word “may,” which is generally used to indicate a permissive provision, ordinarily implying some degree of discretion.

“Thou Shalt”

49

15. How many days, **in the PSA**, does a Buyer have to shop for their ideal loan after making application for a loan?

- a.3
- b.5
- c.10
- d.14



Lines 71-72

50

16. Is it required that the Buyer shall inform the Seller of completing the three (3) and fourteen (14) day loan obligations?

- a.Yes
- b.No



Line 80

51

17. Does a Pre-Qualification/Approval letter/statement from the Buyer's lender relieve the Buyer of having to make the notifications included in the Loan Obligations section?

- a. Yes
- b. No



52

18. Should a Buyer fail to timely comply with the three (3) and the fourteen (14) day requirements under the Loan Obligations, does the seller have any recourse?

- a. Yes
- b. No



Lines 80-83

53

19. Shall a Buyer be found to be in default (breach) of the contract with the Seller by not complying with the three (3) and the fourteen (14) day requirements under the Loan Obligations?

- a. Yes
- b. No



Lines 82-83

54

20. When a Buyer is in default (breach) of the contract, what is an item they shall be required to immediately forfeit?

- a. The earnest/trust money
- b. The down payment
- c. The home inspection
- d. The appraisal

Section 13
Lines 390-391

55

Section 13-Default

390 13. **Default.** Should Buyer default hereunder, the Earnest Money/Trust Money shall be forfeited as damages to Seller and
391 shall be applied as a credit against Seller's damages. Seller may elect to sue, in contract or tort, for additional damages or
392 specific performance of the Agreement, or both. Should Seller default, Buyer's Earnest Money/Trust Money shall be
393 refunded to Buyer. In addition, Buyer may elect to sue, in contract or tort, for damages or specific performance of this
394 Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including
395 suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover
396 all costs of such enforcement, including reasonable attorney's fees. In the event that any party exercises its right to
397 terminate due to the default of the other pursuant to the terms of this Agreement, the terminating party retains the right to
398 pursue any and all legal rights and remedies against the defaulting party following termination. The parties hereby agree
399 that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies, rights and/or
400 obligations as a defense in the event of a dispute.

56

Loan Obligations: The Buyer agrees and/or certifies as follows:

- (1) Within three (3) days after the Binding Agreement Date, Buyer shall make application for the loan and shall pay for credit report. Buyer shall immediately notify Seller or Seller's representative of having applied for the loan and provide Lender's name and contact information, and that Buyer has instructed Lender to order credit report. Such certifications shall be made via the Notification form or equivalent written notice;
- (2) Within fourteen (14) days after the Binding Agreement Date, Buyer shall warrant and represent to Seller via the Notification form or equivalent written notice that:
 - a. Buyer has secured evidence of hazard insurance which will be effective at Closing and Buyer shall notify Seller of the name of the hazard insurance company;
 - b. Buyer has notified Lender of an Intent to Proceed and has available funds to Close per the signed Loan Estimate; and
 - c. Buyer has requested that the appraisal be ordered and affirms that the appraisal fee has been paid.
- (3) Buyer shall pursue qualification for and approval of the loan diligently and in good faith;
- (4) Buyer shall continually and immediately provide requested documentation to Lender and/or loan originator;
- (5) Unless otherwise stated in this Agreement, Buyer represents that this loan is not contingent upon the lease or sale of any other real property and the same shall not be used as the basis for loan denial; and
- (6) Buyer shall not intentionally make any material changes in Buyer's financial condition which would adversely affect Buyer's ability to obtain the Primary Loan or any other loan referenced herein.

Should Buyer fail to timely comply with section 2.A.(1) and/or 2.A.(2) above and provide notice as required, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller the requested documentation within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated.

57

Buyer has made application for loan and is notifying Seller and/or Seller's Representative of the name and contact information of the Lender. Buyer has also instructed Lender to order and has paid for the credit report. Lender's name and contact information is:

RF656

Buyer warrants and represents the following:

- ☐ Buyer has secured evidence of hazard insurance which will be effective at Closing and has provided Seller with the name of the hazard insurance company:
- ☐ Buyer has notified Lender of an Intent to Proceed and has available funds to Close per the signed Loan Estimate; and
- ☐ Buyer has requested that the appraisal be ordered and affirms that the appraisal fee has been paid.

58

21. Under the Loan Obligations section of the PSA, does it indicate that if a Buyer has a house to sell or lease they cannot use that as a basis for loan denial unless otherwise stated in the Agreement?

- a. Yes
- b. No

Lines 76-77

22. The bank of forms from TN Realtors has a form to use for the scenario when a Buyer needs to sell a house before buying one?

- a. Yes
- b. No

RF623/624

59

Buyer Has A House To Sell/Close

EXAMPLE

1. Line 57 – "Other" – See Special Stipulations
2. Special Stipulations, Section 19 – Example: Lines 76-77: Buyer represents that this Agreement is contingent on the sale of other real property. See Buyer's First Right of Refusal Addendum, RF623
3. List Buyer's First Right of Refusal Addendum RF623 in Section 18 Exhibits and Addenda.
4. Fill out, with Buyer, the RF623 and submit with initial offer.

60

23. If your Buyer goes out and buys new furniture for their new house, on credit, before closing, is it a possibility it will affect their ability to obtain the loan for the house?

- a. Yes
- b. No



Lines 78-79

61

The Ten Commandments When Applying For A Real Estate Loan

1. Thou shalt not get married, change jobs, become self-employed or quit your job.
2. Thou shalt not buy a car, truck or van (or you may be living in it)!
3. Thou shalt not use charge cards excessively or let your accounts fall behind.
4. Thou shalt not spend money you have set aside for closing.
5. Thou shalt not omit debts or liabilities from your loan application.
6. Thou shalt not buy furniture or appliances.
7. Thou shalt not originate any inquiries into your credit.
8. Thou shalt not make large deposits without first checking with your loan officer.
9. Thou shalt not change bank accounts.
10. Thou shalt not co-sign a loan for anyone.

62

24. According to the PSA how many days does a Buyer have to furnish proof of available funds to close in a Financing Contingency Waived transaction?

- a. 3
- b. 5
- c. 10
- d. 14



Lines 86-88

63

25. In a Financing Contingency Waived transaction and the Buyer wants to have an appraisal completed on the house, how many days does the Buyer have to notify the Seller of who the appraiser is and the telephone number of the appraiser?

