

CRSP-14

Contract for Residential Sale and Purchase Preparation Manual

Released September 28, 2015

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General Considerations for Completing Preprinted Contracts

Adequacy of Contract: Any preprinted contract form is appropriate only when its provisions adequately convey the intent of the parties. If extensive modifications are required to express the parties' intent, the parties should retain legal counsel to draft a custom agreement.

Contract Formation: To be valid and binding on the parties, the contract must be:

1. **In Writing:** The Statute of Frauds requires that contracts for the sale of real property in Florida must be in writing. (There is an exception for oral contracts that have been partially performed, but the exception rarely arises.) Witnesses are not required.
2. **Based on the Mutual Consent of the Parties to All Its Material Terms:** A material term is generally one that substantially constitutes the consideration of the contract or without which the contract would not have been made. To be valid, the parties must agree on the material terms.
3. **Supported by Sufficient Consideration:** Consideration is the reason the parties enter into the contract. Consideration is a right, interest, profit, or benefit that accrues to one party, or it can be the forbearance, detriment, loss, or responsibility given, suffered, or undertaken by the other party. In most real property transactions, seller's promise to convey the property to buyer is sufficient consideration for buyer's promise to pay the purchase price to seller or forfeit the deposit in the event of breach.
4. **Sufficiently Certain in Its Terms:** Material terms (especially the description of the property, parties, and purchase price) must be clearly stated. A court called upon to interpret the contract will not look beyond the contract's "four corners" to determine the parties' intent.

Responsibility of Licensee: The contract contains terms negotiated by the parties. It defines each party's rights and obligations. Therefore, the licensee who prepares the contract must be thoroughly familiar with its terms and with the expressed intent of the parties. The licensee is liable for her/his mistakes. If the licensee is not sure that a clause expresses the intent of the parties, the licensee should suggest that legal counsel be retained to draft the clause.

Completing the Contract to Ensure Clarity:

1. Fill in all blanks, using "N/A" or "-0-" as appropriate.
2. Check at least one box where a choice is given.
3. If a particular sentence or clause does not apply to the transaction, either cross it out or state in an addendum that the clause has been deleted.
4. If additional information relating to a particular clause is inserted into an addendum, be sure to write in a reference to the clause number in the addendum. For example, "This sentence modifies Paragraph _____ of the contract." Also, number the addendum and reference it in Paragraph 20.

Specific Considerations for Completing the CRSP-14

Use of Contract: This contract is specifically drafted for use in residential transactions and in transactions involving vacant land or agricultural property to be used for residential purposes. It is designed to be used in conjunction with Florida Realtors Contract for Residential Sale and Purchase Addenda. It is **not** intended to be used for:

1. **Agreement/Contract for Deed:** This is basically a security arrangement instead of a purchase money mortgage. When an agreement for deed is used, seller is the record title owner until the agreement is completely fulfilled. In the event buyer defaults, this type of agreement is treated like a mortgage and requires seller to foreclose to regain title to the property. Therefore, this type of agreement should be drafted only by an attorney.
2. **Lease with Option to Buy:** This contract is not an option contract or a lease, but it may be used as an exhibit to a lease-option contract.
3. **Option Contract:** This contract is not an option contract, but it may be used as an exhibit to an option contract.
4. **Commercial Property:** This contract is not intended for use in the sale of commercial property. Instead, use Florida Realtors Commercial Contract and Commercial Contract: Optional Clauses forms as appropriate.
5. **Sale of Business:** This contract is not intended for use in the sale of an ongoing business.
6. **Exchange Agreement:** If the property is or will be used in a trade or business or as an investment, one or both of the parties may be interested in engaging in a tax-free (like-kind) exchange. An exchange agreement must be carefully structured to ensure that each party achieves the desired tax effect. This contract is not suitable for such an agreement without substantial modification.
7. **Seller to Build or Complete Improvements:** This contract does not contain language necessary to protect the parties' interests when seller will be obligated to construct improvements.

8. **Vacant Land:** Clauses specific to the sale of vacant property are contained in Florida Realtors Vacant Land Contract.

Organization of Contract: This contract was designed with the following features:

1. **Line Numbers:** Each line is numbered for easy reference. Plus, the lines that contain a blank or box are indicated by an asterisk next to the line number.
2. **Acknowledgment of Receipt of Page:** Each party should initial to indicate that she/he received a copy of the page. An example of the acknowledgment line is shown below:

Buyer (____) (____) and Seller (____) (____) acknowledge receipt of a copy of this page, which is Page 1 of 9.

3. **Blanks and Boxes:** If any blank is inapplicable to the transaction, fill it in with "N/A" or "-0-" or some other appropriate filler. Do not leave any blank empty. All boxes appear to the left of the term to which the box applies.
4. **Paragraphs:** There are 23 paragraphs and each has a topical heading to facilitate quick reference.
5. **Business Days:** This contract computes all time periods in business days. All deadlines end at 5:00 p.m. in the county where the property is located.

Copyright Protection

This contract form is protected under federal copyright law. As a purchaser of a form contract, you are authorized to make copies for the purpose of completing a draft copy of the final agreement. You are also authorized to reproduce, by photocopy or facsimile, a completed draft or final copy of the contract. You are **not** authorized to duplicate this contract in any way on your computer or word processor or for any purpose not listed above. If you are interested in obtaining a license to reproduce the form with your firm's name or logo at the top, please contact Florida Realtors at 407-438-1400. Computerized versions of the form are also available. For a list of vendors authorized to use Florida Realtors forms, log on to <http://floridarealtors.org>.

Organization of Manual

This manual examines the Florida Realtors Contract for Residential Sale and Purchase (CRSP-14) as follows:

Reprint of Paragraph: At the beginning of each section, the applicable contract paragraph is reprinted with reference numbers in each blank.

Purpose: This section briefly explains why the clause is included in the contract.

Deadlines: This section highlights any specified time for performance in the clause.

111 **Blanks/Boxes:** This section briefly describes how to complete contract blanks and boxes.

Explanation: This section provides in-depth information regarding each clause.

Practice Tips: These tips are practical pointers about handling situations that may arise.

1* 1. **Sale and Purchase:** 1 ("Seller")
2* and 2 ("Buyer")
3 (the "parties") agree to sell and buy on the terms and conditions specified below the property described as:
4* Street Address: 3
5* City: 4 Zip Code: 5 County: 6
6* Legal Description: 7
7* Tax ID No.: 8
8 together with all existing improvements and attached items, including fixtures; built-in furnishings; major appliances
9* (including but not limited to range(s), refrigerator(s), dishwasher(s), washer(s), and dryer(s)); 9 (#) ceiling fans (all
10 ceiling fans if left blank); light fixtures; attached wall-to-wall carpeting; and rods, draperies, and other window treatments as
11* of date of Buyer's initial offer. The only other items included in the purchase are: 10
12*
13*
14* The following attached items are excluded from the purchase: 11
15*
16*
17 The real and personal property described above as included in the purchase is referred to as the "Property."
18 Personal property listed in this Contract is included in the purchase price, has no contributory value, and is being
19 left for Seller's convenience.

To identify the parties and the property included in the transaction.

- 1 Insert the full name of seller(s). Copy exactly the name(s) as shown on the title, including marital status.
- 2 Insert the full name of buyer(s). Show the name(s) in exactly the same manner buyer wishes to take the title. If buyer asks how the title should be taken, recommend that she/he seek legal advice.
- 3 Enter the street address (and unit number, if any) of the property.
- 4 Enter the city.
- 5 Enter the zip code.
- 6 Enter the name of the county.
- 7 Enter the legal description of the property.
- 8 Enter the tax identification number.
- 9 Enter the number of ceiling fans to be conveyed with the property.
- 10 List items of personal property that are included in the sale price.
- 11 List items, such as chandelier or water softener, that are attached to the property but that seller wants to take upon moving. You may also use this space to specifically exclude any items that are commonly expected to stay with the property, such as a refrigerator, from the purchase.

Trust. Insert the name of the trustee and the title "Trustee." For example, "John Doe, Trustee."

Power of Attorney. If a person has a signed, written power of attorney authorizing him/her to buy or sell the property on behalf of another person (the “principal”), insert the name of the principal.

Practice Tip. If the parties’ names, legal description, or list of personal property are too long to fit in the spaces provided, use Paragraph 21 and insert “See Paragraph 21” in the appropriate blank (or use the CRSP-14 Additional Clauses Addendum).

Correct Legal Description. Use the legal description found on the previous deed, an owner’s title insurance policy, or a survey. Do not rely on the tax assessor’s description or the description in the Multiple Listing System or listing agreement, as they are often inaccurate or abbreviated.

Platted Subdivision. Include the county where located, lot and block, name of subdivision (with phase or unit if applicable), plat book and page number of recorded plat, and tax folio number.

Unplatted Property. Include the county where located, legal description, and reference to section, township, and range.

Condominium. Include the county where located, unit or parcel number, name of condominium, identification of any common elements (such as parking or storage space) included in the real property, tax folio number, record book and page number of Declaration of Condominium with all subsequent amendments, and record book and page number of any ground or recreational leases.

Tax ID Number. This is the identification number assigned to the property by the property appraiser’s office. It is found on the property’s tax bill and usually starts with the section, township, and range. It may also be referred to as the “tax number,” “folio number,” or “parcel ID.”

Controversy Regarding Property Included in Sale. Disputes often arise over whether or not a particular item was to be included in the purchase. Avoid this conflict by compiling an accurate list of all items included and excluded from the purchase.

Personal Property. Items that are not permanently attached to the real property must be specifically listed in the contract if buyer wants them included in the purchase. Otherwise, seller is entitled to keep the personal property.

Fixtures. Items that are permanently attached to the property are included in the purchase unless specifically excluded.

Practice Tip. Beware! Each party’s opinion may differ on whether an item is a fixture or personal property. As a real estate licensee, you are not expected or recommended to determine whether a particular item is a fixture or personal property; however, you should be aware of the problem and of items that could be interpreted different ways. This will give you the opportunity to clarify in the contract whether those items are included or excluded. Here are some commonly disputed items to look for: water softeners and pumps, mailboxes, window air conditioning units, satellite dishes, security alarms, weather vanes, and pool equipment, such as heaters and cleaning systems.

Contributory Value of Personal Property. This contract presumes that any personal property that is conveyed with the real property is an incidental part of the purchase price. A typical mortgage lender will not consider personal property to be good security for a residential loan, nor will an appraiser take the value of personal property into account when making the appraisal. The items listed as included in the purchase price are generally acceptable to lenders. If seller is transferring personal property having significant value, it may need to be sold under a separate contract.

Existing Improvements and Attached Items. Unless specifically excluded, seller is required to deliver to buyer existing fixtures, built-in furnishings, major appliances, ceiling fans, light fixtures, attached wall to wall carpeting, rods, draperies, and other window treatments as of date of buyer’s initial offer. Therefore, seller cannot, for example, replace a valuable major appliance with a less valuable major appliance. If seller is obligated to replace one of these existing items, seller must replace it with an item of comparable quality, value, capacity, and performance.

Paragraph 2. Purchase Price

20*	2. Purchase Price: \$	12	_____ payable by Buyer in U.S. currency as follows:
21			All deposits will be made payable to "Escrow Agent" named below and held in escrow by:
22*	Escrow Agent's Name:	13	_____
23*	Escrow Agent's Address:	14	_____
24*	Escrow Agent's Phone:	15	_____
25*	(a) \$	16	"Initial Deposit" (\$0 if left blank) (Check if applicable)
26*			<input type="checkbox"/> accompanies offer
27*			<input type="checkbox"/> to be delivered to Escrow Agent within 17 days (3 days if left blank) after
28			Effective Date
29*	(b) \$	18	Additional deposit to be delivered to Escrow Agent by 19 or
30*			within 20 days (10 days if left blank) after Effective Date
31*	(c)	21	Total Financing (see Paragraph 3 below) (express as a dollar amount or percentage)
32*	(d) \$	22	Other: 23 _____
33*	(e) \$	24	Balance to close (not including Buyer's closing costs, prepaid items, and prorations)
34			All funds paid at Closing must be paid by wire transfer or other Collected funds.

Purpose:

To indicate the purchase price and itemize how the price is to be paid.

Blanks:

12 Enter the total amount of purchase price. Buyer must pay the price in U.S. currency.

13 Enter the escrow agent's name.

14 Enter the escrow agent's address.

15 Enter the escrow agent's telephone number.

16 Enter the amount of the Initial Deposit.

Boxes:

If the Initial Deposit is going to be delivered to seller along with the offer, check the first box.

If the Initial Deposit is going to be delivered to the escrow agent at a later date, check the second box.

Blanks:

17 If the second box was checked, enter the number of days within which buyer must deliver the Initial Deposit to the escrow agent.

18 Enter the amount of any additional deposit buyer must make.

19 Enter a date by which the additional deposit must be made, or

20 Enter the number of days within which buyer must deliver the additional deposit.

21 Enter either a dollar amount or a percentage representing the total amount of the mortgages buyer will obtain to finance the purchase of the property.

22 Indicate any other amount buyer will itemize separately from the deposits and mortgages.

23 Describe the amount in blank 22.

24 If you entered a dollar amount in blank 21, enter the amount buyer must bring to the closing (in addition to closing costs, prepaids, and prorations), which is calculated by subtracting the amounts in blanks 16, 18, 21, and 22 from the amount in blank 12. If you inserted a percentage amount in blank 21, insert the term "balance."

Deadlines:

Initial Deposit. If the Initial Deposit does not accompany the offer, it must be made within the number of days specified in blank 17.

Additional Deposit. The additional deposit must be made by the date specified in blank 19, or if there is no date, then within the number of days specified in blank 20.

Explanation:

Variable Price. If the full purchase price cannot be expressed in monetary terms (e.g., when the price is based on acreage), you should note in Paragraph 21 the manner in which the purchase price will be determined. Write "See Paragraph 21" in blank 12.

