

# Table of Contents

<b>Chapter 1</b> .....	1
<b>The Basics</b> .....	1
<i>Guidelines for the Entire Office</i> .....	1
<b>Pledge of Allegiance to the Broker</b> .....	2
<b>Pledge of Allegiance to the Salesperson</b> .....	3
<b>Pledge of Allegiance to Members of the Public</b> .....	4
<b>Rules of the Road for the Office</b> .....	5
<b>The Real Estate Broker in Litigation</b> .....	5
Seller and Broker Beware .....	5
No Inflation and Greater Complexity .....	6
The Demands Upon The Modern Professional Broker .....	6
The Advent of Buyer Agents .....	6
Personal Liability .....	7
Disclaimers .....	7
Disclosure .....	7
Property Condition .....	7
Stigmatized Property .....	7
Megan’s Law .....	8
Case in Point .....	9
<b>Clients and Customers as Plaintiffs</b> .....	9
The Uniform Care and Feeding of Plaintiffs .....	9
Sources of Plaintiffs .....	10
<b>Profile of a Potential Plaintiff</b> .....	10
<b>Myths about Disclaimers</b> .....	11
<b>The Work Habit</b> .....	12
Friend or Foe? .....	12
Pattern of Practice .....	12
The First Trial .....	13
<b>Company Protection Policies</b> .....	13
Brochure .....	13
Office Manual .....	13
Internet, E-Mail and Web Policy .....	14

Standard Forms . . . . .	14
Standard Practices . . . . .	14
Sexual Harassment . . . . .	14
Clause . . . . .	16
<b>Early Disaster Recognition . . . . .</b>	<b>17</b>
<b>The Referral of Third Party Professionals . . . . .</b>	<b>18</b>
<b>Tips, Tricks, and Traps . . . . .</b>	<b>19</b>
Abbreviations . . . . .	19
Certified Mail vs. Regular Mail . . . . .	19
Checks and Endorsements . . . . .	19
Confirmation . . . . .	20
Cooperating Salespersons . . . . .	20
Copies, Letters and E-mails . . . . .	20
Blind Copies – Letters and e-mail . . . . .	21
Color . . . . .	22
Dates . . . . .	22
Drafts . . . . .	22
Exhibits . . . . .	22
E-mail . . . . .	22
Electronic Signatures . . . . .	23
Facsimile . . . . .	23
Formality . . . . .	24
Frequency . . . . .	24
Letterhead . . . . .	24
Trailers on e-mail . . . . .	24
Margins and Spacing . . . . .	24
Mechanics . . . . .	25
Memorandum of Previous Oral Conversation or e-mail . . . . .	25
Notaries and Witnesses . . . . .	25
Case in Point . . . . .	25
Case in Point . . . . .	26
Originals . . . . .	26
Personal Touch . . . . .	26
Printed, Typed and Handwritten . . . . .	27
Re: . . . . .	27
REALTOR® . . . . .	27
Receipts . . . . .	27
Clause: . . . . .	28
Sample Open or Closing Lines . . . . .	28
Examples . . . . .	28

Silent Response . . . . .	29
Structure . . . . .	29
Telephone Trust . . . . .	30
Term Definition . . . . .	30
<b>Chapter 2 . . . . .</b>	<b>31</b>
<b>Listing the Seller’s Real Estate . . . . .</b>	<b>31</b>
<i>Finding, Listing, Representing, Working With and Retaining Sellers . . . . .</i>	<i>31</i>
<b>General Rules of the Road . . . . .</b>	<b>32</b>
<b>Searching for the Seller . . . . .</b>	<b>32</b>
Sphere of Influence . . . . .	33
Business to Business . . . . .	33
Where The Sellers Are . . . . .	34
The Web . . . . .	34
Geographical Farm . . . . .	34
Referrals . . . . .	35
Third Party Referrals – Before the Fact . . . . .	35
After the Fact . . . . .	35
C.R.S. 12-61-203.5. Referral fees - interference with brokerage relationship . . . . .	36
For Sale by Owner (FSBO) . . . . .	37
Expired Listings . . . . .	37
Expired Buyers with a House to Sell . . . . .	38
Tell Everyone You are in Real Estate . . . . .	38
Letter/e-mail – Potential Individual Client . . . . .	39
Letter/e-mail – Potential Business Client . . . . .	40
Letter/e-mail – Sphere of Influence . . . . .	41
Letter/e-mail – Geographical Farm . . . . .	42
Letter/e-mail – Geographical Farm . . . . .	44
Letter/e-mail – Referral Thank You . . . . .	45
Letter/e-mail – For Sale by Owner . . . . .	46
Letter/e-mail – For Sale by Owner . . . . .	47
Letter/e-mail – For Sale by Owner . . . . .	48
Letter/e-mail – For Sale by Owner . . . . .	50
Letter/e-mail – For Sale by Owner . . . . .	52
Letter/e-mail – Expired Listing . . . . .	53
E-Mail – Expired Listing . . . . .	55
The “Captive Seller” . . . . .	57
Property Management . . . . .	58