- a. 3
- b. 5
- c. 10
- d. 14

Lines 92-97

64

Financing Contingency Waived

☐ **B. Financing Contingency Waived (THIS BOX MUST BE CHECKED TO BE PART OF THIS AGREEMENT.)** (e.g. "All Cash", etc.): Buyer's obligation to close shall not be subject to any financial contingency. Buyer reserves the right to obtain a loan. Buyer will furnish proof of available funds to close in the following manner: (e.g. bank statement, Lender's commitment letter) within five (5) days after Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated. Failure to Close due to lack of funds shall be considered default by Buyer.

In the event this Agreement is contingent upon an appraisal (See Section 2.C. below), Buyer must order the appraisal and provide Seller with the name and telephone number of the appraisal company and proof that appraisal was ordered within five (5) days of the Binding Agreement Date. Should Buyer fail to do so, Seller may make written demand for compliance via the Notification form or equivalent written notice. If Buyer does not furnish Seller with the requested notice within two (2) days after such demand for compliance, Buyer shall be considered in default and Seller's obligation to sell is terminated.

65



26. How many days do the Buyer and Seller have to remedy an under-appraised house before the Buyer is purchasing the house at the appraised value or the Agreement is terminated?

- a. 3
- b. 5
- c. 10
- d. 14

Lines 105-106

66



27. If a house does not appraise the Buyer and Seller **MUST** renegotiate the purchase price?
- a. Yes
 - b. No

67

28. In the PSA, you must address who will pay the cost of title search, mortgagee's and owner's policies?
- a. Yes
 - b. No



Lines 140-142

68

29. It is recommended that on the PSA form, you ask the Seller to contribute to the Buyer's expenses in the Special Stipulations paragraph of the form?
- a. Yes
 - b. No



Lines 144-147

69

Closing Expenses



70

D. Closing Expenses.

1. **Seller Expenses.** Seller shall pay all existing loans and/or liens affecting the Property, including all penalties, release preparation costs, and applicable recording costs; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/stopped letters/statement of accounts from any and all associations, property management companies, mortgage holders or other liens affecting the Property; Seller's closing fee, document preparation fee and/or attorney's fees; fee for preparation of deed; notary fee on deed; and financial institution (Bank, Credit Union, etc.) wire transfer fee or commercial courier service fee related to the disbursement of any lien payoff(s). Seller additionally agrees to permit any withholdings and/or to pay any additional sum due as is required under the Foreign Investment in Real Property Tax Act. Failure to do so will constitute a default by Seller.

In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.

2. **Buyer Expenses.** Buyer shall pay all transfer taxes and recording fees on deed of conveyance and deed of trust; Buyer's closing fee, document preparation fee and/or attorney's fees; preparation of note, deed of trust, and other loan documents; mortgage loan inspection or boundary line survey; credit report; required premiums for private mortgage, hazard and flood insurance; required reserved deposits for insurance premiums and taxes; prepaid interest; re-inspection fees pursuant to appraisal; insured Closing Protection Letter; association fees as stated within section 4.F.; and any costs incident to obtaining and closing a loan, including but not limited to: appraisal, origination, discount points, application, commitment, underwriting, document review, courier, assignment, photo, tax service, notary fees, and any wire fee or other charge imposed for the disbursement of the Seller's proceeds according to the terms of this Agreement.

3. **Title Expenses.** Cost of title search, mortgagee's policy and owner's policy (rates to be as filed with the Tennessee Department of Commerce and Insurance) shall be paid as follows:

Simultaneous issue rates shall apply.

Not all of the above items (Seller Expenses, Buyer Expenses and Title Expenses) are applicable to every transaction and may be modified as follows:

71

Closing Agency

Closing Agency for Buyer & Contact Information: _____

Closing Agency for Seller & Contact Information: _____



72

Section 3



73

30. In the state of Tennessee, it is a requirement that a Buyer pay earnest/trust money for there to be a valid contract?

- a. Yes
- b. No



74

31. If a licensee does not timely receive earnest/trust money or if the earnest/trust money is not honored for any reason by the bank it is drawn upon, the Holder MUST promptly notify the other party.

- a. Yes
- b. No



Lines 157-160

75

32. If a licensee does not timely receive earnest/trust money or if the earnest/trust money is not honored for any reason by the bank it is drawn upon, the Buyer has how many days to deliver earnest/trust money in immediately available funds to the Holder?

- a.3
- b.5
- c.1
- d.14



Lines 160-161

76

33. According to the PSA, earnest/trust money cannot be disbursed prior to _____ days after deposit unless written evidence of clearance by bank is provided.

- a.3
- b.5
- c.10
- d.14

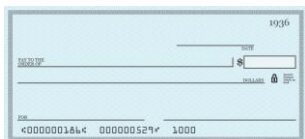


Lines 181-182

77

34. According to the PSA and/or TREC, you must make a copy of any Earnest/Trust Money check you receive and email to the cooperating agent.

- a. True
- b. False



78

BE CAREFUL



"Personal information" includes a person's first name (or first initial and last name) in combination with one or more of the following: Social Security Number; Driver's License Number; or account number, credit card number, or debit card number.

Title 39 - Criminal Offenses
Chapter 14 - Offenses Against Property
Part 1 - Theft
39-14-150 - Identity theft victims' rights.

79

Section 4



80

35. Whether you are closing early or having to extend the closing date, you must have the Buyer and Seller agree in writing to do either one?

- a. Yes
- b. No



Lines 186-189

81

36. If the Buyer is going to move in early OR the Seller is going to remain in the house after closing, there is an additional TN REALTOR form both parties must sign?

