

DO I KNOW WHAT I THINK I KNOW?

Purchase & Sale Agreement Quiz

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

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

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

4. A “Ring” doorbell is a security system.
 - a. Yes
 - b. No

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 to be clear between the Buyer and the Seller
 - d. None of the above

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

7. You will see the term “good faith” throughout the PSA. What do you think this term means?
8. How many box(es) is it recommended to check on the PSA when signifying the type of loan the Buyer will be seeking?
9. 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
10. Can a Buyer apply for a different loan than the one initially indicated in the PSA?
 - a. Yes
 - b. No
11. Is there any caveat to the Buyer applying for a different loan than the one initially indicated in the PSA?
 - a. Yes
 - b. No
12. Does the TN Code Annotated, TREC Rules or the PSA require a Buyer to submit a pre-qualification letter with their offer?
 - a. Yes
 - b. No
13. 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
14. 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. Send pre-approval letter to Seller

15. How many days, in the PSA, does a Buyer have to shop for their ideal loan after making application for a loan?
- 3
 - 5
 - 10
 - 14
16. Is it required that the Buyer inform the Seller of completing the three (3) and fourteen (14) day loan obligations?
- Yes
 - No
17. Does a Pre-Qualification statement from the Buyer's lender relieve the Buyer of having to make the notifications included in the Loan Obligations?
- Yes
 - No
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?
- Yes
 - No
19. May 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?
- Yes
 - No
20. When a Buyer is in default (breach) of the contract, what is an item they may be required to immediately forfeit?
- The earnest/trust money
 - The down payment
 - The home inspection
 - The appraisal
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?
- Yes
 - No

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 another one.
- Yes
 - No
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?
- Yes
 - No
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?
- 3
 - 5
 - 10
 - 14
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?
- 3
 - 5
 - 10
 - 14
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?
- 3
 - 5
 - 10
 - 14
27. If a house does not appraise the Buyer and Seller **MUST** renegotiate the purchase price?
- Yes
 - No
28. In the PSA, you must address who will pay the cost of title search, mortgagee's, and owner's policies?
- Yes
 - No

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.
- Yes
 - No
30. In the state of Tennessee, it is a requirement that a Buyer pay earnest/trust money for there to be a valid contract?
- Yes
 - No
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.
- Yes
 - No
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?
- 3
 - 5
 - 1
 - 14
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.
- 3
 - 5
 - 10
 - 14
34. The TN Realtors Bank of Forms has a specific form to use if a Title Company is holding Earnest/Trust Money.
- Yes
 - No
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?
- Yes
 - No

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?
- Yes
 - No
37. According to the PSA, real estate taxes, rents, dues, maintenance fees and association fees for prior years shall be paid by the
- Buyer
 - Seller
 - Closing Agency
 - HOA or Condo Association
38. 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?
- Seller
 - Buyer
39. 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?
- Buyer
 - Seller
40. What are the two options the Buyer has if the title examination discloses material defects?
- Accept the property with the defects or sue the seller
 - Accept the property with the defects or require the seller to remedy the defects within 15 days after closing
 - Accept the property with the defects or require the Seller to remedy the defects prior to closing
 - Accept the property with the defects or require the Seller to extend the closing for 15 days
41. Does it matter in what manner the Buyer takes title to the property?
- Yes
 - No
42. According to the PSA, the Agreement will automatically terminate if the property is found to need to be connected to the public water and sewer (Buyer getting a VA or FHA loan) and the Buyer and Seller cannot successfully negotiate the costs?
- Yes
 - No

43. The TN Real Estate Commission sent an email to ALL real estate licensees concerning home inspections, telling licensees that they need to learn what a home inspector actually does.
- a. Yes
 - b. No
44. 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
45. The State of Tennessee has defined what a “home inspection” is?
- a. Yes
 - b. No
46. The State of Tennessee has defined what a “home inspector” is?
- a. Yes
 - b. No
47. May the Buyer do his/her own home inspection?
- a. Yes
 - b. No
48. May the Buyer have a structural engineer, or a licensed general contractor do the home inspection?
- a. Yes
 - b. No
49. The home inspection as directed by the definition from the State of TN is a visual analysis of the property?
- a. Yes
 - b. No
50. Per the statutes of the TN Home Inspector law, the home inspector must inspect subterranean systems or system components such as the sewage disposal system, water supply or fuel delivery systems.
- a. Yes
 - b. No

51. The Buyer can require the Seller to have the carpets, gutters or home cleaned or the HVAC unit serviced, per the PSA.
- Yes
 - No
 - Maybe
52. It is required by law that a Buyer have a Wood Destroying Insect Infestation Inspection (Termite Letter) completed to purchase a house?
- Yes
 - No
53. 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?
- True
 - False
54. 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?
- Yes
 - No
55. It is recommended 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?
- Yes
 - No
56. 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?
- Yes
 - No
57. If the Buyer does not like the restrictions, covenants, neighborhood, or HOA they can terminate the contract during the home inspection process?
- Yes
 - No

58. 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)?
- Yes
 - No
59. If the Buyer checks the box waiving the option to request items to be repaired/replaced, they can still ask the Seller to make repairs and terminate the Agreement if the Seller will not make the requested repairs?
- Yes
 - No
60. 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?
- Yes
 - No
61. 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?
- Yes
 - No
62. According to the PSA, if the Buyer defaults they forfeit their earnest money as a credit against the Seller's damages?
- Yes
 - No
63. It is the real estate licensee who binds the Seller and Buyer into a contract with each other?
- Yes
 - No
64. According to the PSA, either licensee can insert the time and date of receipt of notice of acceptance of final offer onto the Agreement.
- Yes
 - No
65. What does "time is of the essence" mean?

