



“An excellent publication, and one of the best that I have seen.”

-LeRoy Houser, Certified GRI Instructor



VIRGINIA REAL ESTATE GUIDE

A Comprehensive Guide to Buying & Selling Virginia Real Estate



Why use Community Title Network?

Hear from Our Clients



"My clients continue to tell me how important the security of handling their monies and personal information are to them... that is why there is only one name to trust when selecting a settlement company: **Community Title Network!**"

- Aaron Seekford, Real Estate Agent

"I love working with **Community Title Network** because of their responsiveness, professionalism, and expertise in handling even the most complicated real estate transactions. They work quickly to successfully close transactions to help buyers get their homes without delays."

- Javed Farooqi, Real Estate Agent

"My clients rave about the services provided by **Community Title Network**. They go far beyond the ordinary, and provide the extraordinary in closing services. I strongly recommend your clients hire the best: **Community Title Network!**"

- The John & John Team, Real Estate Agent

"**Community Title Network** did an amazing job with our title service. They were so incredibly patient and understanding as we had questions. Something completely different from our previous title experience where we felt rushed and were told to just sign on the line and move on. Buying a home is a big deal, and having someone who cares about you and your best interest has to be a priority."

- Dan C., Homeowner

"I've worked with **Community Title Network** on multiple transactions over the years. They are tremendously responsive, friendly, professional and a pleasure to work with. I had my first transaction with them 12 years ago and I keep coming back to them. One of the things I most like about their team is the fast response times. When you call their office you get to talk to someone that always knows what's going on. They have personalized service and all their staff have 20+ years experience. It's always a pleasure when you work with true professionals. Will continue to come back again and again."

- Sebastian Rivera, Loan Officer

"I have used **Community Title Network** for my personal settlement and have referred them to many of my clients. I find their expertise, professionalism and attentiveness to detail to be unmatched by any other."

- Gail Kullman, Loan Officer

I've performed a couple of real estate transactions and refinances using **Community Title Network** as the title agent/settlement agent, and I've always had a great experience. They are meticulous, extremely professional, and easy to work with. I've always appreciated having a local agent familiar with the clerks and the local jurisdictions.

- Mike D., Homeowner

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The Buyer's Road to Home Ownership



The Seller's Road to a New Beginning



I. Getting Started - An Overview of the Purchase Process

THE REAL ESTATE AGENT

The first step in the homebuying process is the selection of a Real Estate Agent. Your Real Estate Agent will help you narrow your search for the ideal property according to your specific wants, needs, and financial means. Additionally, a Real Estate Agent will have access to the local Multiple Listing Service (MLS) which lists all homes currently available For Sale, Under Contract and Sold in your area.

The documents necessary to create an agency relationship and to make written disclosures required under this statute will be provided by your Real Estate Agent.

OBTAINING A MORTGAGE LOAN (PRE-APPROVAL)

Before you begin touring homes with your Real Estate Agent, you will need to obtain a pre-approval letter from a mortgage lender. Proof of pre-approval from a recognized mortgage lender strengthens your offer to purchase by showing that you are qualified to purchase the property at the price being offered.

Take care when choosing your mortgage lender. Your Real Estate Agent can be a great help in this regard as they likely will have had experience with multiple mortgage lenders. They can offer recommendations based upon those experiences. It is wise to shop around and compare rates, fees, and any origination points.

FINDING A HOME

After your initial meeting with your Real Estate Agent, he or she will perform multiple searches in the MLS database and present you with lists of homes for sale that meet your specific criteria. Your Real Estate Agent may also provide you with links to public websites where you can conduct your own searches. After selecting the homes that you wish to view in person, your Real Estate Agent will escort you on a tour through each property. While most prospective homebuyers' eyes will be focusing on the cosmetic details, such as color options and whether their current furniture will fit, a good Real Estate Agent will keep an objective, unemotional point of view on every property.

Once you find a home that you wish to purchase, your Real Estate Agent will help you determine a fair and reasonable offer based on recent sales of similar homes in the area. Next, your Real Estate Agent will assist you in preparing a sales contract outlining the specific terms of your purchase offer and any necessary disclosures. If the standard contract does not cover an issue or concern that you wish to address in your offer then your Real Estate Agent or an attorney, such as those at Ridgway Law Group, may recommend suitable language to write into the contract.

Your Real Estate Agent will then deliver your contract to the Real Estate Agent representing the seller (often referred to as the Listing Agent) who will present your contract to the seller as an "Offer to Purchase".

Once the seller has received your Offer to Purchase they will have three options:

- 1• Acceptance: The seller may choose to accept your offer without revision. The seller would then sign the contract and deliver it to you via your Real Estate Agent. You now have a "Ratified Contract".
- 2• Rejection: The Seller may choose to reject the offer outright, in which case the contract is nullified.
- 3• Counter Offer: The Seller may be interested in your offer, but not agree to all of your terms. In this scenario, the Seller may alter one or more of the terms of your offer and return the contract to your Real Estate Agent for your acceptance, rejection, or counter offer.



THE SETTLEMENT AGENT

Once your contract has been signed by all parties and is ratified, it is important that a copy is immediately forwarded to the office of **Community Title Network** that is most convenient to you.

www.communitytn.com

ALEXANDRIA

Office: (703) 933-3090

Fax: (703) 933-3099

ARLINGTON

Office: (703) 584-9828

Fax: (703) 940-8374

FAIRFAX

Office: (703) 250-9440

Fax: (703) 250-9446

FRANCONIA

Office: (703) 971-4701

Fax: (703) 971-4694

MCLEAN

Office: (703) 584-0450

Fax: (703) 584-0449

Community Title Network performs a unique role in your real estate transaction; being a neutral party acting as the administrator of the Contract, its terms, and local and federal laws and regulations. Upon receipt of your ratified contract, **Community Title Network** will:

- Send introductory letters to both seller and buyer requesting pertinent information.
- Order Title Search of the property's history in the county land records, to include: Owners of record; any liens/clouds on title; and any apparent defects in the chain of title.
- Order House Location Survey if desired by buyer or required by lender. (see inside back cover)
- Contact the seller's lender(s) to obtain loan payoff statements.
- Contact the local taxing authority to obtain the amount of property taxes and to verify payment status.
- Contact the homeowners/condo association to obtain the amount of the periodic assessments and to verify payment status.
- Generate a commitment to issue title insurance - also known as a Binder - pursuant to your lender's requirements and the title insurance underwriter's requirements.
- Assist lender with preparation of Closing Disclosure.
- Obtain lender's closing instructions, final loan documents and lender's funds.
- Prepare the final ALTA Settlement Statement and other required documents.
- Conduct Settlement.
- Deliver signed documents to courthouse for recordation.
- Facilitate the disbursement of settlement funds to all parties/vendors involved.

OBTAINING A MORTGAGE LOAN

A copy of your ratified contract should also be sent to your Lender, who will then have you complete a loan application specific to your property and sales price. Within three days of receipt of the application, your Lender will prepare and deliver a Loan Estimate to you. This document provides you with the terms of the loan, an estimate of the charges due at closing, and gives you a better understanding of the true cost of financing your purchase. Next, your Lender will order the appraisal and updated credit report, obtain tax transcripts and verification of employment, as well as other documents required by their underwriter for final loan approval. Once your loan is approved, your Lender will prepare and deliver the Closing Disclosure to you at least three business days prior to Settlement, allowing you time to compare the final terms and costs to those shown on the Loan Estimate. Finally, the Lender will send the loan closing package to **Community Title Network**, which will include requirements for closing & funding the loan, and the actual documents to be signed at Settlement.

ATTENDING SETTLEMENT

Your local office of **Community Title Network** will be your final stop on the road to home ownership. This is when the parties meet with the Settlement Agent to complete the transaction by reviewing and signing all necessary documents. All funds will be due at the start of the Settlement; and the seller will be expected to turn over the keys once signing is complete. **For information about electronic & virtual closing options, please see top of page 8.**



CHOOSING A REAL ESTATE AGENT

The first step in the home selling process is the selection of a Real Estate Agent to act as your Listing Agent. Real Estate Agents have access to the local Multiple Listing Service (MLS) which lists all homes currently available For Sale, Under Contract and Sold in your area. Listing your home in MLS greatly increases its exposure to potential buyers.

The documents necessary to create an agency relationship and to make written disclosures required under this statute will be provided by your Real Estate Agent.

Once selected, your listing agent will work on your behalf to get the highest possible price and the best terms available.

PREPARING THE HOME FOR SALE

De-Personalize: Remove personal items, such as photographs and family heirlooms from the home; allowing buyers to see themselves living there.

De-Clutter:

- Consider removing pieces of furniture that block walkways and crowd rooms. Leave just enough furniture in each room to showcase the room's purpose with plenty of room to move around.
- Remove non-essential items from the home to enhance the home's visual square-footage. Clear kitchen counters, tables, and dressers. (Note: Keep essential items used daily in a small box that can be stored in a closet when not in use.)
- Organize bedroom closets and kitchen cabinets. Buyers will open closet and cabinet doors.
- Remove/reorganize items stored in the garage so it can accommodate a vehicle.
- Remove extra leaves from your dining room table to make the room appear larger.

Make Minor Repairs:

- Replace cracked floor or counter tiles.
- Patch holes in walls.
- Fix leaky faucets.
- Fix doors that don't close properly and sticking kitchen drawers.
- Consider painting your walls neutral colors.
- Replace burned-out light bulbs.

Make the House Shine:

- Keep the lawn mowed and free of leaves.
- Wash windows inside and out.
- Consider pressure washing siding, sidewalks, and concrete driveways.
- Remove cobwebs from corners.
- Re-caulk tubs, showers and sinks.
- Polish chrome faucets and mirrors.
- Clean out the refrigerator.
- Keep floors clean and clear.
- Dust furniture, ceiling fan blades and light fixtures.
- Deodorize



LISTING AND SHOWING THE PROPERTY

After your initial meeting with your Real Estate Agent, he or she will help you determine a fair and reasonable List Price based on active listings and recent sales of similar homes in the area. This price will be advertised in multiple locations, including MLS. Your property's listing will include the asking price, photos, and vital information such as square footage, number of bedrooms and bathrooms, local amenities and schools, tax/ HOA info, etc.

Interested buyers will naturally want to see the property in person. They will contact your Real Estate Agent to arrange a time for this. Your Real Estate Agent will communicate this with you so you can straighten up the home; and go out for a walk or some coffee. It is very important you are flexible in scheduling showings to avoid losing a buyer to the next property on their list. For a number of reasons, you should not be present when prospective buyers view the property. If you have pets in the home, you should take them with you.

Your Real Estate Agent may also plan one or more open house events at the property. This is an advertised block of time when the home is open for agents and prospective buyers to walk through the property and ask questions. Your Real Estate Agent will be in the home for the duration of the open house; however, like the individual showings, you should not be present.

If, after a reasonable amount of time or compelling feedback from prospective buyers, you do not receive any valid offers, your Real Estate Agent may suggest reducing the list price; or, they may recommend other strategies for improving the property's value or appeal.

AWAITING OFFERS

The listing period is a good time to track down important documents such as your account closure letters from any mortgage loans you've paid off. These documents may help resolve defects found in the title examination. (Note: it is a good idea to keep these documents for all homes you've owned; even after you've sold them.)

Your Real Estate Agent may also recommend ordering the HOA/Condo Resale Disclosure Package at this time. Virginia law requires Sellers to provide these packages to Buyers; and gives the Buyer a three day review period during which they may cancel the contract. Therefore, it is a good idea to put this package in their hands as early in the process as possible.

REVIEWING OFFERS

As they are received, your Real Estate Agent will present all prospective buyers' offers to you for consideration. Once you receive an Offer to Purchase you will have three options:

- 1. Acceptance:** You may choose to accept the terms of the offer without revision. You would then sign the offer and deliver it to the buyer via your Real Estate Agent. You now have a Ratified Contract.
- 2. Rejection:** You may choose to reject the offer outright, in which case the contract is nullified.
- 3. Counter Offer:** You may be interested in the offer, but do not agree to all of the terms. In this case, you would alter one or more of the terms of the offer and then deliver it to the buyer via your Real Estate Agent for their acceptance, rejection, or counter offer.



THE SETTLEMENT AGENT

Once your contract has been signed by all parties and is ratified, it is important that a copy is immediately forwarded to the office of **Community Title Network** that is most convenient to you.

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- Send introductory letters to both seller and buyer requesting pertinent information.
- Order Title Search of the property's history in the county land records, to include: Owners of record, any liens/clouds on title, and any apparent defects in the chain of title.
- Order House Location Survey (see inside back cover) if desired by buyer or required by lender.
- Contact the your lender(s) to obtain loan payoff statements.
- Contact the local taxing authority to obtain the amount of property taxes and to verify payment status.
- Contact the homeowners/condo association to obtain the amount of the periodic assessments and to verify payment status.
- Generate a commitment to issue title insurance - also known as a Binder - pursuant to the buyer's lender's requirements and the title insurance underwriter's requirements.
- Assist buyer's lender with preparation of Closing Disclosure.
- Obtain closing instructions, documents, and funds from buyer's lender.
- Prepare the final ALTA Settlement Statement and other required documents.
- Conduct Settlement.
- Deliver signed documents to courthouse for recordation.
- Facilitate the disbursement of settlement funds to all parties/vendors involved.

PRIOR TO SETTLEMENT

- Complete, sign, and return Seller Information & Authorization forms to **Community Title Network**.
- Order applicable inspections; such as Wood Destroying Insect, Well, Septic, etc.
- Contact utility companies to schedule transfer of services to new buyer. (Note: most real estate contracts require that the seller keep utilities in service through Settlement.)
- Pack and move out in advance of the buyer's final walk-through inspection of the property.

ATTENDING SETTLEMENT

Your local office of **Community Title Network** will be your final stop on the road to a new beginning. This is when the parties meet with the Settlement Agent to complete the transaction by reviewing and signing all necessary documents. All funds will be due at the start of the settlement; and the seller will be expected to turn over the keys once signing is complete. **For information about electronic & virtual closing options, please see top of page 8.**



I(b). Remote Online Notarization & Hybrid Electronic Closings

Traditionally, settlement takes place at the Settlement Agent's office with the parties signing paper documents in-person, but we recognize that is not always possible or convenient. That is why **Community Title Network** offers e-Closing options for our customers.

REMOTE ONLINE NOTARIZATION ("RON") CLOSING

This option allows you to digitally sign your closing documents from anywhere around the world—without the need for a Notary to be physically present with you. **Community Title Network** has partnered with Notarize to offer fully remote online notarization closings for applicable transactions. (For transactions involving financing, Lender approval is required.) All of **Community Title Network's** Virginia Settlement Agents are commissioned as electronic notaries; meaning we can conduct your closing without the need for a separate e-Notary.

RON Closing System Requirements:

- Laptop, Computer, or Tablet with a webcam, speakers and microphone
- A reliable internet connection
- Google Chrome web browser (Note: Apple mobile devices will require use of the Notarize mobile app.)

HYBRID E-CLOSINGS

Your Lender may require wet signatures and/or in-person notarization of certain documents, while allowing the rest of the closing package to be signed electronically. In those cases, **Community Title Network** can perform a hybrid e-closing through the lender's designated system or through Notarize.

I(c). Getting Started - Contacts and Important Dates

Real Estate Agent

Agent's Name _____
Company _____
Office Address _____

Phone _____ Fax _____
Cell _____
Email _____

Lender

Loan Officer's Name: _____
Company _____
Processor _____
Phone _____ Fax _____
Cell _____
Email _____

Community Title Network

Processor's Name: _____
Phone _____ Fax _____
Email _____
Address _____

Hazard Insurance Company/Agent

Agent's Name _____
Company _____
Phone _____ Fax _____

Home Inspection

Company _____
Phone _____
Date _____ Time _____

Wood Destroying Insect Inspection

Company _____
Phone _____
Date _____ Time _____

Final Walk-Through Inspection with Realtor®

Date _____ Time _____

Settlement at Community Title Network

Date _____ Time _____



II. Understanding the Residential Sales Contract (Virginia)

The preferred contract in Northern Virginia is the 2020 Residential Sales Contract (a copy of which is included in this Guide beginning on page 15), which consists of the contract and various required and optional addenda. The following is an overview of the Contract with corresponding paragraph numbers. We strongly recommend that you review the Contract, including all addenda, and discuss its contents with your Real Estate Agent prior to signing. You may also wish to consult with a real estate attorney.

PREAMBLE

The opening section of the contract contains blanks for the Date of Offer, Buyer's Name, Seller's Name and Real Estate Broker Names. The text of the preamble to the Contract points out the duties of the real estate companies/ agents to the Buyer and Seller as established by Virginia statute.

1. REAL PROPERTY

This paragraph contains blanks for the insertion of information, such as Tax Map/ID #, Legal Description, Street Address, for the purpose of identifying the specific property that is to be conveyed.

2. PRICE AND FINANCING

Sections A & B should be completed with the amounts of the Down Payment and Sales Price. If the Buyer is financing their purchase with a Deed of Trust (aka "mortgage") then the loan amount and type should be specified here.

Section C is used to specify the amount (if any) Seller will be contributing towards the Buyer's closing costs. The Buyer should check with their lender to verify that the entire Seller Subsidy may be used. NOTE: Any Seller Subsidy will be applied as a credit to Buyer at closing. It will not reduce the Sales Price.

In Section D, the parties state whether the Contract will be contingent on Buyer's ability to get approval for the financing specified in 2B. If the parties have agreed to make the contract contingent on financing, then the appropriate addendum should be attached.

3. DEPOSIT

Outlines the details of the Buyer's (Earnest Money) Deposit, which is to be held by the Escrow Agent (typically the Selling Company or the Settlement Agent). The amount of the Deposit and the name of the Escrow Agent are to be identified here. The Deposit will be credited toward the purchase price of the property at Settlement.

