

## INSTRUCTIONS FOR COMPLETION OF UNIFORM REAL ESTATE PURCHASE AGREEMENT

The Uniform Real Estate Purchase Agreement is a relatively easy document to prepare, unless you find yourself in a situation which requires special attention. In most situations, you will be able to complete this purchase agreement by yourself; however, there may be situations that require the assistance of an attorney or title company. **DON'T GAMBLE!** If you have any doubt whatsoever, it may be best to consult a professional.

**DATE:** Fill the current date in this blank.

**ADDRESS/LEGAL DESCRIPTION:** Fill in the street address in paragraph one, and the legal description in paragraph two, if you know it. The omission of the legal description in paragraph two will not invalidate the contract.

**PERSONAL PROPERTY:** Fill in any personal property that goes with the house. Usually, these items include the stove, refrigerator, window coverings, garage door openers, and any other items of personal property that normally the seller(s) would take when they vacated the property. Such items as the carpeting, ceiling fans, and curtain rods are attached to the real estate, and remain with the real estate after sale.

**PURCHASE PRICE:** Regarding paragraph six, fill in the total purchase price on the first line both in long hand on the first line, and numerically on the second line between the parentheses. Also on the second line you will see a blank space for the deposit, the rule of thumb here is one thousand dollars deposit for every one hundred thousand dollars in purchase price although this is a negotiated item.

**METHOD OF FINANCING:** The purchaser must inform the seller of the method of financing to be used, which may involve the use of paragraph seven, eight, nine, or ten. Obviously, if this is a cash sale, the amount filled in paragraph seven would be the total purchase price contained in paragraph six, less the earnest money deposit also contained in paragraph six. You then would not use eight, nine, or ten. Under normal circumstances you will probably use paragraph eight which makes the transaction conditional upon the buyer's ability to obtain a loan. The first line in paragraph eight should reflect the difference between the purchase price and the earnest money deposit in paragraph six. For example, if the purchase price was \$90,000.00 with a \$1,000.00 earnest money deposit the amount of \$89,000.00 would be placed in the first blank in paragraph eight. The next blank in paragraph eight is the amount of the loan. Only the buyer knows the answer to this question and the buyers may have to consult their loan officer in order to fill

in this blank and the rest of this paragraph. A normal conventional loan is considered to be any eighty percent (80%) loan and that amount then would be eighty percent of the total purchase price. The parties should then next check the type of financing, i.e., whether the loan will be a VA, FHA, Conventional, etc. type loan. In line four there is a blank for the interest rate which is followed by the number of years the loan is amortized, which is usually, fifteen or thirty years. At the end of line five is the amount of monthly payment, and you will probably have to speak with the loan officer in order to determine this amount. Near the bottom is a blank for the amount of time given the buyer to get financing approved. Normally that is approximately twenty days unless a FHA or VA loan which would be thirty days. The last line in paragraph eight needs to be completed concerning who will pay the discount points regarding the loan, if any.

**REAL ESTATE TAXES:** Under normal circumstances, the parties will use paragraph (a) dealing with urban taxes and will check the blank marked “closing”. You would only check the blank marked “date of possession” if the seller was giving buyer possession prior to closing. That is usually not recommended.

**CLOSING/POSSESSION DATE:** Paragraph sixteen should reflect the approximate closing date, and you should refer to paragraph eight in filling in this blank. Under normal circumstances this will be approximately thirty days from the date of the contract.

**OFFER EXPIRATION:** Under normal circumstances, when the purchaser makes an offer, the purchaser wants to have an answer back from the seller within a certain amount of time. The completion of this paragraph should reflect that time limit.

**ACCEPTANCE BY SELLER(S):** The seller has three options:

- 1) The seller can simply accept the offer by signing this area in the presence of a notary public. **CAUTION!** You must actually sign in front of a notary public. Do not sign the purchase agreement and then expect a notary to notarize the signature at a later date;
- 2) The seller can reject the offer of the purchasers, or;
- 3) The seller can make a counter offer by writing in other terms in this paragraph, such as, “Except purchase price \$\_\_\_\_\_.” In this case, the purchasers can accept the counter offer, re-sign and again have their signatures notarized; make a counter offer back to the seller; or walk away from the contract.
- 4) **PLEASE NOTE:** In the event the purchasers wish to make their offer contingent upon a whole house inspection, the parties’ first need to review paragraph twenty four and indicate that contingency in paragraph 11.

Should this language not be sufficient you may wish to consult a professional.

**FINAL NOTE:** All of the remaining terms and conditions of this purchase agreement are standard in form. However, any provisions of this contract can also be changed by mutual agreement, by signing an addendum to the purchase agreement. Again, this instruction sheet is intended to provide guidance in the completion of a purchase agreement under normal circumstances. However, as noted above, there will be situations which may require the services of a real estate professional. This is in no way legal advice. If you require legal advice please consult an attorney.