

**Pending Risk Management Committee approval on January 8, 2019**

**RECOMMENDATION TO THE EXECUTIVE COMMITTEE**

**FROM:**

Risk Management Committee

**RECOMMENDATION:**

**Approve for release on or about February 1, 2019 the attached revised Commercial Real Estate Purchase Contract.**

**BACKGROUND:**

A member by the name of Brian Gaffney submitted a request that the Commercial Real Estate Purchase Contract be updated. The request was approved by the Risk Management Committee and workgroup, chaired by Mr. Gaffney, was formed.

The workgroup met on several occasions in 2018 and a draft of the revised form was sent to the “Loop” on October 29, 2018. Comments were assembled, and the workgroup reconvened on November 29, 2018 to review and consider the feedback received. Based on the Loop comments, additional revisions were made, and the revised draft was finalized.

**The revised Commercial Real Estate Purchase Contract is on the January 8, 2019 Risk Management Committee agenda for approval.**

**BUDGET IMPACT:**

Arizona REALTORS® will be required to pay zipForm \$50 per page to format the revised form and upload it to the zipForm software product for use by Arizona REALTOR® members. (Note - zipForm has not consistently billed Arizona REALTORS® for expenses of this nature.)

**MOTION:**

**TO APPROVE FOR RELEASE ON OR ABOUT FEBRUARY 1, 2019 THE ATTACHED REVISED COMMERCIAL REAL ESTATE PURCHASE CONTRACT.**

**FOR MORE INFORMATION CONTACT:**

Lisa Paffrath – (928) 526-7777 / [nazlandlady@gmail.com](mailto:nazlandlady@gmail.com)

**OR** Scott Drucker – (602) 248-7787 / [scottdrucker@aaronline.com](mailto:scottdrucker@aaronline.com)

# COMMERCIAL REAL ESTATE PURCHASE CONTRACT

Document updated:  
February 2019



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



**DRAFT**

## 1. PROPERTY

- 1a. 1. **BUYER:** \_\_\_\_\_  
BUYER'S NAME(S)
- 2. **SELLER:** \_\_\_\_\_ or  as identified in section 10c.  
SELLER'S NAME(S)
- 1b. 3. **Property Description and Offer:** Buyer agrees to purchase and Seller agrees to sell the following real property:
  - 4. Property Address: \_\_\_\_\_
  - 5. City: \_\_\_\_\_ County: \_\_\_\_\_ AZ, Zip Code: \_\_\_\_\_
  - 6. Assessor's Parcel #(s): \_\_\_\_\_
  - 7. Legal Description:  See attached  To be provided by Escrow Company  As follows: \_\_\_\_\_
  - 8. \_\_\_\_\_
  - 9. \_\_\_\_\_
  - 10. which includes at no additional cost to Buyer, all fixtures and improvements thereon, as well as the following items, if any,
  - 11. owned by Seller and presently located on or in the real property: electrical distribution systems (power panels, ducting, conduits,
  - 12. disconnects), lighting fixtures, computer wiring, telephone distribution systems (lines, jacks and connections), heating, ventilation
  - 13. and air conditioning equipment, evaporative coolers, air lines, flooring, window coverings, wall coverings, security and fire
  - 14. detection systems/alarms, and \_\_\_\_\_
  - 15. \_\_\_\_\_
  - 16. \_\_\_\_\_
  - 17. \_\_\_\_\_
  - 18. (collectively the "Property"). All fixtures and improvements shall be free of liens and encumbrances unless otherwise specified.
- 1c. 19. **Leased items shall NOT be included in this sale.** Seller shall deliver notice of all leased items within ten (10) or \_\_\_\_\_ days  
20. after Contract acceptance. Buyer shall provide notice of any leased items disapproved within the Due Diligence Period or five (5)  
21. days after receipt of the notice, whichever is later.
- 1d. 22. **Personal Property Included:** \_\_\_\_\_  
23. \_\_\_\_\_  
24. \_\_\_\_\_  
25. Personal property shall be transferred in AS-IS CONDITION, FREE AND CLEAR OF ANY LIENS AND ENCUMBRANCES  
26. and SELLER MAKES NO WARRANTY of any kind, express or implied, (including, without limitation, ANY WARRANTY OF  
27. MERCHANTABILITY).
- 28. \$ \_\_\_\_\_ Full Purchase Price, paid as outlined below.
- 29. \$ \_\_\_\_\_ Earnest money \_\_\_\_\_
- 30. \$ \_\_\_\_\_ Additional Earnest money \_\_\_\_\_
- 31. \$ \_\_\_\_\_
- 32. \_\_\_\_\_
- 33. \_\_\_\_\_
- 34. \_\_\_\_\_

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SELLER SELLER

BUYER BUYER

1e. 35. **Earnest Money** is in the form of:  Check  Wire Transfer  Other: \_\_\_\_\_  
 36. Upon Contract acceptance, but in no event later than five (5) days or \_\_\_\_\_ days after Contract acceptance, Earnest Money, if  
 37. any, will be deposited with:  Escrow Company  Other: \_\_\_\_\_  
 38. Buyer acknowledges that failure to timely deposit Earnest Money, if not cured after a cure notice is delivered pursuant to Section  
 39. 8a, shall be construed as a material breach enabling Seller to cancel this Contract.

40. **Buyer agrees that, if Buyer breaches this Contract, Earnest Money is subject to forfeiture.**

1f. 41. **Terms of Acceptance:** This offer will become a binding Contract when acceptance is signed by Seller and a signed copy  
 42. delivered in person, by mail, facsimile, or electronically, and received by Broker named in Section 9p  
 43. by: \_\_\_\_\_, \_\_\_\_\_ at \_\_\_\_\_  a.m. /  p.m., Mountain Standard Time.  
 44. Buyer may withdraw this offer at any time prior to receipt of Seller's signed acceptance. If no signed acceptance is received by this  
 45. date and time, this offer shall be deemed withdrawn and Buyer's Earnest Money, if any, shall be returned.

