

Pending Risk Management Committee Approval on January 4, 2018

RECOMMENDATION to Executive Committee

FROM:

Risk Management Committee

RECOMMENDATION:

Approval of revised Additional Clause Addendum

BACKGROUND:

Lines 28 through 30 of the Additional Clause state:

“Buyer acknowledges that Buyer’s earnest money shall be non-refundable even if the Premises fail to appraise for the sales price or the loan contingency is unfulfilled.”

The recommendation is to add the following five words on to the end of the sentence: “unless otherwise prohibited by federal law.” Once the change is implemented, lines 28 through 30 will state:

“Buyer acknowledges that Buyer’s earnest money shall be non-refundable even if the Premises fail to appraise for the sales price or the loan contingency is unfulfilled, unless otherwise prohibited by federal law.”

Should this change be made the new language will mirror the language on line 110 of the current Residential Resale Real Estate Purchase Contract. The change will also advise the parties that, in some instances, such as in conjunction with the execution of an FHA or VA Amendatory Clause, the earnest money may be released to the buyer regardless of language in the contract to the contrary.

Based on the above, on September 28, 2017, the Risk Management Committee voted to add to the end of line 30 the following language: “unless otherwise prohibited by federal law.”

BUDGET IMPACT:

AAR will be required to pay zipForm a total of \$50 to format the form and upload it to the zipForm software product for use by AAR members.

MOTION:

TO APPROVE FOR RELEASE ON OR ABOUT FEBRUARY 1, 2018 A REVISED ADDITIONAL CLAUSE ADDENDUM ADDING THE FOLLOWING LANGUAGE TO END OF LINE 30: “UNLESS OTHERWISE PROHIBITED BY FEDERAL LAW.”

FOR MORE INFORMATION CONTACT:

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