Foreign Buyers. You may want to clarify that the full amount of the purchase price is due on the day of closing regardless of the exchange rate.

Necessity of Deposit. A deposit is **not** required to make a binding sale and purchase contract. The mutual promises of seller to sell and buyer to buy the property at a specific price and terms are sufficient.

Amount of Deposit. This contract provides that, in the event buyer defaults, all deposits made and agreed to be made may be claimed by seller as liquidated damages. Therefore, seller will want a deposit large enough to cover any anticipated damages.

Collection of Funds. In this contract, deposit receipt is subject to collection of funds if paid by check, cashier's check, or official bank check.

Who May Hold the Deposit. The deposit(s) may be held in or out of Florida and may be paid directly to seller or to anyone else who the parties agree should act as the escrow agent. If the parties decide not to have an escrow agent, be sure to put an appropriate note in blanks 13, 14, and 15, such as "None - deposit paid to seller." No matter who holds the deposit, the real estate licensees involved in the transaction are responsible for monitoring deposit deadlines and notifying the parties if a deposit is late.

Non-Cash Deposit. If a deposit is in the form of non-cash property (such as a promissory note, securities, jewelry, art, a car, etc.), insert the value assigned to the property in either blank 16 or 18, as appropriate, and write in the form of payment ("1985 Nissan 200SX," "200 shares XYZ Corp. common stock") in the space below the blank. If the deposit is a promissory note, the note should be in seller's name.

Postdated Checks. Under license law escrow rules, a real estate brokerage acting as an escrow agent cannot accept a postdated check unless the check can be deposited within the three business days from the date of receipt, and seller consents to the postdate. If someone else is receiving the deposit, buyer may write a postdated check only with seller's knowledge and consent.

Procedure upon Receiving a Deposit Check. A real estate licensee may receive and transmit a deposit check made out to a third person without having to deposit the check in the brokerage escrow account. However, if a real estate licensee is to hold the deposit, license law requires the following:

1. A sales/broker associate must deliver the deposit to her/his broker by the end of the next business day following receipt.
2. The broker must deposit the check by the end of the third business day from the day the broker received it from the sales/broker associate. Saturdays, Sundays, and national legal holidays are not counted as business days. Checks should be kept in a secure place, such as a safe, until deposited.
3. Funds may be placed in an interest-bearing escrow account only if both seller and buyer agree in writing to (a) place the funds in an interest-bearing escrow account, (b) who is to earn the interest (anyone can earn interest including the broker, a third party, etc., if mutually agreed to by seller and buyer) and (c) the time at which funds should be disbursed. You may use the CRSP-14 Interest-Bearing Escrow Account Addendum to fix the terms of the interest-bearing account.

Payment of Additional Deposit. In this contract, time is of the essence, so the date the additional deposit is due should be emphasized to buyer and then monitored to ensure compliance. If the deposit is not made on time, seller's agent should immediately notify seller.

Total Financing. This amount should be "0" if Paragraph 3(a) (no financing contingency) is checked. If Paragraph 3(b) is checked, the amount inserted in blank 21 should be the total amount of all the institutional, third-party and seller financing and mortgage assumption that buyer intends to procure.

Other Amounts. Blank 22 is for the value of any other form of payment of the purchase price. For example, if buyer will convey a recreational vehicle (RV) to seller as part of the transaction, indicate the value of the RV in blank 22 and describe the RV in blank 23. This space may also be used if a third deposit is required.

Exclusions from Balance. If you include a dollar amount, emphasize to buyer that this amount does not include closing costs, prepaid insurance and other prepaid items, or prorations.

Payment of Purchase Price. The purchase price must be paid in U.S. currency at closing and paid by wire transfer or other collected funds.

Paragraph 3. Financing

35	3. Financing: (Check as applicable)
36*	(a) <input type="checkbox"/> Buyer will pay cash or obtain financing for the purchase of the Property. This Contract is not contingent on
37	financing or appraised value unless otherwise stated herein.
38*	(b) <input type="checkbox"/> Buyer will apply for new <input type="checkbox"/> conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> other (specify) 25
39	financing specified in Paragraph 2(c) at the prevailing interest rate and loan costs based on Buyer's
40*	creditworthiness (the "Financing") within 26 days (5 days if left blank) after Effective Date and provide
41	Seller with either a written Financing commitment or approval letter ("Commitment") or written notice that
42*	Buyer is unable to obtain a Commitment within 27 days (the earlier of 30 days after Effective Date or 10
43	days before Closing Date if left blank) after Effective Date ("Commitment Period"). Buyer will keep Seller and
44	Broker fully informed about loan application status, progress, and Commitment issues and authorizes the
45	mortgage broker and lender to disclose all such information to Seller and Broker. If, after using diligence and
46	good faith, Buyer is unable to obtain a Commitment and provides Seller with written notice before expiration
47	of the Commitment Period that Buyer is unable to obtain a Commitment, either party may thereafter cancel
48	this Contract; and Buyer's deposit(s) will be refunded. Buyer's failure to timely provide Seller with written
49	notice that Buyer is unable to obtain a Commitment will result in forfeiture of Buyer's deposit(s) if Buyer fails
50	to close. Once Buyer provides the Commitment to Seller, the financing contingency is waived and Seller will
51	be entitled to retain the deposit(s) if the transaction does not close by the Closing Date unless (i) the Property
52	appraises below the purchase price and either the parties cannot agree on a new purchase price or Buyer
53	elects not to proceed, or (ii) the property related conditions of the Commitment have not been met (except
54	when such conditions are waived by other provisions of this Contract), or (iii) the loan is not funded due to
55	financial failure of Buyer's lender, or (iv) another provision of this Contract provides for cancellation.

Purpose:

To acknowledge whether or not the transaction is contingent on financing and, if so, to establish the terms of the contingency.

Subparagraph (a) provides for a cash transaction with no financing or appraisal contingency.

Subparagraph (b) provides terms for all financing contingencies.

Boxes:

Box (a) should be checked if buyer is paying cash for the property and has no financing contingency.

Box (b) should be checked if the purchase is contingent on buyer obtaining new conventional, FHA, VA, or other financing. Check the box to the left of the type of financing for which buyer will apply.

Blanks:

25 If buyer is obtaining "other" financing, specify the type of financing in blank 25, e.g., FHA 203(k), USDA, or Seller, etc.

26 Enter how many days buyer will have to apply for financing.

27 Enter how many days buyer will have to obtain a financing commitment.

Deadlines:

Loan Application. Buyer must submit a financing application to a mortgage broker or lender within 5 business days after effective date unless another number of days is inserted in blank 26.

Commitment. A written financing commitment/approval letter must be obtained within 30 business days after effective date or 10 days before closing date, whichever is earlier, unless another number of days is inserted in blank 27.

Notice to Seller. Buyer must notify seller in writing before expiration of Commitment Period if buyer obtains or fails to obtain financing.

Explanation:

Loan Application. Buyer should timely complete the loan application and provide any other information/documents required by the lender. Failure to do so may constitute a default under the contract. If buyer's application is denied by the first lender, buyer may continue to apply to other lenders. Depending on the circumstances, buyer's failure to try other lenders may be considered a lack of good faith effort. "Good faith" is generally characterized as honesty of purpose, lacking the intent to defraud, and being faithful to one's duty or obligation.

Financing Contingency. This contract is not contingent on buyer being able to meet all terms and conditions of a loan commitment/approval by closing but is simply contingent on buyer obtaining a loan commitment/approval and providing written notice of such to seller. Buyer must meet all terms and conditions of the loan commitment/approval by closing or risk losing the deposit.

Financing Commitment/Approval Letter. Buyer must provide seller with a financing commitment or approval letter within the time specified in order to proceed with the contract. There is no requirement that the letter must be written by the lender - the buyers could write it themselves - or that all terms and conditions must be specified in the letter.

Failure to Obtain Financing Commitment/Approval. If after using diligence and good faith, buyer is unable to obtain financing and provides written notice of such to seller before expiration of the commitment period, either party may cancel the contract. Failure to give such notice will result in forfeiture of the deposit if buyer fails to close.

Buyer Disclosure of Loan Progress. To alert the brokers and seller to any financing glitches that may impact the closing, the contract imposes a duty on buyer to keep seller and brokers informed of issues regarding the loan. It also authorizes buyer's mortgage broker and lender to answer questions from seller and the brokers.

Property Fails to Appraise. If buyer qualifies for the financing but the property does not appraise, buyer has a choice: buyer may proceed with the contract at the stated purchase price by waiving the financing contingency and paying additional cash at closing, or buyer may try to renegotiate the price. If seller and buyer cannot agree on a new price, buyer may choose to proceed at the stated purchase price, failing which either party may cancel the contract.

Other Provisions Requiring Deposit to be Returned. Buyer may also receive a return of the deposit even after providing the commitment if the property related conditions of the commitment (unless waived by other provisions of the contract) have not been met, e.g., lender requirements for length of seller's ownership of the property, condition of the property, or approval of association documents. In addition, buyer may receive a return of deposit if the loan is not funded due to financial failure of buyer's lender. Other provisions allow buyer to cancel the contract for other reasons, e.g., Paragraph 7(c) allows buyer to cancel within a specified time if the property is in a particular flood zone and the buildings are built below the minimum flood elevation. Buyer's deposit may also be returned if seller is unable to timely fulfill contractual obligations.

Release of Deposit. If the escrow agent is a real estate broker, the broker may release the deposit upon proper authorization from both parties or upon an award of an arbitrator, judgment from a court, or order from the Florida Real Estate Commission (FREC). An escrow agent who is not a broker is not required to notify FREC of an escrow dispute or initiate an escrow settlement procedure. Often title companies and attorneys will hold the escrow in their accounts until both parties agree to release the escrow or until one party obtains a civil judgment or an arbitration award.

Third-Party Financing. If buyer seeks third-party financing, check box (b), and complete blanks 25-27. The contract simply provides that the financing will be at the prevailing interest rate and loan costs based on buyer's creditworthiness. The only preprinted variable is for the amount of the loan. If buyer wants only a fixed or variable interest rate or wants to cap the interest rate or loan costs, also complete and attach the CRSP-14 New Mortgage Rates Addendum.

FHA Financing. If buyer seeks FHA financing, check box (b), check FHA box, complete blanks 26 and 27, and complete and attach the CRSP-14 FHA Financing Addendum.

VA Financing. If buyer seeks VA financing, check box (b), check VA box, complete blanks 26 and 27, and complete and attach the CRSP-14 VA Financing Addendum.

Seller Financing. If buyer wants a loan from seller, check box (b), check "other" box, specify "seller," complete blanks 26 and 27, and complete and attach the CRSP-14 Seller Financing Addendum. Blank 27 should be completed consistently with the terms of the Addendum. Note: When buyer is seeking both seller financing and another type of financing, seller must meet the 10 business day approval deadline in the Addendum even if the number of days allowed in Paragraph 3 for receipt of a commitment or approval exceeds 10 business days.

Mortgage Assumption. If buyer wants to assume seller's mortgage, check box (b), check "other" box, specify "assumption," complete blanks 26 and 27, and complete and attach the CRSP-14 Mortgage Assumption Addendum.

Paragraph 4. Closing Date; Occupancy

56 **4. Closing Date; Occupancy:** Unless the Closing Date is specifically extended by **Seller** and **Buyer** or by any other
57 provision in this Contract, the Closing Date will prevail over all other time periods including, but not limited to,
58* financing and inspection periods. Closing of this Contract (the "Closing") will occur on 28
59 ("Closing Date") at the time established by the Closing Agent, by which time **Seller** will (i) have removed all
60 personal items and trash from the Property and swept the Property clean and (ii) deliver the deed, occupancy,
61 and possession, along with all keys, garage door openers, and access codes to **Buyer**. If on Closing Date
62 insurance underwriting is suspended, **Buyer** may postpone Closing for up to 5 days after the insurance
63 suspension is lifted. If Paragraph 3(b) is selected and closing funds from **Buyer's** lender(s) are not available on
64 Closing Date due to Consumer Financial Protection Bureau Closing Disclosure delivery requirements (CFPB
65 Requirements), then Closing Date will be extended for such period necessary to satisfy CFPB Requirements,
66 provided such period does not exceed 10 days. If this transaction does not close for any reason, **Buyer** will
67 immediately return all **Seller** provided title evidence, surveys, association documents, and other items, failing
68* which **Buyer** authorizes Closing Agent to reimburse **Seller** \$ 29 (\$100 if left blank) from the
69 deposit(s) for the cost of the documents.

Purpose:

To establish the closing date and related obligations.

Blanks:

28 Enter the month, day, and year by which closing must occur.

29 Enter the amount of money to be deducted from the deposit and paid to seller if buyer fails to return seller provided documents and other items.

Explanation:

Closing Date. The closing must take place on the date indicated unless the parties agree to amend the date or the closing date is specifically extended by another provision in the contract.

Condition of Property. Seller must remove all property that is not included in the purchase and leave the property clean (trash must be removed but the property does not have to be scrubbed clean).

Delivery of Property. In addition to delivering the deed at closing, seller must also provide buyer with occupancy and possession, i.e., seller and unwanted tenants are out. Seller must also give keys, garage door openers, and access codes to buyer.

Return of Documents. If the contract is cancelled for any reason, buyer must return all seller provided documents and items. A failure to do so may result in money being deducted from buyer's deposit and paid to seller.

Paragraph 5. Closing Procedure; Costs

5. Closing Procedure; Costs: Closing will take place in the county where the Property is located and may be conducted by mail or electronic means. If title insurance insures **Buyer** for title defects arising between the title binder effective date and recording of **Buyer's** deed, Closing Agent will disburse at Closing the net sale proceeds to **Seller** and brokerage fees to Broker as per Paragraph 19. In addition to other expenses provided in this Contract, **Seller** and **Buyer** will pay the costs indicated below.