- a.Yes
- b.No



Line 194
RF626
RF627

82

103 4. Closing, Prorations, Special Assessments and Warranties Transfer.
104 A. Closing Date. This transaction shall be closed ("Closed") (evidenced by delivery of warranty deed and payment of
105 Purchase Price; the "Closing"), and this Agreement shall expire, at 11:59 p.m. local time on the _____ day of
106 _____ ("Closing Date"), or on such earlier date as may be agreed to by the
107 parties in writing. Such expiration does not extinguish a party's right to pursue remedies in the event of default. Any
108 extension of this date must be agreed to by the parties in writing via the Closing Date/Possession Date Amendment or
109 equivalent written agreement.
110 1. Possession. Possession of the Property is to be given (Select the appropriate boxes below. Unselected items
111 will not be part of this Agreement):
112 ☐ at Closing as evidenced by delivery of warranty deed and payment of Purchase Price;
113 OR
114 ☐ as agreed in the attached and incorporated Temporary Occupancy Agreement;

RF657

83

37. According to the PSA, real estate taxes, rents, dues, maintenance fees and association fees for prior years shall be paid by the

- a.Buyer
- b.Seller
- c.Closing Agency
- d.HOA or Condo Association

Lines 195-198

84

38. Per the PSA, for Greenbelt status to be addressed in the PSA, what is the minimum number of acres on the property?

- a. 12
- b. 15
- c. 10
- d. 25



Line 199-200

85

39. According to the PSA, who pays for the cost of transferring any manufacturer's warranties, service contracts, termite bond or treatment guarantee and/or similar warranties to the Buyer?

- a.Seller
- b.Buyer

Lines 212-214

86

40. According to the PSA, who shall be responsible for all homeowner or condominium association transfer fees, related administration fees, capital expenditures/contributions incurred due to the transfer of Property?

- a.Buyer
- b.Seller

Lines 215-219

87

Section 5



88

41. What are the two options the Buyer has if the title examination discloses material defects?
- a. Accept the property with the defects or sue the seller
 - b. Accept the property with the defects or require the seller to remedy the defects within 15 days after closing
 - c. Accept the property with the defects or require the Seller to remedy the defects prior to closing
 - d. Accept the property with the defects or require the Seller to extend the closing for 15 days

Lines 229-237

89

42. Does it matter in what manner the Buyer takes title to the property?
- a. Yes
 - b. No



Lines 244-245

90



Section 6

250 6. **Public Water or Public Sewer Systems**
251 In the event it is discovered that Public Water or Public Sewer System is accessible to the Property and connection to the
252 Property is required by a governmental agency/ authority or Lender, Buyer shall promptly notify the Seller via the
253 Notification form or equivalent written notice. Seller and Buyer shall have five (5) days following such written notice but
254 not later than the Closing Date to negotiate in good faith the payment for the cost and the connection to the Public Water
255 or Public Sewer System. In the event Seller and Buyer do not reach a mutual written agreement for the payment of such
256 cost or a mutually agreeable written extension of such time period as evidenced in an Amendment to this Agreement signed
257 by both parties within such period of time, this Agreement is hereby terminated. If terminated the Buyer is entitled to a
258 refund of the Earnest Money/Trust Money.

Automatic Termination
For now use #17 on RF656 to make Notification

91

Section 7

Buyer Acknowledgment

- 1) Buyer has received copies of all records, reports and information listed above (if any);
- 2) Buyer has read the Lead Warning Statement (above) and understands its contents;
- 3) Buyer has received the lead hazard information pamphlet, "Protect Your Family From Lead In Your Home"
(copies available at <http://www.hud.gov> and <http://www.epa.gov>);
- 4) Buyer has received a 10-day opportunity (unless the parties mutually agreed upon a different period of time)
before becoming obligated under the contract to purchase the housing to conduct a risk assessment or inspection
for the presence of lead-based paint hazards. This opportunity is waived if Buyer checks the second box below.

Buyer to check one box below:

- ☐ Contract is subject to Buyer's approval of the results of a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards, to be completed at the Buyer's expense. This contingency shall be satisfied **within 10 calendar days after the Binding Agreement Date**.
- ☐ Buyer waives the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

92

Section 8



93

July 2021

TN

Department of
Commerce &
Insurance

Regulatory Boards

Dear Licensed Tennessee Real Estate Professional:

The record-setting pace and sale prices in Tennessee's real estate market are the talk of news stories, office water coolers and social media. While the Volunteer State's strong housing market is proof that Tennessee has the right mix of leadership, employment and recreational opportunities, some consumers and real estate professionals may find themselves caught up in the breakneck pace and overlook crucial information when it comes to the role that home inspectors can play in the purchase of a home.

The Tennessee Department of Commerce & Insurance (TDCI) and the Tennessee Real Estate Commission (TREC) want to eliminate confusion that may arise when it comes to home inspections and the role home inspectors play.

Home inspections are an educational asset that can help buyers make informed choices about the home they are considering purchasing. A licensed home inspector is an independent professional apart from the real estate agent or mortgage lender who provides a visual evaluation of the property.

TREC reminds real estate professionals and consumers alike to learn what a home inspector actually does during an inspection. During an inspection, a home inspector visually inspects a home's structural components (foundation, floors, roof and walls), windows, heating and cooling systems,

94

RF304

DISCLAIMER NOTICE

18 Sections

1 The Broker and their affiliated licensees (hereinafter collectively "Licensees") are engaged in bringing together
2 buyers and sellers in real estate transactions. Licensees expressly deny any expertise with respect to advice or
3 informed opinions regarding any of the following matters. This Disclaimer Notice is an express warning to all
4 sellers and buyers that they should not rely on any statement, comment or opinion expressed by any Licensee when
5 making decisions about any of the following matters, including the selection of any professional to provide services
6 on behalf of buyers or sellers. Any professional selected by buyers or sellers should be an "independent, qualified
7 professional", who complies with all applicable state/local requirements, which may include licensing, insurance,
8 and bonding requirements. It is strongly recommended that buyers include contingency clauses in their offers to
9 purchase with respect to these or any other matters of concern and that buyers, in writing the offer, allow enough
10 time to get an evaluation of the following matters from an independent, qualified professional. The matters listed
11 below are not an exclusive list of actions or circumstances which are not the responsibility of the Licensees with
12 whom you work. These items are examples and are provided only for your guidance and information.

13 1. **THE STRUCTURAL OR OTHER CONDITIONS OF THE PROPERTY.** Consult with professional
14 engineers or other independent, qualified professionals to ascertain the existence of structural issues, the
15 condition of synthetic stucco (E.I.F.S.) and/or the overall condition of the property.

16 2. **THE CONDITION OF ROOFING.** Consult with a bonded roofing company for any concerns about the
17 condition of the roof.