1g. 46. **Addenda Incorporated:**  Additional Clause  Domestic Water Well  Lead-Based Paint Disclosure  
 47.  Loan Assumption  On-Site Wastewater Treatment Facility  Schedule of Personal Property  Seller Financing  
 48.  Solar Assumption  Other: \_\_\_\_\_

1h. 49. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the terms  
 50. of this Contract shall be:

51. \_\_\_\_\_  
ESCROW COMPANY CONTACT PERSON

52. \_\_\_\_\_  
ADDRESS CITY STATE ZIP CODE

53. \_\_\_\_\_  
EMAIL PHONE FAX

54. Seller and Buyer instruct Escrow Company to immediately deliver to Seller, Buyer and Broker(s) a critical dates letter and a copy of  
 55. the Earnest Money receipt.

1i. 56. **Close of Escrow:** Seller and Buyer shall comply with all terms and conditions of this Contract and Close Escrow  
 57. on: \_\_\_\_\_ MONTH \_\_\_\_\_ DAY \_\_\_\_\_ YEAR ("COE Date"). If Escrow Company or recorder's office  
 58. is closed on the COE Date, COE shall occur on the next day that both are open for business. Any other closing date requires the  
 59. written mutual agreement of Seller and Buyer.

60. Seller and Buyer hereby agree that the COE shall be defined as recordation of the deed and any other documents required to  
 61. complete the transaction. The parties expressly agree that the failure of any party to comply with the terms and conditions of this  
 62. Section to allow COE to occur on the COE Date, if not cured after a cure notice is delivered pursuant to Section 8a, will constitute  
 63. a material breach of this Contract, rendering the Contract subject to cancellation.

1j. 64. **Possession and Keys:** Possession and occupancy of the Property shall be delivered to Buyer at COE,  
 65. or  \_\_\_\_\_, subject to the rights of tenants under existing leases. Seller shall provide keys and/or  
 66. means to operate all locks, mailboxes, security system/alarms, access to all common area facilities and:

67. \_\_\_\_\_  
 68. \_\_\_\_\_  
 69. \_\_\_\_\_  
 70. \_\_\_\_\_  
 71. \_\_\_\_\_  
 72. \_\_\_\_\_  
 73. \_\_\_\_\_

SELLER SELLER

BUYER BUYER

2. DISCLOSURE

- 2a. 74. Commercial Seller's Property Disclosure Statement ("SPDS"): Seller shall deliver a completed Arizona REALTORS® Commercial SPDS form to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Due Diligence Period or five (5) days after receipt of the SPDS, whichever is later.
75. Commercial SPDS form to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any SPDS items disapproved within the Due Diligence Period or five (5) days after receipt of the SPDS, whichever is later.
76. disapproved within the Due Diligence Period or five (5) days after receipt of the SPDS, whichever is later.
2b. 77. Additional Seller Disclosures and Information: Seller shall provide to Buyer the following disclosures and information pertinent to the Property in writing within ten (10) days or \_\_\_\_\_ days after Contract acceptance:
78. to the Property in writing within ten (10) days or \_\_\_\_\_ days after Contract acceptance:
79. • documents referencing any known pending special assessments, association fees, claims, or litigation;
80. • copies of covenants, conditions, restrictions, articles of incorporation, by-laws, other governing documents, and any other documents required by law;
81. documents required by law;
82. • financial statements, copies of current rent rolls, lists of current deposits, personal property lists, copies of leases (e.g., billboard, cell tower, laundry, trade fixtures), rental agreements, and service contracts;
83. billboard, cell tower, laundry, trade fixtures), rental agreements, and service contracts;
84. • a copy of the most recent survey, if available;
85. • any and all notices regarding Seller or Tenant bankruptcy, probate or insolvency proceedings;
86. • any and all notices of violation(s) of City, County, State or Federal building, zoning, fire, health laws, codes, statutes, ordinances, regulations, or rules filed or issued regarding the Property; and
87. ordinances, regulations, or rules filed or issued regarding the Property; and
88. • any and all other agreements, documents, studies, or reports relating to the Property in Seller's possession or control provided, however, that Seller shall not be required to deliver any report or study if the written contract that Seller entered into with the consultant who prepared such report or study specifically forbids the dissemination of the report to others.
89. provided, however, that Seller shall not be required to deliver any report or study if the written contract that Seller entered into with the consultant who prepared such report or study specifically forbids the dissemination of the report to others.
90. provided, however, that Seller shall not be required to deliver any report or study if the written contract that Seller entered into with the consultant who prepared such report or study specifically forbids the dissemination of the report to others.
91. Buyer shall provide written notice to Seller of any additional Seller disclosures and information disapproved prior to the expiration of the Due Diligence Period or five (5) days after receipt, whichever is later.
92. of the Due Diligence Period or five (5) days after receipt, whichever is later.
93. Seller [ ] shall [ ] shall not deliver estoppel certificates executed by all tenants to Buyer prior to expiration of the Due Diligence Period. Buyer shall provide notice of any items disapproved within the Due Diligence Period or five (5) days after receipt of the estoppel certificates, whichever is later.
94. Period. Buyer shall provide notice of any items disapproved within the Due Diligence Period or five (5) days after receipt of the estoppel certificates, whichever is later.
95. estoppel certificates, whichever is later.
2c. 96. Affidavit of Disclosure: If the Property is located in an unincorporated area of the county, and five (5) or fewer parcels of property other than subdivided property are being transferred, Seller shall deliver a completed Affidavit of Disclosure in the form required by law to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items disapproved within the Due Diligence Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
97. other than subdivided property are being transferred, Seller shall deliver a completed Affidavit of Disclosure in the form required by law to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items disapproved within the Due Diligence Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
98. by law to Buyer within five (5) days after Contract acceptance. Buyer shall provide notice of any Affidavit of Disclosure items disapproved within the Due Diligence Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
99. disapproved within the Due Diligence Period or five (5) days after receipt of the Affidavit of Disclosure, whichever is later.
2d. 100. Changes During Escrow: Seller shall immediately notify Buyer: (i) of any changes to the Property or disclosures made herein, in the SPDS, or otherwise; (ii) if Seller modifies any existing lease or other agreement affecting the Property; or (iii) if Seller enters into any new leases, rental agreements, service contracts or other agreements affecting the Property. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after delivery of such notice to provide notice of disapproval to Seller.
101. in the SPDS, or otherwise; (ii) if Seller modifies any existing lease or other agreement affecting the Property; or (iii) if Seller enters into any new leases, rental agreements, service contracts or other agreements affecting the Property. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after delivery of such notice to provide notice of disapproval to Seller.
102. enters into any new leases, rental agreements, service contracts or other agreements affecting the Property. Such notice shall be considered an update of the SPDS. Unless Seller is already obligated by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after delivery of such notice to provide notice of disapproval to Seller.
103. considered an update of the SPDS. Unless Seller is already obligated by this Contract or any amendments hereto, to correct or repair the changed item disclosed, Buyer shall be allowed five (5) days after delivery of such notice to provide notice of disapproval to Seller.
104. repair the changed item disclosed, Buyer shall be allowed five (5) days after delivery of such notice to provide notice of disapproval to Seller.
105. to Seller.
106. IF PROPERTY IS NOT USED FOR RESIDENTIAL PURPOSES: Section 3 does not apply, go to Section 4.