(a) Seller Costs:

Taxes and surtaxes on the deed

Recording fees for documents needed to cure title

Repairs and Permits: **Seller** will pay up to \$ 30 or _____ % (1.5% if left blank) of the purchase

price for repairs to warranted items ("Repair Limit"); and up to \$ 31 or _____ % (1.5% if left

blank) of purchase price for wood-destroying organism treatment repairs ("WDO Repair Limit"); and

up to \$ 32 or _____ % (1.5% if left blank) of the purchase price for costs associated with closing

out open permits and obtaining required permits for unpermitted existing improvements ("Permit Limit").

Other: 33

(b) Buyer Costs:

Taxes and recording fees on notes and mortgages

Recording fees on the deed and financing statements

Loan expenses

Lender's title policy

Inspections

Survey

Flood insurance, homeowner's insurance, hazard insurance

Other: 34

(c) Title Evidence and Insurance: If **Seller** has an owner's title policy covering the Property, **Seller** will provide a copy to **Buyer** and title agent within 5 days after Effective Date. The charges for title evidence and any lender's policy will be calculated and allocated in accordance with Florida law but may be reported differently on certain federally-mandated closing disclosures and other closing documents.

Check (1) or (2)

(1) ☐ The title evidence will be a Paragraph 10(a)(1) owner's title insurance commitment. ☐ **Seller** will select the title agent and Closing Agent and will pay for the owner's title policy; title search, including tax and lien search; and all other fees charged by title agent and Closing Agent or ☐ **Buyer** will select the title agent and Closing Agent and pay for the owner's title policy; title search, including tax and lien search; and all other fees charged by title agent and Closing Agent or ☐ **Buyer** will select the title agent and Closing Agent, and **Seller** will pay for the owner's title policy; title search, including tax and lien search; and all other fees charged by title agent and Closing Agent.

(2) ☐ **Seller** will provide an abstract as specified in Paragraph 10(a)(2) as title evidence. ☐ **Seller** ☐ **Buyer** will pay for the owner's title policy and select the title agent and Closing Agent. **Seller** will pay fees for title searches, including tax and lien searches, before Closing, and **Buyer** will pay fees for title searches, including tax and lien searches, after Closing (if any) and all other fees charged by title agent and Closing Agent.

(d) Prorations: The following items will be made current (if applicable) and prorated as of the day before Closing: real estate taxes (including special benefit tax assessments imposed by a community development district ("CDD")), interest, bonds, assessments, association fees, insurance, rents, and other current expenses and revenues of the Property. If taxes and assessments for the current year cannot be determined, taxes will be prorated on the basis of taxes for the preceding year as of the day before Closing and will be computed and readjusted, at either party's request, when the current taxes are determined with adjustment for exemptions and improvements. If there are completed improvements on the Property by January 1 of the year of the Closing, which improvements were not in existence on January 1 of the prior year, taxes will be prorated based on the prior year's millage and at an equitable assessment to be agreed upon by the parties before Closing, failing which, request will be made to the County Property Appraiser for an informal assessment taking into consideration available exemptions. If the County Property Appraiser is unable or unwilling to perform an informal assessment before Closing, **Seller** and **Buyer** will split the cost of a private appraiser to perform an assessment before Closing. Nothing in this Paragraph will act to extend the Closing Date. This provision will survive Closing.

(e) Special Assessment by Public Body: Regarding special assessments imposed by a public body, **Seller** will pay (i) the full amount of liens that are certified, confirmed, and ratified before Closing and (ii) the amount of the last estimate of the assessment if an improvement is substantially completed as of Effective Date but has not resulted in a lien before Closing; and **Buyer** will pay all other amounts. If special assessments may be paid in installments ☐ **Seller** ☐ **Buyer** (**Buyer** if left blank) will pay installments due after Closing. If **Seller** is checked, **Seller** will pay the assessment in full before or at the time of Closing. Public body does not include a Homeowners' Association or Condominium Association. Paragraph 5(e) does not apply to a special benefit tax lien imposed by a CDD pursuant to Chapter 190, Florida Statutes, which lien will be prorated pursuant to Paragraph 5(d).

(f) Tax Withholding: **Seller** and **Buyer** will comply with the Foreign Investment in Real Property Tax Act, which may require **Seller** to provide additional cash at Closing if **Seller** is a "foreign person" as defined by federal law.

(g) Home Warranty: ☐ **Seller** ☐ **Buyer** ☐ N/A will pay for a home warranty plan issued by _____ at a cost not to exceed \$ 36.

A home warranty plan provides for repair or replacement of many of a home's mechanical systems and major built-in appliances in the event of breakdown due to normal wear and tear during the agreement period.

Purpose:

To establish a procedure for closing and to allocate closing costs and prorations.

Subparagraph (a) lists the expenses that seller must pay.

Subparagraph (b) lists the expenses that buyer must pay.

Subparagraph (c) determines who pays for the owner's title policy; title search, including tax and lien search; and other fees charged by title agent and closing agent.

Subparagraph (d) list items that will be prorated as of the day before closing.

Subparagraph (e) describes how special assessments by public bodies (not condominium or homeowners' associations) will be treated.

Subparagraph (f) contains a FIRPTA disclosure. However, if seller is a foreign person, the CRSP-14 Foreign Investment in Real Property Tax Act (FIRPTA) Addendum should also be used.

Subparagraph (g) describes the purpose of a home warranty and contains check boxes to indicate who is to pay for a home warranty, if any.

Boxes:

Box (c)(1) should be checked if seller is providing a title commitment as title evidence in accordance with Paragraph 10(a)(1). Then indicate who will select the title agent and closing agent and who will pay for the title policy, title search, and related charges by checking the appropriate box.

Box (c)(2) should be checked if seller is providing title evidence in accordance with Paragraph 10(a)(2). Then indicate who will select the title agent and closing agent and pay for the owner's title policy.

Box (e) indicates who will pay special assessments by a public body that may be paid in installments and are due after closing.

Box (g), indicates which party will pay for a home warranty plan. If no plan will be purchased, check the box marked "N/A."

Blanks:

30 Enter the amount seller is willing to pay to repair warranted items that are not in the condition warranted (express as a dollar figure or a percentage of the purchase price; in an "as is" sale, insert "0").

31 Enter the amount seller is willing to pay for treatment of wood destroying organisms and to repair damage caused by such organisms (express as a dollar figure or a percentage of the purchase price; in an "as is" sale, insert "0").

32 Enter the amount seller is willing to pay to close out open permits and to obtain required permits (express as dollar figure or a percentage of the purchase price; in an "as is" sale, insert "0").

33 Enter any other costs not mentioned in the contract that seller will pay, such as "Seller will pay up to 3% of the purchase price toward Buyer's closing costs."

34 Enter any other costs not mentioned in the contract that buyer will pay.

35 Enter the name of the company that will provide the home warranty plan.

36 Enter the maximum premium to be paid for the home warranty plan.

Explanation:

Place of Closing. Unless the parties agree otherwise, the closing must occur in the county where the property is located. Therefore, a local closing agent should be used, though the documents can be mailed to a remote seller or buyer for signature. The closing may also be done electronically.

Gap Insurance. The title insurance will have a clause insuring buyer for title defects that occur between the policy binder effective date (the closing date) and the date on which the deed is recorded (this period is known as the "gap"). As long as buyer has gap insurance, the closing agent may disburse the proceeds at closing, rather than when the deed is recorded.

Costs. All closing costs are negotiable. If FHA or VA financing is involved, Subparagraphs (a) and (b) should be read in conjunction with the CRSP-14 FHA or VA addenda, whichever applies. The terms of the Addendum prevail over any contrary terms in Subparagraphs (a) and (b).

Special Assessment Liens. A governmental authority may assess property owners for improvements, such as paving roads, curbs, sidewalks, storm sewers, lighting etc. Seller pays for all improvements that are substantially completed by the effective date because, presumably, seller was able to get a higher price for the property because of the improvement. Sometimes special assessments may be paid in installments. The parties can select who is to pay installments due after closing. This clause does not cover special assessments by condominium or

homeowners' associations. Instead, such assessments are addressed in the CRSP-14 Condominium and Homeowners' Association addenda.

“Substantially Completed.” Generally this means that the work for which the owner has been assessed is essentially complete and the only incomplete work is strictly technical or unimportant to the functionality of the improvement.

Lender Policy. If a mortgage lender requires a title insurance policy on its behalf, buyer must provide the policy and pay the premium. The lender has the authority to approve the title agent who must be able to provide a policy that is issued at the same time as the owner's policy for the buyer (policies cost less when issued simultaneously).

Title Evidence and Insurance. If seller has an owner's title policy, seller must provide a copy to buyer and title agent within 5 days after effective date. Seller must also provide title evidence to buyer. The type of title evidence provided must be generally accepted in the county where the real property is located. The provisions were written to take into account different practices that prevail in different parts of the state.

Title Commitment as Title Evidence. If the prevailing practice is for a title insurance commitment to serve as title evidence, then box (c)(1) should be checked. The parties may then negotiate who will select the title agent and who will pay for the title policy and related charges.

Abstract, Prior Policy, or Title Commitment as Title Evidence. If the prevailing practice is to provide existing title evidence, such as an abstract or prior policy, then box (c)(2) should be checked. The parties may negotiate who will select the title agent and pay for the title policy, but related charges are pre-allocated to seller and buyer.

Selection of Title Agent. The Real Estate Settlement Procedures Act provides that a seller may not require, as a condition of selling the property, that a buyer purchase title insurance from any particular title company when buyer is obtaining a federally related mortgage loan. However, a seller may choose the title agent if seller is paying **all** costs associated with the title insurance policy. For this reason, there is no check box for seller selecting the title agent and buyer paying for title insurance.

Closing Agent. In Florida, the title agent usually closes the transaction; however, this is negotiable.

Prorations. At time of closing, seller's payments must be up to date through the day before closing for the items listed. Buyer will take over the payment of these items from the day of closing onward. If taxes cannot be determined, the parties may request an informal assessment from the County Property Appraiser.

Paragraph 6. Inspection Periods

140	6. Inspection Periods: Buyer will complete all inspections referenced in Paragraphs 7(b), 8(a)(2), 8(b), and 8(c) by
141*	<u>37</u> (the earlier of 10 days after Effective Date or 10 days before Closing Date if left blank)
142	("Inspection Period").

Purpose:

To establish deadlines for buyer to conduct inspections of the property.

Blank:

37 Insert the month, day, and year by which the inspections permitted under Paragraphs 7(b), 8(a)(2), 8(b), and 8(c) must be completed.

Deadlines:

Radon Gas Level Determination. (Paragraph 7(b)). This must be conducted within the Inspection Period.

Professional Inspection. (Paragraph 8(a)(2)). This must be conducted within the Inspection Period.

Wood-destroying Organism Inspection. (Paragraph 8(b)). This must be conducted within the Inspection Period.

Permit Inspection. (Paragraph 8(c)). This must be conducted within the Inspection Period, and if buyer determines there are open/expired building permits or unpermitted improvements to the Property that buyer wants seller to remedy, buyer must give notice of such to seller before end of Inspection Period.

Lead Hazards Assessment. Permitted under the CRSP-14 Pre-1978 Housing Lead-Based Paint Warning Statement Addendum, this inspection must be conducted within the Inspection Period.

Explanation:

Timeliness of Inspections. Since time is of the essence, buyer must conduct inspections within the time specified or the right to conduct the inspections will be lost.

Practice Tip: Because of the increasing use of financing pre-approvals, the default timing of the home inspections is early in the transaction. Early inspection allows seller time to complete repairs before closing. However, if buyer is not pre-approved, buyer may want the home inspections to occur after buyer is approved for financing but before closing and the wood-destroying organism inspection to coincide with lender requirements. Always try to set the inspection deadlines at least 10 business days before the closing date.

Paragraph 7. Real Property Disclosures

- 143 **7. Real Property Disclosures:** **Seller** represents that **Seller** does not know of any facts that materially affect the
144 value of the Property, including but not limited to violations of governmental laws, rules, and regulations, other
145 than those that **Buyer** can readily observe or that are known by or have been disclosed to **Buyer**.
- 146 (a) **Energy Efficiency:** **Buyer** acknowledges receipt of the energy-efficiency information brochure required by
147 Section 553.996, Florida Statutes.
- 148 (b) **Radon Gas:** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in
149 sufficient quantities, may present health risks to persons who are exposed to it over time. Radon levels that
150 exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding
151 radon and radon testing may be obtained from your county public health unit. **Buyer** may, within the
152 Inspection Period, have an appropriately licensed person test the Property for radon. If the radon level
153 exceeds acceptable EPA standards, **Seller** may choose to reduce the radon level to an acceptable EPA level,
154 failing which either party may cancel this Contract.
- 155 (c) **Flood Zone:** **Buyer** is advised to verify by survey, with the lender, and with appropriate government agencies
156 which flood zone the Property is in, whether flood insurance is required, and what restrictions apply to
157 improving the Property and rebuilding in the event of casualty. If the Property is in a Special Flood Hazard
158 Area or Coastal High Hazard Area and the buildings are built below the minimum flood elevation, **Buyer** may
159 cancel this Contract by delivering written notice to **Seller** within 20 days after Effective Date, failing which
160 **Buyer** accepts the existing elevation of the buildings and zone designation of the Property.
- 161 (d) **Homeowners' Association:** If membership in a homeowners' association is mandatory, an association
162 disclosure summary is attached and incorporated into this Contract. **BUYER SHOULD NOT SIGN THIS**
163 **CONTRACT UNTIL BUYER HAS RECEIVED AND READ THE DISCLOSURE SUMMARY.**
- 164 (e) **PROPERTY TAX DISCLOSURE SUMMARY:** **BUYER SHOULD NOT RELY ON THE SELLER'S CURRENT**
165 **PROPERTY TAXES AS THE AMOUNT OF PROPERTY TAXES THAT BUYER MAY BE OBLIGATED TO**
166 **PAY IN THE YEAR SUBSEQUENT TO PURCHASE. A CHANGE OF OWNERSHIP OR PROPERTY**
167 **IMPROVEMENTS TRIGGERS REASSESSMENTS OF THE PROPERTY THAT COULD RESULT IN**
168 **HIGHER PROPERTY TAXES. IF YOU HAVE ANY QUESTIONS CONCERNING VALUATION, CONTACT**
169 **THE COUNTY PROPERTY APPRAISER'S OFFICE FOR FURTHER INFORMATION.**
- 170 (f) **Mold:** Mold is part of the natural environment that, when accumulated in sufficient quantities, may present
171 health risks to susceptible persons. For more information, contact the county indoor air quality specialist or
172 other appropriate professional.
- 173 (g) **Coastal Construction Control Line:** If any part of the Property lies seaward of the coastal construction
174 control line ("CCCL") as defined in Section 161.053, Florida Statutes, **Seller** will provide **Buyer** with an
175 affidavit or survey as required by law delineating the line's location on the Property, unless **Buyer** waives this
176 requirement in writing. The Property being purchased may be subject to coastal erosion and to federal, state,
177 or local regulations that govern coastal property, including delineation of the CCCL, rigid coastal protection
178 structures, beach nourishment, and the protection of marine turtles. Additional information can be obtained
179 from the Florida Department of Environmental Protection, including whether there are significant erosion
180 conditions associated with the shoreline of the Property being purchased.
- 181* ☐ **Buyer** waives the right to receive a CCCL affidavit or survey.