18 3. **HOME INSPECTION.** We strongly recommend that you have a home inspection, which is a useful tool for
19 determining the overall condition of a home including, but not limited to, electrical, heating, air conditioning,
20 plumbing, water-heating systems, fireplaces, windows, doors and appliances. Contact several sources (like the
21 Tennessee Department of Commerce & Insurance (<http://tn.gov/commerce/>), the American Society of Home
22 Inspectors (www.ashi.com), the National Association of Certified Home Inspectors (www.nahi.org), and Home
23 Inspectors of Tennessee Association (www.hita.us) and independently investigate the competency of an
24 inspector, including whether he has complied with State and/or local licensing and registration requirements in
25 your area. The home inspector may, in turn, recommend further examination by a specialist (heating-air-
26 plumbing, etc.). **Failure to inspect typically means that you are accepting the property "as is".**

95

43. According to the PSA, in the event the Buyer elects to contract with a third party (Uncle Joe the contractor, Brother Billy, home inspector, etc.) to obtain a home inspection, said inspection shall be conducted by a licensed home inspector?

a.Yes

b.No

Lines 265-267

96

44. The State of Tennessee has defined what a "home inspection" is?

- a. Yes
- b. No

62-6-302 #3(A)

45. The State of Tennessee has defined what a "home inspector" is?

- a. Yes
- b. No

62-6-302 #5

97

46. May the Buyer do his/her own home inspection?

- a. Yes
- b. No

Lines 267-271

47. May the Buyer have a structural engineer, or a licensed general contractor do the home inspection?

- a. Yes
- b. No

62-6-302 (5)

98

Home Inspectors Info

They have their own division at TN.Gov

They have their own rules

They have a complaint process



99

Home Inspector Definitions

- **62-6-304 - (3) (A)** "Home inspection" means a **visual analysis** for the purpose of providing a professional opinion of the condition of a residential building, ancillary buildings, any reasonably accessible installed components and the operation of the building's systems, including any controls normally operated by the owner of the building, for the following components:
 - (i) Heating systems;
 - (ii) Cooling systems;
 - (iii) Electrical systems;
 - (iv) Plumbing systems;
 - (v) Structural components;
 - (vi) Foundations;
 - (vii) Roof coverings;
 - (viii) Exterior and interior components; and
 - (ix) Any other site aspects that affect the residential dwelling;

100

- **"Home inspection" does not mean a compliance inspection for building codes or any other codes adopted by this state or a political subdivision of this state.** "Home inspection" does not mean any work that is within the scope of practice of architecture, engineering or landscape architecture or is performed by a person qualified to use the title "registered interior designer," all as defined in chapter 2 of this title. "Home inspection" also does not mean an inspection or assessment by a lender, either as a part of an evaluation of value or for purposes of determining whether or not to extend credit; provided, that that inspection or assessment shall not be represented as a "home inspection report";

101

- **(5)** "Home inspector" means 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; and

102

What Should Be in a Home Inspection per TCA

- A statement that the report **does not address** subterranean systems or system components, operational or nonoperational, including:
 - (i) Sewage disposal;
 - (ii) Water supply; or
 - (iii) Fuel storage or delivery;

103

- A statement that the report **does not address** environmental hazards, including:
 - (i) Lead-based paint;
 - (ii) Radon;
 - (iii) Asbestos;
 - (iv) Cockroaches;
 - (v) Rodents;
 - (vi) Pesticides;
 - (vii) Treated lumber;
 - (viii) Fungus;
 - (ix) Mercury;
 - (x) Carbon monoxide; or
 - (xi) Other similar environmental hazards;
- A statement that the report does not address wood destroying insects and organisms;

104

48. The Buyer can require the Seller to have the carpets, gutters or home cleaned or the HVAC unit serviced, per the PSA.

- a. Yes
- b. No



Lines 276-277

105

49. It is required by law that a Buyer have a Wood Destroying Insect Infestation Inspection (Termite Letter) completed in order to purchase a house?

a.Yes

b.No

50. The Wood Destroying Insect Infestation Inspection (Termite Letter) is not needed until it is time to close and it is acceptable to email the report to the Closing Agency a day or two before closing?

a.True

b.False

Lines 293-294

106

51. If the Buyer does not have the home inspection completed **AND** provide written notice to the seller by 11:59pm of the last day of the agreed upon inspection period, the Buyer forfeits any rights under the inspection paragraph and accepts the property in its current condition?

a.Yes

b.No



Lines 301-303

107

52. It is recommended by TN REALTORS Hotline that when completing a Repair/Replacement proposal that you input "See attached Summary Report" on the form and submit the form along with a copy of the home inspection report to the listing agent?

a.Yes

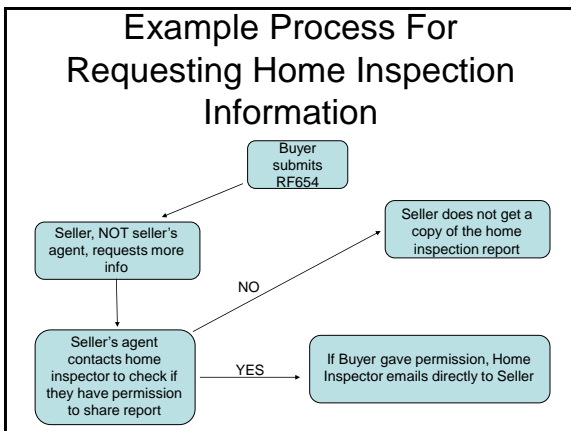
b.No



108

	2021	2020	2019	2018
	Show 12 entries			
	Search: <input type="text"/>			
Topic	Question	Answer		
Inspection- Report Sharing Reminder	When a buyer does an inspection and sends a repairs proposal to the seller, should the agent also send a full inspection report to the listing agent? If yes or no, what are the reasons for it?	<p>Q: The contract specifically says that supporting information from the inspection report for repairs is only to be provided in the event that the seller requests it. The Tennessee REALTORS® Forms Committee included this language into the form because string inspection reports places a huge burden and responsibility on the agent. Agents would then have to read and assess an entire report constituted an adverse fact. Therefore, it should only be provided in the event that the seller requested it. And at that time, only send the pertinent information for the repairs requested, never the full report. There could also be copyright issues with sharing the report since the report was made for the buyer, and typically the buyer signs saying they will not share the report.</p>		

109



110

Should Buyer's Agent See the Inspection Report?