Caution .....	58
Rule .....	58
Clause .....	58
<b>Broker Liability .....</b>	<b>59</b>
<b>The Farm Letter of Introduction .....</b>	<b>60</b>
Tip .....	60
Style .....	60
Web .....	61
Commercial/Industrial .....	61
Letter/e-mail – Introduction of Salesperson to Owner .....	62
Letter/e-mail – Introduction of Salesperson to Owner #2 .....	63
Letter/e-mail – Introduction Broker Follow Up .....	64
Letter/e-mail – After Contact/Broker Associate .....	65
Letter/e-mail – After Initial Contact/Broker .....	66
<b>Taxes – The I.R.S. ....</b>	<b>67</b>
Exchanges and Tax Deferred Occupied Property Sales .....	67
Exchange .....	67
Personal Residence Sale .....	67
Letter/e-mail – Tax Deferred Exchange Commercial Solicitation .....	68
Letter/e-mail – Tax Deferral for Personal Residence .....	69
<b>After the Initial Contact .....</b>	<b>71</b>
ADA: Americans with Disabilities Act .....	71
Agency and Apparent Authority .....	71
Tip .....	72
Agency Office Policy .....	72
Agency, Subagency Alternatives and Potential Dual Agency .....	72
Caution .....	72
Tip .....	73
Agency – Broker’s Agent .....	73
Anti-Trust and Commissions .....	73
Brochure .....	73
Comparable “Comps” .....	74
Confidential Information .....	74
Clause: Seller Confidential Information – General .....	75
Clause: Seller Confidential Information – Murder or Suicide .....	76
Stigmatized Property .....	76
Example of Colorado’s Law .....	76
Due-on-Transfer (“Due on Sale”) Clauses .....	77
Earnest Money .....	77
Tip .....	77

Clause . . . . .	78
Fair Housing . . . . .	78
FHA Interest Proration . . . . .	78
Tip . . . . .	78
Financing . . . . .	78
Condition of the Property . . . . .	78
Hazardous Materials . . . . .	79
Radon . . . . .	79
Tip . . . . .	79
Soil Condition . . . . .	79
Structural Integrity vs. Mechanical Integrity . . . . .	80
Inspections, Engineers and Home Warranties . . . . .	80
Liability for the Premises and Open Houses . . . . .	80
Liability and Lock Boxes . . . . .	80
Mortgage Insurance Premiums (MIP) . . . . .	81
Multiple Listing Service (MLS) . . . . .	81
Pricing . . . . .	82
Case in Point . . . . .	82
Tip . . . . .	82
Personal Property . . . . .	83
Tip . . . . .	83
Jury Talk . . . . .	83
Purchasing for Your Own Account . . . . .	83
Rule . . . . .	83
Tip . . . . .	83
Caution . . . . .	83
Tip . . . . .	84
Jury Talk . . . . .	84
REALTOR® . . . . .	84
Tax Deferred Exchange . . . . .	85
Clause . . . . .	86
<b>Company Office Policy . . . . .</b>	<b>87</b>
<b>Subject Matter Cover Letters . . . . .</b>	<b>89</b>
Letter/e-mail – Agency Alternatives . . . . .	90
Letter/e-mail – Agency Alternatives (No Subagency/Buyer Agency) . . . . .	93
Letter/e-mail – Broker to Potential Subagent . . . . .	96
Letter/e-mail – Other Brokers Rejecting Subagency . . . . .	98
Letter/e-mail – Buyer Agency Relationship . . . . .	100
Letter/e-mail – Potential Buyer’s Agent . . . . .	102
Letter/e-mail – Anti-Trust . . . . .	104