3. DISCLOSURES FOR PROPERTY USED FOR RESIDENTIAL PURPOSES

- 3a. 107. Swimming Pool Barrier Regulations: During the Due Diligence Period, Buyer agrees to investigate all applicable state, county, and municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance with said regulations prior to occupying the Property, unless otherwise agreed in writing. If the Property contains a Swimming Pool, Buyer acknowledges receipt of the Arizona Department of Health Services approved private pool safety notice.
108. and municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance with said regulations prior to occupying the Property, unless otherwise agreed in writing. If the Property contains a Swimming Pool, Buyer acknowledges receipt of the Arizona Department of Health Services approved private pool safety notice.
109. prior to occupying the Property, unless otherwise agreed in writing. If the Property contains a Swimming Pool, Buyer acknowledges receipt of the Arizona Department of Health Services approved private pool safety notice.
110. receipt of the Arizona Department of Health Services approved private pool safety notice.

111. (BUYER'S INITIALS REQUIRED) \_\_\_\_\_ BUYER \_\_\_\_\_ BUYER

SELLER SELLER

BUYER BUYER

3b. 112. **Lead-Based Paint Disclosure (Initials Required):** If the Property was built prior to 1978, Seller shall: (i) notify Buyer of any  
 113. known lead-based paint or lead-based paint hazards in or on the Property; (ii) provide Buyer with any lead-based paint risk  
 114. assessments or inspections of the Property in Seller’s possession; (iii) provide Buyer with the Disclosure of Information on Lead-  
 115. based Paint and Lead-Based Paint Hazards, and any reports, records, pamphlets, and/or other materials referenced therein,  
 116. including the pamphlet “Protect Your Family from Lead in Your Home” (collectively “Lead-Based Paint Information”).  
 117.  Lead-Based Paint Information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct  
 118. lead based paint risk assessments or inspections during the Due Diligence Period.  
 119.  Seller shall provide the Lead-Based Paint Information to Buyer within five (5) days after Contract acceptance. Buyer may within  
 120. ten (10) days or \_\_\_\_\_ days after receipt of the Lead-Based Paint Information conduct or obtain a risk assessment or inspection  
 121. of the Property for the presence of lead-based paint or lead based-paint hazards (“Assessment Period”). Buyer may within five  
 122. (5) days after receipt of the Lead-Based Paint Information or five (5) days after expiration of the Assessment Period cancel this  
 123. Contract in Buyer’s sole discretion by delivering written notice of cancellation to Seller pursuant to Section 8c.

124. **Prior to 1978: If Property was constructed prior to 1978, (BUYER’S INITIALS REQUIRED)** \_\_\_\_\_ BUYER BUYER

125. **1978 or Later: If Property was constructed in 1978 or later, (BUYER’S INITIALS REQUIRED)** \_\_\_\_\_ BUYER BUYER

**4. DUE DILIGENCE, FEASIBILITY, AND INSPECTIONS**

4a. 126. **Due Diligence:** Buyer’s due diligence, feasibility, and inspection period shall be thirty (30) days or  \_\_\_\_\_ days after Contract  
 127. acceptance (“Due Diligence Period”). During the Due Diligence Period, Buyer shall satisfy itself with respect to the physical  
 128. condition of the Property, the value of the Property, the condition of title to the Property and as to the feasibility and suitability of the  
 129. Property for Buyer’s intended purpose.