Question: Should agents working with buyers receive a copy of the home inspection? In June 2018, you state that the home inspection should not go to the seller's agent due to ownership issues and possible copyright violations. From that, I have inferred that agents working with buyers could, in fact, see the home inspection report. We have had instructor(s) put such a fear into agents that they don't want to have anything at all to do with the report. Should the buyer's agents, whether operating in agency or not, see the report in order to be able to advise their customers/clients how to proceed?

Answer: Several issues come into play when talking about a buyer's agent getting a copy of the home-inspection report.

- The inspection report stems out of an agreement between the buyer and home inspector. The home inspector prepares it for the buyer. The buyer may breach their agreement with the home inspector if they share it with other parties, such as their real estate agent.
- If an agent is asked to review an inspection report and interpret it for the buyer, this brings liability to the agent, and the agent would be acting outside of their realm as a real estate agent.
- Once an agent views an inspection report, they will then have actual knowledge about adverse facts concerning the property that will need to be disclosed to potential buyers, should this buyer buy the property and then use the same agent to see the property later. The agent will likely have a hard time remembering what appeared on the report but will nonetheless be expected to make all appropriate disclosures.

August 2019 Digest

111

Inspection Report: Additional Information

As your state association, Tennessee REALTORS® is committed to helping you serve your clients with the highest standards of professionalism, ethics, and customer service throughout the homebuying and selling process. The hotline Q/A in *The Digest*, our weekly member e-newsletter, on Monday August 26, 2019 addressed one critical part of that process.

It's important to note that the article did not state that the law explicitly forbids a licensee from viewing a home-inspection report. (It does not.) However, our legal team answered the member's question in light of our commitment to make REALTORS® aware of any risks and potential liability involved with all aspects of the profession.

The three main issues addressed in the answer-permission from the home inspector to share the report, interpreting a report for the buyer, and the disclosure of adverse facts-are areas in which concerns have arisen leading to multimillion-dollar lawsuits against brokerages and licensees.

In a recent case, the Tennessee Real Estate Commission (TREC) originally found that a licensee has actual knowledge of adverse facts which he failed to disclose to parties in a transaction, since the home-inspection report had been emailed to him. It turned out that the agent had not opened or read the report, but if he had, he would have been liable for this adverse facts.

We appreciate and respect the robust dialogue that this topic generated. It reminds us that Tennessee is blessed with sharp, engaged members who are dedicated to servicing clients with unparalleled excellence.

112

53. When does the resolution Period start?

Upon delivery from Buyer to Seller of the Repair/Replacement Proposal – [RF654](#)



113

54. According to the PSA, if the Buyer and the Seller do not reach a resolution to the Repair/Replacement proposal by 11:59pm on the last day of the Resolution Period, the Buyer and Seller may execute an Amendment to the Agreement the next morning stating they both wish to continue the contract and at that time negotiate a Repair/Replacement Amendment?

- a. Yes
- b. No

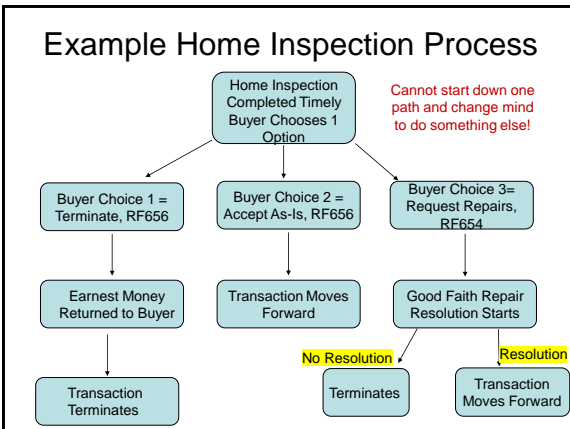
Lines 323-326

114


304 In said notice Buyer shall either:
 305 (1) In consideration of Buyer having conducted Buyer's good faith inspections as provided for herein, the
 306 sufficiency of such consideration being hereby acknowledged, Buyer shall furnish Seller with a list of written
 307 specified objections and immediately terminate this Agreement via the Notification form or equivalent
 308 written notice. All Earnest Money/Trust Money shall be returned to Buyer upon termination.
 309 OR
 310 (2) accept the Property in its present "AS IS" condition with any and all faults and no warranties expressed or
 311 implied via the Notification form or equivalent written notice. Seller has no obligation to make repairs.
 312 OR
 313 (3) furnish Seller a written list of items which Buyer requires to be repaired and/or replaced with like quality or
 314 value in a professional and workmanlike manner by the Repair/Replacement Proposal or equivalent written
 315 notice. Seller shall have the right to request any supporting documentation that substantiates any item listed.
 316 a. Resolution Period. Seller and Buyer shall then have a period of _____ days following receipt of
 317 the above stated written list ("Resolution Period") to reach a mutual agreement as to the items to be
 318 repaired or replaced with like quality or value by Seller, which shall be evidenced by the Repair /
 319 Replacement Amendment or written equivalent(s). The receipt by Seller of the above stated written
 320 list or Repair/Replacement Proposal marks the end of the Inspection Period and beginning of the
 321 Resolution Period. The parties agree to negotiate repairs in good faith during the Resolution
 322 Period. Buyer retains the ability to accept the Property in its present "AS IS" condition during the
 323 Resolution Period. In the event Seller and Buyer do not reach a mutual written resolution during
 324 such Resolution Period or a mutually agreeable written extension thereof as evidenced in an
 325 Amendment to this Agreement signed by both parties within said period of time, this Agreement is
 326 hereby terminated. If terminated, Buyer is entitled to a refund of the Earnest Money/Trust Money.

Automatic Termination

115



116



Pass/Fail Only Inspection

327 ☐ Buyer waives the option to request items to be repaired and/or replaced under D (3) above and there shall be no
 328 Resolution Period. Buyer retains the right to perform Buyer's Inspections and to timely furnish Seller with a list
 329 of written specified objections and immediately terminate this Agreement as provided in D (1) above or accept
 330 the Property in its present AS IS condition as provided under D (2) above.

Don't Forget To Check The Box If The Buyer Wants This Option

54. If a Box is not checked is it part of the Agreement?

a. Yes

b. No

117

55. If the Buyer does not like the restrictions, covenants, neighborhood or HOA they can terminate the contract during the home inspection process?