4. SETTLEMENT

Identifies the date on which Settlement will occur ("Settlement Date"); although, the parties may settle earlier than this date if mutually agreed upon. In this paragraph, the Buyer also identifies their choice of Settlement Agent, which is their right under the "Real Estate Settlement Agents" subsection of the Virginia Code (§55.1-1006). This paragraph further outlines some of the Settlement Agent's duties and responsibilities. It is here in Paragraph 4 that the Buyer should designate their choice of Settlement Agent. NOTE: The Seller may not require the use of a particular Settlement Agent as a condition of the sale of the Property. The managers and staff of **Community Title Network** look forward to the opportunity to serve you in your upcoming transaction.

5. DOWN PAYMENT

Reminds the Buyer that the balance of the down payment must be delivered to the Settlement Agent at or before Settlement. These funds must be in the form of a certified check, cashier's check or a bank wire (no personal checks, money orders, ACH's etc.). NOTE: **Community Title Network** has instituted a "wire only" policy. All funds necessary for closing must be provided in the form of a wire transfer. We have instituted this policy in order to meet the financial and regulatory changes in our industry and to safeguard our clients' funds. Also, the use of an Assignment of Funds (from a coinciding settlement) must first be approved by the Seller and Settlement Agent.



6. DELIVERY

This paragraph specifies how, when, and where documents are to be delivered to each party. The parties must indicate their respective addresses to be used for the proper delivery of documents.

7. VIRGINIA RESIDENTIAL PROPERTY DISCLOSURE ACT

Effective January 1, 2008, Virginia law requires the Seller in most residential real estate transactions to provide a Residential Property Disclosure Statement (“Statement”) to the Buyer prior to Contract acceptance. The Statement has information that can help the Buyer make a more knowledgeable decision about purchasing the Property, and contains both disclaimers and disclosures by the owner (Seller). If the Seller fails to deliver the Statement prior to ratification of the Contract, the Buyer has certain rights to terminate the Contract.

8. VIRGINIA PROPERTY OWNERS’ ASSOCIATION ACT

If the Property is located within a development that is subject to a homeowner’s association, then the Property Owners’ Association Act requires the Seller to provide an association disclosure packet (“Packet”) to the Buyer. The Packet, or a Notice of non-availability (“Notice”), must be delivered to the address specified by Buyer. The Buyer will have 3 Days after receipt of the Packet or Notice in which to cancel the Contract.

9. VIRGINIA CONDOMINIUM ACT

If the Property is a condominium unit, then the Virginia Condominium Act requires the Seller to provide a Resale Certificate containing financial and other disclosures to the Buyer. The Resale Certificate must be delivered to the address specified by Buyer. The Buyer will have 3 Days after receipt of the Resale Certificate, or Notice of non-availability, in which to cancel the Contract.

10. PROPERTY MAINTENANCE AND CONDITION

States that the Seller must deliver the property in “substantially the same physical condition” as of the “Date of Offer”, “Date of home inspection” or “Other” as specified by checking the appropriate box; and requires the Seller to have all utilities in service through Settlement or as otherwise agreed. The Buyer will also need to check the box to establish whether the Contract is contingent upon home inspection and/or other inspections. This paragraph further states that, unless otherwise specified in the Contract, the Property shall convey in its ASIS condition as of the date specified above.

11. ACCESS TO PROPERTY

The Seller is required to provide reasonable access to the Broker, Buyer, Appraiser and other inspectors as needed to comply with the Contract, including walk-through inspections, within 7 days prior to Settlement.

12. UTILITIES - WATER, SEWAGE, HEATING AND CENTRAL AIR CONDITIONING

Contains check boxes to identify the type of water supply, sewage disposal, hot water, heating and air conditioning systems for the Property.

13. PERSONAL PROPERTY AND FIXTURES

Contains an itemized list of existing personal property and fixtures that will convey with the Property. Conversely, “all surface or wall mounted electronic components/devices **DO NOT** convey” unless otherwise agreed to in writing. To complete this paragraph, boxes must be checked for items that are currently installed or offered with the Property. Each item must be marked Yes or No as well as the quantity of each item being conveyed. The “LEASED ITEMS” section, allows the Seller to identify items, systems or service contracts which are leased by the Seller and **DO NOT CONVEY** “absent an express written agreement by Buyer and Seller”.

14. IRS/FIRPTA-WITHHOLDING TAXES FOR FOREIGN SELLER

If the Seller is not a US Citizen or Permanent Resident, then the transaction may be subject to the Foreign Investment in Real Property Tax Act (“FIRPTA”). Under FIRPTA, the Buyer may be required to withhold Seller funds for the IRS (typically 10%-15% of the Sales Price); as well as provide their personal information and cooperate with filing of IRS forms. Foreign Sellers are strongly encouraged to seek legal/tax advice.



15. BUYER'S REPRESENTATIONS

Contains check boxes for the Buyer to identify whether or not they will occupy the Property as their principal residence. If the Buyer wants the Contract or the financing to be contingent upon the sale and settlement or lease of another property, then the appropriate addendum must be completed.

16. SMOKE DETECTORS

States that the Seller must deliver the property with functioning smoke detectors installed as required by the laws and regulations of Virginia.

17. TARGET LEAD-BASED PAINT HOUSING

The Seller must indicate whether the dwelling was constructed prior to 1978 as most homes built prior to that date are considered to be "Target Housing" for Lead-Based Paint Hazards. If the Property is "Target Housing" then the appropriate form(s) specified in this paragraph must be completed for the Contract to be binding.

18. WOOD-DESTROYING INSECT INSPECTION

This paragraph contains check boxes to indicate who will be responsible for the expense of obtaining a current written report from a licensed pest control firm stating that the Property is free from termite and other wood-destroying insect activity. Any necessary treatment or repairs shall be at the Seller's expense.

19. DAMAGE OR LOSS

The Seller will bear the risk of "damage or loss to the Property by fire, act of God, or other casualty" until the completion of Settlement. NOTE: To avoid any potential lapse in coverage, the Buyer should have his/her homeowners insurance policy in place as of the Settlement Date; and Seller should not cancel their coverage until after confirming that the Deed has been recorded at the courthouse.

20. TITLE

The Seller is required to convey "good and marketable, and insurable" title to the Buyer, in other words, the title to the property shall be free of liens, judgments and encumbrances not being assumed by the Buyer. If title defects exist, the Seller must take prompt action to correct the issues at Seller's expense. If the title defects remain at the time of Settlement, then the Buyer shall have the option to declare the Contract void in writing; or to extend the Settlement Date under terms acceptable by both parties. Additionally, the Seller must pay any special assessments affecting the Property, and comply with all notices of violations issued by any local or state authority, homeowner's or condominium unit owner's associations. Also in this paragraph, the Buyer is advised to carefully consider the manner in which they will take title. (for more information on taking title, see page 46)

21. NOTICE OF POSSIBLE FILING OF MECHANICS' LIEN

Warns the Buyer of the possibility of mechanics' liens being placed against the Property by persons who have performed work or furnished materials for which they have not been paid. Such mechanic's liens may be filed after Settlement. In most cases, an Owner's Title Insurance Policy purchased from **Community Title Network** will provide the Buyer with protection against mechanic's liens.

22. POSSESSION DATE

Unless otherwise agreed to in writing by the parties, the Buyer shall take possession of the Property, and the Seller must deliver any/all property keys, fobs, access codes, etc., at Settlement.

23. FEES

This paragraph lists various customary fees charged at Settlement; and specifies whether the fees will be paid by the Seller or the Buyer. Contact your local office of **Community Title Network** for the specific fees associated with your transaction.



24. BROKER'S FEES

The Seller irrevocably instructs the Settlement Agent to disburse to the Listing and Cooperating Brokers any Broker's Fees (i.e. commissions) agreed to as of the Date of Offer.

25. ADJUSTMENTS

Any rent, taxes, water and sewer charges, HOA/Condo Dues and any other operating charges shall be prorated as of the Settlement Date. Buyer shall credit the Seller for any prepayment of such charges beyond the Settlement Date. Likewise, the Seller shall credit the Buyer for their portion of charges due after the Settlement Date.

26. ATTORNEY'S FEES

In the event of a legal dispute between the Seller and Buyer with regard to this Contract, the breaching party shall pay any reasonable attorney's fees and costs in addition to any other damages awarded. The parties further agree to indemnify the Broker from any such fees and costs unless litigation results in a judgment against the Broker.

27. PERFORMANCE

This paragraph explains the events which constitute "sufficient tender of performance" by the parties; and provides that funds from the transaction may be used to pay off any existing liens and encumbrances affecting the Property.

28. DEFAULT

In the event that the Buyer fails to perform under the terms of the Contract, the Seller may sue to enforce the Contract or seek monetary damages. NOTE: The Deposit may not be the limit of the Buyer's liability. If the Seller fails to perform or comply with the terms and conditions of the Contract, the Buyer will have the right to sue for specific performance and/or monetary damages. Should either party wrongfully refuse to sign a release of Deposit that party shall be liable for any expense and cost incurred by the party seeking the release. The Escrow Agent will be held harmless from any/all liability except in cases of gross negligence or willful misconduct.

29. OTHER DISCLOSURES

The parties are reminded that, if so desired, they may seek professional advice in all matters. This paragraph outlines some of the specific matters the parties may wish to investigate further.

- A· PROPERTY CONDITION** - Cautions that certain items/conditions may exist, which may not be obvious; and advises that various inspection services and home warranty insurance programs are available.
- B· LEGAL REQUIREMENTS** - Reminds the parties that written contracts for the sale of real property, and any changes thereto, become enforceable and legally binding upon ratification and proper Delivery.
- C· FINANCING** - Expresses that the Buyer has the right and opportunity to select the lender and to negotiate specific financing terms.
- D· BROKER** - Discloses that the Broker is being retained solely as a real estate agent and not as an expert in any other matters as to the condition of the Property.
- E· PROPERTY TAXES** - Warns that the property taxes may increase after settlement.
- F· PROPERTY INSURANCE** - Reminds the parties of the importance of obtaining and maintaining property insurance for the Property.
- G· TITLE INSURANCE** - Points out many of the reasons the Buyer may wish to purchase "standard" or "enhanced" Owner's Title Insurance to protect their financial investment in the property. (See page 46 for a comparison of these coverages. Also, feel free to contact your local office of **Community Title Network** for applicable rates and available coverages for your specific transaction.) This sub-paragraph also requires the Buyer's lender to quote the enhanced rate on their fee disclosures.



30. ASSIGNABILITY

The Contract may not be assigned to a third party without the written consent of the Buyer and Seller. Even in the event of an assignment, the original parties remain obligated until Settlement.

31. DEFINITIONS

Certain words appearing throughout the Contract are given clear definitions within the context of the Contract.

32. MISCELLANEOUS

Individually signed copies of the same document shall each be considered an original; and, combined, shall constitute one and the same document. Documents delivered via fax are also considered to be originals, and any hand- or type-written provisions shall supersede any pre-printed provisions.

33. VOID CONTRACT

If the Contract becomes void, without Default by either party, the Buyer and Seller will promptly execute a release directing the Deposit to be refunded to the Buyer.

34. HOME WARRANTY

The Buyer indicates whether or not a home warranty policy is desired; and, if so, the boxes/blanks are then used to specify the warranty company, price, and who will pay for it.

35. TIME IS OF THE ESSENCE AS TO ALL TERMS OF THIS CONTRACT

A common phrase in contracts which stresses the importance of performing all tasks in the timeframes outlined within the Contract.

36. ARBITRATION

Clarifies that no provision of this Contract shall disqualify arbitration under the Code of Ethics and Standards of Practice established by the National Association of Real Estate Agents.

37. REAL ESTATE LICENSED PARTIES

In the event that the Buyer or Seller is a licensed real estate agent, or that one of the agents is related to the Buyer or Seller, those details are disclosed here.

38. ENTIRE AGREEMENT

This paragraph of the Contract states that the parties and their heirs, successors, assignees, etc. shall be legally bound to the written terms of the Contract. Any provisions of the Contract not satisfied at Settlement will survive the execution and delivery of the Deed and will continue to be legally binding.

39. ADDITIONS

Allows for additional forms to be added to the Contract if ratified and attached.

40. DISCLOSURE OF SALES PRICE TO APPRAISER

To facilitate the appraisal process, the Brokers are authorized to share the Sales Price with the appraiser.

41. OTHER TERMS

Here space is provided for special, unique terms to be written into the Contract.

DATE OF RATIFICATION

This is the date on which the final, fully executed and agreed upon Contract has been formally delivered to both parties.



Sample 2020 Residential Sales Contract

RESIDENTIAL SALES CONTRACT (Virginia)

This sales contract ("Contract") is offered on _____ ("Date of Offer") between _____ ("Buyer") and _____ ("Seller") among other things, hereby confirm and acknowledge by their initials and signatures herein that by prior disclosure in this real estate transaction _____ ("Listing Brokerage") represents Seller, and _____ ("Cooperating Brokerage") represents Buyer **OR** Seller. The Listing Brokerage and Cooperating Brokerage are collectively referred to as "Broker." (If the brokerage firm is acting as a dual representative for both Seller and Buyer, then the appropriate disclosure form is attached to and made a part of this Contract.) In consideration of the mutual promises and covenants set forth below, and other good and valuable consideration the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. REAL PROPERTY. Buyer will buy and Seller will sell for the sales price ("Sales Price"), Seller's entire interest in the real property (with all improvements, rights and appurtenances) described as follows ("Property"):

TAXMap/ID# _____ Legal Description: Lot(s) _____
Section _____ Subdivision or Condominium _____
Parking Space(s) # _____ County/Municipality _____
Deed Book/Liber # _____ Page/Folio # _____
Street Address _____
Unit# _____ City _____ ZIP Code _____

2. PRICE AND FINANCING. (Any % are percentages of Sales Price)

A. Down Payment.

\$ _____ or % _____

B. Financing.

1. First Trust (if applicable)

\$ _____ or % _____

Conventional VA FHA

USDA Other: _____

2. Second Trust (if applicable) \$ or %

\$ _____ or % _____

3. Seller Held Trust (if applicable) \$ or %

\$ _____ or % _____

**TOTAL FINANCING
SALES PRICE**

\$ _____ or % _____

\$ _____

C. Seller Subsidy.

(LESS)

\$ _____ or % _____

D. Financing Contingency and Application. This Contract is (addendum attached) **OR** is not contingent on financing. If this Contract is contingent on financing: (i) Buyer will make written application for the financing and any lender-required property insurance no later than seven (7) days after Date of Ratification; (ii) Buyer grants permission for Cooperating Brokerage and the lender to disclose to Listing Brokerage and Seller general information available about the progress of the loan application and loan approval process; and (iii) Seller agrees to comply with reasonable lender requirements.



3. DEPOSIT. Buyer's deposit ("Deposit") in the amount of \$ _____ check/bank-wired funds; and/or \$ _____ by note due and payable on _____ shall be held by _____ ("Escrow Agent"). Buyer has delivered Deposit to Escrow Agent **OR** will deliver Deposit to Escrow Agent by _____ days after Date of Ratification.

If the Escrow Agent is a Virginia Real Estate Board ("VREB") licensee, the parties direct Escrow Agent to place Deposit in an escrow account by the end of the fifth business banking day following receipt or following Date of Ratification, whichever is later. If Escrow Agent is not a VREB licensee, Deposit will be placed in an escrow account of Escrow Agent after Date of Ratification in conformance with the laws and regulations of Virginia and/or if VA financing applies, as required by Title 38 of the U.S. Code. This account may be interest bearing and all parties waive any claim to interest resulting from Deposit. Deposit will be held in escrow until: (i) credited toward Sales Price at Settlement; (ii) all parties have agreed in writing as to its disposition; (iii) a court of competent jurisdiction orders disbursement and all appeal periods have expired; or, (iv) disposed of in any other manner authorized by law. Seller and Buyer agree that Escrow Agent will have no liability to any party on account of disbursement of Deposit or on account of failure to disburse Deposit, except in the event of Escrow Agent's gross negligence or willful misconduct.

4. SETTLEMENT. Seller and Buyer will make full settlement in accordance with the terms of this Contract ("Settlement") on, or with mutual consent before, _____ ("Settlement Date") except as otherwise provided in this Contract. If Settlement Date falls on a Saturday, Sunday, or legal holiday, then Settlement will be on the prior business day.

NOTICE TO BUYER REGARDING THE REAL ESTATE SETTLEMENT AGENTS ACT ("RESAA") Choice of Settlement Agent: YYou have the right to select a Settlement agent to handle the closing of this transaction. The Settlement agent's role in closing your transaction involves the coordination of numerous administrative and clerical functions relating to the collection of documents and the collection and disbursement of funds required to carry out the terms of the contract between the parties. If part of the purchase price is financed, your lender will instruct the Settlement agent as to the signing and recording of loan documents and the disbursement of loan proceeds. No Settlement agent can provide legal advice to any party to the transaction except a Settlement agent who is engaged in the private practice of law in Virginia and who has been retained or engaged by a party to the transaction for the purpose of providing legal services to that party. Variation by agreement: The provisions of the Real Estate Settlement Agents Act may not be varied by agreement, and rights conferred by this chapter may not be waived. The Seller may not require the use of a particular settlement agent as a condition of the sale of the property. Escrow, closing and Settlement service guidelines: The Virginia State Bar issues guidelines to help Settlement agents avoid and prevent the unauthorized practice of law in connection with furnishing escrow, Settlement or closing services. As a party to a real estate transaction, you are entitled to receive a copy of these guidelines from your Settlement agent, upon request, in accordance with the provisions of the Real Estate Settlement Agents Act. Buyer designates _____ ("Settlement Agent").

Buyer agrees to contact Settlement Agent within ten (10) Days of Date of Ratification to schedule Settlement. Settlement Agent shall order the title exam and survey if required.

To facilitate Settlement Agent's preparation of various closing documents, including any Closing Disclosure, Buyer hereby authorizes Settlement Agent to send such Closing Disclosure to Buyer by electronic means and agrees to provide Settlement Agent Buyer's electronic mail address for that purpose only.