Purpose:

To emphasize the Florida law that requires a seller of residential property to disclose to a prospective buyer all known facts that materially affect the property's value, except those that buyer already knows or can readily observe; and to give other disclosures.

Subparagraph (a) provides the required energy-efficiency disclosure.

Subparagraph (b) provides the required radon gas disclosure.

Subparagraph (c) provides a flood zone disclosure and urges buyer to consider the implications of buying property located in a flood zone.

Subparagraph (d) provides a required homeowners' association disclosure.

Subparagraph (e) provides the required property tax disclosure.

Subparagraph (f) provides a mold disclosure.

Subparagraph (g) provides the required Coastal Construction Control Line disclosure.

Deadlines:

Radon Testing. This must be conducted within the Inspection Period specified in Paragraph 6.

Flood Zone and Building Elevation Determination. If the property is located in one of the specified flood areas and the buildings are built below the minimum flood elevation, buyer may, within 20 business days after effective date, cancel the contract by giving written notice to seller.

Coastal Construction Control Line Affidavit or Survey. If any part of the property lies seaward of the Coastal Construction Control Line, seller must provide this by closing unless buyer waives her/his right to receive it.

Boxes:

Box 7(g) should be checked if buyer waives her/his right to receive a CCCL affidavit/survey from seller.

Explanation:

Seller's/Licensee's Duty to Disclose. The Florida Supreme Court case, *Johnson v. Davis*, requires sellers of residential property to disclose all known facts that materially affect the property's value, except for those facts that buyer already knows or can readily observe. Another case, *Raynor v. Wise*, extends this obligation to real estate licensees involved in the transaction, as well.

Practice Tip. Many brokerages ask a seller to complete a written real property disclosure statement. At press time, the law does not require a seller to complete or sign any disclosure form — a verbal disclosure is sufficient as long as it is complete. Of course, the disclosure is easier to prove if it is in writing. This duty to disclose does not require revealing personal facts about seller, such as a pending divorce or foreclosure.

Subparagraph (a) Energy Efficiency. Section 553.996, Florida Statutes, requires prospective buyers of real property on which a building for occupancy is located be given an energy efficiency information brochure provided by the Florida Department of Business and Professional Regulation at or before the time she/he signs a contract. This free brochure may be obtained from the Department or floridarealtors.org.

Subparagraph (b) Radon Gas. Within the Inspection Period, buyer may have the property's radon level determined by a professional radon tester. Radon testers must be certified by the Florida Department of Health (DOH). Buyer can find a professional radon tester by calling 800/543-8279.

Practice Tip. The Environmental Protection Agency (EPA) publishes an informative booklet entitled "Home Buyer's and Seller's Guide to Radon." You can obtain this free publication from the EPA's website at <http://epa.gov/radon>.

Currently the EPA recommends repairing a home if the radon level is at or above 4 pCi/L (PicoCuries/liter of air), which is subject to revision. If excessive radon levels exist, seller may take corrective measures to reduce the radon to acceptable levels. Since seller is not required to reduce the radon level, seller may decide not to do so. In which case, either party may cancel the contract.

Subparagraph (c) Flood Zone. If the property is located in a Special Flood Hazard Area or Coastal High Hazard Area, the contract is contingent on the buildings being built above the minimum flood elevation. It is buyer's obligation to determine whether the buildings are below the line. If they are, buyer may cancel by delivering written notice to seller within 20 days after effective date. If buyer fails to timely cancel, buyer waives the right to cancel for this reason. Topographic maps showing the location of flood zones are available for inspection where the county's public records are maintained. All Florida property is located in a flood zone and may be subject to periodic flooding. Properties located in flood zones most likely to experience flooding are required to be covered by flood insurance. Seller's policy may or may not be transferable to buyer. Flood insurance is issued by the National Flood Insurance Program (888/379-9531) through local insurance agents.

Practice Tip. Advise buyer to check with the lender regarding flood insurance requirements and to obtain a survey to determine whether the property is in a flood zone. Flood zone areas can change, and seller may not be aware that her/his property was remapped and included in a flood area. Advise buyer to contact the FEMA map service center at 800/336-2627 to obtain the flood map for the area where the property is located.

Subparagraph (d) Homeowners' Association. Required by law and is self-explanatory.

Practice Tip. If membership is mandatory in a Homeowners' Association, also incorporate the CRSP-14 Homeowners' Association Addendum.

Subparagraph (e) Property Tax Disclosure Summary. Required by law and is self-explanatory.

Subparagraph (f) Mold. Currently neither the state nor the federal government has determined what levels of mold are harmful. The contract neither gives buyer the right to inspect specifically for mold nor requires seller to remediate mold unless the mold is a result from a defect in a warranted item.

Practice Tip. If buyer wants a mold inspection, also incorporate the CRSP-14 Mold Inspection Addendum.

Subparagraph (g) Coastal Construction Control Line ("CCCL"). The CCCL is a "line in the sand" established by the Florida Department of Environmental Protection (DEP) to protect the beaches and coastal barrier dunes. The line is established to define the portion of the beach-dune system that is subject to severe fluctuations based on a 100-year storm surge, storm waves, and other predictable weather conditions. Anyone who wants to build seaward of the CCCL must obtain a permit from the DEP unless an exemption is available. Therefore, Section 161.57, Florida Statutes, requires seller provide buyer with an affidavit/survey showing the location of the CCCL on the property, unless buyer waives this requirement in writing.

Paragraph 8. Maintenance, Inspections, and Repair

182 **8. Maintenance, Inspections, and Repair:** Seller will keep the Property in the same condition from Effective Date
183 until Closing, except for normal wear and tear ("Maintenance Requirement") and repairs required by this Contract.
184 Seller will provide access and utilities for Buyer's inspections and appraisals. Buyer will repair all damages to
185 the Property resulting from the inspections, return the Property to its pre-inspection condition, and provide Seller
186 with paid receipts for all work done on the Property upon its completion. If Seller is unable to complete required
187 repairs or treatments or meet the Maintenance Requirement before Closing, Seller will give Buyer a credit at
188 Closing for the cost of the repairs and maintenance Seller was obligated to perform. At Closing, Seller will assign
189 all assignable repair and treatment contracts to Buyer and provide Buyer with paid receipts for all work done on
190 the Property pursuant to the terms of this Contract.

191 **(a) Warranty, Inspections, and Repair:**

192 **(1) Warranty:** Seller warrants that non-leased major appliances; heating, cooling, mechanical, electrical,
193 security, sprinkler, septic, and plumbing systems; seawall; dock; and pool equipment, if any, are and will
194 be maintained in working condition until Closing; that the structures (including roofs, doors, and windows)
195 and pool, if any, are structurally sound and watertight; and that torn or missing screens, missing roof tiles,
196 and fogged windows will be repaired or replaced. Limited remaining life of any warranted item will not be
197 considered a defect that must be repaired or replaced by Seller. Seller does not warrant and is not
198 required to repair cosmetic conditions, unless the cosmetic condition resulted from a defect in a
199 warranted item. Seller is not obligated to bring any item into compliance with existing building code
200 regulations unless necessary to repair a warranted item. "Working condition" means operating in the
201 manner in which the item was designed to operate and "cosmetic conditions" means aesthetic
202 imperfections that do not affect the working condition of the item, including pitted marcite; tears, worn
203 spots, and discoloration of floor coverings/wallpapers/window treatments; caulking in bathroom; nail
204 holes, scratches, dents, scrapes, and chips in ceilings/walls/flooring/tile/fixtures/mirrors; cracked roof tiles;
205 curling or worn shingles; and minor cracks in floor tiles/windows/driveways/sidewalks/pool decks/garage
206 and patio floors.

207 **(2) Professional Inspection:** Buyer may, at Buyer's expense, have warranted items inspected by a person
208 who specializes in and holds a license (if required by law) to conduct home inspections or who holds a
209 Florida license to repair and maintain the items inspected ("professional inspector"). Buyer must, within 5
210 days after the end of Inspection Period, deliver written notice of any items that are not in the condition
211 warranted and a copy of the portion of the inspector's written report dealing with such items to Seller. If
212 Buyer fails to timely deliver written notice, Buyer waives Seller's warranty and accepts the items listed in
213 Subparagraph (a) above in their "as is" conditions, except that Seller must meet the Maintenance
214 Requirement.

215 **(3) Repair:** Seller will obtain repair estimates and is obligated only to make repairs necessary to bring
216 warranted items into the condition warranted, up to the Repair Limit. Seller may, within 5 days after
217 receipt of Buyer's notice of items that are not in the condition warranted, have a second inspection made
218 by a professional inspector and will report repair estimates to Buyer. If the first and second inspection
219 reports differ and the parties cannot resolve the differences, Seller and Buyer together will choose, and
220 equally split the cost of, a third inspector, whose written report will be binding on the parties. If the cost to
221 repair warranted items equals or is less than the Repair Limit, Seller will have the repairs made in a
222 workmanlike manner by an appropriately licensed person. If the cost to repair warranted items exceeds
223 the Repair Limit, either party may cancel this Contract unless either party pays the excess or Buyer
224 designates which repairs to make at a total cost to Seller not exceeding the Repair Limit and accepts the
225 balance of the Property in its "as is" condition.

226 **(b) Wood-Destroying Organisms:** "Wood-destroying organism" means arthropod or plant life, including
227 termites, powder-post beetles, oldhouse borers, and wood-decaying fungi, that damages or infests seasoned
228 wood in a structure, excluding fences. Buyer may, at Buyer's expense, have the Property inspected by a
229 Florida-licensed pest control business to determine the existence of past or present wood-destroying
230 organism infestation and damage caused by infestation. If the inspector finds evidence of infestation or
231 damage, Buyer will deliver a copy of the inspector's written report to Seller within 5 days after the date of the
232 inspection. If Seller previously treated the Property for the type of wood-destroying organisms found, Seller
233 does not have to treat the Property again if (i) there is no visible live infestation and (ii) Seller transfers to
234 Buyer at Closing a current full treatment warranty for the type of wood-destroying organisms found. Seller will
235 have 5 days after receipt of the inspector's report to have reported damage estimated by a licensed building
236 or general contractor and corrective treatment, if required, estimated by a licensed pest control business.
237 Seller will have treatments and repairs made by an appropriately licensed person at Seller's expense up to
238 the WDO Repair Limit. If the cost to treat and repair the Property exceeds the WDO Repair Limit, either party
239 may pay the excess, failing which either party may cancel this Contract by written notice to the other. If Buyer
240 fails to timely deliver the inspector's written report, Buyer accepts the Property "as is" with regard to wood-
241 destroying organism infestation and damage, subject to the Maintenance Requirement.

242 **(c) Permits:** Buyer may, at Buyer's expense, inspect and examine records and documents to determine
243 whether any open or expired building permits or unpermitted improvements to the Property exist. Buyer will,
244 before the end of the Inspection Period, deliver written notice to Seller of the existence of such; and Seller
245 will remedy the reported items up to the Permit Limit and have final inspections completed no later than 5
246 days before Closing. If final inspections cannot be performed due to delays by the governmental entity,
247 Closing will be extended for up to 10 days to complete such final inspections, failing which either party may
248 cancel this Contract; and Buyer's deposit(s) will be refunded. At Closing, Seller will provide Buyer with
249 written documentation that all reported items have been remedied. If the cost to remedy reported items
250 exceeds the Permit Limit, either party may cancel this Contract unless either party pays the excess or Buyer
251 accepts the Property in its "as is" condition and Seller credits Buyer at Closing the amount of the Permit
252 Limit.

253 **(d) Walk-Through Inspection; Reinspection:** On the day before Closing or at any other time agreeable to the
254 parties, Buyer, and/or Buyer's representative, may walk through the Property solely to verify that Seller has
255 made repairs required by this Contract, has met the Maintenance Requirement, and has met contractual
256 obligations. If Buyer, and/or Buyer's representative, fails to conduct this inspection, Seller's repair
257 obligations and Maintenance Requirement will be deemed fulfilled.

Purpose:

To establish the parties' rights and obligations regarding the property's condition from effective date through closing.