- a. Yes
- b. No



Not part of Home Inspection-
Section 10

118

56. If the Buyer waives inspection by checking the Waiver of All Inspections box on the PSA, they are also waiving the Wood Destroying Insect Infestation Inspection (Termite Letter) ?

- a. Yes
- b. No



Lines 331-333

119

Waiver of All Inspections

☐ E. Waiver of All Inspections. THIS BOX MUST BE CHECKED TO BE PART OF THIS AGREEMENT. Buyer, having been advised of the benefits of inspections, waives any and all Inspection Rights under this Section 7 (including but not limited to the Wood Destroying Insect Infestation Inspection Report).



120

Section 9



BUYER'S FINAL INSPECTION

1 Property Address: _____
2 Buyer: _____
3 Seller: _____
4 We, the Buyers, and/or our inspectors and/or our representatives, (the sections not marked are not part of this Agreement):
5 ☐ waive such final inspection and agree to accept the Property in its present condition, "AS IS."
6 **OR**
7 ☐ have made the final inspection of the Property and confirm it to be in the same or better condition as it was on the
8 Binding Agreement Date, normal wear and tear excepted, and all repairs and replacements, if any, have been made to
9 our satisfaction, and we agree to accept the Property in its present condition.
10 **OR**
11 ☐ have made the final inspection of the Property and confirm it to be in the same or better condition as it was on the
12 Binding Agreement Date, normal wear and tear excepted, and all repairs and replacements, if any, have been made to
13 our satisfaction, with the following exceptions. The Buyer requires the following to be completed prior to closing:
14

121

57. According to the PSA, if the Buyer is concerned about a survey, flood certification, insurability, water supply, waste disposal (septic) or restrictions and covenants (title exceptions), he/she should address the concern by specific contingency in the Special Stipulations section of the PSA?

- a. Yes
- b. No

Section 10

122

Section 10

840 **10. Buyer's Additional Due Diligence Options.** If any of the matters below are of concern to Buyer, Buyer should address
841 the concern by specific contingency in the Special Stipulations Section of this Agreement.
842 **A. Survey and Flood Certification.** Survey Work and Flood Certifications are the best means of identifying boundary
843 lines and/or encroachments and easements or flood zone classifications. Buyer may obtain a Mortgage Inspection or
844 Boundary Line Survey and Flood Zone Certifications.
845 **B. Insurability.** Many different issues can affect the insurability and the rates of insurance for property. These include
846 factors such as changes in the Flood Zone Certifications, changes to the earthquake zones maps, the insurability of the
847 buyer, and previous claims made on the Property. It is the right and responsibility of Buyer to determine the
848 insurability, coverage and the cost of insuring the Property. It is also the responsibility of Buyer to determine whether
849 any exclusions will apply to the insurability of said Property.
850 **C. Water Supply.** The system may or may not meet state and local requirements. It is the right and responsibility of
851 Buyer to determine the compliance of the system with state and local requirements. [For additional information on
852 this subject, request the "Water Supply and Waste Disposal Notification" form.]
853 **D. Waste Disposal.** The system may or may not meet state and local requirements. It is the right and responsibility of
854 Buyer to determine the compliance of the system with state and local requirements. In addition, Buyer may, for a fee,
855 obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division
856 of Ground Water Protection. [For additional information on this subject, request the "Water Supply and Waste
857 Disposal Notification" form.]
858 **E. Title Exceptions.** At Closing, the general warranty deed will be subject to subdivision and/or condominium
859 declarations, covenants, restrictions and easements of record, which may impose obligations and may limit the use of
860 the Property by Buyer.

These Are Not Part of the Home Inspection
Use Language found in the RF707

123

RF707-Additional Language

J. Additional Buyer Contingencies.

Buyer at Buyer's cost shall have the right to review and accept the following:

1. A boundary survey of the Property
2. A mortgage survey of the Property
3. A determination that the Property is not located in an unacceptable flood hazard area and/or mortgage lender does not require flood insurance.
4. All zoning regulations, restrictions, declarations, covenants, easements and other title matters of record.
5. Governmental approval of any existing waste disposal septic system and permit compliance, and/or determination that the system is functioning properly.
6. Governmental approval of any existing non-public water system and permit compliance, and/or determination that the system is functioning properly and the quality of water is acceptable.
7. A determination that the property is insurable with a company and at a rate acceptable to Buyer and that there are no exclusions to insurability which the Buyer finds objectionable.

In consideration of Buyer having conducted reviews of the above matters, the sufficiency of such consideration being hereby acknowledged, Buyer, at Buyer's sole discretion, may elect to terminate the Purchase and Sale Agreement on or before the expiration of the above referenced Inspection Period by written notice to Seller if any of the above matters are unacceptable to Buyer and Buyer shall be entitled to a refund of all Earnest Money/Trust Money. In the event that Buyer exercises Buyer's right to terminate under one of these contingencies, Buyer shall, at Seller's request, furnish Seller or Seller's representative with documents supporting Buyer's right to terminate.

Language to Address Items in Section 10

124

Section 11

11. **Disclaimer.** It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller and/or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any of the following, including but not limited to, those matters which could have been revealed through a survey, flood certification, title search or inspection of the Property; the insurability of the Property or cost to insure the Property; for the condition of the Property, any portion thereof, or any item therein; for any geological issues present on the Property; for any issues arising out of the failure to physically inspect Property prior to entering into this Agreement and/or Closing; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the availability, capability, and/or cost of utility, sewer, septic, or community amenities; for any proposed or pending condemnation actions involving Property; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for square footage or acreage of the Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions, and availability of financing; and/or for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto. Buyer and Seller acknowledge that photographs, marketing materials, and digital media used in the marketing of the property may continue to remain in publication after Closing. Buyer and Seller agree that Brokers shall not be liable for any uses of photographs, marketing materials or digital media which the Broker is not in control.

125

58. According to the PSA, it is strongly recommended that both the Buyer and Seller – if they have any concerns surrounding the Property - should secure the services of appropriately credentialed experts/professionals for independent expert advice and counsel?