4b. 130. **Buyer Disapproval:** If Buyer, in Buyer’s sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller a  
 131. signed notice of the items disapproved and state in the notice that Buyer elects to either:

- 132. (1) Immediately cancel this Contract, in which case:
  - 133. (a) If Buyer’s notice specifies disapproval of items as allowed herein, the Earnest Money shall be released to Buyer.
  - 134. (b) If Buyer’s notice fails to specify items disapproved as allowed herein, the cancellation will remain in effect but Buyer has  
 135. failed to comply with a provision of this Contract and Seller may deliver to Buyer a cure notice as required by Section 8a.  
 136. If Buyer fails to cure their non-compliance within three (3) days after delivery of such notice, Buyer shall be in breach and  
 137. Seller shall be entitled to the Earnest Money. If, prior to expiration of the Cure Period, Buyer delivers notice specifying  
 138. items disapproved as allowed herein, Buyer shall be entitled to a return of the Earnest Money.

139. **OR**

- 140. (2) Provide Seller an opportunity to correct the items disapproved, in which case:
  - 141. (a) Seller shall respond in writing within five (5) days or \_\_\_\_\_ days after delivery to Seller of Buyer’s notice of items  
 142. disapproved. Seller’s failure to respond to Buyer in writing within the specified time period shall conclusively be deemed  
 143. Seller’s refusal to correct any of the items disapproved.
  - 144. **(b) If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any repairs in  
 145. a workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3)  
 146. days or  \_\_\_\_\_ days prior to COE Date.**
  - 147. (c) If Seller is unwilling or unable to correct any of the items disapproved, Buyer may cancel this Contract within five (5) days  
 148. after delivery of Seller’s response or after expiration of the time for Seller’s response, whichever occurs first, and the  
 149. Earnest Money shall be released to Buyer. If Buyer does not cancel this Contract within the five (5) days as provided,  
 150. Buyer shall close escrow without correction of those items that Seller has not agreed in writing to correct.

151. **VERBAL DISCUSSIONS WILL NOT EXTEND THESE TIME PERIODS.** Only a written agreement signed by both parties will  
 152. extend response times or cancellation rights.

153. **BUYER'S FAILURE TO GIVE NOTICE OF DISAPPROVAL OF ITEMS OR CANCELLATION OF THIS CONTRACT WITHIN**  
 154. **THE SPECIFIED TIME PERIOD SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH THE**  
 155. **TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS.**

156. If Buyer cancels this Contract, Buyer shall return all documents provided by Seller and provide Seller with copies of all reports or  
 157. studies generated by Buyer, provided, however, that Buyer shall not be required to deliver any such report or study if the written  
 158. contract that Buyer entered into with the consultant who prepared such report or study specifically forbids the dissemination of the  
 159. report or study to others.

**4c.** 160. **Inspections:** During the Due Diligence Period, Buyer shall have the right, at Buyer's expense, to select an inspector(s) and to  
 161. make economic, environmental and physical inspections (including tests, surveys, and other studies) of the Property, including but  
 162. not limited to inspecting:

- |      |   |   |
|------|---|---|
| 163. | • built-in appliances                                 | • Multiple Listing Service (MLS) representations            |
| 164. | • compliance with Americans with Disabilities Act     | • plumbing (such as galvanized or polybutylene pipes)       |
| 165. | • conditions conducive to mold                        | • pool/spa and related equipment                            |
| 166. | • cost of compliance with swimming pool regulations   | • roof  |
| 167. | • designated flood hazard areas                       | • sewer/septic  |
| 168. | • easements and access                                | • sign usage  |
| 169. | • electrical and mechanical systems                   | • soil  |
| 170. | • elevators   | • solar   |
| 171. | • environmental hazards (such as asbestos,            | • square footage  |
| 172. | formaldehyde, radon gas, lead-based paint, fuel or    | • structural  |
| 173. | chemical storage tanks, hazardous waste, other        | • use permits   |
| 174. | substances, materials or products, and/or location in | • variances   |
| 175. | a federal or state Superfund area)                    | • water damage  |
| 176. | • foundation  | • water/utility or fire protection                          |
| 177. | • geologic conditions                                 | • water/utility use restrictions and fees for services such |
| 178. | • heating and cooling                                 | as garbage  |
| 179. | • leased items  | • well  |
| 180. | • location of property lines                          | • wood infestation  |
| 181. | • mold  | • zoning regulations  |

182. If the presence of sex offenders in the vicinity of the Property or the occurrence of a disease, natural death, suicide, homicide  
 183. or other crime on or in the vicinity of the Property is a material matter to Buyer, it must be investigated by Buyer during the Due  
 184. Diligence Period.

**4d.** 185. **Square Footage:** BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE (OR NET ACREAGE) OF THE  
 186. REAL PROPERTY (LAND) OR IMPROVEMENTS THEREON IS APPROXIMATE. IF SQUARE FOOTAGE (OR NET ACREAGE) IS  
 187. A MATERIAL MATTER TO BUYER, IT MUST BE VERIFIED BY BUYER DURING THE DUE DILIGENCE PERIOD.

**4e.** 188. **Wood-Destroying Organism or Insect Inspection:** IF CURRENT OR PAST WOOD-DESTROYING ORGANISMS OR INSECTS  
 189. (SUCH AS TERMITES) ARE A MATERIAL MATTER TO BUYER, THESE ISSUES MUST BE INVESTIGATED DURING THE DUE  
 190. DILIGENCE PERIOD. Buyer shall order and pay for all wood-destroying organism or insect inspections performed during the Due  
 191. Diligence Period.

**4f.** 192. **Flood Hazard:** If the Property is situated in an area identified as having any special flood hazards by any governmental entity  
 193. including, but not limited to, being designated as a special flood hazard area by the Federal Emergency Management Agency  
 194. (FEMA), Buyer's lender may require the purchase of flood hazard insurance prior to COE or some future date. Special flood  
 195. hazards may affect the ability to encumber or improve the Property now or at some future date. Flood hazard designation of the  
 196. Property or cost of flood hazard insurance shall be determined by Buyer during the Due Diligence Period.