5. DOWN PAYMENT. The balance of the down payment will be paid on or before Settlement Date by certified or cashier's check or by bank-wired funds as required by Settlement Agent. An assignment of funds shall not be used without prior written consent of Seller.

6. DELIVERY. This paragraph specifies the general delivery requirements under this Contract. For delivery of property or condominium owner's association documents see the VIRGINIA PROPERTY OWNERS' ASSOCIATION ACT and/or VIRGINIA CONDOMINIUM ACT paragraphs of this Contract. Delivery of the Notice pursuant to the Virginia Residential Property Disclosure Act is addressed in the VIRGINIA RESIDENTIAL PROPERTY DISCLOSURE ACT paragraph.

Delivery ("Delivery," "delivery," or "delivered") methods may include hand-carried, sent by professional courier service, by United States mail, by facsimile, or email transmission. The parties agree that Delivery will be deemed to have occurred on the day: delivered by hand, delivered by a professional courier service (including overnight delivery service) or by United States mail with return receipt requested, or sent by facsimile or email transmission, either of which produces a tangible record of the transmission.

Deliveries will be sent as follows:

A. Addressed to Seller **at Property address unless otherwise specified below** by United States mail, hand delivery or courier service **OR** fax **OR** email (check all that apply):

To Seller:

B. Addressed to Buyer by United States mail, hand delivery or courier service **OR** fax **OR** email (check all that apply):

To Buyer: _____

No party to this Contract will refuse Delivery in order to delay or extend any deadline established in this Contract.

7. VIRGINIA RESIDENTIAL PROPERTY DISCLOSURE ACT. The Virginia Residential Property Disclosure Act requires Seller to deliver a disclosure statement prior to the acceptance of this Contract unless the transfer of Property is exempt. The law requires Seller, on a disclosure statement provided by the Real Estate Board, to state that Seller makes no representations or warranties concerning the physical condition of the Property and to sell the Property "as is," except as otherwise provided in this Contract.

If the disclosure statement is delivered to Buyer after Date of Ratification, Buyer's sole remedy shall be to terminate this Contract at or prior to the earliest of (i) three (3) days after delivery of the disclosure statement in person; (ii) five (5) days after the postmark if the disclosure statement is sent by United States mail, postage prepaid, and properly addressed to Buyer; (iii) settlement upon purchase of Property; (iv) occupancy of Property by Buyer; (v) Buyer making written application to a lender for a mortgage loan where such application contains a disclosure that the right of termination shall end upon the application for the mortgage loan; or (vi) the execution by Buyer after receiving the disclosure statement of a written waiver of Buyer's right of termination separate from this Contract.

Written Notice of termination may be (i) hand delivered; (ii) sent by United States mail, postage prepaid, provided that Buyer retains sufficient proof of mailing, which may be either a United States postal certificate of mailing or a certificate of service confirming that such mailing was prepared by Buyer; (iii) sent by electronic means to the facsimile number or electronic mailing address provided by Seller in the DELIVERY paragraph, provided that Buyer retains sufficient proof of the electronic delivery, which may be an electronic receipt of delivery, a confirmation that the notice was sent by facsimile, or a certificate of service; (iv) overnight delivery using a commercial service or the United States Postal Service.

Any such termination shall be without penalty to Buyer, and any deposit shall be promptly returned to Buyer.



8. VIRGINIA PROPERTY OWNERS' ASSOCIATION ACT. Seller represents that the Property is **OR** is not located within a development that is subject to the Virginia Property Owners' Association Act ("POA Act" or "Act" solely in this Paragraph).

A. Section 55.1-1808(B) requires the following contract language:

Subject to the provisions of subsection A of §55.1-1814, an owner selling a lot shall disclose in the contract that (i) the lot is located within a development that is subject to the Virginia Property Owners' Association Act (§55.1-1800 et seq.); (ii) the Property Owners' Association Act (§55.1-1800 et seq.) requires the seller to obtain from the property owners' association an association disclosure packet and provide it to the purchaser; (iii) the purchaser may cancel the contract within three days, or up to seven days if extended by the ratified real estate contract, after receiving the association disclosure packet or being notified that the association disclosure packet will not be available; (iv) if the purchaser has received the association disclosure packet, the purchaser has a right to request an update of such disclosure packet in accordance with subsection H of §55.1-1810 or subsection D of §55.1-1811, as appropriate; and (v) the right to receive the association disclosure packet and the right to cancel the contract are waived conclusively if not exercised before settlement.

Pursuant to §55.1-1808 and for purposes of this Paragraph, "ratified real estate contract" includes any addenda to this Contract.

B. For delivery of the Packet or the Notice of non-availability of the Packet, Buyer prefers delivery at _____
_____ if electronic or _____
_____ if hard copy.

9. VIRGINIA CONDOMINIUM ACT. Seller represents that the Property is **OR** is not a condominium unit subject to the Virginia Condominium Act (the "Condominium Act" or "Act" solely in this Paragraph).

A. Section §55.1-1990(B) of the Act requires the following contract language:

In the event of any resale of a condominium unit by a unit owner other than the declarant, and subject to the provisions of subsection F and subsection A of §55.1-1972, the unit owner shall disclose in the contract that (i) the unit is located within a development which is subject to the Condominium Act, (ii) the Condominium Act requires the seller to obtain from the unit owners' association a resale certificate and provide it to the purchaser, (iii) the purchaser may cancel the contract within three days, or up to seven days if extended by the ratified real estate contract, after receiving the resale certificate or being notified that the resale certificate will not be available, (iv) if the purchaser has received the resale certificate, the purchaser has a right to request a resale certificate update or financial update in accordance with §55.1-1992, as appropriate, and (v) the right to receive the resale certificate and the right to cancel the contract are waived conclusively if not exercised before settlement. Pursuant to §55.1-1990 and for purposes of this Paragraph, "ratified real estate contract" includes any addenda to this Contract.

B. For delivery of the Packet or the Notice of non-availability of the Packet, Buyer prefers delivery at _____
_____ if electronic or _____
_____ if hard copy.



10. PROPERTY MAINTENANCE AND CONDITION. Except as otherwise specified herein, Seller will deliver Property free and clear of trash and debris, broom clean and in substantially the same physical condition to be determined as of Date of Offer **OR** Date of home inspection **OR** Other: _____ . Seller will have all utilities in service through Settlement or as otherwise agreed. Buyer and Seller will not hold Broker liable for any breach of this Paragraph.

Buyer acknowledges, subject to Seller acceptance, that this Contract may be contingent upon home inspection(s) and/or other inspections to ascertain the physical condition of Property. If Buyer desires one or more inspection contingencies, such contingencies must be included in an addendum to this Contract.

This Contract is contingent upon home inspection(s) and/or other inspections. (Addendum attached).
OR

Buyer waives the opportunity to make this Contract contingent upon home inspection(s).

Buyer acknowledges that except as otherwise specified in this Contract, Property, including electrical, plumbing, existing appliances, heating, air conditioning, equipment and fixtures shall convey in its AS-IS condition as of the date specified above.

11. ACCESS TO PROPERTY. Seller will provide Broker, Buyer, inspectors representing Buyer, and representatives of lending institutions for Appraisal purposes reasonable access to the Property to comply with this Contract. In addition, Buyer and/or Buyer’s representative will have the right to make walk-through inspection(s) within seven (7) days prior to Settlement and/or occupancy, unless otherwise agreed to by Buyer and Seller.

12. UTILITIES; MAJOR SYSTEMS. (Check all that apply)

- | | | | |
|-------------------|---------------------------------|---|---|
| Water Supply: | <input type="checkbox"/> Public | <input type="checkbox"/> Private Well | <input type="checkbox"/> Community Well |
| Hot Water: | <input type="checkbox"/> Oil | <input type="checkbox"/> Gas | <input type="checkbox"/> Electric |
| Air Conditioning: | <input type="checkbox"/> Oil | <input type="checkbox"/> Gas | <input type="checkbox"/> Electric |
| Heating: | <input type="checkbox"/> Oil | <input type="checkbox"/> Gas | <input type="checkbox"/> Electric |
| Sewage Disposal: | <input type="checkbox"/> Public | <input type="checkbox"/> Septic for # BR_____ | <input type="checkbox"/> Community Septic |
| | | | <input type="checkbox"/> Alternative Septic for # BR: _____ |

Septic Waiver Disclosure provided by Seller (if applicable) per VA Code §32.1-164.1:1. State Board of Health septic system waivers are not transferable.

13. PERSONAL PROPERTY AND FIXTURES. Property includes the following personal property and fixtures, if existing: built-in heating and central air conditioning equipment, plumbing and lighting fixtures, sump pump, attic and exhaust fans, storm windows, storm doors, screens, installed wall-towall carpeting, window shades, blinds, window treatment hardware, smoke and heat detectors, antennas, exterior trees, and shrubs. Unless otherwise agreed to in writing, all surface or wall mounted electronic components/devices **DO NOT** convey; however, all related mounts, brackets and hardware **DO** convey. If more than one of an item conveys, the number of items is noted.



The items marked YES below are currently installed or offered.

Yes	No	#	Items	Yes	No	#	Items	Yes	No	#	Items
<input type="checkbox"/>	<input type="checkbox"/>	___	Alarm System	<input type="checkbox"/>	<input type="checkbox"/>	___	Freezer	<input type="checkbox"/>	<input type="checkbox"/>	___	Satellite Dish
<input type="checkbox"/>	<input type="checkbox"/>	___	Built-in Microwave	<input type="checkbox"/>	<input type="checkbox"/>	___	Furnace Humidifier	<input type="checkbox"/>	<input type="checkbox"/>	___	Storage Shed
<input type="checkbox"/>	<input type="checkbox"/>	___	Ceiling Fan	<input type="checkbox"/>	<input type="checkbox"/>	___	Garage Opener	<input type="checkbox"/>	<input type="checkbox"/>	___	Stove or Range
<input type="checkbox"/>	<input type="checkbox"/>	___	Central Vacuum	<input type="checkbox"/>	<input type="checkbox"/>	___	w/ remote	<input type="checkbox"/>	<input type="checkbox"/>	___	Trash Compactor
<input type="checkbox"/>	<input type="checkbox"/>	___	Clothes Dryer	<input type="checkbox"/>	<input type="checkbox"/>	___	Gas Log	<input type="checkbox"/>	<input type="checkbox"/>	___	Wall Oven
<input type="checkbox"/>	<input type="checkbox"/>	___	Clothes Washer	<input type="checkbox"/>	<input type="checkbox"/>	___	Hot Tub, Equip & Cover	<input type="checkbox"/>	<input type="checkbox"/>	___	Water Treatment System
<input type="checkbox"/>	<input type="checkbox"/>	___	Cooktop	<input type="checkbox"/>	<input type="checkbox"/>	___	Intercom	<input type="checkbox"/>	<input type="checkbox"/>	___	Window A/C Unit
<input type="checkbox"/>	<input type="checkbox"/>	___	Dishwasher	<input type="checkbox"/>	<input type="checkbox"/>	___	Playground Equipment	<input type="checkbox"/>	<input type="checkbox"/>	___	Window Fan
<input type="checkbox"/>	<input type="checkbox"/>	___	Disposer	<input type="checkbox"/>	<input type="checkbox"/>	___	Pool, Equip, & Cover	<input type="checkbox"/>	<input type="checkbox"/>	___	Window Treatments
<input type="checkbox"/>	<input type="checkbox"/>	___	Electronic Air Filter	<input type="checkbox"/>	<input type="checkbox"/>	___	Refrigerator	<input type="checkbox"/>	<input type="checkbox"/>	___	Wood Stove
<input type="checkbox"/>	<input type="checkbox"/>	___	Fireplace Screen/Door	<input type="checkbox"/>	<input type="checkbox"/>	___	w/ ice maker				

OTHER

FUEL TANKS. Fuel Tank(s) Leased # _____ Fuel Tank(s) Owned (Fuel Tank(s), if owned, convey) # _____. Unless otherwise agreed to in writing, any heating or cooking fuels remaining in supply tank(s) at Settlement will become the property of Buyer _____

LEASED ITEMS. Any leased items, systems or service contracts (including, but not limited to, fuel tanks, water treatment systems, lawn contracts, security system monitoring, and satellite contracts) DO NOT convey absent an express written agreement by Buyer and Seller. The following is a list of the leased items within Property: _____

14· IRS/FIRPTA – WITHHOLDING TAXES FOR FOREIGN SELLER. Seller is **OR** is not a “Foreign Person,” as defined by the Foreign Investment in Real Property Tax Act (FIRPTA). If Seller is a Foreign Person, Buyer may be required to withhold and pay to the Internal Revenue Service (IRS) up to fifteen percent (15%) of the Sales Price on behalf of the Seller and file an IRS form which includes both Seller and Buyer tax identification numbers. The parties agree to cooperate with each other and Settlement Agent to effectuate the legal requirements. If Seller’s proceeds are not sufficient to cover the withholding obligations under FIRPTA, Seller may be required to pay at Settlement such additional certified funds necessary for the purpose of making such withholding payment.

15· BUYER’S REPRESENTATIONS. Buyer will **OR** will not occupy Property as Buyer’s principal residence. **Unless specified in a written contingency, neither this Contract nor the financing is dependent or contingent on the sale and settlement or lease of other real property.** Buyer acknowledges that Seller is relying upon all of Buyer’s representations, including without limitation, the accuracy of financial or credit information given to Seller, Broker, or the lender by Buyer.

16· SMOKE DETECTORS. Seller shall deliver Property with smoke detectors installed and functioning in accordance with the laws and regulations of Virginia.

17· TARGET LEAD-BASED PAINT HOUSING. Seller represents that any residential dwellings at Property were **OR** were not constructed before 1978. If the dwellings were constructed before 1978, then, unless exempt under 42 U.S.C. 4852d, Property is



considered “target housing” under the statute and a copy of the “Sale: Disclosure and Acknowledgment of Information on Lead-Based Paint and/or Lead-Based Paint Hazards” has been attached and made a part of the Contract as required by law. Buyer does **OR** does not waive the right to a risk assessment or inspection of Property for the presence of lead-based paint and/or lead-based paint hazards. If not, a copy of the Sales Contract Addendum for Lead-Based Paint Testing is attached to establish the conditions for a lead-based paint risk assessment or inspections.

18· WOOD-DESTROYING INSECT INSPECTION. None Buyer at Buyer’s expense **OR** Seller at Seller’s expense will furnish a written report from a pest control firm dated not more than 90 days prior to Settlement showing that all dwelling(s) and/or garage(s) within Property (excluding fences or shrubs not abutting garage(s) or dwelling(s)) are free of visible evidence of live wood-destroying insects and free from visible damage. Any treatment and repairs for damage identified in the inspection report will be made at Seller’s expense and Seller will provide written evidence of such treatment and/or repair prior to date of Settlement which shall satisfy the requirements of this Paragraph.

19· DAMAGE OR LOSS. The risk of damage or loss to Property by fire, act of God, or other casualty remains with Seller until the execution and delivery of the deed of conveyance to Buyer at Settlement.

20· TITLE. The title report and survey, if required, will be ordered promptly and, if not available on the Settlement Date, then Settlement may be delayed for up to ten (10) business days to obtain the title report and survey after which this Contract, at the option of Seller, may be terminated and Deposit will be refunded in full to Buyer according to the terms of the DEPOSIT paragraph. Fee simple title to Property, and everything that conveys with it, will be sold free of liens except for any loans assumed by Buyer. Seller will convey title which is good, marketable, and insurable by a licensed title insurance company with no additional risk premium. In case action is required to perfect the title, such action must be taken promptly by Seller at Seller’s expense. Title may be subject to commonly acceptable easements, covenants, conditions and restrictions of record, if any, as of Settlement Date. If title is not good and marketable, and insurable by a licensed title insurance company with no additional risk premium, on Settlement Date, Buyer may at Buyer’s option either (a) declare the Contract void in writing, or (b) pursue all available legal and equitable remedies. Nothing herein shall prohibit the parties from mutually agreeing to extend Settlement Date under terms acceptable by both parties. Seller will convey Property by general warranty deed with English covenants of title (“Deed”). The manner of taking title may have significant legal and tax consequences. Buyer is advised to seek the appropriate professional advice concerning the manner of taking title. Seller will sign such affidavits, lien waivers, tax certifications, and other documents as may be required by the lender, title insurance company, Settlement Agent, or government authority, and authorizes Settlement Agent to obtain pay-off or assumption information from any existing lenders. Unless otherwise agreed to in writing, Seller will pay any special assessments and will comply with all orders or notices of violations of any county or local authority, condominium unit owners’ association, homeowners’ or property owners’ association or actions in any court on account thereof, against or affecting Property on Settlement Date. Broker is hereby expressly released from all liability for damages by reason of any defect in the title.



21·NOTICE OF POSSIBLE FILING OF MECHANICS' LIEN. Code of Virginia Section 43-1 et seq. permits persons who have performed labor or furnished materials for the construction, removal, repair or improvement of any building or structure to file a lien against Property. This lien may be filed at any time after the work is commenced or the material is furnished, but not later than the earlier of (i) 90 Days from the last day of the month in which the lienor last performed work or furnished materials; or (ii) 90 Days from the time the construction, removal, repair or improvement is terminated. AN EFFECTIVE LIEN FOR WORK PERFORMED PRIOR TO THE DATE OF SETTLEMENT MAY BE FILED AFTER SETTLEMENT. LEGAL COUNSEL SHOULD BE CONSULTED.

22·POSSESSION DATE. Unless otherwise agreed to in writing between Seller and Buyer, Seller will give possession of Property at Settlement, including delivery of keys, key fobs, codes, digital keys, if any. If Seller fails to do so and occupies Property beyond Settlement, Seller will be a tenant at sufferance of Buyer and hereby expressly waives all notice to quit as provided by law. Buyer will have the right to proceed by any legal means available to obtain possession of Property. Seller will pay any damages and costs incurred by Buyer including reasonable attorney fees.