Letter/e-mail – Pre-Listing Company Brochure . . . . .	105
Letter/e-mail – Due-On-Transfer . . . . .	106
Letter/e-mail – Earnest Money . . . . .	107
Letter/e-mail – Fair Housing . . . . .	108
Letter/e-mail – FHA Interest Payoff . . . . .	109
Letter/e-mail – Hazardous Materials and Inspections . . . . .	110
Letter/e-mail – Hazardous Waste and Inspections Commercial . . . . .	112
Letter/e-mail – Lock Boxes . . . . .	113
Letter/e-mail – Mortgage Insurance (MIP) FHA/Conventional . . . . .	114
Letter/e-mail – Multiple Listing Service . . . . .	116
Letter/e-mail – Internet Web Advertising . . . . .	117
Letter/e-mail – Purchase for Your Own Account . . . . .	118
Letter/e-mail – REALTOR® Professional Affiliation . . . . .	120
Letter/e-mail – Tax Deferred Exchange . . . . .	121
<b>Transaction Broker Alternative – The “Non-Agent” Option . . . . .</b>	<b>123</b>
Assistance vs. Representation . . . . .	123
Exclusive Right-to-Sell Listing Contract . . . . .	124
<b>After the Listing is Signed . . . . .</b>	<b>131</b>
The Seller’s Checklist . . . . .	131
Continued Correspondence . . . . .	131
Tip . . . . .	132
Market Updates . . . . .	132
Personal Followup . . . . .	133
Open Houses and Celebrations . . . . .	133
Listing Checklist . . . . .	134
Marketing Update . . . . .	137
<b>SHOWING REPORT . . . . .</b>	<b>138</b>
Letter/e-mail – After Listing is Signed (Broker) . . . . .	139
Letter/e-mail – After Listing is Signed (Salesperson) . . . . .	140
Letter/e-mail – Listing Price Verification . . . . .	141
Letter/e-mail – Listing MLS Information Verification . . . . .	142
Letter/e-mail – Copy of Showings Report . . . . .	143
Letter/e-mail – Just Listed Neighbor’s Home . . . . .	144
Just Listed in Your Neighborhood . . . . .	145
Just Listed in Your Neighborhood . . . . .	146
Letter/e-mail – Hazardous Waste and Soil Condition . . . . .	147
Letter/e-mail – Structural/Mechanical Inspections/Home Warranty . . . . .	149
Direction to Obtain Inspections . . . . .	152
Letter/e-mail – Confirming Action . . . . .	153

<b>Liability for the Premises</b> .....	154
The Key .....	154
Other Selling Licensees .....	154
Personal Unlocking Service .....	154
Tip .....	155
Expensive Items and Limit of Liability .....	155
The Lock Box .....	155
Case in Point .....	156
Periodic Inventory .....	156
Letter/e-mail – Post Listing General Lock Box .....	157
Lock Box Authorization Form .....	158
Letter/e-mail – Post Listing Combination Lock Box .....	159
Letter/e-mail – Post Listing Combination Lock Box #2 .....	160
Combination Lock Box Authorization Form .....	161
Letter/e-mail – Electronic Lock Box/Key Safe .....	162
Letter/e-mail – Electronic Lock Box/Key Safe #2 .....	164
Electronic Recording Key Safe (Lock Box) Authorization .....	166
Letter/e-mail – Open House .....	167
Open House Request/Authorization Form .....	168
<b>Property Management</b> .....	169
By Design .....	169
By Default .....	169
Confirmation of the Tenancy .....	169
Eviction .....	169
Equity Skimming .....	169
Tenant Mentality .....	170
Tip .....	170
Protection .....	170
Caution .....	171
Tenancy Agreements .....	171
Timing .....	171
Payment .....	171
Withdrawal .....	171
Ask for A Signed Copy .....	171
Letter/e-mail – Verification of the Terms of the Tenancy/Owner .....	172
Letter/e-mail – Verification of the Terms of the Tenancy .....	173
Letter/e-mail – Verification of the Terms of the Tenancy .....	174
Letter/e-mail – Property Management .....	175
Letter/e-mail – Property Management Referral .....	177
Letter/e-mail – Property Management Equity Skimming .....	178

<b>Seller Financial Status</b> .....	180
Liens and Loans .....	180
Owners and Encumbrances Report .....	180
Loan Status .....	180
Tip .....	180
Caution .....	181
Caution .....	181
Caution .....	181
Letter/e-mail – Existing Lender for Loan Status .....	182
Letter/e-mail – Existing Lender for Loan Status #2 .....	183
Standard Owner’s Authorization and Request for Loan Information and Verification .....	184
<b>Terminated and Withdrawn Listings</b>	
<b>Post Listing Period Protection</b> .....	185
Termination .....	185
Clause .....	185
Tip .....	186
Clause .....	186
Clause .....	186
Performance Criteria Listing Option .....	187
Clause .....	187
Withdrawn or “Off the Market” .....	188
Clause .....	188
Subagent Advantage .....	188
Cooperating Selling Agents .....	189
Potential Post Listing Seller FSBO .....	189
Procuring Cause .....	189
Lien for Commission .....	189
Clause .....	189
Termination Time Limit and Confidential Information .....	189
Clause .....	190
Re-listing Broker .....	190
Showing Data Report .....	191
Letter/e-mail – List of Buyers on Termination of a Listing .....	192
Letter/e-mail – List of Buyers on Termination of a Listing .....	193
Letter/e-mail – List of Buyers on Termination of a Listing/General .....	194
Letter/e-mail – Expiration of the Listing Period – Seller .....	195
Letter/e-mail – Expiration of the Listing Period – Seller #2 .....	197