**4g.** 197. **Insurance:** Buyer shall ensure that any fire, casualty, or other insurance desired by Buyer, or required by any Lender, is in place at  
 198. COE. Buyer specifically releases Broker(s) from any obligations relating to such insurance.

- 4h. 199. **Recommendations:** If any Broker recommends a builder, contractor, inspector, vendor or any other person or entity to Seller or  
200. Buyer for any purpose, such recommendation shall be independently investigated and evaluated by Seller or Buyer, who hereby  
201. acknowledge that any decision to enter into any contractual arrangements with any such person or entity recommended by any  
202. Broker will be based solely upon such independent investigation and evaluation. Seller and Buyer understand that said contractual  
203. arrangement may result in a commission or fee to Broker, which shall be disclosed in writing to Seller and Buyer as required by  
204. law.
  
- 4i. 205. **Buyer’s Responsibility Regarding Inspections:** Buyer shall keep the Property free and clear of liens, shall indemnify and hold  
206. Seller harmless from all liability, claims, demands, damages, and costs and shall repair all damages arising from the inspections.
  
- 4j. 207. **Walkthrough(s):** Seller grants Buyer and Buyer’s inspector(s) reasonable access to conduct walkthrough(s) of the Property for  
208. the purpose of satisfying Buyer that any corrections or repairs agreed to by Seller have been completed, and the Property is in  
209. substantially the same condition as of the date of Contract acceptance. If Buyer does not conduct such walkthrough(s), Buyer  
210. releases Seller and Broker(s) from liability for any defects that could have been discovered.
  
- 4k. 211. **Seller’s Responsibility Regarding Inspections and Walkthrough(s):** Seller shall make the Property available for all inspections  
212. and walkthrough(s) upon reasonable notice by Buyer. Seller shall, at Seller’s expense, have all utilities on, including any propane,  
213. until COE to enable Buyer to conduct these inspections and walkthrough(s).
  
- 4l. 214. **Sanitation and Waste Disposal Systems:** Buyer is aware and Seller warrants that the Property is on a:  
215.  sewer system  conventional septic system  alternative system  
  
216. **IF A SEWER CONNECTION IS A MATERIAL MATTER TO BUYER, IT MUST BE INVESTIGATED DURING THE DUE**  
217. **DILIGENCE PERIOD.** If the Property is served by a conventional septic or alternative system, the Arizona REALTORS® On-site  
218. Wastewater Treatment Facility Addendum is incorporated herein by reference.
  
- 4m. 219. **Seller’s Obligations Regarding Wells:** If any well is located on the Property, Seller shall deliver to Escrow Company, before  
220. COE, a copy of the Arizona Department of Water Resources (“ADWR”) “Registration of Existing Wells.” Escrow Company is hereby  
221. instructed to send to the ADWR a “Change of Well Information.” Seller does not warrant the gallons per minute as reflected on the  
222. ADWR certification of registration. Buyer may verify gallons per minute during the Due Diligence Period through a certified flow  
223. test.  
  
224. **IF THIS IS AN ALL CASH SALE: (i) A Letter of Credit or a source of funds from a financial institution documenting the**  
225. **availability of funds to close escrow is attached hereto; and (ii) Section 5 does not apply—go to Section 6.**

**5. FINANCING**

- 5a. 226. **This sale  is  is not contingent upon Buyer obtaining a satisfactory financing commitment within the Financing**  
227. **Commitment Contingency Period.** If sale is not contingent on a financing commitment, Sections 5b and 5c do not apply—go to  
228. Section 6.  
  
229. If financing is to be other than new financing, see attached financing addendum. This addendum cannot be assigned to a new  
230. buyer without Seller’s prior written consent.
  
- 5b. 231. **Financing Commitment Contingency Period:** If the sale is contingent upon Buyer obtaining a satisfactory financing  
232. commitment, Buyer shall have thirty (30) days or  \_\_\_\_\_ days after Contract acceptance (“Financing Commitment Contingency  
233. Period”) to obtain a financing commitment satisfactory to Buyer, in Buyer’s sole discretion, for a loan to purchase the Property  
234. or Buyer may cancel this Contract pursuant to Section 8c and receive a refund of the Earnest Money. **Prior to the expiration of**  
235. **the financing commitment contingency period, Buyer shall deliver to Seller and Escrow Company written notice that**  
236. **Buyer has not received such satisfactory financing commitment or Buyer shall be deemed to have waived the financing**  
237. **commitment contingency and any right to cancel due to financing.**
  
- 5c. 238. **Financing Application:** Within ten (10) days after Contract acceptance, Buyer shall submit a formal financing application to a  
239. lender of Buyer’s choice. Buyer and Seller shall promptly provide to lender all materials and documents lender deems appropriate  
240. to facilitate such lender’s processing of financing application. Buyer agrees to pay fees as required by the lender and all other  
241. financing costs. Buyer authorizes the lender to provide financing status updates to Broker(s).