23·FEES. Fees for the preparation of the Deed, that portion of Settlement Agent's fee billed to Seller, costs of releasing existing encumbrances, Seller's legal fees and any other proper charges assessed to Seller will be paid by Seller. Fees for the title exam (except as otherwise provided), survey, recording (including those for any purchase money trusts) and that portion of Settlement Agent's fee billed to Buyer, Buyer's legal fees and any other proper charges assessed to Buyer will be paid by Buyer. Fees to be charged will be reasonable and customary for the jurisdiction in which Property is located. Grantor's tax, as well as any Regional Congestion Relief Fee and Regional WMATA Capital Fee (applicable in Alexandria City, Arlington, Fairfax, Loudoun and Prince William Counties and all cities contained within) shall be paid by Seller. Buyer shall pay recording charge for the Deed and any purchase money trusts.

24·BROKER'S FEE. Seller irrevocably instructs Settlement Agent to pay Broker compensation ("Broker's Fee") at Settlement as set forth in the listing agreement and to disburse the compensation offered by Listing Brokerage to Cooperating Brokerage in writing as of the Date of Offer, and the remaining amount of Broker's compensation to Listing Brokerage.

25·ADJUSTMENTS. Rents, taxes, water and sewer charges, condominium unit owners' association, homeowners' and/or property owners' association regular periodic assessments (if any) and any other operating charges, are to be adjusted to the Date of Settlement. Taxes, general and special, are to be adjusted according to the most recent property tax bill(s) for Property issued prior to Settlement Date, except that recorded assessments for improvements completed prior to Settlement, whether assessments have been levied or not, will be paid by Seller or allowance made at Settlement. If a loan is assumed, interest will be adjusted to the Settlement Date and Buyer will reimburse Seller for existing escrow accounts, if any.



26· ATTORNEY'S FEES.

A. If any Party breaches this Contract and a non-breaching Party retains legal counsel to enforce its rights hereunder, the non-breaching Party shall be entitled to recover against the breaching Party, in addition to any other damages recoverable against any breaching Party, all of its reasonable Legal Expenses incurred in enforcing its rights under this Contract, whether or not suit is filed, and in obtaining, enforcing and/or defending any judgment related thereto. Should any tribunal of competent jurisdiction determine that more than one party to the dispute has breached this Contract, then all such NVAR – KI321 – rev.08/20 Page 9 of 13 Seller: / Buyer: / breaching Parties shall bear their own costs, unless the tribunal determines that one or more parties is a “Substantially Prevailing Party,” in which case any such Substantially Prevailing Party shall be entitled to recover from any of the breaching parties, in addition to any other damages recoverable against any breaching Party, all of its reasonable Legal Expenses incurred in enforcing its rights under this Agreement, whether or not suit is filed, and in obtaining, enforcing and/or defending any judgment related thereto.

B. In the event a dispute arises resulting in the Broker (as used in this paragraph to include any agent, licensee, or employee of Broker) being made a party to any litigation by Buyer or by Seller, the Parties agree that the Party who brought Broker into litigation shall indemnify the Broker for all of its reasonable Legal Expenses incurred, unless the litigation results in a judgment against the Broker.

27· PERFORMANCE. Delivery of the required funds and executed documents to the Settlement Agent will constitute sufficient tender of performance. Funds from this transaction at Settlement may be used to pay off any existing liens and encumbrances, including interest, as required by lender(s) or lienholders.

28· DEFAULT. If Buyer fails to complete Settlement for any reason other than Default by Seller, Buyer shall be in Default and, at the option of Seller, Deposit may be forfeited to Seller as liquidated damages and not as a penalty. In such event, Buyer shall be relieved from further liability to Seller. If Seller does not elect to accept Deposit as liquidated damages, Deposit may not be the limit of Buyer’s liability in the event of a Default. Buyer and Seller knowingly, freely and voluntarily waive any defense as to the validity of liquidated damages under this Contract, including Seller’s option to elect liquidated damages or pursue actual damages, or that such liquidated damages are void as penalties or are not reasonably related to actual damages.

If Deposit is forfeited, or if there is an award of damages by a court or a compromise agreement between Seller and Buyer, Broker may accept, and Seller agrees to pay, Broker one-half of Deposit in lieu of Broker’s Fee (provided Broker’s share of any forfeited Deposit will not exceed the amount due under the listing agreement).

If Seller fails to perform or comply with any of the terms and conditions of this Contract or fails to complete Settlement for any reason other than Default by Buyer, Seller shall be in Default and Buyer will have the right to pursue all legal or equitable remedies, including specific performance and/or damages.

If either Seller or Buyer refuses to execute a release of Deposit (“Release”) when requested to do so in writing and a court finds that such party should have executed the Release, the party who so refused to execute the Release will pay the expenses, including, without limitation, reasonable attorney’s fees, incurred by the other party in the litigation. Seller and Buyer agree that no Escrow Agent will have any liability to any party on account of disbursement of Deposit or on account of failure to disburse Deposit, except only in the event of Escrow Agent’s gross negligence or willful misconduct. The parties further agree that Escrow Agent will not be liable for the failure of any depository in which Deposit is placed and that Seller and Buyer each will indemnify, defend and save harmless Escrow Agent from any loss or expense arising out of the holding, disbursement or failure to disburse Deposit, except in the case of Escrow Agent’s gross negligence or willful misconduct.

If either Buyer or Seller is in Default, then in addition to all other damages, the defaulting party will immediately pay the costs incurred for the title examination, Appraisal, survey and the Broker’s Fee in full.



29-OTHER DISCLOSURES. Buyer and Seller should carefully read this Contract to be sure that the terms accurately express their respective understanding as to their intentions and agreements. Broker can counsel on real estate matters, but if legal advice is desired by either party, such party is advised to seek legal counsel. Buyer and Seller are further advised to seek appropriate professional advice concerning the condition of Property or tax and insurance matters. The following provisions of this Paragraph disclose some matters which the parties may investigate further. These disclosures are not intended to create a contingency. Any contingency must be specified by adding appropriate terms to this Contract. The parties acknowledge the following disclosures:

A. Property Condition. Various inspection services and home warranty insurance programs are available. Broker is not advising the parties as to certain other issues, including without limitation: water quality and quantity (including but not limited to, lead and other contaminants); sewer or septic; soil condition; flood hazard areas; possible restrictions of the use of Property due to restrictive covenants, zoning, subdivision, or environmental laws, easements or other documents; airport or aircraft noise; planned land use, roads or highways; and construction materials and/or hazardous materials, including but without limitation flame retardant treated plywood (FRT), radon, urea formaldehyde foam insulation (UFFI), mold, polybutylene pipes, synthetic stucco (EIFS), underground storage tanks, defective drywall, asbestos and lead-based paint. Information relating to these issues may be available from appropriate government authorities.

B. Legal Requirements. All contracts for the sale of real property must be in writing to be enforceable. Upon ratification and Delivery, this Contract becomes a legally binding agreement. Any changes to this Contract must be made in writing for such changes to be enforceable.

C. Financing. Mortgage rates and associated charges vary with financial institutions and the marketplace. Buyer has the opportunity to select the lender and the right to negotiate terms and conditions of the financing subject to the terms of this Contract. The financing may require substantial lump sum (balloon) payments on the due dates. Buyer has not relied upon any representations regarding the future availability of mortgage money or interest rates for the refinancing of any such lump sum payments.

D. Broker. Buyer and Seller acknowledge that Broker is being retained solely as a real estate agent and not as an attorney, tax advisor, lender, appraiser, surveyor, structural engineer, mold or air quality expert, home inspector, or other professional service provider. Broker may from time to time engage in the general insurance, title insurance, mortgage loan, real estate settlement, home warranty and other real estate-related businesses and services. Therefore, in addition to Broker's Fee specified herein, Broker may receive compensation related to other services provided in the course of this transaction pursuant to the terms of a separate agreement/disclosure.

E. Property Taxes. Your property tax bill could substantially increase following settlement. For more information on property taxes, contact the appropriate taxing authority in the jurisdiction where Property is located.

F. Property Insurance. Obtaining property insurance is typically a requirement of the lender in order to secure financing. Insurance rates and availability are determined in part by the number and nature of claims and inquiries made on a property's policy as well as the number and nature of claims made by a prospective Buyer. Property insurance has become difficult to secure in some cases. Seller should consult an insurance professional regarding maintaining and/or terminating insurance coverage.



G. Title Insurance. Buyer may, at Buyer's expense, purchase owner's title insurance. Depending on the particular circumstances of the transaction, such insurance could include affirmative coverage against possible mechanics' and materialmen's liens for labor and materials performed prior to Settlement and which, though not recorded at the time of recordation of Buyer's deed, could be subsequently recorded and would adversely affect Buyer's title to Property. The coverage afforded by such title insurance would be governed by the terms and conditions thereof, and the premium for obtaining such title insurance coverage will be determined by its coverage.

Buyer may purchase title insurance at either "standard" or "enhanced" coverage rates. For purposes of owner's policy premium rate disclosure by Buyer's lender(s), if any, Buyer and Seller require that enhanced rates be quoted by Buyer's lender(s). Buyer understands that nothing herein obligates Buyer to obtain any owner's title insurance coverage at any time, including at Settlement, and that the availability of enhanced coverage is subject to underwriting criteria of the title insurer.

30· ASSIGNABILITY. This Contract may not be assigned without the written consent of Buyer and Seller. If Buyer and Seller agree in writing to an assignment of this Contract, the original parties to this Contract remain obligated hereunder until Settlement.

31· DEFINITIONS

- A.** "Date of Ratification" means the date of Delivery of the final acceptance in writing by Buyer and Seller of all the terms of this Contract to Buyer and Seller (not the date of the expiration or removal of any contingencies).
- B.** "Appraisal" means a written appraised valuation of Property.
- C.** "Day(s)" or "day(s)" means calendar day(s) unless otherwise specified in this Contract.
- D.** All reference to time of day shall refer to the time of day in the Eastern Time Zone of the United States.
- E.** For the purpose of computing time periods, the first Day will be the Day following Delivery and the time period will end at 9:00 p.m. on the Day specified. F. The masculine includes the feminine and the singular includes the plural.
- G.** "Legal Expenses" means attorney fees, court costs, and litigation expenses, if any, including, but not limited to, expert witness fees and court reporter fees.
- H.** "Notices" ("Notice," "notice," or "notify") means a unilateral communication from one party to another. All Notices required under this Contract will be in writing and will be effective as of Delivery. Written acknowledgment of receipt of Notice is a courtesy but is not a requirement.
- I.** "Buyer" and "Purchaser" may be used interchangeably in this Contract and any accompanying addenda or notices.
- J.** "Seller Subsidy" is a payment from Seller towards Buyer's charges (including but not limited to loan origination fees, discount points, buy down or subsidy fees, prepaids or other charges) as allowed by lender(s), if any. It is Buyer's responsibility to confirm with any lender(s) that the entire credit provided herein may be utilized. If lender(s) prohibits Seller from the payment of any portion of this credit, then said credit shall be reduced to the amount allowed by lender(s).

31· MISCELLANEOUS. This Contract may be signed in one or more counterparts, each of which is deemed to be an original, and all of which together constitute one and the same instrument. Documents obtained via facsimile machines will also be considered as originals. Typewritten or handwritten provisions included in this Contract will control all pre-printed provisions that are in conflict.

33· VOID CONTRACT. If this Contract becomes void and of no further force and effect, without Default by either party, both parties will immediately execute a release directing that Deposit be refunded in full to Buyer according to the terms of the DEPOSIT paragraph.



34· HOME WARRANTY. Yes **OR** No

Home Warranty Policy selected by Buyer or Seller and paid for and provided at Settlement by: Buyer or Seller. Cost not to exceed \$_____. Warranty provider to be _____.

35· TIME IS OF THE ESSENCE. Time is of the essence means that the dates and time frames agreed to by the parties must be met. Failure to meet stated dates or time frames will result in waiver of contractual rights or will be a Default under the terms of the Contract. If this Contract is contingent on financing, and the contingency has not been removed or satisfied, any delay of the Settlement Date necessary to comply with Buyer’s lender’s obligations pursuant to the RESPA-TILA Integrated Disclosure rule, is not a Default by Buyer; but, Seller may declare the Contract void in writing. Nothing herein shall prohibit the parties from mutually agreeing in writing to extend Settlement Date under terms acceptable by both parties.

36· ARBITRATION. Nothing in this Contract shall preclude arbitration under the Code of Ethics and Standards of Practice of the National Association of REALTORS®.

37· REAL ESTATE LICENSED PARTIES. The parties acknowledge that _____ is an active **OR** inactive licensed real estate agent in Virginia and/or Other _____ and is either the Buyer **OR** Seller **OR** is related to one of the parties in this transaction.

38· ENTIRE AGREEMENT. This Contract will be binding upon the parties and each of their respective heirs, executors, administrators, successors, and permitted assigns. The provisions not satisfied at Settlement will survive the delivery of the deed and will not be merged therein. This Contract, unless amended in writing, contains the final and entire agreement of the parties and the parties will not be bound by any terms, conditions, oral statements, warranties or representations not herein contained. The interpretation of this Contract will be governed by the laws of the Commonwealth of Virginia.

39· ADDITIONS. The following forms, if ratified and attached, are made a part of this Contract. (This list is not all inclusive of addenda that may need to be attached).

- Yes No Home Inspection/Radon Testing Contingency
- Yes No Lead-Based Paint Inspection Contingency
- Yes No Contingency and Clauses
- Yes No Pre-Settlement Occupancy
- Yes No Residential Property Disclosure
- Yes No FHA Home Inspection Notice
- Yes No Conventional Financing
- Yes No Extension of Review Period For Condominium Resale Certificate/ Property Owners’
- Yes No Association Disclosure Packet
- Yes No Private Well and/or Septic
- Yes No Post-Settlement Occupancy
- Yes No Lead-Based Paint Disclosure
- Yes No VA/FHA/USDA Financing
- Yes No Other (specify): _____

40· DISCLOSURE OF SALES PRICE TO APPRAISER. Listing Broker and Selling Broker are hereby authorized to release the Sales Price listed in PRICE AND SPECIFIED FINANCING Paragraph to any appraiser who contacts them to obtain the information.



41. OTHER TERMS.

Date of Ratification (see DEFINITIONS)

SELLER:

_____/_____
Date Signature
_____/_____
Date Signature
_____/_____
Date Signature
_____/_____
Date Signature

BUYER:

_____/_____
Date Signature
_____/_____
Date Signature
_____/_____
Date Signature
_____/_____
Date Signature

For information purposes only:

Listing Brokerage's Name and Address:

Brokerage Phone #: _____

Bright MLS Broker Code: _____

VA Firm License #: _____

Agent Name: _____

Agent Email: _____

Agent Phone #: _____

MLS Agent ID #: _____

VA Agent License #: _____

Team Name: _____

Team Business Entity License #: _____

Cooperating Brokerage's Name and Address:

Brokerage Phone #: _____

Bright MLS Broker Code: _____

VA Firm License #: _____

Agent Name: _____

Agent Email: _____

Agent Phone #: _____

MLS Agent ID #: _____

VA Agent License #: _____

Team Name: _____

Team Business Entity License #: _____

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Virginia Real Estate Board
http://www.dpor.virginia.gov/Consumers/Disclosure_Forms/

RESIDENTIAL PROPERTY DISCLOSURE STATEMENT ACKNOWLEDGMENT BY SELLER AND PURCHASER

The Virginia Residential Property Disclosure Act (§ 55.1-700 et seq. of the Code of Virginia) requires the owner of certain residential real property—whenever the property is to be sold or leased with an option to buy—to provide notification to the purchaser of disclosures required by the Act and to advise the purchaser that the disclosures are listed on the Real Estate Board webpage. Certain transfers of residential property are excluded from this requirement (see § 55.1-702).

PROPERTY ADDRESS/
LEGAL DESCRIPTION: _____

The purchaser is advised of the disclosures listed in the **RESIDENTIAL PROPERTY DISCLOSURE STATEMENT** located on the Real Estate Board webpage at:

http://www.dpor.virginia.gov/Consumers/Residential_Property_Disclosures

The owner(s) hereby provides notification as required under the Virginia Residential Property Disclosure Act (§ 55.1-700 et seq. of the Code of Virginia) and, if represented by a real estate licensee as provided in § 55.1-712, further acknowledges having been informed of the rights and obligations under the Act.

Owner

Date

Owner

Date

The purchaser(s) hereby acknowledges receipt of notification of disclosures as required under the Virginia Residential Property Disclosure Act (§ 55.1-700 et seq. of the Code of Virginia). In addition, if the purchaser is (i) represented by a real estate licensee or (ii) not represented by a real estate licensee but the owner is so represented as provided in § 55.1-712, the purchaser further acknowledges having been informed of the rights and obligations under the Act.

Purchaser

Date

Purchaser

Date

DPOR rev 01/2021



CONVENTIONAL FINANCING AND APPRAISAL CONTINGENCY ADDENDUM

This Addendum is made on _____, to a sales contract ("Contract") offered on _____,
between _____ ("Buyer") and
_____ ("Seller") for
the purchase and sale of Property: _____.

1. SPECIFIED FINANCING. "Specified Financing" means the terms set forth in Paragraphs 2A and 2B of this Contract and the following loan terms:

A. First Trust. Buyer will **Obtain OR** **Assume** a **Fixed OR** an **Adjustable** rate First Deed of Trust loan amortized over _____ years. The interest rate for this loan is at an (initial) interest rate not to exceed _____% per year.

B. Second Trust. Buyer will **Obtain OR** **Assume** a **Fixed OR** an **Adjustable** rate Second Deed of Trust loan amortized over _____ years. The interest rate for this loan is at an (initial) interest rate not to exceed _____% per year.