- a. Yes
- b. No

Section 11
RF304-
Disclaimer Notice

126

RF304

DISCLAIMER NOTICE

18 Sections

The Broker and their affiliated licensees (hereinafter collectively "Licensees") are engaged in bringing together buyers and sellers in real estate transactions. Licensees expressly deny any expertise with respect to advice or informed opinions regarding any of the following matters. This Disclaimer Notice is an express warning to all sellers and buyers that they should not rely on any statement, comment or opinion expressed by any Licensee when making decisions about any of the following matters, including the selection of any professional to provide services on behalf of buyers or sellers. Any professional selected by buyers or sellers should be an "independent, qualified professional", who complies with all applicable state/local requirements, which may include licensing, insurance, and bonding requirements. It is strongly recommended that buyers include contingency clauses in their offers to purchase with respect to these or any other matters of concern and that buyers, in writing the offer, allow enough time to get an evaluation of the following matters from an independent, qualified professional. The matters listed below are not an exclusive list of actions or circumstances which are not the responsibility of the Licensees with whom you work. These items are examples and are provided only for your guidance and information.

1. **THE STRUCTURAL OR OTHER CONDITIONS OF THE PROPERTY.** Consult with professional engineers or other independent, qualified professionals to ascertain the existence of structural issues, the condition of synthetic stucco (E.I.F.S.) and/or the overall condition of the property.

2. **THE CONDITION OF ROOFING.** Consult with a bonded roofing company for any concerns about the condition of the roof.

3. **HOME INSPECTION.** We strongly recommend that you have a home inspection, which is a useful tool for determining the overall condition of a home including, but not limited to, electrical, heating, air conditioning, plumbing, water-heating systems, fireplaces, windows, doors and appliances. Contact several sources (like the Tennessee Department of Commerce & Insurance (<http://tn.gov/commerce/>), the American Society of Home Inspectors (www.ashi.com), the National Association of Certified Home Inspectors (www.nahi.org), and Home Inspectors of Tennessee Association (www.hitn.us) and independently investigate the competency of an inspector, including whether he has complied with State and/or local licensing and registration requirements in your area. The home inspector may, in turn, recommend further examination by a specialist (heating-air-plumbing, etc.). **Failure to inspect typically means that you are accepting the property "as is".**

127

Stay In Your Lane

128

Section 12

129

383 12. **Brokerage.** As specified by separate agreement, Seller agrees to pay Listing Broker at Closing the agreed upon
 384 compensation. The Listing Broker will direct the closing agency to pay the Selling Broker, from the compensation
 385 received, an amount in accordance with the terms and provisions specified by separate agreement. The parties agree and
 386 acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties
 387 to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third
 388 party beneficiary only for the purposes of enforcing their commission rights, and as such, shall have the right to maintain
 389 an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.

• Line 383 • Line 385
 – As specified by – ...specified by
 separate agreement... separate agreement

59. What agreement is this? 60. What agreement is this?
 – Listing Agreement – RF702, Compensation Agreement
 – Between Firms

130

COMPENSATION AGREEMENT BETWEEN LISTING & SELLING BROKER

1 This compensation agreement ("Agreement") is entered into this ____ day of _____, and relates to:
 2 _____ ("Property")
 3 and _____ ("Buyer").

4 The undersigned Listing Broker is to be paid real estate compensation by the seller upon the closing of the above stated Property.
 5 Listing Broker agrees to share its compensation with the undersigned Selling Broker as set forth below:
 6 Listing Broker (Firm Name) _____
 7 Listing Firm Address: _____
 8 Selling Broker (Firm Name) _____
 9 Selling Firm Address: _____

10 Selling Broker shall receive the following compensation: \$ _____ or _____ % of the purchase price of the Property.

11 In addition, this Agreement is subject to the following terms and conditions:
 12 1. This Agreement shall supersede any previous agreements entered into by the parties.
 13 2. Listing Broker shall have no obligation to the Selling Broker for compensation relating to the above referenced Property,
 14 Buyer, and Selling Broker if the Purchase and Sale Agreement that Selling Broker is involved in does not close.
 15 3. There shall be no reduction, change or modification to compensation without prior consent of all Brokers involved.
 16 4. If either licensee, subsequent to entering into this Agreement, unilaterally agrees to a reduction in compensation to be
 17 received by the licensee's broker without the consent of the other licensee, the amount of reduction shall be deducted solely
 18 from the licensee's broker that reduced the compensation.
 19 5. Listing Broker shall have no obligation to pay above compensation to Selling Broker in the event that such is prohibited
 20 by a court order and/or instruction from a lender as could occur in situations including but not limited to, short sales,
 21 foreclosures, and bankruptcy proceedings. In the event that such compensation is limited and/or prohibited by such order
 22 or instruction, Listing Broker shall only be obligated to pay Selling Broker the compensation which is permitted by such
 23 order or instruction. Listing Broker shall advise Selling Broker of any such order or instruction and with permission of
 24 both parties provide evidence of such as soon as possible.


25 **SPECIAL STIPULATIONS:** The following Special Stipulations, if conflicting with any exhibit, addendum, or preceding
 26 paragraph, shall control:

Use this on EVERY transaction – even inter-office

131

61. According to the PSA, if the Buyer defaults they forfeit their earnest money as a credit against the Seller's damages?

a. Yes
 b. No



Lines 390-391

132

Section 13

390 13. **Default.** Should Buyer default hereunder, the Earnest Money/Trust Money shall be forfeited as damages to Seller and
391 shall be applied as a credit against Seller's damages. Seller may elect to sue, in contract or tort, for additional damages or
392 specific performance of the Agreement, or both. Should Seller default, Buyer's Earnest Money/Trust Money shall be
393 refunded to Buyer. In addition, Buyer may elect to sue, in contract or tort, for damages or specific performance of this
394 Agreement, or both. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including
395 suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover
396 all costs of such enforcement, including reasonable attorney's fees. In the event that any party exercises its right to
397 terminate due to the default of the other pursuant to the terms of this Agreement, the terminating party retains the right to
398 pursue any and all legal rights and remedies against the defaulting party following termination. The parties hereby agree
399 that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies, rights and/or
400 obligations as a defense in the event of a dispute.

133

Section 14



134

Section 15



135

62. An Agent can “bind” the Buyer & Seller’s Agreement?

- a. True
- b. False



Lines 412-415

136

63. Per the PSA, either licensee is authorized to insert the Date and time of receipt of the notice of acceptance of the final offer?