SELLER	SELLER

<Initials

Initials>

BUYER	BUYER

6. TITLE AND ESCROW

- 6a. 242. Title and Vesting: Taking title may have significant legal, estate planning and tax consequences. Buyer should obtain legal and tax advice. 243. 244. Buyer will take title as determined before COE or Other:
6b. 245. Title Commitment and Title Insurance: Buyer shall be provided at Seller's expense a Standard Owner's Title Insurance Policy showing the title vested in Buyer as provided in Section 6a. Buyer may acquire extended coverage(s) at Buyer's own additional expense. Escrow Company is hereby instructed to obtain and distribute to Buyer and Broker(s) a Commitment for Title Insurance in sufficient detail for the issuance of an Extended Owner's Title Insurance Policy together with complete and legible copies of all documents that will remain as exceptions to Buyer's policy of title insurance ("Title Commitment"), within fifteen (15) days after Contract acceptance. Buyer shall have until the expiration of the Due Diligence Period to provide written notice to Seller of any items disapproved. Buyer shall have five (5) days after receipt of any amendments to Title Commitment or notice of any subsequent exceptions to provide Seller written notice of any amendment or exceptions disapproved. REFER TO SECTION 4b FOR IMPORTANT TERMS. 254. Seller shall convey title by special warranty deed or Other: deed.
6c. 255. Additional Instructions: (i) If the Escrow Company is also acting as the title agency but is not the title insurer issuing the title insurance policy, Buyer and Seller hereby instruct the Escrow Company to deliver to Buyer and Seller upon Contract acceptance a closing protection letter from the title insurer indemnifying Buyer and Seller for any losses due to fraudulent acts or breach of escrow instructions by the Escrow Company. (ii) All documents necessary to close this transaction shall be executed promptly by Seller and Buyer in the standard form used by Escrow Company. Escrow Company is hereby instructed to modify such documents to the extent necessary to be consistent with this Contract. (iii) All closing and escrow costs, unless otherwise stated herein, shall be allocated equally between Seller and Buyer in accordance with applicable laws and regulations. (iv) Escrow Company is hereby instructed to send to Broker(s) copies of all notices and communications directed to or from Seller or Buyer. Escrow Company shall provide Broker(s) with access to escrowed materials and information regarding the escrow.
6d. 264. Prorations, Expenses and Adjustments: 265. Taxes: Real property taxes payable by Seller shall be prorated through COE, based upon the latest tax bill available. The parties agree that any discrepancy between the latest tax bill available and the actual tax bill when received shall be handled as a Post Closing Matter and Buyer or Seller may be responsible for additional tax payments to each other. 268. Insurance: If Buyer takes an assignment of the existing casualty and/or liability insurance that is maintained by Seller, the current premium shall be prorated through COE. 270. Rents, Interest and Expenses: Rents, interest on existing notes if transferred, utilities, and operating expenses shall be prorated through COE. The Parties agree to adjust any rents received after COE as a Post Closing Matter. 272. Deposits: All deposits held by Seller pursuant to rent/lease agreement(s) shall be credited against the cash required of Buyer at COE or Other: paid to Buyer by Seller at COE.
6e. 274. Post Closing Matters: The parties shall promptly adjust any item to be prorated that is not determined or determinable at COE as a Post Closing Matter by appropriate cash payment to the other party outside of the escrow when the amount due is determined. Seller and Buyer agree that Escrow Company and Broker(s) are relieved of any responsibilities for said adjustments.
6f. 277. Prorations of Assessments and Fees: All assessments and fees that are not a lien as of COE shall be prorated as of COE or Other:
6g. 280. Assessment Liens: The amount of any assessment lien shall be prorated as of COE or Other:
6h. 282. IRS and FIRPTA Reporting: The Foreign Investment in Real Property Tax Act ("FIRPTA") is applicable if Seller is a non-resident alien individual, foreign corporation, foreign partnership, foreign trust, or foreign estate ("Foreign Person"). Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to complete, sign, and deliver to Escrow Company a certificate indicating whether Seller is a Foreign Person pursuant to FIRPTA. Buyer acknowledges that if the Seller is a Foreign Person, Buyer (or Escrow Company, as directed by Buyer) must withhold a tax of up to 15% of the purchase price, unless an exemption applies.

SELLER SELLER

BUYER BUYER



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- 6i. 288. **RESPA:** The Real Estate Settlement Procedures Act (RESPA) requires that no Seller of property that will be purchased with the assistance of a federally-related mortgage financing shall require, directly or indirectly, as a condition of selling the Property, that title insurance covering the Property be purchased by Buyer from any particular title company.
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- 6j. 291. **Tax Deferred Exchange:** Seller and Buyer are advised to consult a professional tax advisor regarding the advisability of a tax-deferred exchange pursuant to I.R.C. §1031 or otherwise. Seller and Buyer agree to cooperate in a tax deferred exchange provided that COE is not delayed. All additional costs in connection with any such tax deferred exchange shall be borne by the party requesting the exchange. The non-requesting party and Broker(s) shall be indemnified and held harmless from any liability that may arise from participation in the tax deferred exchange.
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**7. WARRANTIES**

- 7a. 296. **Condition of Property: BUYER AND SELLER AGREE THE PROPERTY IS BEING SOLD IN ITS PRESENT PHYSICAL CONDITION AS OF THE DATE OF CONTRACT ACCEPTANCE.** Seller makes no warranty to Buyer, either express or implied, as to the condition, zoning, or fitness for any particular use or purpose of the Property. However, Seller shall maintain and repair the Property so that at the earlier of possession or COE: (i) the Property, including all personal property included in the sale, will be in substantially the same condition as on the date of Contract acceptance; and (ii) all personal property not included in the sale and debris will be removed from the Property. Buyer is advised to conduct independent inspections and investigations regarding the Property within the Due Diligence Period as specified in Section 4a. Buyer and Seller acknowledge and understand they may, but are not obligated to, engage in negotiations for repairs/improvements to the Property. Any/all agreed upon repairs/improvements will be addressed pursuant to Section 4b.
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- 7b. 305. **Warranties that Survive Closing:** Seller warrants that Seller has disclosed to Buyer and Broker(s) all material latent defects and any information concerning the Property known to Seller, excluding opinions of value, which materially and adversely affect the consideration to be paid by Buyer. Prior to COE, Seller warrants that payment in full will have been made for all labor, professional services, materials, machinery, fixtures, or tools furnished within the 150 days immediately preceding COE in connection with the construction, alteration, or repair of any structure on or improvement to the Property. Seller warrants that the information regarding connection to a sewer system or on-site wastewater treatment facility (conventional septic or alternative) is correct to the best of Seller's knowledge.
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- 7c. 312. **Buyer Warranties:** Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of possession of the Property or COE, Buyer warrants to Seller that Buyer has conducted all desired independent inspections and investigations and accepts the Property. **Buyer warrants that Buyer is not relying on any verbal representations concerning the Property except disclosed as follows:**
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<b>SELLER</b>	<b>SELLER</b>