2. ALTERNATIVE FINANCING. This financing contingency shall not apply to any Alternative Financing. "Alternative Financing" means any change to the financing terms in the Specified Financing, including but not limited to Down Payment amount, the amount financed, loan type (i.e., Conventional, FHA, VA, USDA or Other), term of any loan, interest rate, or loan program (i.e., assumption, fixed or adjustable rate).

Buyer may substitute Alternative Financing for the Specified Financing. However, Buyer shall obtain Seller's written consent and shall execute a new financing addendum (if applicable) if Buyer wishes to retain the protection of a financing contingency. Should Buyer pursue Alternative Financing without Seller's written consent, Buyer shall waive the protection of this financing contingency.

Buyer's substitution of lender(s) to which written application has been made under Paragraph 2D of this Contract shall not: (a) constitute a change in the Specified Financing; or (b) constitute Buyer De-fault provided there is no additional expense to Seller and Settlement Date is not delayed.

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Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

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(Select Paragraph 3 OR 4)

3. FINANCING CONTINGENCY WITH AUTOMATIC EXTENSION.

- A. This Contract is contingent on Buyer Delivering to Seller by 9:00 p.m. _____ Days after Date of Ratification (“Financing Deadline”) written conditional commitment(s) for Specified Financing.
- B. If Buyer has not Delivered the written conditional commitment(s) by Financing Deadline, this contingency will continue up to, and including, Settlement Date. However, upon expiration of Financing Deadline, Seller may at Seller’s option Deliver Notice to Buyer that Buyer has three (3) days to void the Contract. If Buyer does not void the Contract within three (3) days following Delivery of Seller’s Notice, this financing contingency is removed and the Contract will remain in full force and effect without this financing contingency.
- C. Buyer may void this Contract by Delivering to Seller, prior to the satisfaction or removal of this contingency, a written rejection from the lender(s) to whom Buyer has applied for Specified Financing.
- D. Nothing herein shall prohibit the parties from mutually agreeing to terms acceptable to both parties in writing.

4. FINANCING CONTINGENCY WITH AUTOMATIC EXPIRATION.

- A. This Contract is contingent on Buyer Delivering to Seller by 9:00 p.m. _____ Days after Date of Ratification (“Financing Deadline”) written conditional commitment(s) for Specified Financing.
- B. If the Buyer has not Delivered the written conditional commitment(s) by Financing Deadline, this financing contingency will expire.
- C. Buyer may void this Contract by Delivering to Seller, prior to the satisfaction or expiration of this contingency, a written rejection from the lender(s) to whom Buyer has applied for Specified Financing.
- D. Nothing herein shall prohibit the parties from mutually agreeing to terms acceptable to both parties in writing.

5. APPRAISAL CONTINGENCY. This Contract is contingent **OR** is not contingent upon an Appraisal pursuant to this paragraph. Buyer shall have until 9:00 p.m. _____ Days (minimum of 21 days recommended) following the Date of Ratification to obtain an Appraisal (“Appraisal Deadline”). If neither box is checked, this Contract is contingent upon an Appraisal pursuant to this paragraph and the Appraisal Deadline is the Financing Deadline set forth above. Buyer shall Deliver Notice to Seller by the Appraisal Deadline as follows (“Appraisal Contingency Notice”):

- A. The Appraisal is equal to or greater than the Sales Price and this contingency is satisfied and removed. The parties shall proceed to Settlement at the Sales Price; **OR**
- B. Buyer elects to proceed with consummation of this Contract without regard to the Appraisal and this contingency is removed. The parties shall proceed to Settlement at the Sales Price; **OR**
- C. The Appraisal is equal to or greater than the Sales Price, but Buyer elects not to proceed with consummation of this Contract because Property either (i) does not satisfy the lender(s) requirements, (ii) the Appraisal does not allow for the Specified Financing, and/or (iii) Property is inadequate collateral. Buyer may void this Contract under this subparagraph by Delivering to Seller Appraisal Contingency Notice accompanied by a written denial of the financing showing evidence of the lender(s)’s decision concerning Property. Buyer’s Appraisal Contingency Notice shall include a copy of the written statement setting forth the appraised value of Property (“Written Statement”); **OR**

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Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

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D. The Appraisal is less than the Sales Price and Buyer elects not to proceed with consummation of this Contract unless Seller elects to lower the Sales Price. Buyer's Appraisal Contingency Notice shall include a copy of the Written Statement and Buyer's proposed sales price, which shall not be lower than the appraised value.

Negotiation Period. In the event of this sub-Paragraph 5(D), the parties shall have until 9:00 p.m. _____ days ("Negotiation Period") after Buyer's Delivery of Appraisal Contingency Notice to negotiate a mutually acceptable new Sales Price.

At any time during Negotiation Period, Buyer or Seller may make, modify, rescind, or alter as many offers and counter-offers as desired to reach mutually acceptable terms. Buyer and Seller may agree on terms by signing a written addendum describing the agreed upon new Sales Price within Negotiation Period. Otherwise, all offers and/or counteroffers terminate.

Buyer's Election Period. If, at the end of Negotiation Period, the parties are unable to reach an agreement, Buyer shall have the option to void this Contract by Delivering Notice to Seller by 9:00 p.m. _____ days following the end of Negotiation Period, otherwise this appraisal contingency shall be removed, and this Contract will remain in full force and effect at the original Sales Price.

If Buyer has not Delivered Appraisal Contingency Notice by Appraisal Deadline, this appraisal contingency will continue up to, and including, Settlement Date. However, upon expiration of Appraisal Deadline, Seller may at Seller's option Deliver Notice to Buyer that Buyer has three (3) days to void the Contract. If Buyer does not void the Contract within three (3) days following Delivery of Seller's Notice, this appraisal contingency is removed, and the Contract will remain in full force and effect without this appraisal contingency.

6. LENDER REQUIRED REPAIRS. If, as a condition of providing financing under this Contract, the lender(s) requires repairs to be made to Property, then Buyer will give Notice to Seller of the lender(s)'s required repairs. Within five (5) Days after such Notice, Seller will give Notice to Buyer as to whether Seller will make the repairs. If Seller will not make the repairs, Buyer will give Notice to Seller within five (5) Days after Seller's Notice as to whether Buyer will make the repairs. If neither Seller nor Buyer will make the repairs, then this Contract will become void. This clause will not release Seller from any responsibilities set forth in the paragraphs titled UTILITIES; MAJOR SYSTEMS; PERSONAL PROPERTY AND FIXTURES; WOOD-DESTROYING INSECT INSPECTION; or in the Private Well and/or Septic System Addendum or any terms specifically set forth in this Contract and any addenda.

NVAR: KI359 v01/21

Seller: ____/____/____/____ Buyer: ____/____/____/____

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SELLER:

_____ / _____	
Date	Signature
_____ / _____	
Date	Signature
_____ / _____	
Date	Signature
_____ / _____	
Date	Signature

BUYER:

_____ / _____	
Date	Signature
_____ / _____	
Date	Signature
_____ / _____	
Date	Signature
_____ / _____	
Date	Signature

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EDUCATION SAMPLE

NVAR: KI359 v01/21

Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

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FHA FINANCING CONTINGENCY ADDENDUM

This Addendum is made on _____, to a sales contract (“Contract”) offered on _____, between _____ (“Buyer”) and _____ (“Seller”) for the purchase and sale of Property: _____.

NOTICE: The parties should not include a separate appraisal contingency in this Contract, since the federally mandated appraisal language for FHA loans is contained in the FHA Amendatory Clause below.

1- SPECIFIED FINANCING “Specified Financing” means the terms set forth in Paragraphs 2A and 2B of this Contract and the following loan terms:

A. First Trust. Buyer will **Obtain OR** **Assume** a **Fixed OR** an **Adjustable** rate First Deed of Trust loan amortized over _____ years. The interest rate for this loan is at an (initial) interest rate not to exceed _____% per year.

B. Second Trust. Buyer will **Obtain OR** **Assume** a **Fixed OR** an **Adjustable** rate First Deed of Trust loan amortized over _____ years. The interest rate for this loan is at an (initial) interest rate not to exceed _____% per year.

Buyer shall pay upfront and monthly mortgage insurance premiums (“MIP”) as required by FHA regulations. Subject to lender’s approval, Buyer reserves the right to finance any upfront MIP, in which event such amount shall be added to the loan amount.

Assumption fee, if any, and all charges related to the assumption will be paid by Buyer. If Buyer assumes Seller’s loan(s), Buyer and Seller will **OR** will not obtain a release of Seller’s liability to the U.S. Government for the repayment of the loan by Settlement. Balances of any assumed loans, secondary financing and cash down payments are approximate.

2- ALTERNATIVE FINANCING. This financing contingency shall not apply to any Alternative Financing. “Alternative Financing” means any change to the financing terms in the Specified Financing, including but not limited to Down Payment amount, the amount financed, loan type (i.e., Conventional, FHA, VA, USDA or Other), term of any loan, interest rate, or loan program (i.e., assumption, fixed or adjustable rate).

Buyer may substitute Alternative Financing for the Specified Financing. However, Buyer shall obtain Seller’s written consent and shall execute a new financing addendum (if applicable) if Buyer wishes to retain the protection of a financing contingency. Should Buyer pursue Alternative Financing without Seller’s written consent, Buyer shall waive the protection of this financing contingency.

Buyer’s substitution of lender(s) to which written application has been made under Paragraph 2D of this Contract shall not: (a) constitute a change in the Specified Financing; or (b) constitute Buyer Default provided there is no additional expense to Seller and Settlement Date is not delayed.

3- FHA REQUIRED NOTICE. Buyer acknowledges receipt of HUD form #92564-CN entitled: For Your Protection: Get a Home Inspection.

BUYER’S INITIALS: _____ / _____ / _____ / _____

NVAR: KI340 v01/21

Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

Page 1 of 4



(Select Paragraph 4 OR 5)

4. FINANCING CONTINGENCY WITH AUTOMATIC EXTENSION.

- A.** This Contract is contingent on Buyer Delivering to Seller by 9:00 p.m. _____ Days after Date of Ratification (“Financing Deadline”) written conditional commitment(s) for Specified Financing.
- B.** If Buyer has not Delivered the written conditional commitment(s) by Financing Deadline, this contingency will continue up to and including Settlement Date. However, upon expiration of Financing Deadline, Seller may at Seller’s option Deliver Notice to Buyer that Buyer has three (3) days to void the Contract. If Buyer does not void the Contract within three (3) days following Delivery of Seller’s Notice, this financing contingency is removed, and the Contract will remain in full force and effect without this financing contingency.
- C.** Buyer may void this Contract by Delivering to Seller, prior to the satisfaction or removal of this contingency, a written rejection from the lender(s) to whom Buyer has applied for Specified Financing.
- D.** Nothing herein shall prohibit the parties from mutually agreeing to terms acceptable to both parties in writing.

5. FINANCING CONTINGENCY WITH AUTOMATIC EXPIRATION.

- A.** This Contract is contingent on Buyer Delivering to Seller by 9:00 p.m. _____ Days after Date of Ratification (“Financing Deadline”) written conditional commitment(s) for Specified Financing.
- B.** If the Buyer has not Delivered the written conditional commitment(s) by Financing Deadline, this financing contingency will expire.
- C.** Buyer may void this Contract by delivering to Seller, prior to the satisfaction or expiration of this contingency, a written rejection from the lender(s) to whom Buyer has applied for Specified Financing.
- D.** Nothing herein shall prohibit the parties from mutually agreeing to terms acceptable to both parties in writing.

6. APPRAISAL PROVISIONS.

- A. FHA Amendatory Clause.** It is expressly agreed that notwithstanding any other provisions of this Contract, Buyer shall not be obligated to complete the purchase of Property or to incur any penalty by forfeiture of deposit or otherwise unless Buyer has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Department of Veterans Affairs, or a Direct Endorsement Lender setting forth the appraised value of Property of not less than \$_____. Buyer shall have the privilege and option to proceed with consummation of this Contract without regard to the amount of the appraised value. The appraised value is arrived at to determine the maximum mortgage the Department of Housing and Urban Development (“HUD”) will insure. HUD does not warrant the value or the condition of Property. Buyer should satisfy himself/herself that the price and condition of Property are acceptable.

NOTICE: The dollar amount to be inserted in the Amendatory Clause is the purchase price as stated in this Contract. If Buyer and Seller agree to adjust the purchase price in response to an appraised value that is less than the purchase price, a new Amendatory Clause is not required.

NVAR: KI340 v01/21

Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

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B. Appraisal Contingency Procedures. Upon receipt of the written statement setting forth the appraised value of Property (“Written Statement”), Buyer shall Deliver Notice to Seller (“Appraisal Contingency Notice”) as follows:

- (1) The Appraisal is equal to or greater than the Sales Price. This contingency is satisfied and removed. The parties shall proceed to Settlement at the Sales Price; **OR**
- (2) Buyer elects to proceed with the consummation of this Contract without regard to the Appraisal and this contingency is removed. The parties shall proceed to Settlement at the Sales Price; **OR**
- (3) The Appraisal is equal to or greater than the Sales Price, but Buyer elects not to proceed with consummation of this Contract because Property either (i) does not satisfy the lender(s) requirements, (ii) the Appraisal does not allow for the Specified Financing and/or (iii) Property is inadequate collateral. Buyer may Void this Contract under this subparagraph by Delivering to Seller Appraisal Contingency Notice accompanied by a written denial of the financing showing written evidence of the lender(s)’s decision concerning Property. Buyer’s Appraisal Contingency Notice shall include a copy of Written Statement; **OR**
- (4) The Appraisal is less than the Sales Price and Buyer elects not to proceed with consummation of this Contract. Buyer may Void this Contract by Delivering to Seller Appraisal Contingency Notice including a copy of Written Statement; **OR**
- (5) The Appraisal is less than the Sales Price and Buyer elects to negotiate a mutually acceptable new Sales Price. Buyer’s Appraisal Contingency Notice shall include a copy of Written Statement and Buyer’s proposed sales price, which shall not be lower than the appraised value.

Negotiation Period. In the event of this sub-Paragraph 6(B)(5), the parties shall have until 9:00 p.m. _____ days (“Negotiation Period”) after Buyer’s Delivery of Appraisal Contingency Notice to negotiate a mutually acceptable new Sales Price.

At any time during Negotiation Period, Buyer or Seller may make, modify, rescind, or alter as many offers and counter-offers as desired to reach mutually acceptable terms. Buyer and Seller may agree on terms by signing a written addendum describing the agreed upon new Sales Price within Negotiation Period. Otherwise, all offers and/or counteroffers terminate.

Buyer’s Election Period. If, at the end of Negotiation Period, the parties are unable to reach an agreement, Buyer shall have the option to void this Contract by Delivering Notice to Seller by 9:00 p.m. _____ days following the end of Negotiation Period, otherwise this appraisal contingency shall be removed, and this Contract will remain in full force and effect at the original Sales Price.

7. WOOD-DESTROYING INSECT INSPECTION. Fences and outbuildings shall be included in the inspection and certification.

8. LENDER REQUIRED REPAIRS. If, as a condition of providing financing under this Contract, the lender requires repairs to be made to Property, then Buyer will give Notice to Seller of the lender’s required repairs. Within five Days after such Notice, Seller will give Notice to Buyer as to whether Seller will make the repairs. If Seller will not make the repairs, Buyer will give Notice to Seller within five Days after Seller’s Notice as to whether Buyer will make the repairs. If neither Seller nor Buyer will make the repairs, then this Contract will become void. This clause will not release Seller from any responsibilities set forth in the paragraphs titled UTILITIES; MAJOR SYSTEMS; PERSONAL PROPERTY AND FIXTURES; or WOOD-DESTROYING INSECT INSPECTION; or in the Private Well and/or Septic System Addendum or any terms specifically set forth in this Contract and any addenda.

NVAR: KI340 v01/21

Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

Page 3 of 4



9- CERTIFICATION. Seller, Buyer and Broker(s) hereby certify that the terms of this Contract to which this Addendum is attached are true to the best of their knowledge and belief. Any other agreement(s) entered into between the parties with respect to the purchase and sale of Property has been fully disclosed and is attached to the Contract.

SELLER:

_____/_____
 Date Signature

_____/_____
 Date Signature

_____/_____
 Date Signature

_____/_____
 Date Signature

BUYER:

_____/_____
 Date Signature

_____/_____
 Date Signature

_____/_____
 Date Signature

_____/_____
 Date Signature

AGENT/BROKER:

_____/_____
 Date Signature

AGENT/BROKER:

_____/_____
 Date Signature

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VA FINANCING CONTINGENCY ADDENDUM

This Addendum is made on _____, to a sales contract (“Contract”) offered on _____, between _____ (“Buyer”) and _____ (“Seller”) for the purchase and sale of Property: _____.

NOTICE: The parties should not include a separate appraisal contingency in this Contract, since the federally mandated appraisal language for VA loans is contained in the VA Notice of Value Paragraph below..

1- SPECIFIED FINANCING “Specified Financing” means the terms set forth in Paragraphs 2A and 2B of this Contract and the following loan terms:

A. First Trust. Buyer will **Obtain OR** **Assume** a **Fixed OR** an **Adjustable** rate First Deed of Trust loan amortized over _____ years. The interest rate for this loan is at an (initial) interest rate not to exceed _____% per year.

B. Second Trust. Buyer will **Obtain OR** **Assume** a **Fixed OR** an **Adjustable** rate First Deed of Trust loan amortized over _____ years. The interest rate for this loan is at an (initial) interest rate not to exceed _____% per year.

Buyer shall pay upfront and monthly mortgage insurance premiums as required by lender guidelines. Buyer shall pay the VA Funding Fee as required by VA regulations. Subject to lender’s approval, Buyer reserves the right to finance the VA Funding Fee, in which event such amount shall be added to the loan amount

Assumption fee, if any, and all charges related to the assumption will be paid by Buyer. If Buyer assumes Seller’s loan(s): (i) Buyer and Seller will **OR** will not obtain a release of Seller’s liability to the U.S. Government for the repayment of the loan by Settlement, (ii) Buyer and Seller will **OR** will not obtain substitution of Seller’s VA entitlement by Settlement. Balances of any assumed loans, secondary financing and cash down payments are approximate..