Subparagraph (a) addresses seller's warranty, buyer's inspection rights, and seller's obligation to repair.

Subparagraph (b) addresses wood-destroying organisms.

Subparagraph (c) addresses open/expired building permits and unpermitted improvements.

Subparagraph (d) addresses buyer's final walk-through inspection/reinspection.

Deadlines:**Subparagraph (a)**

Professional Inspection. Buyer may have a professional property inspection by the date specified in Paragraph 6.

Written Notice of Defects. If any item is not in the condition warranted, buyer must deliver written notice to seller, along with a copy of the professional inspector's written report that addresses those items, within 5 business days after the date specified in Paragraph 6.

Second Inspection. Within 5 days after receiving buyer's notice, seller may have a second inspection made by a professional inspector.

Subparagraph (b)

Wood-Destroying Organisms (WDO). Buyer may conduct a WDO inspection by the date specified in Paragraph 6.

Infestation/Damage Report. If there is WDO infestation or damage, buyer must deliver a copy of the inspector's written report to seller within 5 business days after date of inspection.

Treatment and Repair Estimates. Seller has 5 business days after receiving the inspector's written report to obtain estimates.

Subparagraph (c)

Permit Inspection. Buyer may conduct an inspection by the date specified in Paragraph 6 to determine whether open or expired building permits or unpermitted improvements to the property exist.

Buyer's Notice. Before the inspection period ends, buyer must deliver written notice to seller regarding the existence of open or expired building permits or unpermitted improvements.

Seller's Obligation to Remedy. After receiving buyer's notice, seller must remedy and have the final inspections completed at least 5 days before closing.

Final Inspections/Extension of Closing Date. Final inspection to ensure all permit issues have been remedied must be completed at least 5 days before closing. However, if the governmental entity that performs the final inspections is delayed, closing may be extended for up to 10 days. If after the extension, final inspections cannot be completed, either party may cancel the contract and the deposit will be refunded to buyer.

Seller's Obligation at Closing. At closing, seller must provide buyer with written documentation that all reported items have been fixed.

Subparagraph (d)

Buyer may conduct a walk-through inspection on the day before closing or at any other time agreed upon by the parties.

Explanation:**Paragraph 8**

Maintenance Requirement. Seller must maintain all of the property in the same condition it was in on effective date. This ensures buyer receives the property in substantially the same condition it was in when the parties agreed on the purchase price. Regardless of cost, seller is obligated to repair any damage to the property that occurs before closing that is beyond what would be considered normal wear and tear. However, Paragraph 9 controls if damage before closing is due to casualty.

Access and Utilities. Seller must provide access and utilities for buyer's inspections and appraisals.

Damage Caused by Inspections. Buyer must repair damage caused by the inspections.

Requirement to Provide Receipts. To avoid unforeseen contractors' demands or liens being placed against the property, each party must provide to the other paid receipts for all work done on the property during the contract term.

Incomplete Repairs and Treatments. If seller cannot complete required repairs/treatments before closing, buyer is entitled to receive a credit at closing for the amount necessary to complete the repairs/treatments. However, some lenders will not accept such credits.

Practice Tip. If the lender will not accept a credit at closing, the parties may want to renegotiate the closing date; so the repairs/treatments can be completed and the transaction can close.

Assignment of Repair and Treatment Contracts. When seller assigns her/his rights in these contracts to buyer, buyer can pursue the contractor if the repairs/treatments are inadequate.

Subparagraph 8(a)

Warranty. The warranty in this paragraph is a promise by seller that specific items are and will be kept in the described condition.

Warranted Items. Only the listed items are warranted items. “Structures” include detached garages, mother-in-law apartments, docks, boathouses, sheds, barns, gazebos and any other structures on the property. Seller warrants that the structures are structurally sound and watertight. Seller also warrants that missing or torn screens will be repaired or replaced which includes torn or missing window screens, as well as torn or missing pool cage or screen room screens.

Practice Tip. If seller knows that a structure leaks or is rickety and does not want to repair, seller may want to exclude the structure from seller’s warranty. For example, in Paragraph 21, use language such as, “Seller specifically excludes the shed and boathouse from Seller’s Paragraph 8 Warranty.”

Working Condition. “Working Condition” means operating in the manner in which the item was designed to operate.

Cosmetic Condition. “Cosmetic Condition” means aesthetic conditions that do not affect the working condition of an item. Seller does not have to repair cosmetic conditions unless the cosmetic condition resulted from a defect in a warranted item. For example, if the roof leaked and caused mold on the wallpaper, seller would be obligated to repair the roof as well as the wallpaper and remediate the mold.

Other Items. Cosmetic conditions and items not listed in Subparagraph 8(a)(1) are required to be maintained only in the condition they were in on the effective date.

Inspection Optional. Buyer is not required to have an inspection, but if buyer fails to inspect or fails to timely report defects, buyer accepts the property in the condition that existed as of the effective date.

Who May Perform the Inspection. Only a licensed home inspector or a person who has a Florida license to repair and maintain the inspected items may perform the inspection.

Practice Tip. If buyer wants an unlicensed person (such as herself/himself) to perform the inspection, also use the CRSP-14 Inspections Addendum, Paragraph 1.

Scope of Inspection. The inspection is limited to determining whether warranted items are in the condition warranted.

Practice Tip. If buyer wants broader inspection rights, also use the CRSP-14 Inspections Addendum, Paragraph 2.

Repair Estimates. Seller must either obtain repair estimates or rely on estimates provided by buyer’s inspector (or buyer, if the CRSP-14 Inspections Addendum, Paragraph 1 was used).

Seller’s Obligation to Make Repairs. Seller is obligated to repair only warranted items specified in Subparagraph 8(a)(1). The repair must bring the item into the condition warranted, i.e., either structurally sound and watertight or working condition.

Repair Limit. Seller’s responsibility for repairs is limited to the amount specified in the Paragraph 5(a) Repair Limit.

Second Inspection. If seller disagrees with buyer’s inspection report, seller may have a second inspection performed within 5 business days from the date seller receives buyer’s written notice of warranted items defects. If the reports agree, seller should repair the items.

Conflicting Inspection Reports. If buyer’s and seller’s inspection reports differ, the parties should try to compromise. If they are unable to resolve the matter, the parties must agree upon a third inspector. Each party must pay half of the third inspector’s fee, and both parties will be bound by that inspector’s report.

Workmanlike Manner. “Workmanlike manner” means skillful or worthy of a good workman, i.e., not shoddy or incomplete.

Cost of Repairs within Repair Limit. If the cost to bring warranted items into the condition warranted equals or is less than the Repair Limit, seller must make the repairs. The repairman must be licensed by the State of Florida to make the repairs, if such a license is required by Florida law.

Cost of Repairs in Excess of Repair Limit. If the cost of required repairs is more than the Repair Limit, seller or buyer may choose to pay the excess balance and close, **or** buyer may designate which repairs to make at a total cost not to exceed the Repair Limit and accept the balance of the property in its “as is” condition. If both parties refuse to pay the amount that exceeds the Repair Limit and buyer refuses to accept a partial repair job, either party may cancel the contract.

Subparagraph 8(b)

“Wood-Destroying Organism.” The definition used is from Section 482.021(28), Florida Statutes, which defines “wood-destroying organism.”

Fences Excluded. Seller is not obligated to treat or repair fences.

Buyer’s Inspection. Buyer may have a Florida-licensed pest control business inspect the property by the date specified in Paragraph 6 to determine whether there is any past or present WDO infestation or damage.

Inspection Report. If the inspector finds evidence of infestation or damage, buyer has 5 business days from the date of the inspection to give a copy of the inspector’s report to seller.

Treatment and Repair Estimates. If the inspection report reveals damage caused by WDO, seller must obtain a repair estimate from a licensed building or general contractor. If the inspection report reveals evidence of infestation, seller must obtain a treatment estimate from a Florida licensed pest control business. Seller must obtain both estimates within 5 business days after the date seller receives the inspection report.

Treatment and Repair Obligation. Seller is obligated to treat and repair the property at a total cost not to exceed the Paragraph 5(a) WDO Repair Limit. However, Seller is not required to treat the property if the report shows either (1) no evidence of infestation or damage **or** (2) evidence of infestation without any evidence of live WDO, the property was previously treated for the type of WDO found, and seller transfers to buyer at closing a current full treatment warranty for the type of WDO found. If seller previously treated the property but does not have a transferable warranty, additional treatment may be required.

Cost Exceeds Termite Repair Limit. Either party may pay the amount that exceeds the Paragraph 5(a) WDO Repair Limit. If both parties refuse to pay the excess, either party may cancel the contract.

Failure to Deliver Inspector’s Report. If buyer does not deliver the inspector’s written report within 5 business days after the inspection, buyer accepts the property with existing infestation and damage.

Subparagraph 8(c)

Open/Expired Permits and Unpermitted Improvements. Buyer may, within in the time specified in Paragraph 6, determine whether open or expired permits or unpermitted improvements exist and deliver written notice to seller of such before the Inspection Period ends.

Seller’s Obligation. If buyer timely reports, seller must remedy up to the Paragraph 5(a) Permit Limit. If a permit is required by law, seller must obtain permits for any additions or improvements made to the property (even if the additions or improvements were made before seller acquired the property).

Permit Limit. Seller’s obligation to remedy permit issues is limited to the amount specified in Paragraph 5(a), Permit Limit.

Costs in Excess of Permit Limit. If the cost to remedy permit issues is more than the Permit Limit, either party may pay the excess, or buyer may accept the property “as is” and receive a credit, at closing, in the amount of the Permit Limit. If neither party is willing to pay the excess and buyer does not want to accept the property “as is” plus the credit, either party may cancel the contract.

Practice Tip. If seller does not want to remedy permit issues, the Paragraph 5(a), Permit Limit should be \$0 and 0%.

Subparagraph 8(d)

Walk-Through Inspection. Buyer is entitled to conduct a walk-through inspection on the day before closing or at any other time agreeable to the parties.

Buyer’s Representative. Buyer may appoint a representative to conduct the walk-through inspection. Buyer’s representative could be an inspector, a family member, or a friend.

Practice Tip. Although a real estate licensee may conduct the walk-through, it is not recommended because of potential liability.

Purpose of the Walk-Through Inspection. The purpose of the Walk-Through Inspection/Reinspection is to ensure 1) seller has kept the property in the same condition as it was on the effective date, except for normal wear and tear; 2) seller has made the repairs seller was obligated to make; 3) items included in the purchase are on the property; and 4) items excluded from the sale and trash have been removed.

Practice Tip. Sometimes an item works during buyer’s inspection but stops working before closing. Even though buyer did not report the item as being defective, seller must repair the item under the Maintenance Requirement. In other words, if the item worked on the effective date, it must work on the closing date.

Uncorrected Deficiencies. Buyer should report problems to seller. Buyer may want to reinspect before closing. Seller may be obligated to give buyer a credit at closing per Paragraph 8.

Paragraph 9. Risk of Loss

258 **9. Risk of Loss:** If any portion of the Property is damaged by fire or other casualty before Closing and can be
259 restored by Closing or within 45 days after Closing Date to substantially the same condition as it was on Effective
260 Date, **Seller** will, at **Seller's** expense, restore the Property and deliver written notice to **Buyer** that **Seller** has
261 completed the restoration; and the parties will close the transaction on the later of Closing Date or 10 days after
262 **Buyer** receives **Seller's** notice. **Seller** will not be obligated to replace trees. If restoration cannot be timely
263 completed, **Buyer** may cancel this Contract, and **Buyer's** deposit(s) will be refunded; or **Buyer** may accept the
264 Property "as is" and **Seller** will credit the deductible and assign the insurance proceeds, if any, to **Buyer** at
265 Closing in such amounts as are attributable to the Property and not yet expended in restoring the Property to the
266 same condition as it was on Effective Date.

Purpose:

To establish the parties' rights and obligations if the property is damaged, before closing, by fire or other casualty.

Deadlines:

Restoration of Property. Property must be restored within 45 business days after the closing date.

Notice to Buyer. Once restoration is completed, seller must provide written notice to buyer.

Closing. The parties must close on Closing Date or 10 days after buyer receives seller's notice that restoration has been completed, whichever is later.

Explanation:

Extended Closing Date. This provision may extend the closing date.

"Casualty". This term generally means an unfortunate accident, such as a fire, hurricane, flood, or tornado that causes partial or complete destruction of the property.

Seller's Obligation to Restore. If the property is damaged by casualty before closing, seller must restore the property to substantially the same condition it was on the effective date within 45 business days after the closing date. Although seller is not obligated to replace trees; seller must remove fallen or damaged trees.

Seller's Inability to Timely Restore. If seller is unable to timely restore the property, buyer may either cancel the contract or accept the property "as is" and receive any insurance proceeds that are attributable to the property and not yet spent on restoring the property.

Notice to Buyer. When seller completes the restoration, seller must provide written notice to buyer that the restoration is complete.

Closing. The parties must close either on the Closing Date or within 10 days after buyer receives seller's notice, whichever is later.

Time Limit to Decide Whether to Accept Property "As Is". Since there is no time limit imposed on buyer to decide whether to take the damaged property "as is" plus the insurance proceeds, a reasonable time, based on the circumstances, must be allowed before seller may cancel the contract.

Cancellation of Contract. Buyer may cancel the contract if the restoration cannot be completed within 45 business days after the closing date.

Insurance Proceeds. If seller experienced damage to both real and personal property, a portion of the insurance deductible and proceeds may relate to property that is not included in the contract. The deductible and proceeds should be prorated accordingly. If seller has received and spent some of the proceeds on the restoration, the unused portion should be assigned to buyer at closing. The amount of seller's deductible that has not yet been spent on the restoration and is attributable to the property should also be credited to buyer, since payment of the deductible is seller's responsibility under seller's insurance agreement.