- a. True
- b. False



Lines 415-416

137

64. What does “time is of the essence” mean?

- 1. When used in a contract, places the other party on notice that failure to complete a required performance by a date certain set forth therein will constitute an incurable breach.



Line 424

138

65. Per the PSA, days used throughout the Agreement shall be deemed to be

- a. Business Days
- b. Calendar Days

2022 CALENDAR
www.info-calendar.com

JANUARY	FEBRUARY	MARCH	APRIL
MAY	JUNE	JULY	AUGUST
SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER

NEW YORK STOCK EXCHANGE

Lines 427-428

139

66. What is the definition of a business day?

- The term business day means Monday through Friday, except the legal public holidays specified in 5 U.S.C.

67. What is the definition of a calendar day?

- Calendar day means the period of elapsed time, using Coordinated Universal Time or local time that begins at midnight and ends 24 hours later at the next midnight.

140

68. Per the PSA, the commencement (start of day counting) shall be the day following the initial date.

- a. True
- b. False



Lines 433-434

141

January 2022

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5 Acceptance Date Day Zero	6 Day 1	7 Day 2	8 Day 3
9 Day 4	10 Day 5	11 Day 6	12 Day 7	13 Day 8	14 Day 9	15 Day 10
16 Day 11	17 Day 12	18 Day 13	19 Day 14	20	21	22
23	24	25	26	27	28	29
30	31					

142

69. According to the PSA, what are the five (5) ways notice can be delivered?

1. In person, prepaid overnight delivery service, fax, USPS postage prepaid registered or certified return receipt or email.

REMEMBER: Statute of Frauds



Lines 442-445

143

Section 16

464 16. Seller's Additional Obligations. In addition to any other disclosure required by law, the Seller shall, prior to entering
 465 into an Agreement with a Buyer, disclose in writing including acknowledgement of receipt: (a) the presence of any known
 466 exterior injection well or sinkhole (as defined in TCA § 66-5-212) on the property; (b) the results of any known percolation
 467 test or soil absorption rate performed on the property that is determined or accepted by the Department of Environment and
 468 Conservation; (c) if the property is located in a Planned Unit Development (PUD); (d) if the property is located in a PUD, make
 469 available to the Buyer a copy of the development's restrictive covenants, homeowner bylaws and master deed upon request;
 470 (e) any single-family residence located on the Property has been moved from an existing foundation to another foundation
 471 where such information is known to the Seller; and (f) if a permit for a subsurface sewage disposal system for the Property was
 472 issued during a sewer moratorium pursuant to TCA § 68-221-409. If so, Buyer may have a future obligation to connect to the
 473 public sewer system.

No Seller exempt from these disclosures. On all forms.

144

Section 17



474 17. **Method of Execution.** The parties agree that signatures and initials transmitted by facsimile, other photocopy transmittal,
475 or by transmittal of digital signature as defined by the applicable State or Federal law will be acceptable and may be treated as
476 originals and that the final Purchase and Sale Agreement containing all signatures and initials may be executed partially by
477 original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable
478 State or Federal law.



145

Section 18



70. Name items that should be listed in the Exhibits and Addenda paragraph of the PSA:

- Anything that has the words "Exhibit" or "Addendum" in the name of the form.
- VA/FHA Addendum
- Buyers First Right of Refusal Addendum
- Backup Agreement
- Condominium Legal Exhibit

Lines 479-482

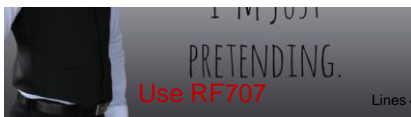
146

Section 19



Article 13

REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.



Lines 497-499

147

- Special Stipulations:
 - Check to see if there is another TN REALTOR form to address the situation – 1st!
 - Handwritten provisions prevail.
 - Reference the line number when making changes.
 - Whenever possible use the same verbiage included in the pre-printed portion of the PSA only changing what is necessary.
 - Use to make simple changes- not to re-write the document.
 - Use RF707 language provided by TN REALTORS

148

Section 20

71. Can you lose your license for not having a time limit of the offer filled in on the PSA?

- a. Yes
- b. No

62-13-312

(9) Using or promoting the use of any real estate listing agreement form, real estate sales contract form or offer to purchase real estate form that fails to specify a definite termination date;

Lines 480-481
62-13-312 #9

149



497 LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have any
 498 questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is
 499 authorized or qualified to give you any advice about the advisability or legal effect of its provisions.
 500 NOTE: Any provisions of this Agreement which are preceded by a box "☐" must be marked to be a part of this
 501 Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have
 502 received a copy of this Agreement.
 503 WIRE FRAUD WARNING: Never trust wiring instructions sent via email. Cyber criminals are hacking email accounts
 504 and sending emails with fake wiring instructions. These emails are convincing and sophisticated. Always independently
 505 confirm wiring instructions in person or via a telephone call to a trusted and verified phone number. Never wire money
 506 without double-checking that the wiring instructions are correct. NEVER ACCEPT WIRING INSTRUCTIONS FROM
 507 YOUR AGENT OR BROKER. ☐ Buyer Initials ☐ Buyer Initials



150

Who Completes This?

521 Acknowledgement of Receipt. _____ hereby acknowledges receipt of the final accepted offer
522 on _____ at _____ o'clock _____ am/ _____ pm, and this shall be referred to as the Binding Agreement Date for
523 purposes of establishing performance deadlines as set forth in the Agreement.

Remember Lines 415-416

408 A. Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date. This Agreement
409 shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and
410 assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of
411 this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise,
412 or inducement not included in this Agreement shall be binding upon any party hereto. It is hereby agreed by both
413 Buyer and Seller that any real estate agent working with or representing either party shall not have the authority to
414 bind the Buyer, Seller or any assignee to any contractual agreement unless specifically authorized in writing within
415 this Agreement. Any assignee shall fulfill all the terms and conditions of this Agreement. The parties hereby authorize
416 either licensee to insert the time and date of receipt of the notice of acceptance of the final offer. The foregoing time
417 and date will be referred to for convenience as the Binding Agreement Date for purposes of establishing performance
418 deadlines.

151



“Write Every
Offer To
Purchase As If
You Were
Preparing To
Go To Court”

152