2- ALTERNATIVE FINANCING. This financing contingency shall not apply to any Alternative Financing. “Alternative Financing” means any change to the financing terms in the Specified Financing, including but not limited to Down Payment amount, the amount financed, loan type (i.e., Conventional, FHA, VA, USDA or Other), term of any loan, interest rate, or loan program (i.e., assumption, fixed or adjustable rate).

Buyer may substitute Alternative Financing for the Specified Financing. However, Buyer shall obtain Seller’s written consent and shall execute a new financing addendum (if applicable) if Buyer wishes to retain the protection of a financing contingency.

Should Buyer pursue Alternative Financing without Seller’s written consent, Buyer shall waive the protection of this financing contingency. Buyer’s substitution of lender(s) to which written application has been made under Paragraph 2D of this Contract shall not: (a) constitute a change in the Specified Financing; or (b) constitute Buyer Default provided there is no additional expense to Seller and Settlement Date is not delayed.

NVAR: KI339 v01/21

Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

Page 1 of 4



(Select Paragraph 3 OR 4)

3. FINANCING CONTINGENCY WITH AUTOMATIC EXTENSION.

- A. This Contract is contingent on Buyer Delivering to Seller by 9:00 p.m. _____ Days after Date of Ratification (“Financing Deadline”) written conditional commitment(s) for Specified Financing.
- B. If Buyer has not Delivered the written conditional commitment(s) by Financing Deadline, this contingency will continue up to and including Settlement Date. However, upon expiration of Financing Deadline, Seller may at Seller’s option Deliver Notice to Buyer that Buyer has three (3) days to void the Contract. If Buyer does not void the Contract within three (3) days following Delivery of Seller’s Notice, this financing contingency is removed, and the Contract will remain in full force and effect without this financing contingency.
- C. Buyer may void this Contract by Delivering to Seller, prior to the satisfaction or removal of this contingency, a written rejection from the lender(s) to whom Buyer has applied for Specified Financing.
- D. Nothing herein shall prohibit the parties from mutually agreeing to terms acceptable to both parties in writing.

4. FINANCING CONTINGENCY WITH AUTOMATIC EXPIRATION.

- A. This Contract is contingent on Buyer Delivering to Seller by 9:00 p.m. _____ Days after Date of Ratification (“Financing Deadline”) written conditional commitment(s) for Specified Financing.
- B. If the Buyer has not Delivered the written conditional commitment(s) by Financing Deadline, this financing contingency will expire.
- C. Buyer may void this Contract by delivering to Seller, prior to the satisfaction or expiration of this contingency, a written rejection from the lender(s) to whom Buyer has applied for Specified Financing.
- D. Nothing herein shall prohibit the parties from mutually agreeing to terms acceptable to both parties in writing.

5. APPRAISAL PROVISIONS.

- A. **VA Notice of Value.** It is expressly agreed that notwithstanding any other provisions of this Contract, Buyer shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of Property, if this Contract purchase price or cost exceeds the reasonable value of Property established by the Department of Veterans Affairs. Buyer shall, however, have the privilege and option to proceed with consummation of this Contract without regard to the amount of reasonable value established by the Department of Veterans Affairs.
- B. **Appraisal Contingency Procedures.** Upon receipt of the written statement setting forth the appraised value of Property (“Written Statement”), Buyer shall Deliver Notice to Seller (“Appraisal Contingency Notice”) as follows:
 - (1) The Appraisal is equal to or greater than the Sales Price. This contingency is satisfied and removed. The parties shall proceed to Settlement at the Sales Price; **OR**
 - (2) Buyer elects to proceed with the consummation of this Contract without regard to the Appraisal and this contingency is removed. The parties shall proceed to Settlement at the Sales Price; **OR**

NVAR: KI339 v01/21

Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

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- (3) The Appraisal is equal to or greater than the Sales Price, but Buyer elects not to proceed with consummation of this Contract because Property either (i) does not satisfy the lender(s) requirements, (ii) the Appraisal does not allow for the Specified Financing and/or (iii) Property is inadequate collateral. Buyer may Void this Contract under this subparagraph by Delivering to Seller Appraisal Contingency Notice accompanied by a written denial of the financing showing written evidence of the lender(s)'s decision concerning Property. Buyer's Appraisal Contingency Notice shall include a copy of Written Statement; **OR**
- (4) The Appraisal is less than the Sales Price and Buyer elects not to proceed with consummation of this Contract. Buyer may Void this Contract by Delivering to Seller Appraisal Contingency Notice including a copy of Written Statement; **OR**
- (5) The Appraisal is less than the Sales Price and Buyer elects to negotiate a mutually acceptable new Sales Price. Buyer's Appraisal Contingency Notice shall include a copy of Written Statement and Buyer's proposed sales price, which shall not be lower than the appraised value.

Negotiation Period. In the event of this sub-Paragraph 5(B)(5), the parties shall have until 9:00 p.m. _____ days ("Negotiation Period") after Buyer's Delivery of Appraisal Contingency Notice to negotiate a mutually acceptable new Sales Price.

At any time during Negotiation Period, Buyer or Seller may make, modify, rescind, or alter as many offers and counter-offers as desired to reach mutually acceptable terms. Buyer and Seller may agree on terms by signing a written addendum describing the agreed upon new Sales Price within Negotiation Period. Otherwise, all offers and/or counteroffers terminate.

Buyer's Election Period. If, at the end of Negotiation Period, the parties are unable to reach an agreement, Buyer shall have the option to void this Contract by Delivering Notice to Seller by 9:00 p.m. days following the end of Negotiation Period, otherwise this appraisal contingency shall be removed, and this Contract will remain in full force and effect at the original Sales Price.

6• WOOD-DESTROYING INSECT INSPECTION. Fences and outbuildings shall be included in the inspection and certification, and Seller shall pay for any wood-destroying insect inspection required under this Contract or by lender.

7• LENDER REQUIRED REPAIRS. If, as a condition of providing financing under this Contract, the lender requires repairs to be made to Property, then Buyer will give Notice to Seller of the lender's required repairs. Within five Days after such Notice, Seller will give Notice to Buyer as to whether Seller will make the repairs. If Seller will not make the repairs, Buyer will give Notice to Seller within five Days after Seller's Notice as to whether Buyer will make the repairs. If neither Seller nor Buyer will make the repairs, then this Contract will become void. This clause will not release Seller from any responsibilities set forth in the paragraphs titled UTILITIES MAJOR SYSTEMS; PERSONAL PROPERTY AND FIXTURES; or WOOD-DESTROYING INSECT INSPECTION; or in the Private Well and/or Septic System Addendum or any terms specifically set forth in this Contract and any addenda.

8• DEPOSIT. If this Contract involves a newly constructed and previously unoccupied residential property, or is a contract for the construction of a property, in a project for which the Department of Veterans Affairs has issued a Notice of Value, the Deposit shall be handled in accordance with the provisions of Title 38, Section 3706 of the U.S. Code.

NVAR: KI339 v01/21

Seller: _____ / _____ / _____ / _____ Buyer: _____ / _____ / _____ / _____

Page 3 of 4



SELLER:

_____/_____
 Date Signature

_____/_____
 Date Signature

_____/_____
 Date Signature

_____/_____
 Date Signature

BUYER:

_____/_____
 Date Signature

_____/_____
 Date Signature

_____/_____
 Date Signature

_____/_____
 Date Signature

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EDUCATION SAMPLE



HOME INSPECTION AND RADON TESTING CONTINGENCY ADDENDUM

This Addendum is made on _____, to a sales contract (“Contract”) offered on _____,
between _____ (“Buyer”) and
_____ (“Seller”) for
the purchase and sale of Property: _____.
(select 1 or 2 below)

I. HOME INSPECTION WITH OPTION TO NEGOTIATE REPAIRS OR VOID

A. Inspection Period Contract is contingent (“Home Inspection Contingency”) until 9 p.m. _____ days after Date of Ratification (“Home Inspection Deadline”) upon inspection(s) of Property by licensed (if applicable), professional, insured inspector(s) (“Inspection”) at Buyer’s discretion and expense. Pursuant to the terms of this Contract, Seller will have all utilities in service. If, for any reason, the utilities are not in service, Home Inspection Deadline will be extended until 9 p.m. _____ days after Buyer receives Notice from Seller that all utilities are in service.

If the results of such Inspection(s) are unsatisfactory to Buyer, in Buyer’s sole discretion, Buyer shall Deliver to Seller, prior to Home Inspection Deadline:

- 1) An entire copy of the report(s) and a written addendum listing the specific existing deficiencies of Property that Buyer would like Seller to remedy together with Buyer’s proposed remedies (“Inspection Addendum”) **OR**
- 2) An entire copy of the report(s) and Notice voiding Contract.

If Buyer fails to obtain an Inspection, fails to Deliver a copy of the report(s) to Seller, or fails to Deliver Inspection Addendum or Notice voiding this Contract prior to Home Inspection Deadline, this Contingency will expire and this Contract will remain in full force and effect with no Home Inspection Contingency.

B. Negotiation Period In the event of A.1) above, the parties shall have until 9 p.m. _____ days after Buyer’s Delivery of Inspection Addendum (“Negotiation Period”) to negotiate a mutually acceptable written addendum addressing the deficiencies. At any time during Negotiation Period, Buyer or Seller may make, modify, rescind, or alter as many offers and counter-offers as desired to reach mutually acceptable terms.

Buyer and Seller may agree on terms by signing a written addendum describing agreed upon deficiencies and remedies within Negotiation Period. Otherwise, all offers and/or counteroffers terminate.

C. Buyer’s Election Period If, at the end of Negotiation Period, the parties are unable to reach an agreement, Buyer shall have the option to void this Contract by Delivering Notice to Seller by 9 p.m. _____ days following the end of Negotiation Period, otherwise Home Inspection Contingency shall be removed and this Contract will remain in full force and effect.



2· HOME INSPECTION WITH OPTION TO VOID ONLY

- A. Inspection Period** Contract is contingent (“Home Inspection Contingency”) until 9 p.m. _____ days after Date of Ratification (“Home Inspection Deadline”) upon (“Inspection”) at Buyer’s discretion and expense. Pursuant to the terms of this Contract, Seller will have all utilities in service. If, for any reason, the utilities are not in service, Home Inspection Deadline will be extended until 9 p.m. _____ days after Buyer receives Notice from Seller that all utilities are in service. If the results of such Inspection(s) are unsatisfactory to Buyer, in Buyer’s sole discretion, Buyer shall Deliver to Seller, prior to Home Inspection Deadline an entire copy of the report(s) and Notice voiding Contract. If Buyer fails to obtain an Inspection, fails to Deliver a copy of the report(s) to Seller, or fails to Deliver Notice voiding this Contract prior to Home Inspection Deadline, this Contingency will expire and this Contract will remain in full force and effect with no Home Inspection Contingency.

3· RADON TESTING

- A. Radon Inspection Period** This Contract is contingent (“Radon Inspection Contingency”) until 9 p.m. _____ days after the Date of Ratification (“Radon Testing Deadline”) upon Buyer, at Buyer’s discretion and expense, having the Property inspected for the presence of radon and receiving a report (“Radon Report”) from the test, by a radon professional certified by the National Radon Safety Board (“NRSB”), or the National Radon Proficiency Program (“NRPP”) (“Radon Professional”) using U.S. Environmental Protection Agency (“EPA”) approved testing methods. Testing device(s) to be placed and retrieved by Radon Professional. Pursuant to the terms of this Contract, Seller will have all utilities in service. If, for any reason, the utilities are not in service, Radon Testing Deadline will be extended until 9 p.m. _____ days after Buyer receives Notice from Seller that all utilities are in service.

Testing Guidelines Seller agrees to follow EPA guidelines and testing recommendations in order to produce accurate results.

- B.** These guidelines include the following requirements to be in place **12 hours prior to the scheduled test period** and throughout the duration of the test:
- ALL windows must remain shut;
 - Exterior doors should be used only for normal ingress/egress and must not be left open; and
 - Whole house exhaust fans or smaller fans near the testing device(s) must not be used.

Should Radon Professional indicate in writing that these requirements have not been met, Seller shall pay for a new test under Buyer’s direction and Radon Inspection Contingency shall automatically be extended until 9 p.m. _____ days after Seller notifies Buyer that these requirements are in place.

If Radon Report confirms the presence of radon that equals or exceeds the action level established by the EPA, Buyer, at Buyer’s sole discretion, shall Deliver to Seller, prior to Radon Testing Deadline:

- 1)** An entire copy of Radon Report and a written addendum requiring Seller, at Seller’s expense prior to Settlement: (i) to mitigate the radon condition by contracting with an NRSB or NRPP listed remediation firm to reduce the presence of radon below the action level established by the EPA; and (ii) to Deliver to Buyer a written re-test result performed by a Buyer-selected Radon Professional and following the required Testing Guidelines (“Radon Inspection Addendum”) **OR**



2) An entire copy of Radon Report and Notice voiding this Contract.

If Buyer fails to obtain an inspection, fails to Deliver a copy of Radon Report to Seller, or fails to Deliver Radon Inspection Addendum or Notice voiding this Contract prior to Radon Testing Deadline, this Contingency will expire and this Contract will remain in full force and effect with no Radon Inspection Contingency.

C. Radon Negotiation Period In the event of B.1) above, the parties shall have until 9 p.m. _____ days after Buyer’s Delivery of Radon Inspection Addendum (“Radon Negotiation Period”) to negotiate a mutually acceptable written addendum. At any time during the Radon Negotiation Period, Buyer or Seller may make, modify, rescind, or alter as many offers and counter-offers as desired to reach mutually acceptable terms. Buyer and Seller may agree on terms by signing a written addendum describing agreed upon terms within Radon Negotiation Period. Otherwise, all offers and/or counteroffers terminate.

D. Buyer’s Election Period If, at the end of Radon Negotiation Period, the parties are unable to reach an agreement, Buyer shall have the option to void Contract by Delivering Notice to Seller by 9 p.m. _____ days following the end of Radon Negotiation Period, otherwise Radon Inspection Contingency shall be removed and Contract will remain in full force and effect.

SELLER:

_____/_____
Date Signature
_____/_____
Date Signature
_____/_____
Date Signature
_____/_____
Date Signature

BUYER:

_____/_____
Date Signature
_____/_____
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Date Signature

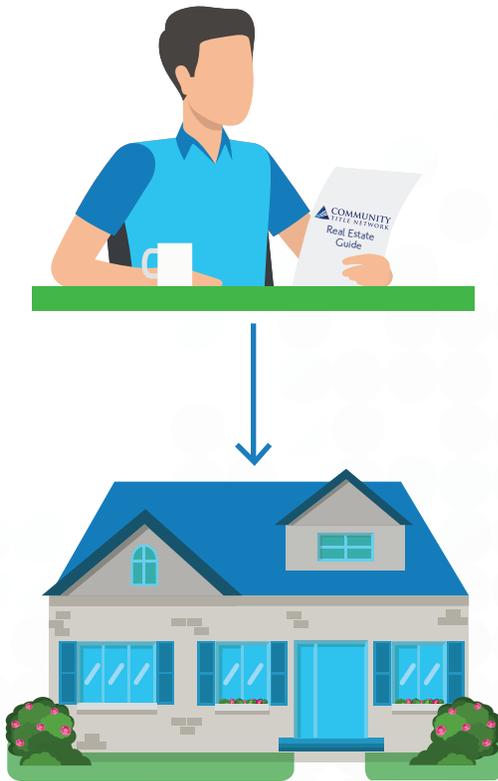
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III. The Mortgage Loan Process



Buyer submits ratified Contract & completed Loan Application to Lender

Lender orders Verifications, Credit Report & Appraisal; contacts **Community Title Network** to request Title Commitment

Lender sends Loan Estimate to Buyer

Lender receives Verifications, Reports & Appraisal and submits to Mortgage Underwriter for review

Lender delivers Appraisal & Closing Disclosure to Buyer at least three business days prior to Settlement.

Loan documents & funds sent to **Community Title Network**

Parties attend Settlement at **Community Title Network** for signing all necessary documents

Community Title Network sends documents to courthouse for recordation

As previously discussed, in Section I: Getting Started, it is very important to begin working with your Lender early in the home buying process. For best results, you should keep in close contact with your Lender throughout the process and provide requested information/documentation promptly. Also, to avoid settlement delays, you must acknowledge receipt of the Loan Estimate, Appraisal, and Closing Disclosure on the day you receive them.

Your first point of contact at your Lender's office will be the Loan Officer who will assist you in determining how much house you can afford; what loan type best suits your needs; and will aid in completing the mortgage loan application. Your Loan Officer will also give you a list of documents that you will need to supply with your application. Most lenders will use a portal for your loan application and uploading necessary documentation. Your Lender will typically require:

- A copy of the ratified Contract with all addenda
- A copy of your Drivers License
- Your Social Security Number
- Your home addresses for the last 2 years (with name and address of any respective landlords, if rented)
- A copy of your most recent pay stubs (30 days) showing pay earned year-to-date.
- Copies of your of your W-2's for the last two years.
- Copies of your 2 most recent months' statements for any bank accounts, stocks, etc.
- Copies of Court Orders/Settlement Agreements or other proof of any Child Support/Spousal Support (if being included as part of your income)

(For self-employed borrowers or borrowers who are paid on commission)

- Copies of your last 2 year's Federal Income Tax Returns and a year-to-date profit and loss statement.



(For borrowers who own other real property)

- The address, market value, and current statement of any loans secured by each property owned.
- A copy of any lease agreements for rental properties.
- Copies of your last 2 year's Federal Income Tax Returns to verify rents received.
- Copy of recent HOA/Condo bills
- Copy of Homeowners Insurance Policy

(For borrowers who have filed for bankruptcy at any time during the last 7 years)

- A copy of your petition and formal discharge or withdrawal.
- A written explanation of the reason for the bankruptcy.