Paragraph 10. Title

267 **10. Title:** Seller will convey marketable title to the Property by statutory warranty deed or trustee, personal
268 representative, or guardian deed as appropriate to Seller's status.
269 (a) **Title Evidence:** Title evidence will show legal access to the Property and marketable title of record in Seller
270 in accordance with current title standards adopted by the Florida Bar, subject only to the following title
271 exceptions, none of which prevent residential use of the Property: covenants, easements, and restrictions of
272 record; matters of plat; existing zoning and government regulations; oil, gas, and mineral rights of record if
273 there is no right of entry; current taxes; mortgages that Buyer will assume; and encumbrances that Seller will
274* discharge before or at Closing. The party paying for the owner's title policy will, at least _____ days (if
275 Paragraph 3(a) is selected then 5 days or if Paragraph 3(b) is selected then 10 days, if left blank) ("Title
276 Evidence Deadline") before Closing, deliver to Buyer one of the following types of title evidence (see
277 Paragraph 5(c)), which must be generally accepted in the county where the Property is located. Seller will
278 use option (2) in Miami-Dade County.
279 (1) **A title insurance commitment** issued by a Florida-licensed title insurer in the amount of the purchase
280 price and subject only to title exceptions set forth in this Contract.
281 (2) **An existing abstract of title** from a reputable and existing abstract firm (if firm is not existing, then
282 abstract must be certified as correct by an existing firm) purporting to be an accurate synopsis of the
283 instruments affecting title to the Property recorded in the public records of the county where the Property
284 is located and certified to Effective Date. However, if such an abstract is not available to Seller, then a
285 **prior owner's title policy** acceptable to the proposed insurer as a base for reissuance of coverage.
286 Seller will pay for copies of all policy exceptions and an update in a format acceptable to Closing Agent
287 from the policy effective date and certified to Buyer or Closing Agent, together with copies of all
288 documents recited in the prior policy and in the update. If a prior policy is not available to Seller then (1)
289 above will be the title evidence.
290 (b) **Title Examination:** Buyer will examine the title evidence and deliver written notice to Seller, within 5 days
291 after receipt of title evidence but no later than Closing Date, of any defects that make the title unmarketable.
292 Seller will have 30 days after receiving Buyer's notice of defects ("Curative Period") to cure the defects at
293 Seller's expense. If Seller cures the defects within the Curative Period, Seller will deliver written notice to
294 Buyer and the Closing will occur on Closing Date or within 10 days after Buyer receives Seller's notice if
295 Closing Date has passed. If Seller is unable to cure the defects within the Curative Period, Seller will deliver
296 written notice to Buyer and Buyer will, within 10 days after receiving Seller's notice, either cancel this
297 Contract, extend Curative Period for a specified period not to exceed 120 days, or accept title with existing
298 defects and close the transaction.
299 (c) **Survey:** On or before Title Evidence Deadline, Buyer may, at Buyer's expense, have the Property surveyed
300 and must deliver written notice to Seller within 5 days after receiving survey but no later than Closing, of any
301 encroachments on the Property, encroachments by the Property's improvements on other lands, or deed
302 restriction or zoning violations. If Buyer timely delivers such notice, any reported encroachment or violation
303 will be treated in the same manner as a title defect, and Seller's and Buyer's obligations will be determined
304 in accordance with Subparagraph (b) above.

Purpose:

To establish the state of the title seller will convey to buyer.

Deadlines:

Delivery of Owner's Title Policy. Per Paragraph 5, if seller has an owner's title policy, seller must provide a copy to buyer and title agent within 5 days after effective date.

Delivery of Title Evidence. Title evidence must be delivered by the Title Evidence Deadline.

Buyer's Notice of Title Defects. Buyer must deliver written notice of title defects to seller within 5 business days from receipt of the title evidence but no later than closing date.

Curative Period. Seller has 30 business days from receiving buyer's written notice of title defects to cure the defects. Seller must use reasonable diligence to do so.

Closing the Transaction when Defects Cured. If seller cures the defects within the curative period, seller must give buyer written notice; and buyer must close the transaction either on the closing date or, if the closing date has passed, within 10 business days from receiving seller's written notice.

Cancelling the Contract/Extending the Curative Period/Closing the Transaction when Defects not Cured. If seller cannot cure the defects within the curative period, seller must notify buyer in writing. Within 10 business days after receiving seller's written notice, buyer must either cancel the contract, extend the curative period for a specified period not to exceed 120 days, or accept the title "as is" and close the transaction.

Practice Tip. Buyer should consult with an attorney before accepting a title with defects.

Survey. Buyer may have the property surveyed on or before the Title Evidence Deadline.

Encroachments/Deed Restriction or Zoning Violations. If buyer delivers written notice of encroachments or violations within 5 days of receiving survey or title insurance commitment, whichever is later but no later than closing date, seller must remedy in the same manner as a title defect.

Explanation:

Marketable Title. Marketable title has been defined as a title which is free from reasonable doubt and will not expose the one who holds it to risk of litigation. Buyer should consult an attorney to determine whether the title is marketable.

Type of Deed. The parties should consult with their attorneys regarding which type of deed to use and accept. The following types of deeds are acceptable under this contract:

Statutory Warranty Deed. This is a form of warranty deed that complies with the requirements of Section 689.02, Florida Statutes. It may be used in most circumstances.

Trustee/Personal Representative/Guardian Deed. Sellers who hold title in a representative capacity provide deeds with limited warranties.

Permitted Encumbrances. Exceptions to the title for matters that do not prevent residential use of the property are allowed. The exceptions are listed in Paragraph 10(a).

Practice Tip. A construction lien may be filed anytime within 90 days after the work is completed. Therefore, if work is done within 90 days before closing, a lien could be filed after the title is transferred. However, seller is obligated to deliver the property free of such liens. To ensure compliance, seller should provide an affidavit attesting to the absence of liens or potential lienors. If the work has been completed within 90 days of the closing date, seller must provide releases and waivers of construction liens signed by all contractors, subcontractors, suppliers, and materialmen, along with an affirmation that seller has paid, or will pay at closing, all charges that could serve as a basis for a construction lien or claim for damages. The closing agent should have these forms.

Title Search. The purpose of a title search is to verify that seller owns the property. Before title evidence is provided, public records are searched for documents that affect the title.

Title Insurance Commitment. A commitment is a promise, usually made before closing, to issue a title insurance policy to buyer after closing. The commitment establishes the requirements that must be met before the title insurance policy will be issued, and it lists the exceptions that will appear on the title policy. The exceptions can be only those listed in the contract or those that will be eliminated at or before closing.

Premium. The Florida Insurance Commission rules require that a premium be charged for a title insurance commitment or binder, regardless of whether or not a policy is issued. If a title insurance policy is issued pursuant to a commitment, there is no additional charge for the policy. Payment of the premium is negotiable under Paragraph 5(c).

Owner's Title Insurance Policy. An owner's policy protects buyer up to the property's purchase price if the title is not as described in the title commitment or if there is a title defect or encumbrance on the title or property that was not disclosed in the title commitment. Since most policies have exclusions, buyer or buyer's attorney should closely examine the policy.

Abstract of Title. An abstract is a condensed history of the property's title. It contains a summary of the material portions of all recorded conveyances (such as transfers, assignments, leases, mortgages, and encumbrances) of the property, along with a statement of all liens, charges, or liabilities to which the property may be subject.

Practice Tip. If seller is providing an abstract as title evidence and the contract calls for seller financing, seller may want to retain possession of the abstract for security purposes until the mortgage is paid in full (be sure to write this into the contract).

Updating the Existing or Prior Owner's Title Insurance Policy. To update the current or prior owner's policy, seller must pay for and provide, from the effective date of the policy, an abstract continuation, computer printout, or other update format acceptable to buyer's closing agent. This will enable buyer to search encumbrances that have arisen since seller bought the property. The title company must certify to buyer or buyer's closing agent that the updated information is correct. Seller must also pay for copies of all documents listed in the prior policy and the update.

Paragraph 11. Effective Date; Time; Force Majeure

11. Effective Date; Time; Force Majeure:

- (a) **Effective Date:** The "Effective Date" of this Contract is the date on which the last of the parties initials or signs and delivers the final offer or counter offer. **Time is of the essence for all provisions of this Contract.**
- (b) **Time:** All time periods will be computed in business days (a "business day" is every calendar day except Saturday, Sunday, and national legal holidays). If any deadline falls on a Saturday, Sunday, or national legal holiday, performance will be due the next business day. All time periods will end at 5:00 p.m. local time (meaning in the county where the Property is located) of the appropriate day.
- (c) **Force Majeure:** Seller or Buyer will not be required to perform any obligation under this Contract or be liable to each other for damages so long as the performance or non-performance of the obligation is delayed, caused, or prevented by an "act of God" or "force majeure." An act of God or force majeure is defined as hurricanes, earthquakes, floods, fire, unusual transportation delays, wars, insurrections, acts of terrorism, and any other such causes and which by the exercise of due diligence the non-performing party is unable in whole or in part to prevent or overcome. All time periods, including Closing Date, will be extended for the period that the act of God or force majeure is in place. However, if such act of God or force majeure event continues beyond 30 days, either party may cancel this Contract by delivering written notice to the other; and Buyer's deposit(s) will be refunded.

Purpose:

To establish time standards.

Explanation:

Effective Date. The effective date is defined as the date on which the last person signs (or initials) **and delivers** an accepted offer or counter offer. The effective date is used for calculating many of the time periods within the contract. A box is located on page 9 of the contract, just below the signature lines, for the purpose of noting the effective date. Once the contract is final, the party who **delivers** the accepted offer or counter offer should insert the date of delivery.

Practice Tip. Even if the effective date box on page 9 is not completed, the effective date is still the date on which the offer or final counter offer is signed or initialed and **delivered**. Make sure the parties keep a receipt of when the accepted offer or counter offer is delivered.

Time is of the Essence. Performance by one party within the time specified is essential to enable him/her to require performance by the other party. If one party fails to meet a deadline, the other party may be excused from performing her/his obligations or may waive the time requirement, in which case a reasonable amount of time will be allowed for performance.

Time Periods. Time periods are measured in business days and end at 5:00 p.m. in the county where the property is located. Saturdays, Sundays, and national legal holidays are not counted when computing deadlines. National legal holidays are as follows:

- | | |
|-------------------------------|---------------------|
| 1. New Year's Day | 6. Labor Day |
| 2. Martin Luther King Jr. Day | 7. Columbus Day |
| 3. Washington's Birthday | 8. Veterans Day |
| 4. Memorial Day | 9. Thanksgiving Day |
| 5. Independence Day | 10. Christmas Day |

Practice Tip. To calculate deadlines, start counting business days on the day after the trigger date. For example, if the deadline is "within 5 days after effective date" and the effective date is Saturday, July 1, the deadline would have to be met no later than Monday, July 10th at 5 p.m. Here's why:

Saturday, July 1 — not counted	Thursday, July 6 — Day 3
Sunday, July 2 — not counted	Friday, July 7 — Day 4
Monday, July 3 — Day 1	Saturday, July 8 — not counted
Tuesday, July 4 — not counted	Sunday, July 9 — not counted
Wednesday, July 5 — Day 2	Monday, July 10 — Day 5

Force Majeure. The purpose of this clause is to excuse non-performance due to an act of God or force majeure that the non-performing party cannot prevent or overcome. The closing date is automatically extended for up to 30 days; but if the act of God or force majeure event continues beyond the 30 day extension, either party may cancel the contract.

Paragraph 12. Notices

322 **12. Notices:** All notices will be in writing and will be delivered to the parties and Broker by mail, personal delivery, or
323 electronic media. Except for the notices required by Paragraph 3 of this Contract, **Buyer's failure to timely**
324 **deliver written notice to Seller, when such notice is required by this Contract, regarding any contingency**
325 **will render that contingency null and void, and this Contract will be construed as if the contingency did**
326 **not exist. Any notice, document, or item delivered to or received by an attorney or licensee (including a**
327 **transaction broker) representing a party will be as effective as if delivered to or received by that party.**

Purpose:

To provide standards regarding the delivery of notices.

Explanation:

Delivery of Notices. Delivery is the act by which the notice is placed within the actual or constructive control or possession of another. All notices must be in writing and may be delivered directly to a party or to the party's attorney or to the licensee who is acting as a single agent or transaction broker for the party. Delivery to a non-representative will not meet the delivery requirement.

Practice Tip. Monitor deadlines closely to ensure that notices are delivered on time. Use certified mail with return receipt if unable to personally deliver a required notice.

Electronic Media. Notices may be delivered by facsimile, wire, email, or other electronic means.

Failure to Timely Deliver Notices. If a notice is not timely delivered, the party who failed to timely deliver waives the contingency related to the noticed matter. However, the financing contingency is an exception. If buyer fails to timely deliver a notice required by Paragraph 3, buyer does not waive the financing contingency but forfeits the deposit if buyer fails to close.

Paragraph 13. Complete Agreement

328 **13. Complete Agreement:** This Contract is the entire agreement between **Seller** and **Buyer**. **Except for brokerage**
329 **agreements, no prior or present agreements will bind Seller, Buyer, or Broker unless incorporated into**
330 **this Contract.** Modifications of this Contract will not be binding unless in writing, signed or initialed, and delivered
331 by the party to be bound. Electronic signatures will be acceptable and binding. Signatures, initials, documents
332 referenced in this Contract, counterparts, and written modifications communicated electronically or on paper will
333 be acceptable for all purposes, including delivery, and will be binding. Handwritten or typewritten terms inserted in
334 or attached to this Contract prevail over preprinted terms. If any provision of this Contract is or becomes invalid or
335 unenforceable, all remaining provisions will continue to be fully effective. **Seller** and **Buyer** will use diligence and
336 good faith in performing all obligations under this Contract. This Contract will not be recorded in any public
337 records.

Purpose:

To provide “housekeeping” provisions.

