

Pending Approval by the Risk Management Committee on May 18, 2023
RECOMMENDATION TO THE EXECUTIVE COMMITTEE

FROM:

Risk Management Committee (RMC)

RECOMMENDATION:

Approval of attached clarification to the Residential Resale Real Estate Purchase Contract

BACKGROUND:

In May 2023 a clarification and repositioning of language in the Residential Purchase Contract at section 6j related to the requirements of disapproved items, cancellation, and cure period notice.

BUDGET IMPACT:

None

MOTION:

TO APPROVE FOR RELEASE ON OR ABOUT JULY 1, 2023, THE ATTACHED CLARIFICATION TO THE RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT.

FOR MORE INFORMATION CONTACT:

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OR

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Residential Resale Real Estate Purchase Contract >>

6e. 237. **Insurance: IF HOMEOWNER'S INSURANCE IS A MATERIAL MATTER TO BUYER, BUYER SHALL APPLY FOR AND**
238. **OBTAIN WRITTEN CONFIRMATION OF THE AVAILABILITY AND COST OF HOMEOWNER'S INSURANCE FOR THE**
239. **PREMISES FROM BUYER'S INSURANCE COMPANY DURING THE INSPECTION PERIOD.** Buyer understands that any
240. homeowner's, fire, casualty, flood or other insurance desired by Buyer or required by lender should be in place at COE.

6f. 241. **Sewer or On-site Wastewater Treatment System:** The Premises are connected to a:

242. sewer system conventional septic system alternative system

243. **IF A SEWER CONNECTION IS A MATERIAL MATTER TO BUYER, IT MUST BE INVESTIGATED DURING THE INSPECTION**
244. **PERIOD.** If the Premises are served by a conventional septic or alternative system, the AAR On-site Wastewater Treatment Facility
245. Addendum is incorporated herein by reference.

246. (BUYER'S INITIALS REQUIRED) _____ BUYER BUYER

6g. 247. **Swimming Pool Barrier Regulations:** During the Inspection Period, Buyer agrees to investigate all applicable state, county, and
248. municipal Swimming Pool barrier regulations and agrees to comply with and pay all costs of compliance with said regulations prior to
249. occupying the Premises, unless otherwise agreed in writing. If the Premises contains a Swimming Pool, Buyer acknowledges receipt
250. of the Arizona Department of Health Services approved private pool safety notice.

251. (BUYER'S INITIALS REQUIRED) _____ BUYER BUYER

6h. 252. **BUYER ACKNOWLEDGMENT: BUYER RECOGNIZES, ACKNOWLEDGES, AND AGREES THAT BROKER(S) ARE NOT**
253. **QUALIFIED, NOR LICENSED, TO CONDUCT DUE DILIGENCE WITH RESPECT TO THE PREMISES OR THE SURROUNDING**
254. **AREA. BUYER IS INSTRUCTED TO CONSULT WITH QUALIFIED LICENSED PROFESSIONALS TO ASSIST IN BUYER'S**
255. **DUE DILIGENCE EFFORTS. BECAUSE CONDUCTING DUE DILIGENCE WITH RESPECT TO THE PREMISES AND THE**
256. **SURROUNDING AREA IS BEYOND THE SCOPE OF BROKER'S EXPERTISE AND LICENSING, BUYER EXPRESSLY**
257. **RELEASES AND HOLDS HARMLESS BROKER(S) FROM LIABILITY FOR ANY DEFECTS OR CONDITIONS THAT COULD**
258. **HAVE BEEN DISCOVERED BY INSPECTION OR INVESTIGATION.**

259. (BUYER'S INITIALS REQUIRED) _____ BUYER BUYER

6i. 260. **Inspection Period Notice:** Prior to expiration of the Inspection Period, Buyer shall deliver to Seller a signed notice of any items
261. disapproved. AAR's Buyer's Inspection Notice and Seller's Response form is available for this purpose. Buyer shall conduct all
262. desired inspections and investigations prior to delivering such notice to Seller and all Inspection Period items disapproved shall be
263. provided in a single notice.

6j. 264. **Buyer Disapproval:** If Buyer, in Buyer's sole discretion, disapproves of items as allowed herein, Buyer shall deliver to Seller a
265. signed notice **specifying the of the items disapproved and state in the notice that Buyer elects to either ~~cancel this Contract or provide~~**
Seller an opportunity to correct or address the items disapproved as provided below. If Buyer's notice fails to specify
items disapproved as allowed herein, Buyer's election will remain in effect but Seller may deliver to Buyer a cure
notice as required by Section 7a. If Buyer fails to cure their non-compliance within three (3) days after delivery of
such notice, Buyer shall be in breach and Seller shall be entitled to the Earnest Money in the event that Buyer elects
to cancel. If, prior to expiration of the Cure Period, Buyer delivers notice specifying items disapproved as allowed
herein, Buyer shall be entitled to a return of the Earnest Money in the event that Buyer elects to cancel.

266. (1) Immediately cancel this Contract, in which case:

267. ~~(a) If Buyer's notice specifies disapproval of items as allowed herein, The Earnest Money shall be released to Buyer.~~

268. ~~(b) If Buyer's notice fails to specify items disapproved as allowed herein, the cancellation will remain in effect but Buyer has~~
269. ~~failed to comply with a provision of this Contract and Seller may deliver to Buyer a cure notice as required by Section 7a.~~
270. ~~If Buyer fails to cure their non-compliance within three (3) days after delivery of such notice, Buyer shall be in breach and~~
271. ~~Seller shall be entitled to the Earnest Money. If, prior to expiration of the Cure Period, Buyer delivers notice specifying~~
272. ~~items disapproved as allowed herein, Buyer shall be entitled to a return of the Earnest Money.~~

273. **OR**

274. (2) Provide Seller an opportunity to correct or address the items disapproved, in which case:

275. (a) Seller shall respond in writing within five (5) days or _____ days after delivery to Seller of Buyer's notice of items
276. disapproved. Seller's failure to respond to Buyer in writing within the specified time period shall conclusively be deemed
277. Seller's refusal to correct or address any of the items disapproved.

278. (b) **If Seller agrees in writing to correct items disapproved, Seller shall correct the items, complete any repairs in a**
279. **workmanlike manner and deliver any paid receipts evidencing the corrections and repairs to Buyer three (3) days**
280. **or _____ days prior to the COE Date.**

281. (c) If Seller is unwilling or unable to correct or address any of the items disapproved, Buyer may cancel this Contract within
282. five (5) days after delivery of Seller's response or after expiration of the time for Seller's response, whichever occurs

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SELLER	SELLER

<Initials

Initials>

BUYER	BUYER