(For VA Financing)

- Form DD-214, Certificate of Eligibility, or a written statement from your Commanding Officer if you are on active duty.

Your Loan Officer will typically assign a Loan Processor to your loan who will handle the preparation of your file to be submitted for final approval. The Loan Processor will order the Appraisal & Credit Report; request a Title Commitment from **Community Title Network**; verify your employment & assets; and more.

IV. Before Settlement

OWNER'S TITLE INSURANCE

In Compliance with Virginia Code Section 38.2-4616, **Community Title Network** will make Owner's Title Insurance available for purchase at the time of Settlement. Title Insurance protects the insured from risks associated with defects in the ownership of the property. Without Owner's Title Insurance protection, the owner must provide their own legal defense against claims, no matter how frivolous. **For a one time premium you can receive lifetime protection against title defects and claims against your property!**

WHY DO I NEED TITLE INSURANCE IF THE TITLE HAS BEEN EXAMINED FOR DEFECTS?

Even the most thorough title search cannot uncover certain defects. Below are the Top 20 hidden title risks that would not be disclosed by even the most thorough title search, but are covered by Owner's Title Insurance:

1. Forgery.
2. Fraud in the execution of documents.
3. Undue influence on a grantor of a Deed.
4. False impersonation by someone purporting to be the property owner.
5. Incorrect representation of marital status.
6. Undisclosed or missing heirs.
7. Wills not properly probated.
8. Misinterpretation of Wills and Trusts.
9. Mental incompetence of a Deed signer.
10. Transfer of title by a minor.
11. Heirs born after the execution of a Will.
12. Incorrect legal descriptions.
13. Non-delivery of Deeds.
14. Unsatisfied claims not shown in the public records.
15. Deeds executed under expired or fraudulent Power of Attorney.
16. Confusion due to similar or identical names.
17. Erroneous reports furnished by tax officials.
18. Incorrect indexing of the land records.
19. Clerical errors in recording legal documents.
20. Delivery of Deeds after the death of the Grantor.

WHY DO I NEED A LENDER'S AND AN OWNER'S TITLE POLICY?

Since Lenders and Owners have an interest in the clear title to the property, nearly all Lenders will require a buyer to purchase a Lender's Title Insurance Policy. This policy protects only the Lender against possible title defects up to the maximum amount of the loan. The Owner has no coverage under this policy. In order for the Owner to be protected, they must purchase an Owner's Title Insurance Policy. There are two types of Owner's Policies available to the Buyer as illustrated by the comparison chart on the following page.



Title Insurance Comparison of Coverage Chart

Coverage Item	Standard Policy	Enhanced* Policy
Improperly executed document	✓	✓
Pre-policy forgery, fraud, or duress	✓	✓
Defective recording of documents	✓	✓
Non-recorded restrictive covenants	✓	✓
Liens not disclosed in policy	✓	✓
Unmarketability of title	✓	✓
A third party claims interest in the title	✓	✓
Coverage extended to a Living Trust	✓	✓
Automatic Inflation Protection increases by 10% for the first five years to a maximum of 150%		✓
Post-Policy Forgery Protection		✓
Mechanic's lien coverage for work done prior to policy date unless owner agreed to the work		✓
Building permit violations Coverage is up to \$25,000 if the owner is forced to remove an existing structure other than a boundary wall or fence.**		✓
Subdivision Coverage in the event that the land is a portion of an improperly created subdivision. Coverage is up to \$10,000		✓
Restrictive covenants violations**		✓
Enhanced Encroachment Coverage**		✓
Enhanced Access Coverage		✓

*** Also known as “Eagle” or “Homeowners”. * * Coverage is limited to deductibles and maximum dollar amounts of liability.
Note: This is a basic comparison of title insurance policies.**

TYPES OF OWNERSHIP

If you are purchasing the Property with another person, such as a spouse, then you will need to select the manner in which you will hold title to the property (Tenancy). There are three types of joint ownership, which are described below. Your choice may have serious consequences to you and your respective heirs; therefore, we strongly encourage you to seek the advice of an attorney, such as those at Ridgway Law Group.

- I. Tenants by the Entirety**- This ownership is available only to married couples in Virginia. The property will pass to the surviving partner at the death of the spouse. When a property is owned this way, ordinarily, a creditor of one spouse only will not be able to make a claim against the property. Customarily married couples take title this way unless there is an estate planning or marital planning reason to do otherwise.



2. **Tenants in Common**- This ownership is available when more than one person takes title to property. Each party may have a specified percentage interest. At the death of any owner his or her interest will pass to his or her legal beneficiaries if he or she has a will. If there is no will, the interest will pass to his or her heirs at law. If this type of ownership is chosen, it is wise to specify the percentage interest of each owner. THIS TYPE OF INTEREST WILL NOT PASS TO THE OTHER PROPERTY OWNER(S) UNLESS THEY ARE ALSO THE BENEFICIARIES OR HEIRS AT LAW. (An example of when this might be used is when two families buy a vacation or rental property together).
3. **Joint Tenants with Survivorship** - This ownership is available when more than one person takes title. No percentages are specified. At the death of an owner, the property is then owned by the surviving owner(s). (This type of ownership is often used when close family members buy a property together).

THE WALK-THROUGH INSPECTION

Prior to Settlement you and your REALTOR® will conduct a Walk-Through Inspection to verify that the Seller has complied with Paragraph 10 of the Residential Sales Contract and that the Property is in “substantially the same physical condition” as of the “Contract Date”, “Date of home inspection” or “Other” as specified. The Contract will be a point of reference for existing property and fixtures that convey with the Property.

FOR SETTLEMENT

- If you are not able to attend Settlement, please contact **Community Title Network** and your Lender to arrange for an approved Power of Attorney or to make other arrangements.
- You will need to transfer all of the utilities into your name as of the date of Settlement. (For your convenience, a list of important contact numbers in Northern Virginia can be found on the back cover of this Guide.)
- To meet Lender, Notary, and Title Insurance Underwriter requirements, be sure to bring valid photo ID to Settlement (i.e. Drivers License, Passport, government/military ID). NOTE: Your Lender may require two forms of ID.
- Contact your Settlement Agent on the day before Settlement to verify the total amount of funds due from you. NOTE: In accordance with the Code of Virginia and Paragraph 5 of the Residential Sales Contract, these funds **must be** delivered to the Settlement Agent on or before Settlement in the form of a certified check, cashier’s check, or by bank wired funds. **To ensure compliance with financial and regulatory changes in our industry - and to safeguard our clients’ funds - Community Title Network has adopted a wire-only policy for receipt of settlement funds.**

V. At Settlement

Your Settlement at **Community Title Network** will be conducted by a licensed Settlement Agent or Settlement Attorney who will present the various settlement documents with detailed explanations and answer any questions you may have so you can sign with confidence. After the Buyer and Seller have reviewed and signed all documents, and **Community Title Network** has received all funds, the Seller will then relinquish the keys to the home. The Settlement process typically takes approximately 45-60 minutes to complete and depends largely upon the number of documents required by the Lender and Title Insurance Underwriter. Examples and explanations of some of the most common settlement documents are included in this Guide following this page.



THE ALTA SETTLEMENT STATEMENT - COMBINED

The American Land Title Association (“ALTA”) Settlement Statement is designed for title insurance and settlement companies to use to itemize all the fees, charges, adjustments, and credits that both the Buyer and Seller must pay in a real estate transaction. These items are grouped in sections by their type and/or payee. Each party has a debit and credit column on the form (Seller on the left and Buyer on the right) with the net amount due to/from them after all has been accounted for. The charges on the ALTA Settlement Statement should match those shown on the Lender’s Closing Disclosure.

Financial: The first section contains basic terms of the purchase contract; such as the Sales Price, Loan Amount, Earnest Money Deposit, and Seller Credit (if any).

Prorations/Adjustments: In this section, the parties reimburse each other for their portion of taxes and HOA/Condo dues. In this example, the Seller has prepaid the real estate taxes and HOA dues through June 30th. Since the Buyer will own the property starting June 8th, she must reimburse the Seller for her portion of these bills (June 8th through June 30th).

Loan Charges to Buyer’s Mortgage Lender: Charges associated with the origination and underwriting of the Buyer’s mortgage loan are found in this section. The fees in this section may be payable to the Lender or to 3rd party vendors for inspections/certifications required by Lender. Prepaid interest also appears in this section. Mortgage interest is paid in arrears (after time has elapsed). In this example, the first payment is due August 1st, which will include the July interest. Since the Buyer is not making a July payment, she must pay the interest for the 22 days of June at Settlement.

Other Loan Charges: Points and other Lender required charges are itemized in this section.

Impounds: Also known as escrows. These are funds held in reserve by your Lender for the future payment of your real estate taxes, hazard/homeowners insurance, mortgage insurance, etc. If your Lender requires an escrow for these types of payments, several month’s worth will need to be collected up-front to ensure that they have enough for the next payment with a small “cushion” of 2-3 months left over to avoid a shortage.

Title Charges: These are fees paid to the Title/Settlement Agent and their vendors. These commonly include the title abstract, title examination, preparing documents, conducting the settlement, Notarial acts, archiving, and payoff processing. The one-time premiums for the Lender’s & Owner’s Title Insurance policies are listed here as well. Buyer and Seller each pay separate title charges according to the terms of the contract, and local customs.



Community Title Network, LLC
6096B Franconia Road
Alexandria, VA 22310

File No./Escrow No.: RESAMPLE
Print Date & Time: March 8, 2021 at 3:42 PM
Officer/Escrow Officer:
Settlement Location: Community Title Network, LLC
 6096B Franconia Road, Alexandria, VA 22310
Property Address: 123 Main Street, Anytown, US 12345
Borrower: Bonnie Buyer
Seller: Sam Seller
Lender: Buyer's Mortgage Lender
Settlement Date: June 8, 2021
Disbursement Date: June 8, 2021

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
Financial				
	450,000.00	Sale Price of Property	450,000.00	
		Deposit including earnest money		5,000.00
		Loan Amount		360,000.00
Prorations/Adjustments				
	317.68	County Taxes from 06/08 to 06/30	317.68	
	76.67	HOA June Assessment from 06/08 to 06/30	76.67	
Loan Charges to Buyer's Mortgage Lender				
		Processing Fee	500.00	
		Underwriting Fee	500.00	
		Appraisal fee	600.00	
		Credit report	50.00	
		Flood certification	15.00	
		Tax service	75.00	
		Wood Destroying Insect Report	50.00	
		Prepaid Interest	680.57	
		29.59 per day from 06/08/21 to 07/01/21		
Other Loan Charges				
		% of Loan Amount (Points) Buyer's Mortgage Lender	3,600.00	
		Survey Fee Dominion Surveyors, Inc.	350.00	
Impounds				
		Homeowner's Insurance	237.51	
		79.17 per month for 3 mo.		
		Property Taxes	625.02	
		208.34 per month for 3 mo.		
Title Charges				
		Title - Lender's Title Insurance Community Title Network, LLC	1,075.00	
		Title - Owner's Title Insurance Community Title Network, LLC	1,289.00	
		Title - Abstract Fee First American Title Insurance-BOPS	185.00	
		Title - Buyers Closing Fee Community Title Network	525.00	
		Title - Closing Protection Letter First American Title Insurance Company	35.00	
		Title - Examination Fee Community Title Network, LLC	325.00	
75.00		Title - Digital Archival Fee Community Title Network, LLC		
525.00		Title - Sellers Closing Fee Community Title Network, LLC		
200.00		Title - Sellers Payoff Processing Fee Community Title Network, LLC		



Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
Commission				
13,500.00		Real Estate Commission	Selling Agent's Company	
13,500.00		Real Estate Commission	Listing Agent's Company	
Government Recording and Transfer Charges				
		Record Deed	Clerk of Court	47.00
		Record Trust/Deed Mortgage	Clerk of Court	60.00
		County Transfer Tax	Clerk of Court	375.00
		County Mortgage Tax	Clerk of Court	300.00
450.00		Grantor's Tax	Clerk of Court	
450.00		Regional Congestion Relief Fee	Clerk of Court	
450.00		Regional WMATA Capital Fee	Clerk of Court	
		State Transfer Tax	Clerk of Court	1,125.00
		State Mortgage Tax	Clerk of Court	900.00
Payoff(s)				
350,000.00		Payoff of First Mortgage Loan as of 06/08/21 Principal Balance \$350,000.00	Seller's Mortgage Lender	
Other Charges				
		Homeowner's Insurance Premium 12 (mo.)	Homeowners Insurance Co.	950.00
150.00		Attorney Fees/Deed Prep	Tate Bywater	
		HOA July Assessment	Property Management Co.	100.00
		HOA Processing Fee	Property Management Co.	60.00
300.00		HOA Resale Disclosure Pkg	Property Management Co.	
Seller		Borrower/Buyer		
Debit	Credit			
379,600.00	450,394.35	Subtotals		
		Due From Borrower		365,000.00
70,794.35		Due To Seller		100,028.45
450,394.35	450,394.35	TOTALS		465,028.45
				465,028.45



THE ALTA SETTLEMENT STATEMENT - COMBINED - CONTINUED

Commission: This section lists the commissions paid to the real estate brokerages.

Government Recording and Transfer Charges: These are fees and taxes charged by the Clerk of Court, County, and State authorities for the recordation of the Deed and the Deed of Trust (mortgage). Buyer and Seller each pay separate charges according to the terms of the contract, and local customs.

Payoffs: If the Seller has existing mortgages secured by the property, those accounts must be paid off at Settlement and will appear in this section.

Other Charges: This last section contains additional charges that Buyer and Seller owe, which are not specifically tied to the Lender or Title/Settlement Agent. Common examples include home warranties, homeowners association fees, future homeowners association dues, repair invoices, etc.

The Bottom Line: Here we see the final accounting for each side of the transaction; and the net amount due TO or FROM Buyer and Seller.

*Note: All fees shown are estimates and are subject to change. Please contact
Community Title Network for a current fee schedule.*



OTHER COMMON SETTLEMENT DOCUMENTS

Closing Disclosure (“CD”): This form, which is provided to the Buyer/Borrower by their Lender three business days prior to Settlement, is a statement of final loan terms and closing costs. The CD is intended to be compared to the Loan Estimate provided to the Buyers three days after loan application. For privacy reasons, the CD is not shared with any other parties to the transaction. However, a separate Closing Disclosure is provided to the Seller, which only displays information specific to the Seller’s side of the transaction.

Promissory Note: This is a formal agreement between Borrower and Lender, which specifies the terms and conditions for the repayment of the mortgage loan.

Deed of Trust: This is a security instrument that is recorded at the courthouse to secure the Lender’s lien against the Property. In the event of non-payment or default, the covenants contained in the Deed of Trust detail how the Lender may foreclose upon the Property to recoup their loss.

First Payment Letter: A statement identifying the first payment due date; and details the amount you will owe each month for principal, interest and escrows (i.e. taxes, homeowners insurance and mortgage insurance).

W-9: An IRS form containing your name and Social Security Number; and which enables the Lender to report the amount of interest that you have paid on the loan each year. NOTE: Consult your tax advisor regarding the deductibility of mortgage interest.

Loan Application: At Settlement, your Lender may require that you sign a printed copy of your final loan application to confirm that your employment, financial information, and marital status have not changed since the date that you applied for the loan.

Wood Destroying Insect Inspection Report: A report prepared by a pest control firm stating whether any evidence of infestation of wood destroying insects was discovered on the Property.

House Location Survey: A diagram prepared by a licensed surveyor for the purpose of showing the location of all structures (i.e. house, garage, shed, fences, etc.) in relation to the boundary lines of the Property. At your request, CTN will arrange for the survey to be prepared on your behalf. Original copies will be provided to you at Settlement. For additional information about house location surveys, please see the inside back cover. NOTE: A survey is not applicable for condominiums.

Notice of Availability of Owner’s Title Insurance: An acknowledgement form satisfying Virginia Code §38.2-4616, which requires that the Buyer be given the opportunity to purchase Owner’s Title Insurance at the time of Settlement. NOTE: See page 46 of this book for a comparison of the available coverage options.

V. At Settlement

After Settlement, **Community Title Network** will record the Deed and Deed of Trust in the appropriate jurisdiction; disburse the settlement funds as disclosed on the ALTA Settlement Statement*, including all debts owed on the Property; prepare and deliver the Lender’s signed Settlement package; obtain and record releases for any liens on title; and issue the Owner’s and Lender’s Title Insurance Policies. The recorded Deed* and Owner’s Title Insurance Policy* will be delivered to the Buyer within a few days after Settlement; or will be accessible in our Secure Online Document Portal if you have enrolled in that service. The Seller can also expect to receive, approximately one month after Settlement, refunds from their Lender for overpaid mortgage interest & escrows (if any); along with a letter* confirming that the account has been paid-in-full and closed.

*It is recommended that Buyer and Seller keep these documents in a safe place, such as a safety deposit box.



Glossary

Affidavit: a written statement made under oath before a Notary Public or other judicial officer.

ALTA Settlement Statement: a disclosure of closing costs for both seller and buyer; created by the American Land Title Association.

Amortization: repayment of a loan through monthly installments of principal and interest; the monthly payment amount is based on a schedule that will allow you to payoff the loan within a specific time period (i.e., 15 or 30 years).

Annual Percentage Rate (APR): calculated by using a standard formula, the APR shows the cost of a loan; expressed as a yearly interest rate, it includes the interest, points, mortgage insurance, and other fees associated with the loan.

Application: the first step in the official loan approval process; this form is used to record important information about the potential borrower's income, assets and liabilities.

Appraisal: a document that gives an estimate of a property's fair market value; an appraisal is generally required by a lender before loan approval to ensure that the mortgage loan amount is not more than the value of the property.

Adjustable Rate Mortgage (ARM): a mortgage loan with an interest rate that can change over time; resulting in a higher/lower payment amount. The change in monthly payment amount, however, is usually subject to a limit ("Cap").