Explanation:

Contract Terms Express the Agreement between the Parties. If it becomes necessary for the court to interpret a written contract, generally it will not look beyond the “four corners” of the contract. Therefore, generally, verbal agreements will not be enforceable.

Practice Tip. Make sure each party’s intent is clearly expressed in the contract. Put every negotiated item in the contract. Do not let verbal agreements between the parties go unwritten. If buyer is purchasing personal property such as furniture under separate agreement or the purchase is contingent on the sale of other property, reference those agreements in Paragraph 21 or a separate addendum.

Contract Modifications. Any change made to the contract must be written and signed by the party who will be required to perform in accordance with the change.

Practice Tip. It’s a good business practice to have all parties initial and date every change to the preprinted contract form. Lengthy changes should be written in Paragraph 21 or a separate addendum.

Conflicting Provisions. Under general contract interpretation rules, if a handwritten or typed term conflicts with a preprinted contract term, the handwritten or typed term prevails.

Electronic Communications. Section 668.50, Florida Statutes, gives legal recognition to contracts formed by electronic means. This contract includes an agreement that the contract, signatures, modifications, etc., may be communicated electronically.

Electronic Signatures. Florida law defines an electronic signature as “an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.” There is no requirement that special security measures be used to authenticate the signature. An electronic signature can be created by simply having the parties type their names (or other mark) on the signature lines. However, there are benefits to using a digital signature, which is considered a “secure” electronic signature. As with paper agreements, brokers are advised not to sign on behalf of a party without specific authority to do so, e.g., a power of attorney.

Practice Tip. Using digital signatures to ensure that signatures or documents are not altered once they leave the sender’s control may be beneficial if the contract ever needs to be enforced in the future.

Severability. If a court decides that a particular provision of the contract is unenforceable, the parties and the court must honor the other terms of the contract.

Public Records. To avoid clouding the property’s title, the contract may not be recorded.

Paragraph 14. Assignability; Persons Bound

338	14. Assignability; Persons Bound: Buyer may not assign this Contract without Seller's written consent. The terms
339	"Seller," "Buyer," and "Broker" may be singular or plural. This Contract is binding on the heirs, administrators,
340	executors, personal representatives, and assigns (if permitted) of Seller, Buyer, and Broker.

Purpose:

To address assignment of the contract and to establish that the contract will bind seller's, buyer's, and broker's successors.

Explanation:

Assignment. The contract is not assignable unless seller gives written consent. Seller may give a general consent or consent for assignment to "a corporation to be named" or consent for assignment to a specific person. The assignee will be bound to perform the contract as written and cannot change any provision without seller's consent.

Practice Tip. If the parties agree to make the contract assignable, use the CRSP-14 Assignment Addendum.

Practice Tip. Seller should seek legal advice before allowing buyer to assign the contract if seller is relying on buyer's financial ability to meet the payments specified in the contract, make purchase money mortgage payments to seller, or assume an existing mortgage from which seller is not released from liability.

Liability of Buyer after Assignment. Unless the contract specifies otherwise, the original buyer remains liable for full performance of the contract if the assignee fails to perform.

Practice Tip. Do not add the words "and/or assigns" to the contract. This phrase may create ambiguity as to whether buyer remains liable for performance. Instead, use the CRSP-14 Assignment Addendum.

Death of a Party. The contract will continue to be in effect even if a party dies before closing, as the deceased party's estate is bound by the contract and is obligated to perform.

Paragraph 15. Default

15. Default:

- (a) **Seller Default:** If for any reason other than failure of **Seller** to make **Seller's** title marketable after diligent effort, **Seller** fails, refuses, or neglects to perform this Contract, **Buyer** may choose to receive a return of **Buyer's** deposit(s) without waiving the right to seek damages or to seek specific performance as per Paragraph 16. **Seller** will also be liable to Broker for the full amount of the brokerage fee.
- (b) **Buyer Default:** If **Buyer** fails to perform this Contract within the time specified, including timely payment of all deposits, **Seller** may choose to retain and collect all deposits paid and agreed to be paid as liquidated damages or to seek specific performance as per Paragraph 16; and Broker will, upon demand, receive 50% of all deposits paid and agreed to be paid (to be split equally between Brokers) up to the full amount of the brokerage fee.

Purpose:

To provide remedies in the event of a default.

Explanation:

Unmarketable Title. If a title defect makes the title unmarketable and seller has tried, but failed, to cure the defect or is unable to cure because of time constraints (e.g., the cure would require a lawsuit that is reasonably expected to last longer than the curative period), the inability to cure the defect should not be treated as default.

Seller Default. Generally, if seller fails to fulfill any contractual duty, buyer may declare a default, cancel the contract, and choose one of the following remedies:

1. Buyer may demand that all deposits be returned and initiate arbitration to recover damages incurred, or
2. Buyer may request that the escrow agent continue to hold the deposit as a sign of good faith and seek to compel seller's full performance by bringing a specific performance suit in arbitration.

Damages. Even if buyer's deposit is returned, buyer may seek reimbursement from seller for damages incurred.

Liquidated Damages. This is the amount of money the parties agree buyer will pay to seller if buyer breaches. In this contract, buyer's deposit(s) is the liquidated damages amount. Seller should make a good faith estimate before entering into the contract as to the amount of damages she/he may suffer if buyer fails to perform.

Buyer Default. Generally, if buyer fails to fulfill any contractual duty, seller may declare a default, cancel the contract, and choose one of the following remedies:

1. Seller may demand that all deposits be forfeited as liquidated damages. Seller does not have the right to seek damages, or
2. Seller may request that the escrow agent continue to hold the deposit as a sign of good faith and seek to compel buyer's full performance by bringing a specific performance suit in arbitration.

Brokerage Fee. If seller defaults, seller is responsible for paying the broker's fee since the broker performed the work for which she/he was hired, i.e., the broker produced a buyer who was ready, willing, and able to buy the property. If buyer defaults, the listing or selling broker (or both) may demand one-half of buyer's deposit, regardless of whether seller keeps it as liquidated damages. The broker's share of the deposit must be split equally with the other broker. However, a broker may not receive more than she/he would have received had the transaction closed.

Practice Tip. If it appears there has been a default, both parties should seek legal advice regarding their rights and obligations.

Paragraph 16. Dispute Resolution

351 **16. Dispute Resolution:** This Contract will be construed under Florida law. All controversies, claims, and other
352 matters in question arising out of or relating to this transaction or this Contract or its breach will be settled as
353 follows:
354 (a) **Disputes concerning entitlement to deposits made and agreed to be made:** Seller and Buyer will have
355 30 days after the date conflicting demands are made to attempt to resolve the dispute through **mediation**. If
356 that fails, Escrow Agent will submit the dispute, if so required by Florida law, to Escrow Agent's choice of
357 arbitration, a Florida court, or the Florida Real Estate Commission ("FREC"). A broker's obligation under
358 Chapter 475, Florida Statutes, and the FREC rules to timely notify the FREC of an escrow dispute and timely
359 resolve the escrow dispute through mediation, arbitration, interpleader, or an escrow disbursement order
360 applies only to brokers and does not apply to title companies, attorneys, or other escrow holders.
361 (b) **All other disputes:** Seller, Buyer, and Broker will have 30 days after the date a dispute arises between them
362 to attempt to resolve the matter through mediation, failing which the parties, including Broker, will resolve the
363 dispute through neutral binding **arbitration** in the county where the Property is located. However, no
364 arbitration arising out of or relating to this transaction or this Contract or its breach will include Broker, unless
365 Broker consents in writing to become a party to the proceeding. A demand for arbitration is prohibited if a civil
366 action requesting the same relief would be barred by Florida statute of limitations. The arbitrator may not alter
367 the Contract terms or award any remedy not provided for in this Contract. The award will be based on the
368 greater weight of the evidence and will state findings of fact and the contractual authority on which it is based.
369 If the parties agree to use discovery, it will be in accordance with the Florida Rules of Civil Procedure, and the
370 arbitrator will resolve all discovery-related disputes. For purposes of this Paragraph, Broker will be treated as
371 a party to this Contract. This clause will survive Closing.
372 (c) **Mediation and Arbitration; Expenses:** "Mediation" is a process in which parties attempt to resolve a dispute
373 by submitting it to an impartial mediator who facilitates the resolution of the dispute but who is not empowered
374 to impose a settlement on the parties. Mediation will be in accordance with the rules of the American
375 Arbitration Association ("AAA") or other mediator agreed on by the parties. The parties will equally divide the
376 mediation fee, if any. "Arbitration" is a process in which the parties resolve a dispute by a hearing before a
377 neutral person who decides the matter and whose decision is binding on the parties. Arbitration will be in
378 accordance with the rules of the AAA or other arbitrator agreed on by the parties. Each party to any arbitration
379 will pay its own fees, costs, and expenses, including attorneys' fees, and will equally split the arbitrators' fees
380 and administrative fees of arbitration.

Purpose:

To establish a method and procedure for resolving disputes.

Deadline:

Mediation. The parties have 30 business days from the date a dispute arises to try to resolve the matter by mediation. For contract purposes, this deadline is met if, within the 30-day period, mediation either occurs or has been scheduled.

Explanation:

Florida Law. Unless the parties agree otherwise, all disputes arising out of or relating to the transaction, the contract, or breach of the contract must be resolved in accordance with Florida law.

Conflicting Demands for Deposit(s). The parties have 30 business days, after conflicting demands for the deposit(s) are made, to try to resolve the dispute by mediation. If the escrow holder is a real estate broker, the broker must also comply with 61J2-10.032, Florida Administrative Code (the FREC rules) and Section 475.25(1)(d), Florida Statutes. Other escrow holders, such as attorneys and title companies, are not regulated by the FREC and are not required to follow the same procedures.

Other Disputes The parties (including the real estate licensees) have 30 business days to try to resolve a dispute by mediation. If the parties fail to timely mediate or the mediation is unsuccessful, the parties must arbitrate rather than litigate their claims.

Claims against Real Estate Licensee. If any party wants to arbitrate a dispute with a real estate licensee, the licensee must give written consent to become a party to the proceeding. If the licensee refuses to give written consent, the claim must be litigated.

Statute of Limitations. A demand for arbitration is prohibited if the relief sought would be barred from litigation by Florida's statute of limitations.

Arbitration Rules. The arbitration must be conducted in accordance with the rules of the AAA or the rules of another arbitrator mutually agreed upon by the parties.

Arbitration Costs. Each party pays her/his own attorney's fees and costs. However, all parties to the arbitration equally share the arbitrator's fee and arbitration administrative fees.

Paragraph 17. Escrow Agent; Closing Agent

381 **17. Escrow Agent; Closing Agent:** Seller and Buyer authorize Escrow Agent and Closing Agent (collectively
382 "Agent") to receive, deposit, and hold funds and other items in escrow and, subject to Collection, disburse them
383 upon proper authorization and in accordance with Florida law and the terms of this Contract, including disbursing
384 brokerage fees. "Collection" or "Collected" mean any checks tendered or received have become actually and
385 finally collected and deposited in the account of Agent. The parties agree that Agent will not be liable to any
386 person for misdelivery of escrowed items to Seller or Buyer, unless the misdelivery is due to Agent's willful
387 breach of this Contract or gross negligence. If Agent interpleads the subject matter of the escrow, Agent will pay
388 the filing fees and costs from the deposit and will recover reasonable attorneys' fees and costs to be paid from the
389 escrowed funds or equivalent and charged and awarded as court costs in favor of the prevailing party. All claims
390 against Agent will be arbitrated, so long as Agent consents to arbitrate.

Purpose:

To establish the role and authority of the escrow/closing agent.

Explanation:

Escrow/Closing Agent's Authority. The escrow/closing agent may receive funds and property, promptly deposit them into an escrow account, hold them in escrow, and disburse them after the funds have been collected and proper authorization has been given.

Non-Cash Escrow Property. If a party gives the escrow holder an item of personal property, such as a bond or a car, the escrow holder should ensure the item is held in a safe location.

Practice Tip. In Paragraph 21, describe the location and manner in which the item is being held.

Misdelivery of Escrowed Items. When disbursing escrowed items, the escrow holder should follow the rules established by her/his state licensing authority. Before a real estate broker disburses, the broker must have proper authorization from all interested parties. If the escrow holder delivers escrowed funds or items to the wrong person without proper authorization, the escrow holder may have civil liability. A real estate broker may also have FREC liability. However, if the escrow holder receives proper authorization and releases the funds/items accordingly, generally the escrow holder will not be liable to either party, even if a court later determines that the funds/items should have been disbursed differently.

Proper Authorization for Disbursement. Depending on what type of license the escrow holder has, "proper authorization" may have different meanings. For a real estate broker, proper authorization is the verbal or written consent, by all parties, to release the funds/items in a particular manner and to a particular person. Proper authorization also occurs when FREC issues an escrow disbursement order (EDO) and the broker disburses in accordance. If the broker complies with the EDO, FREC will not bring disciplinary action against the broker, even if a court later determines that the funds/items should have been disbursed differently. Also, the broker can use disbursement in accordance with an EDO as a defense to charges of misdelivery.

Court Action. If an escrow dispute develops and the escrow holder files an interpleader action with the court, the escrow holder is authorized to deduct the filing fees and costs directly from the escrowed funds and to seek reimbursement for attorney's fees and costs.

Practice Tip. Ask the court for reimbursement of attorney's fees and costs at the time the interpleader action is filed.