<b>BUYER</b>	<b>BUYER</b>

8. REMEDIES

8a. 331. Cure Period: A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any
332. provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the
333. non-compliance is not cured within three (3) days after delivery of such notice ("Cure Period"), the failure to comply shall become
334. a breach of Contract. If Escrow Company or recorder's office is closed on the last day of the Cure Period, and COE must occur to
335. cure a potential breach, COE shall occur on the next day that both are open for business. An unfulfilled contingency is not a breach
336. of Contract.

8b. 337. Breach: The parties agree to the remedies for breach of Contract indicated below.
338. If Buyer is in breach: (check one)
339. [ ] All Rights and Remedies: Seller may cancel this Contract pursuant to Section 8c and/or proceed upon any claim or remedy that
340. Seller may have in law or equity.
341. [ ] Liquidated Damages: The parties agree that it would be impracticable or extremely difficult to fix the actual damages that Seller
342. would suffer if Buyer fails to perform Buyer's obligations pursuant to this Contract. Therefore, if Buyer breaches this Contract, Seller
343. shall be entitled to the Earnest Money as Seller's sole remedy and Buyer shall be released from any further liability to Seller. In
344. such event, this Contract shall be cancelled and Seller shall pay any Escrow Company cancellation fees.

345. (INITIALS REQUIRED) \_\_\_\_\_ SELLER \_\_\_\_\_ SELLER \_\_\_\_\_ BUYER \_\_\_\_\_ BUYER

346. If Seller is in breach:
347. All Rights and Remedies: Buyer may cancel this Contract pursuant to Section 8c, shall be entitled to the return of the Earnest
348. Money and/or proceed upon any claim or remedy that Buyer may have in law or equity.

8c. 349. Cancellation: A party who wishes to exercise the right of cancellation as allowed herein may cancel this Contract by delivering
350. notice stating the reason for cancellation to the other party or to Escrow Company. Cancellation shall become effective immediately
351. upon delivery of the cancellation notice.

8d. 352. Mediation: Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this Contract, any alleged breach
353. of this Contract, or services provided in relation to this Contract, claims for Earnest Money or representations made by Buyer or
354. Seller in connection with the sale, purchase, financing, condition, or other aspect of the Property to which this Contract pertains,
355. including, without limitation, allegations of concealment, misrepresentation, negligence and/or fraud before resorting to court
356. action. Mediators cannot impose binding decisions. The parties must agree and sign an agreement before any settlement reached
357. at the mediation is binding. Mediation shall take place in the State of Arizona. All mediation costs shall be paid equally by the
358. parties to the Contract.

8e. 359. Exclusions from Mediation: The following matters are excluded from mediation hereunder: (i) any action brought in the Small
360. Claims Division of an Arizona Justice Court (up to \$3,500), so long as the matter is not thereafter transferred or removed from the
361. Small Claims Division; (ii) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or
362. agreement for sale; (iii) an unlawful entry or detainer action; (iv) the filing or enforcement of a mechanic's lien; or (v) any matter
363. that is within the jurisdiction of a probate or bankruptcy court. The filing of a judicial action to enable the recording of a notice of
364. pending action, or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the
365. obligation to mediate under this provision, nor shall it constitute a breach of the duty to mediate.

8f. 366. Attorney Fees and Costs: The prevailing party in any dispute or claim between Buyer and Seller arising out of or relating to this
367. Contract shall be awarded their reasonable attorney fees and costs. Costs shall include, without limitation, attorney fees, expert
368. witness fees, fees paid to investigators, and arbitration costs.

8g. 369. Release of Earnest Money: In the event of a dispute between Buyer and Seller regarding Earnest Money deposited with Escrow
370. Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of this
371. Contract. Buyer and Seller specifically authorize Escrow Company to act in its sole and absolute discretion in the release of
372. Earnest Money. Buyer and Seller agree to hold harmless and indemnify Escrow Company against any claim, action or lawsuit of
373. any kind, and from any loss, judgment, or expense, including costs and reasonable attorneys' fees, arising from or relating in any
374. way to the release of Earnest Money.

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**9. ADDITIONAL TERMS**

- 9a. 375. \_\_\_\_\_
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9b. 399. **Risk of Loss:** If there is any loss or damage to the Property between the date of Contract acceptance and COE or possession of  
 400. the Property, whichever is earlier, by reason of fire, vandalism, flood, earthquake or act of God, the risk of loss shall be borne by  
 401. Seller, provided, however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of the purchase price  
 402. or  \$ \_\_\_\_\_, either Seller or Buyer may elect to cancel the Contract by written notice pursuant to Section 8c.

9c. 403. **Permission:** Buyer and Seller grant Broker(s) permission to advise the public of the existence of this Contract.

9d. 404. **Arizona Law:** This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

9e. 405. **Time is of the essence:** The parties acknowledge that time is of the essence in performance of the obligations described herein.