66. According to the PSA, days are
- Business days
 - Calendar days
67. According to the PSA, what time does a calendar day end?
68. If the Closing date you have entered into the Agreement falls on a Saturday, Sunday, or legal holiday, which day does it move to?
69. If the last day of the Inspection period in the Agreement falls on a Saturday, Sunday, or legal holiday, which day does it move to?
70. When counting days under the PSA, when is day one, if you receive the bound Agreement today at 3:45pm?
- Today
 - Tomorrow
 - The PSA does not address this issue
71. Scenario: Acknowledgement of Receipt is 12/18/2022. The days for inspection are 7, final walk through is 4 days before Closing and Closing is January 6, 2023. Using your PSA and the calendar on your phone, please calculate the date these items are due:
- 3-day loan obligation, line 63-66:
 - 14-day loan obligation requirements, lines 67-73:
 - Inspection deadline, lines 302-307:
72. Scenario: Acknowledgement of Receipt is 12/18/2022. The days for inspection are 7 days, final walk through is 4 days before Closing and Closing is January 6, 2023. Resolution Period is 6 days. Repair Proposal is sent to Seller on 12/22/2022. Using your PSA and the calendar on your phone, please calculate the date the Resolution Period ends.
73. According to the PSA, what are the five (5) ways notice can be delivered?
74. Name items that should be listed in the Exhibits and Addenda paragraph of the PSA:
75. Can you lose your license for not having a time limit of the offer filled in on the PSA?
- Yes
 - No

76. Why do you have to fill out the “For Information Purposes Only” information on the last page of the PSA?
77. Scenario: Agent Steven has a house listing that is very popular and has been shown many times per day since it went into the MLS four days ago. Agent Jennifer brings Agent Steven an offer, because as she was showing the house, three additional showings were also taking place and her buyer did not want to lose the house. Agent Steven and Agent Jennifer negotiate the offer into a contract for the Buyer and the Seller. The day after the contract went binding; Agent Steven was in the office working on the “under contract” file to turn it into his office when he receives an email from Agent Lucy that contains another offer on the house. Upon reading through the offer, Agent Steven immediately realizes that this offer is a better offer than the contract the Seller currently has. Following the Code of Ethics, Article 1, Agent Steven calls the Seller and presents the new offer. The Seller wants to accept the offer from Agent Lucy as a Back Up Agreement. The Buyer agrees. Agent Steven now has a Primary Agreement and a Back Up Agreement on his newest house listing, and it has only been in the MLS for six days! During the conversation with the Seller, the Seller had asked Agent Steven how he could “get out of” the first contract to accept the second offer. Agent Steven, a very reputable REALTOR, tells the seller he would need to consult an attorney on how to “get out of” a contract. However, Agent Steven reminded the Seller of the many provisions within the current contract that the Buyer would need to comply with in order for the contract to precede to closing. This seemed to appease the Seller. The morning and evening of day three after the Binding Agreement Date come and go and when Agent Steven comes into the office on the morning of day four, he contacts his seller and says to him, “Mr. Seller, remember that I told you there were many provisions the Buyer would need to comply with? At this time Mr. Seller, the Buyer has not complied with lines 63-66 of the contract with you and supplied us with the name and contact information of their lender. You, Mr. Seller, can make a demand for compliance at this time. Mr. Seller makes demand for compliance however, Agent Jennifer who thinks Agent Steven is such a ninny for following all the rules so closely, scoffs when she receives the Notification form on which the Seller is making demand for the Buyer to comply with the loan obligations in the Agreement. She emails the Notification form to the Buyer who calls and asks if he needs to sign the form. Agent Jennifer tells the buyer – well it is up to you. We provided a pre-qualification letter with our offer. Agent Steven is just being ridiculous and must want a very thick file! The Buyer, after speaking to Agent Jennifer, feels that Agent Steven does not really know what he is doing and does not sign or respond to the Seller’s demand for compliance. On the morning of day seven after the binding date, Agent Jennifer receives a Notification form from Agent Steven terminating the contract with her Buyer and noting the Seller will be retaining the earnest money. In the email the form is attached to, Agent Steven also let’s Agent Jennifer know that his Seller had a Back Up Agreement, and it has now moved into the Primary buying position. Has Agent Steven handled this in the proper manner?
- a. Yes
 - b. No