AS-IS: the physical condition in which the seller delivers the property to the buyer.

Assessed Value: the value assigned to real estate by the county/city tax assessor; and upon which property taxes are calculated.

Assignment of Funds: the transfer of sales proceeds directly to a Settlement Agent to fund another transaction. Typically occurs when the sale of the Seller's current home and the purchase of their new home happen within 24 hours of each other.

Balloon Mortgage: a mortgage that offers low payments like those found on a 30 year loan; however, the entire loan balance must be paid in full after a few years.

Bankruptcy: a federal law whereby a person's assets are turned over to a trustee and used to pay off outstanding debts; this usually occurs when someone owes more than they have the ability to repay.

Borrower: a person who has been approved to receive a loan, and is then obligated to repay it and any additional fees according to the terms of their loan agreement.

Closing: also known as Settlement, this is the time at which the parties sign their closing documents and pay their respective fees & costs, and the Buyer receives title (Deed) and keys from the Seller.

CFPB (Consumer Financial Protection Bureau): the Federal agency tasked with the responsibility to promote fairness and transparency for mortgages, credit cards, and other consumer financial products and services.

Closing Costs: Customary fees, taxes, assessments, etc. paid by the Buyer and Seller to secure the loan, record title documents, and for the issuance of Title Insurance.

Closing Disclosure: this is Lender form, which is required on most financed transactions. It is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Commission: an amount, usually a percentage of the gross sales price, which is paid to a real estate professional as a fee for their services in the transaction.

Condominium: a type of real property in which the owner holds title to the dwelling, but shares ownership of the surrounding common areas such as driveways, parking lots, and recreation areas.

Contingency: conditions of a contract, which must be fulfilled prior to Settlement. If a Buyer or Seller is unable to satisfy a contingency, then the contract may become void. Contingencies usually include timeframes and clear options for proceeding.

Conventional Loan: a private sector loan; one that may not be guaranteed or insured by the U.S. Government.

Credit Report: a record of a person's past and present debts and the timeliness of their repayment. It documents an individual's credit history and credit-worthiness.

Credit Bureau Score: a number representing the credit-worthiness of a potential borrower, based upon credit history.

Deed: the legal document that transfers ownership of a property to another person or entity; sometimes referred to as "the title".

Deed of Trust: a legal document, recorded as a lien against the property, that transfers ownership of the property to the Lender's Trustee in the event of default by the borrower. (Used in place of a Mortgage in certain U.S. states.)



Glossary

Default: the failure to pay monthly mortgage payments in a timely manner; or otherwise fail to meet the mortgage terms.

Delinquency: late/missed payments; failure of a borrower to make timely mortgage payments under a loan agreement.

Discount Point: a fee - usually a percentage of the total loan amount - which is paid to the Lender at closing to reduce the interest rate on a loan.

Down Payment: the portion of a home's purchase price that is paid by the Buyer and is not part of the mortgage loan.

Earnest Money: money put down by a potential Buyer to show that they are serious about purchasing the home. It becomes part of the down payment if the offer is accepted, is returned if the offer is rejected, and may be forfeited if the Buyer backs out of the deal.

Escrow Account: a separate account into which the Lender puts a portion of each monthly mortgage payment. The funds accumulated in an escrow account are used for the payment of future scheduled expenses such as property taxes, homeowners insurance, mortgage insurance, etc.

Fair Housing Act: a law that prohibits discrimination in all facets of the home buying process on the basis of age, race, color, national origin, religion, sex, familial status, sexual orientation, or disability.

Fair Market Value: the hypothetical price that a Buyer and Seller may agree upon when they are acting freely, carefully, and with complete knowledge of the situation.

FHA: Federal Housing Administration; assists home buyers by providing mortgage insurance to lenders to cover most losses that may occur when a borrower defaults; this encourages lenders to make loans to borrowers who might not qualify for conventional mortgages.

Fixed-Rate Mortgage: a mortgage with principal and interest payments that remain the same throughout the entire life of the loan.

Flood Insurance: protects homeowners against losses from a flood. If a home is located in a flood plain the Lender will require proof of flood insurance before approving a loan.

Foreclosure: The legal process by which an owner's right to a property is terminated, usually due to default.

Home Inspection: an examination of the physical condition of a property, its structure and mechanical systems; alerts the potential home buyer to any repairs that may be needed.

Home Warranty: annual repair/replacement coverage for mechanical systems and attached appliances not covered by homeowner's insurance.

Homeowner's Insurance: also referred to as Hazard Insurance, combines protection against damage to a dwelling and its contents with protection against claims of negligence (inappropriate action that results in someone's injury) or property damage.

HUD: US Dept of Housing and Urban Development works to create a decent home and suitable living environment for all Americans by addressing housing needs, improving and developing communities, and enforcing fair housing laws.

HUD-1 Settlement Statement: also known as the "HUD-1" or "settlement sheet," is a disclosure of closing costs for both Seller and Buyer as required by the Real Estate Settlement Procedures Act (RESPA); replaced by the ALTA Settlement Statement for most real estate transactions in 2015.

Interest: the cost of borrowing money, usually expressed as a percentage.

Interest Rate: the amount of interest charged on a monthly loan payment; usually expressed as a percentage.

Lien: a legal claim for payment of a debt that must be paid from the proceeds when the property is sold or refinanced.

Loan Estimate: this is a lender form, which is required on most financed transactions; and is a statement of estimated loan terms and closing costs. Compare this document with your Closing Disclosure.

Loan Fraud: intentionally giving false information to a Lender in order to better qualify for a loan; may result in civil liability and/or criminal penalties.

Loan-to-Value (LTV) Ratio: a percentage calculated by dividing the amount borrowed by the sales price or appraised value of the home to be purchased; the higher the LTV, the less cash a borrower is required to pay as down payment.

Lock-In: since interest rates can change frequently, many lenders offer an interest rate lock-in that guarantees a specific interest rate if the loan is closed before a certain date.

Maturity Date: the date on which a mortgage loan must be paid in full. The last payment due date.



Glossary

Mortgage: a lien on the property that secures the promise to repay a loan; used in place of a Deed of Trust in some states.

Mortgage Broker: a firm that originates and processes loans for a number of lenders.

Mortgage Insurance: a policy that protects lenders against some or most of the losses that can occur when a borrower defaults on a mortgage loan. Mortgage insurance is required primarily for loans with a Loan to Value Ratio above 80%.

Mortgage Insurance Premium (MIP): payment for mortgage insurance coverage on a property; usually paid monthly as part of the mortgage payment.

Note: a written agreement between the Borrower and Lender which outlines the terms for repayment of the mortgage loan.

Offer: Formal written indication by a potential buyer of their willingness to purchase a home at a specific price.

Origination: the process of preparing, submitting, and evaluating a loan application; generally includes a credit check, verification of employment, and a property appraisal.

Payoff: a mortgage or other debt which must be paid at or prior to Settlement.

PITI: Principal, Interest, Taxes, and Insurance - the four elements of a monthly mortgage payment. Payments of principal and interest go directly towards repaying the loan, while the portion that covers property taxes and homeowners/mortgage insurance goes into an escrow account to cover those bills when they are due.

PMI: Private Mortgage Insurance; privately-owned companies that offer mortgage insurance programs for qualified borrowers with down payments of less than 20% of a purchase price.

Pre-Approval: a Lender's commitment to lend to a potential Borrower; commitment remains as long as the Borrower still meets the qualification requirements at the time of purchase.

Pre-Qualify: a Lender informally determines the maximum amount an individual is eligible to borrow.

Prepayment: payment of the mortgage loan before the scheduled due date; may be subject to a prepayment penalty.

Principal: the amount borrowed from a Lender to be repayed over a specified term; and upon which interest accrues.

Radon: a radioactive gas found in some homes that, if occurring in strong enough concentrations, can cause health problems.

Ratification: the point at which an offer becomes a contract. This occurs when the Buyer and Seller show their acceptance of the terms by signing and initialling all sections of the offer.

Real Estate: land and all man-made improvements attached thereto (i.e. house, garage, shed, fences, etc.).

RESPA: Real Estate Settlement Procedures Act; a law protecting consumers from abuses during the residential real estate purchase and loan process by requiring Lenders, Agents, Brokers and Settlement Agents to disclose all settlement costs, practices, and relationships.

RON:

Settlement: another name for Closing.

Short Sale: occurs when a lender agrees to accept less than the full balance of the amount owed in order to release their lien on real property.

Survey: a property diagram that indicates the location of improvements (i.e. house, garage, shed, fences, etc.), legal boundaries, easements, encroachments, rights of way, etc.

Title: a document that indicates ownership of a property; also, the collective documented history of ownership, liens and encumbrances of a specific property.

Title Insurance: covers against loss resulting from disputes over property ownership and other defects of title.

Title Abstract/Search: an examination of public records to determine the owner(s) of the property and that there are no unsettled liens or other claims against the property.

Underwriting: the process of analyzing a loan application to determine the amount of risk involved in making the loan; includes, but not limited to, a review of the borrower's credit history and an appraisal of the property value.

VA: Department of Veterans Affairs: a federal agency which guarantees loans made to Veterans; allowing Veterans to purchase a home with no downpayment without the need for mortgage insurance.

VHDA: Virginia Housing Development Authority; the State's mortgage finance agency. Its mission is to help low-moderate income Virginians obtain quality, affordable housing.

Wood Destroying Insect Inspection (WDI): aka the Termite or Pest Inspection; performed prior to settlement to determine whether the property is affected by termites or other insects that eat or bore into wood.





COMMUNITY TITLE NETWORK



COMMUNITY REAL ESTATE
TITLE NETWORK TITLE & ESCROW



We Deliver Modern Solutions

- ◆ Remote Online Notarization and E-Closing Options
- ◆ ZOCCAM - Electronic Earnest Money Deposits - Safe, Secure, and Easy
- ◆ “My Closing Portal” - Secure, Simple, Convenient Data and Document Delivery
- ◆ Free 1 Year Experian Identity Works for Buyers and Sellers (Post Closing)
- ◆ Enhanced Protection for Buyer/Seller Funds Through Secure Wire Service
- ◆ ALTA Best Practice Compliance Certification - 3rd Party Verification

MD DC VA DE
Residential Builder Commercial

Alexandria, VA
(703) 933-3090

Columbia, MD
(443) 201-2300

Fenwick Island, DE
(302) 581-0606

Logan Circle, D.C.
(301) 886-8777

Newark, DE
(302) 376-8900

Arlington, VA
(703) 584-9828

Easton, MD
(410) 482-2245

Franconia, VA
(703) 971-4701

McLean, VA
(703) 584-0450

Ocean City, MD
(443) 664-6746

Baltimore, MD
(410) 401-3500

Fairfax, VA
(703) 250-9440

Frederick, MD
(301) 304-6620

Middletown, DE
(302) 376-8900

Rehoboth Beach, DE
(302) 376-8900

Bethany Beach, DE
(302) 537-2000

Kensington, MD
(301) 886-8777

Salisbury, MD
(410) 749-0467

Why do I need a survey?

“A survey is the only reliable way of obtaining and confirming basic information about a property”

1. The location and existence of the property.
2. The relationship of the property to adjoining property.
3. Discrepancies between actual occupation or use and the recorded description.
4. The location of physical improvements in relation to the boundary line of the property.
5. Items that are obvious upon inspection that are not necessarily recorded.

Upon request, a surveyor is the only person who is uniquely qualified to determine whether:

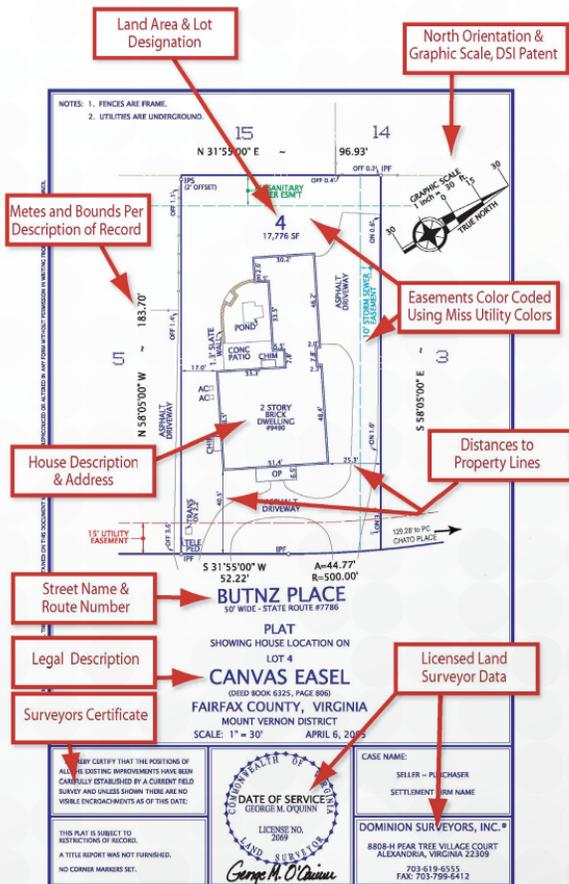
- ♦ property violates zoning ordinances
- ♦ whether the property is in a flood plain.

What does the survey plat show?

“The plat, drawn to scale, will show the following and more.”

1. The bearings and distances for the boundaries and the area of the lot or parcel of land shall be shown.
2. North arrow, in accordance with record data.
3. Fences in the near proximity to the land boundary lines and other fences within the boundaries.
4. Improvements and other pertinent features on the property as located in the field.
5. Physical encroachments, including fences, across a property line dimensioned with respect to the property line.
6. Building street address numbers, as displayed on the premises, or so noted if no numbers are displayed.
7. Street name(s), as posted or currently identified, and as per record data, if different from posted name.

8. Distance to nearest intersection, based upon record data.
9. Building restriction or setback line(s) per restrictive covenants, if shown or noted on the record subdivision plat.
10. The caption or title of the plat, which includes: the type of survey performed; lot number, block number, section number, and name of the record owner; town or county, or city; date of survey; and scale of drawing.
11. Easements and other encumbrances set forth on the record subdivision plat, and those otherwise known to the professional.
12. A statement as to whether or not a current title report has been furnished to the professional.
13. Clear notation of inconsistencies found in the research of common boundaries between the land being surveyed and the adjoining land(s).
14. Professional’s seal, signature and date.
15. Name and address of the land surveyor or registered business.



Why does a survey cost this much?

The Survey Process

Research- Determine the description of record for the subject property and all adjoining.

Field- Identify evidence in the field of corner monumentation (stone, iron pipe, chisel mark, cedar stake, tree, etc.). Measure and field locate all physical improvements.

Computations- Compare the evidence in the field with descriptions of record, when in the Land Surveyors professional judgment enough evidence corresponds to the descriptions of record, the Surveyor shall prepare a plat.

Drafting- Prepare a plat showing the relationship of the description of record and physical improvements.

IMPORTANT CONTACT NUMBERS IN NORTHERN VIRGINIA

City of Alexandria:

Virginia-American Water Company	(800) 452-6863
AlexRenew (sewer)	(703) 549-3383
Washington Gas	(703) 750-1000
Dominion Energy Virginia	(888) 667-3000
Verizon (phone/cable)	(800) 837-4966
Comcast (phone/cable)	(800) 266-2278
Alexandria City Schools	(703) 824-6600

Arlington County:

Dept. of Environmental Svcs (water)	(703) 228-6570
Washington Gas	(703) 750-1000
Dominion Energy Virginia	(888) 667-3000
Verizon (phone/cable)	(800) 837-4966
Comcast (phone/cable)	(800) 266-2278
Arlington County Schools	(703) 228-6000

Fairfax County/Fairfax City:

Fairfax Water	(703) 698-5800
Fairfax City	(703) 698-5800
Town of Herndon	(703) 435-6814
Town of Vienna	(703) 255-6385
City of Falls Church	(703) 698-5800
Columbia Gas of Virginia	(800) 543-8911
Washington Gas Light Company	(703) 750-1000
Dominion Energy Virginia	(888) 667-3000
Northern VA Electric Cooperative	(703) 335-0500
Verizon (phone/cable)	(800) 837-4966
Comcast (Phone/cable)	(800) 266-2278
Cox Communications (cable)	(703) 378-8422
Fairfax County Schools	(571) 423-3000
Falls Church City Schools	(703) 248-5600
All County Services (TTY & TDD)	711

Loudoun County:

Loudoun Water	(571) 291-7880
Columbia Gas	(800)-543-8911
Washington Gas Light Company	(703) 750-1000
Dominion Energy Virginia	(888) 667-3000
Northern VA Electric Cooperative	(703) 335-0500
Verizon (phone/cable)	(800) 837-4966
Comcast (phone/cable)	(800) 266-2278
Loudoun County Schools	(571) 252-1000

Prince William County:

PW Co. Service Auth. (water/sewer)	(703) 335-7900
Dale City VA American Water	(703) 491-2136
Dominion Energy Virginia	(888) 667-3000
Northern VA Electric Cooperative	(703) 335-0500
Washington Gas Light Company	(703) 750-1000
NOVEC Energy Solutions	(888) 627-7283
Columbia Gas	(800) 543-8911
Stand Energy Corporation	(800) 598-2046
Comcast (phone/cable)	(800) 266-2278
Verizon (phone/cable)	(800) 837-4966
Prince William County Schools	(703) 791-7200

For All Counties:

MissUtilityOfVirginia.com	811
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ALEXANDRIA

5100 Leesburg Pike
Suite 301
Alexandria, VA 22302
Office: (703) 933-3090
Fax: (703) 933-3099

ARLINGTON

1010 N. Glebe Rd
Suite 720
Arlington, VA 22201
Office: (703) 584-9828
Fax: (703) 940-8374

FAIRFAX

10300 Eaton Place
Suite 105
Fairfax, VA 22030
Office: (703) 250-9440
Fax: (703) 250-9446

FRANCONIA

6096B Franconia Road
Alexandria, VA 22310
Office: (703) 971-4701
Fax: (703) 971-4694

MCLEAN

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