Paragraph 18. Professional Advice; Broker Liability

391 **18. Professional Advice; Broker Liability:** Broker advises **Seller** and **Buyer** to verify all facts and representations
392 that are important to them and to consult an appropriate professional for legal advice (for example, interpreting
393 contracts, determining the effect of laws on the Property and transaction, status of title, foreign investor reporting
394 requirements, the effect of property lying partially or totally seaward of the coastal construction control line, etc.)
395 and for tax, property condition, environmental, and other specialized advice. **Buyer** acknowledges that Broker
396 does not reside in the Property and that all representations (oral, written, or otherwise) by Broker are based on
397 **Seller** representations or public records. **Buyer agrees to rely solely on Seller, professional inspectors, and**
398 **governmental agencies for verification of the Property condition, square footage, and facts that materially**
399 **affect Property value. Seller and Buyer** respectively will pay all costs and expenses, including reasonable
400 attorneys' fees at all levels, incurred by Broker and Broker's officers, directors, agents, and employees in
401 connection with or arising from **Seller's** or **Buyer's** misstatement or failure to perform contractual obligations.
402 **Seller and Buyer** hold harmless and release Broker and Broker's officers, directors, agents, and employees from
403 all liability for loss or damage based on (i) **Seller's** or **Buyer's** misstatement or failure to perform contractual
404 obligations; (ii) the use or display of listing data by third parties, including but not limited to photographs, images,
405 graphics, video recordings, virtual tours, drawings, written descriptions, and remarks related to the Property; (iii)
406 Broker's performance, at **Seller's** and/or **Buyer's** request, of any task beyond the scope of services regulated by
407 Chapter 475, Florida Statutes, as amended, including Broker's referral, recommendation, or retention of any
408 vendor; (iv) products or services provided by any vendor; and (v) expenses incurred by any vendor. **Seller** and
409 **Buyer** each assume full responsibility for selecting and compensating their respective vendors. This Paragraph
410 will not relieve Broker of statutory obligations. For purposes of this Paragraph, Broker will be treated as a party to
411 this Contract. This Paragraph will survive Closing.

Purpose:

To clarify the broker's role and provide protection for the real estate broker from liability for services rendered that are outside the scope of Chapter 475, Florida Statutes.

Explanation:

Broker Advice. This notice serves to notify the parties that they are responsible for verifying facts and representations that they believe are material to the transaction and that they should seek appropriate professional advice on matters that are outside the scope of the broker's expertise.

Practice Tip. Seller and buyers will often view the real estate licensee as their "free" source of information.

Learn your limitations and know when to refer the client/customer to an appropriate professional. Use caution when making statements about the property condition, square footage, or other relevant facts. No representations should be made without personal knowledge or, absent personal knowledge, a disclaimer such as, "While I have no personal knowledge about _____, the seller says _____."

Unlicensed Practice of Law. The Florida Supreme Court regulates the practice of law. In 1950 the Florida Supreme Court examined the extent to which a real estate licensee could participate in a transaction without crossing into the practice of law. The Supreme Court ruled that the real estate licensee's role is generally preliminary to the actual conveyance. Since the licensee is retained to find ready, willing, and able parties or to procure a binding contract, the licensee is authorized to draft papers such as a memorandum, deposit receipt, or contract which records her/his work in the real estate transaction. Work beyond this scope must be performed by a lawyer. The licensee may not guide the parties through the steps that consummate the closing. For example, she/he may not give opinions concerning the state of the property's title, predict the legal effect of a particular clause, or interpret the parties' rights in a specific situation.

Foreign Investor Reporting Requirements. If seller or buyer is a foreign person as defined by federal law, she/he should seek the advice of an international law/immigration law attorney to discuss the reporting obligations. This type of advice is especially crucial because the real estate licensees could be held liable if the reporting requirements are not fulfilled.

Broker Representations. Because real estate licensees do not live in the homes they are selling, usually they are not as familiar with the property as the seller. Yet when the buyer moves in and discovers problems that were not disclosed, the broker is the first person the buyer contacts to fix the problems. This clause notifies and contains a promise by the buyer that he or she will look to those persons/entities most likely to have more detailed knowledge about the most frequently disputed areas -- property condition, square footage, and facts that materially affect the property value. However, it will not relieve the licensee of liability for fraud or misrepresentations made in the course of the transaction.

Release. This clause addresses the broker's civil liability for loss and damage incurred, but it will not protect the broker from FREC liability.

Scope of Release. This release only covers tasks a real estate licensee may be asked to do but is not required under the real estate license law. This is not authorization for the licensee to engage in activities that require specialized, professional expertise. However, if seller or buyer asks the licensee to perform a task that is lawful and the licensee feels competent to complete the task, this release may apply.

Paragraph 19. Brokers

412	19. Brokers: The licensee(s) and brokerage(s) named below are collectively referred to as "Broker." Instruction to	
413	Closing Agent: Seller and Buyer direct Closing Agent to disburse at Closing the full amount of the brokerage	
414	fees as specified in separate brokerage agreements with the parties and cooperative agreements between the	
415	brokers, except to the extent Broker has retained such fees from the escrowed funds. In the absence of such	
416	brokerage agreements, Closing Agent will disburse brokerage fees as indicated below. This Paragraph will not be	
417	used to modify any MLS or other offer of compensation made by Seller or listing broker to cooperating brokers.	
418*	(38)	(38)
419	Seller's Sales Associate / License No.	Buyer's Sales Associate / License No.
420*	(39)	(39)
421	Listing Firm / Brokerage Fee: (\$ or % of purchase price)	Buyer's Firm / Brokerage Fee: (\$ or % of purchase price)

Purpose:

To identify the real estate brokers involved in the transaction and to reiterate that the brokers will be paid at closing.

Blanks:

(38) Insert the names and license numbers of the real estate licensees who worked with the parties.

(39) Insert the names of each real estate licensee's brokerage.

If the listing office did not offer to compensate the selling office through the MLS or otherwise, insert the amount of commission that seller or buyer has agreed to pay to buyer's brokerage in the blank for "Buyer's Firm/Brokerage Fee." Make sure to indicate who is responsible for paying the fee.

If there is no separate listing agreement, insert the amount of commission that seller has agreed to pay to the listing brokerage in the blank for "Listing Firm/Brokerage Fee." Make sure to indicate who is responsible for paying the fee.

Explanation:

"Broker." In this contract, "Broker" includes each person named in Paragraph 19, as well as the named brokerages.

Brokerage Fees. The contract states that the brokers will be paid at closing the amount specified in the listing agreement and the MLS or other cooperative/compensation agreement between the listing and selling offices. If there are no separate agreements, the amount of the brokerage fee may be specified.

Paragraph 20. Addenda

422	20. Addenda: The following additional terms are included in the attached addenda and incorporated into this		
423	Contract (Check if applicable and attach the addenda):		
	<input type="checkbox"/> A. Additional Clauses	<input type="checkbox"/> N. Insurance	<input type="checkbox"/> W. Rentals
	<input type="checkbox"/> B. Appraisal	<input type="checkbox"/> O. Interest-Bearing Escrow Account	<input type="checkbox"/> X. Rezoning
	<input type="checkbox"/> C. As Is with Right to Inspect	<input type="checkbox"/> P. Lease Option; Lease Purchase	<input type="checkbox"/> Y. Sale/Lease of Buyer's Property
	<input type="checkbox"/> D. Assignment	<input type="checkbox"/> Q. Licensee - Personal Interest in Property	<input type="checkbox"/> Z. Seller Financing
	<input type="checkbox"/> E. Back-up Contract; Kick-out Clause	<input type="checkbox"/> R. Mold Inspection	<input type="checkbox"/> AA. Short Sale Approval
	<input type="checkbox"/> F. Condominium Association	<input type="checkbox"/> S. Mortgage Assumption	<input type="checkbox"/> BB. VA Financing
	<input type="checkbox"/> G. Defective Drywall	<input type="checkbox"/> T. New Mortgage Rates	<input type="checkbox"/> CC. 1031 Exchange
	<input type="checkbox"/> H. FHA Financing	<input type="checkbox"/> U. Pre-1978 Housing Lead-Based Paint Warning Statement	<input type="checkbox"/> Other <u>40</u>
	<input type="checkbox"/> I. FIRPTA	<input type="checkbox"/> V. Property Disclosure	<input type="checkbox"/> Other _____
	<input type="checkbox"/> J. Homeowners' Association		<input type="checkbox"/> Other _____
	<input type="checkbox"/> K. Housing for Older Persons		<input type="checkbox"/> Other _____
	<input type="checkbox"/> L. Inspections		
	<input type="checkbox"/> M. Insulation Disclosure (New Homes Only)		

Purpose:

To indicate which addenda are incorporated into the contract.

Boxes:

Check the boxes that correspond to the particular addenda the parties want to incorporate into the contract.

Blanks:

40 Insert the name or number of any attached document other than the listed addenda.

Explanation:

Addenda. When attaching addenda to the contract, you must either reference each addendum in the contract or reference the contract in the body of each addendum so that a person examining the documents would know they go together. Paragraph 20 specifically names the CRSP-14 addenda and provides spaces to identify any other attached documents. Preprinted text in the CRSP-14 addenda references the contract.

Practice Tip. Make sure to attach the checked addenda.

Paragraph 21. Additional Terms

424*	21. Additional Terms:	41
425*		
426*		
427*		
428*		
429*		
430*		
431*		
432*		
433*		
434*		
435*		

Purpose:

To provide space for additional terms.

Blanks:

41 May be used to insert terms the parties want but are not covered in the preprinted contract.

Explanation:

Additional Terms. If any term is added, make sure it clearly expresses the intent of the parties.

Practice Tip. Before adding any term, look at the CRSP-14 addenda to determine whether one of the preprinted addenda addresses the issue. If it does, use the preprinted addendum instead.

Practice Tip. Be careful drafting language for the seller or buyer. You are responsible for what you draft, and if done incorrectly, both FREC and civil liability could ensue. If the preprinted addenda do not meet the parties' needs, it's best for the seller or buyer to have her/his own attorney draft the necessary language.

Paragraph 22. Offer and Acceptance

436	22. Offer and Acceptance: Buyer offers to purchase the Property on the above terms and conditions. Unless this
437*	Contract is signed by Seller and a copy delivered to Buyer no later than 42 <input type="checkbox"/> a.m. <input type="checkbox"/> p.m. on
438*	43 _____, this offer will be revoked and Buyer's deposit(s) refunded subject to Collection of
439	funds.
440*	<input type="checkbox"/> Buyer received a written real property disclosure statement from Seller before making this offer.

Purpose:

To provide a deadline for seller's acceptance and to indicate whether buyer received a written real property disclosure statement from seller before making the offer.

Boxes:

Check the box on the last line of this paragraph if seller gave buyer a written real property disclosure statement before buyer made the offer.

Blanks:

42 Insert the time at which seller's signed copy of the acceptance is due back to buyer.

43 Insert the date on which seller's signed copy of the acceptance is due back to buyer.

Paragraph 23. Counter Offer; Rejection

441	23. Counter Offer; Rejection:
442*	<input type="checkbox"/> Seller counters Buyer's offer. (To accept the counter offer, Buyer must sign or initial the counter offered terms
443	and deliver a copy of the acceptance to Seller .) Unless otherwise stated, the time for acceptance of any counter
444	offer will be 2 days after the date the counter offer is delivered.
445*	<input type="checkbox"/> Seller rejects Buyer's offer.
446	This is intended to be a legally binding contract. If not fully understood, seek the advice of an attorney before
447	signing.
448*	Buyer: <u>44</u> Date: <u>45</u>
449*	Print name: <u>46</u>
450*	Buyer: <u>44</u> Date: <u>45</u>
451*	Print name: <u>46</u>
452	Buyer's address for purpose of notice:
453*	Address: <u>47</u>
454*	Phone: <u>48</u> Fax: <u>49</u> Email: <u>50</u>
455*	Seller: <u>44</u> Date: <u>45</u>
456*	Print name: <u>46</u>
457*	Seller: <u>44</u> Date: <u>45</u>
458*	Print name: <u>46</u>
459	Seller's address for purpose of notice:
460*	Address: <u>47</u>
461*	Phone: <u>48</u> Fax: <u>49</u> Email: <u>50</u>
462*	Effective Date: <u>51</u> (The date on which the last party signed or initialed and delivered
463	the final offer or counter offer.)

Purpose:

To provide space for seller to indicate a counter offer or rejection of buyer's offer and to provide space for the parties to sign the contract and provide contact information and to have a convenient, easily-noticed place to insert the contract effective date.

Boxes:

Check the first box if seller wants to counter buyer's offer.

Check the second box if seller rejects buyer's offer and is not going to counter it.

Blanks:

- 44 Each party should sign her/his name.
- 45 Each party should insert the date on which she/he signs the offer or counter offer.
- 46 Insert the printed names of the parties.
- 47 Insert the addresses the parties wish to use to receive notices under the contract.
- 48 Insert the parties' telephone numbers.
- 49 Insert the parties' facsimile numbers the parties wish to use to receive notices under the contract.
- 50 Insert the parties' email addresses the parties wish to use to receive notices under the contract.

51 Insert the date on which the last party signed or initialed and delivered the final offer or counter offer. Either that party or the real estate licensee may insert the correct date.

Explanation:

Offer to Purchase. When buyer signs and delivers an offer using this contract form, buyer is making a revocable offer to seller.

Withdrawal of Offer. Buyer has the right to withdraw the offer at any time before seller accepts. If buyer wants to withdraw the offer, it should be communicated to seller as quickly as possible, preferably in writing.

Valid Acceptance. For seller's acceptance of buyer's offer to be valid, seller must sign the offer and return the signed copy of the contract to buyer by the time stated in Paragraph 22.

Automatic Revocation of Offer. Buyer's offer will be automatically revoked automatically if it has not been accepted by the time specified in Paragraph 22.

Rejection. Seller may reject the offer either verbally or in writing, or may simply let the offer period expire without response.

Counter Offer. When seller makes a counter offer, it is treated as both a rejection of buyer's initial offer and as a new offer from seller to buyer.

Effective Date. As specified in Paragraph 11, this is the date on which the last party signed or initialed and delivered the final offer or counteroffer.