

NABOR ADDENDA SAVE SALES AND AVOID PROBLEMS

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One of the most dangerous aspects of being a Realtor is preparing a contract. By law, Realtors can fill in blanks on preprinted forms. That task is dangerous enough. But the real danger lies with filling in blanks that run more than one line.

Filling in a blank of more than one line may cross the line into drafting. Realtors are not to draft. Drafting a contract is practicing law and most Realtors are not licensed to practice law. Drafting expands the importance of verbiage and completeness. What sounds good at time of signing may not sound as good when the parties later argue about what the words mean.

Almost all of these problems are avoided when a Realtor uses NABOR form addenda. These addenda are the product of hours of drafting and review by the Legal Resources Committee. The Committee is composed of experienced real estate attorneys and brokers who draft, revise and flyspeck forms in an effort to prevent problems.

NABOR forms include addenda and amendments for almost everything that might come up in a residential real estate sale. A Realtor using the forms instead of drafting will have much better chance of avoiding trouble. That makes it important for all Realtors to be familiar with the forms. This article is the first of many explaining NABOR addenda and amendment forms in the hope NABOR members will learn what forms are available and how to use them.

This article addresses 3 addenda that can come in handy to meet needs of certain buyers. First, let's take a look at ADDENDUM TO CONTRACT REVIEW BY ADVISOR (BUYER).

This addendum gives a fill in the blank period of time after the Effective Date for the Buyer to have the contract reviewed by an attorney, accountant or other advisor. The Buyer can terminate the contract during the Review Period by notice to the Seller. The Buyer does not have to provide any report or reason, but simply can terminate if done timely.

This addendum can be a big help when a Buyer wants a contract reviewed by the Buyer's attorney. Yes, that attorney is often a northern attorney and that can create other issues, but it gives the Buyer comfort of knowing the contract can be terminated if the Buyer's advisor thinks the contract a bad idea.

Giving a Buyer the option to terminate may not seem like a way to get to closing. But, it may be the key to contract and without a contract there is no path to anything. Keep this form in mind when a Buyer is reluctant to commit based on financials or simply because the Buyer wants the contract reviewed.

Cash buyers account for more than half of our sales. Many are worried they are paying too much. Buyers getting a mortgage know the bank will get an appraisal and if the property is overpriced the bank may refuse the loan. But where is a cash buyer's protection? Sure, the Buyer trusts the Realtor but just in case the Buyer fears the Realtor is primarily motivated to get the contract signed and start the road to commission..... what can a Buyer do?

That is when the Realtor can suggest ADDENDUM TO SALES CONTRACT APPRAISAL CONTINGENCY. This addendum gives the Buyer time (fill in the form blank) for the Buyer or the Buyer's lender to get an appraisal showing a value of amount filled in a second blank (purchase price is the default) known as the Contingency Price. The appraisal must be by an appraiser certified under Chapter 475 Fla. Stat.

If the appraisal does not confirm a value of at least the Contingency Price, the Buyer can terminate the contract by delivering written notice to Seller before end of the Contingency Period with complete copy of the appraisal. If the Buyer timely delivers that notice, this contract terminates UNLESS Seller notifies Buyer no later than 5 days after Seller receipt of the termination notice that the purchase price is reduced to the appraised value after which the contract remains in effect with purchase price the appraised value.

This addendum can also be used for the financed Buyer who wants protection when appraised value might not stop the lender from making a loan. Even if loan not contingent on appraisal, or the loan does not require an appraisal, appraised value can be a Buyer protection when using this addendum.

How about a Buyer who "see" a property on the internet and even review pictures from the Realtor but who do not want to make an offer until the Buyer can visit the property in person? Some of those Buyers will not make a special trip unless they are sure they will get the property under contract. For those buyers, NABOR has the ADDENDUM TO SALES CONTRACT VISUAL INSPECTION OF PROPERTY BY BUYER.

This addendum gives the Buyer or Buyer's designee a fill in the blank period of time after the Effective Date (Visual Inspection Period) to visually inspect the property. The Buyer can personally visit or send a designee to personally and visually inspect the property. This is not a full-blown property inspection, but only a walk through to see in person if the property is as described.

Most of the time it is the Buyer who will travel to the property (can be vacant lot or improved). The Buyer just needs a few days (maybe the upcoming weekend) to get here. If the Buyer decides the property is unacceptable after the inspection, the Buyer can terminate the contract by notice to the Seller within the Visual Inspection Period.

The visual inspection addendum is not simply an option to buy time. The Buyer or Buyer's designee must actually personally visit the property. The form allows a Buyer to enter a contract so the Buyer is sure making the trip to see the property is worth the cost. The Buyer will not get reimbursed airfare etc., and that helps the Seller believe the Buyer is serious enough to accept an offer with this addendum.

NABOR has other addenda and amendments to help save your sales. Check them all out and keep your eyes on this newsletter as we provide explanations of other NABOR forms.

The information contained in this article is not intended as legal advice. For questions about specific circumstances, the reader should consult a qualified attorney.