9f. 406. **Broker's Fee:** Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person,  
 407. firm, broker or finder in connection with the negotiation of this Contract and/or the consummation of the purchase and sale  
 408. contemplated herein, other than the Broker(s) named herein, and no Broker or other person, firm or entity, other than said  
 409. Broker(s) is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts  
 410. of either Buyer or Seller. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from  
 411. and against any costs, expenses or liability for compensation, commission or charges that may be claimed by any broker, finder or  
 412. other similar party, other than said named Broker(s) by reason of any dealings or acts of the indemnifying party.

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<b>SELLER</b>	<b>SELLER</b>

<b>BUYER</b>	<b>BUYER</b>

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- 9g. 413. **Compensation:** Seller and Buyer acknowledge that Broker(s) shall be compensated for services rendered as previously agreed  
 414. by separate written agreement(s). Any separate written agreement(s) shall be delivered to Escrow Company for payment at COE, if  
 415. not previously paid, and shall constitute an irrevocable assignment of Seller's proceeds at COE and/or payment shall be collected  
 416. from Buyer as a condition to Close, as applicable. If any Broker hires an attorney to enforce the collection of the brokerage fee  
 417. payable pursuant to this Contract and is successful in collecting some or all of such brokerage fee, the party(ies) responsible for  
 418. paying such brokerage fee agree(s) to pay such Broker's costs including, but not limited to: reasonable attorneys' fees, expert  
 419. witness fees, fees paid to investigators, and court costs. Commissions payable for the sale, leasing, or management of Property  
 420. are not set by any board or association of REALTORS® or multiple listing service, or in any manner other than between the Broker  
 421. and client. Seller and Buyer acknowledge that the Broker(s) referenced herein are third-party beneficiaries of this contract.
  
- 9h. 422. **Copies and Counterparts:** A fully executed facsimile or electronic copy of the Contract shall be treated as an original Contract.  
 423. This Contract and any other documents required by this Contract may be executed by facsimile or other electronic means and  
 424. in any number of counterparts, which shall become effective upon delivery as provided for herein, except that the Disclosure of  
 425. Information on Lead-Based Paint and Lead-Based Paint Hazards may not be signed in counterpart. All counterparts shall be  
 426. deemed to constitute one instrument, and each counterpart shall be deemed an original.
  
- 9i. 427. **Days:** All references to days in this Contract shall be construed as calendar days and a day shall begin at 12:00 a.m. and end at  
 428. 11:59 p.m.
  
- 9j. 429. **Calculating Time Periods:** In computing any time period prescribed or allowed by this Contract, the day of the act or event from  
 430. which the time period begins to run is not included and the last day of the time period is included. Contract acceptance occurs on  
 431. the date that the signed Contract (and any incorporated counter offer) is delivered to and received by the appropriate Broker. Acts  
 432. that must be performed three (3) days prior to the COE Date must be performed three (3) full days prior (i.e. – if the COE Date is  
 433. Friday the act must be performed by 11:59 p.m. on Monday).
  
- 9k. 434. **Entire Agreement:** This Contract, and any addenda and attachments, shall constitute the entire agreement between Seller and  
 435. Buyer, shall supersede any other written or oral agreements between Seller and Buyer and can be modified only by a writing  
 436. signed by Seller and Buyer. The failure to initial any page of this Contract shall not affect the validity or terms of this Contract.
  
- 9l. 437. **Subsequent Offers:** Buyer acknowledges that Seller has the right to accept subsequent offers until COE. Seller understands that  
 438. any subsequent offer accepted by Seller must be a backup offer contingent on the cancellation of this Contract.
  
- 9m. 439. **Notice:** Unless otherwise provided, delivery of all notices and documentation required or permitted hereunder shall be in writing  
 440. and deemed delivered and received when: (i) hand-delivered; (ii) sent via facsimile transmission; (iii) sent via electronic mail, if  
 441. email addresses are provided herein; or (iv) sent by recognized overnight courier service, and addressed to Buyer as indicated in  
 442. Section 9p, to Seller as indicated in Section 10a and to Escrow Company indicated in Section 1h.
  
- 9n. 443. **Assignment:** Any assignment of this Contract shall not release Buyer from Buyer's obligations under this Contract unless  
 444. otherwise agreed to by the parties in writing.
  
- 9o. 445. **Release of Brokers:** Seller and Buyer hereby acknowledge that they have been and are now advised by the Broker(s) to  
 446. consult and retain their own experts to advise and represent them concerning the legal and income tax effects of this  
 447. contract, and the condition of the Property. Seller and Buyer hereby expressly release, hold harmless and indemnify  
 448. all Broker(s) in this transaction from any and all liability and responsibility regarding the condition, square footage/  
 449. acreage, lot lines or boundaries, value, financing, rent rolls, income and expense projections or proformas, environmental  
 450. conditions, sanitation systems, roof condition, wood infestation and wood infestation report, compliance with building  
 451. codes, zoning or other governmental regulations, or any other material matters relating to the Property.

452. (INITIALS REQUIRED) \_\_\_\_\_ SELLER \_\_\_\_\_ SELLER \_\_\_\_\_ BUYER \_\_\_\_\_ BUYER

453. THIS CONTRACT CONTAINS TWELVE (12) PAGES EXCLUSIVE OF ANY ADDENDA AND ATTACHMENTS. PLEASE ENSURE  
 454. THAT YOU HAVE RECEIVED AND READ ALL TWELVE (12) PAGES OF THIS OFFER AS WELL AS ANY ADDENDA AND  
 455. ATTACHMENTS.

SELLER	SELLER

<Initials

Initials>

BUYER	BUYER