<b>Additional Listing Agreement Clauses and Addenda</b> .....	199
Tip .....	199
Clause Regarding Use of Professionals .....	199
Clause Regarding the Physical Condition of the Property .....	200
Clause Regarding Title Status .....	201
Clause Regarding Prepaid FHA Mortgage Insurance Premiums .....	202
Clause Regarding FHA Mortgage Interest .....	202
Clause Regarding Hazard Insurance .....	202
Clause Regarding Liability Upon Loan Assumption .....	203
Clause Regarding Reservation of the Right to Purchase Property for Own Account .....	203
Addendum to Listing Contract (Purchase by Licensee) .....	205
Clause Regarding Determination of the Listing Price .....	206
Clause Regarding Comparable Properties .....	206
Clause Regarding a Broker Guaranteed Sale .....	206
Clause Regarding Schedule of Rents and Deposits .....	206
Clause Regarding Commission Rates .....	207
Cooperative Commissions .....	207
Rule .....	207
Tip .....	207
Jury Talk .....	208
Clauses and Addenda for Cooperative Commissions .....	208
Addendum to Listing Contract .....	209
Addendum to Listing Contract (Cooperative Compensation and Commission Structure) .....	212
Addendum to Listing Contract (Cooperative Compensation and Commission Structure) .....	213
Addendum to Listing Contract Commission Division (Cooperative Compensation and Commission Structure) .....	215
Addendum to Listing Contract Commission Division (Cooperative Compensation and Commission Structure) .....	216
Addendum to Listing Contract Commission Division (Cooperative Compensation and Commission Structure) .....	217
Addendum to Listing Contract Commission Division (Cooperative Compensation and Commission Structure) .....	218

<b>Chapter 3</b> .....	219
<b>The Buyer Relationship</b> .....	219
<i>Doing What Comes Naturally</i> .....	219
<b>The Nature of Buyers</b> .....	220
<b>Pledge of Service to the Buyer</b> .....	221
<b>Passive Defense Techniques</b> .....	222
<b>Myths about Buyer Agency</b> .....	223
<b>Myths about Transaction (Real Estate) Broker</b> .....	224
<b>What to Tell, What to Keep Secret</b> .....	225
<b>Finding and Working With a Buyer</b> .....	225
Searching for the Buyer .....	225
FSBO .....	225
Sellers .....	226
Farms .....	226
Broker referrals .....	226
Buyer Contact Card .....	228
Letter/e-mail – Fair Housing .....	229
Determine Your Agency Status .....	231
Signing the Agreement .....	232
Inventory of Homes to Show .....	233
Pricing/Market Value .....	233
Prepare the Offer .....	233
Home Warranty .....	234
Case in Point .....	234
Square Footage .....	234
Stigmatized Property .....	234
Once the Offer is Accepted .....	235
Inspectors, Buyers, The Property and Litigation .....	236
Closing .....	237
Insurance .....	237
The New Owner Has Possession .....	237
Letter/e-mail – Selling Price Verification .....	238
Square Footage Disclosure .....	239
<b>Checklists</b> .....	240
Buyer Data .....	241
Performance Deadline Checklist .....	242
Buyer Checklist .....	243
Loan Application Checklist .....	246
<b>The Use of Professionals</b> .....	247
Delegation .....	247

The Referral .....	247
Complexity .....	247
Opinions .....	247
Home Inspectors .....	248
Clause .....	248
Clause .....	248
Caution .....	248
Professional Services Form .....	249
Professional Services Provided .....	250
Letter/e-mail – Buyer’s Use of Professionals .....	251
Letter/e-mail – Buyer – Professionals – Older Home .....	253
<b>Agency Basics for the Company</b> .....	255
Company Agency Policy .....	255
Entire Company – Even in Designated Agency States .....	255
Company Forms .....	255
Training .....	256
<b>Agency Selection Alternatives</b> .....	256
Subagents .....	256
Letter/e-mail – Buyer’s Agent Rejecting Subagency .....	258
Broker’s Agents .....	259
Buyer Agents and “Exclusive Buyer Agents.” .....	259
Whole Office Concept .....	259
Exclusive Buyer Agency Offices .....	259
Designated, Split, Assigned Agency and Designated Brokerage .....	259
Buyer Agency Option .....	260
Buyer Agency, Optional or Mandatory .....	260
Non-Agency Options .....	261
“In-Company” and “Out of Company” Sales .....	262
Letter/e-mail – Rules of the Road for the Buyer .....	263
Letter/e-mail – Exclusive Buyer Agency .....	266
Letter/e-mail – Transaction Broker .....	269
<b>Getting Paid When Working with the Buyer</b> .....	273
Fees .....	273
Cooperative Commission .....	273
MLS Cooperation Provision .....	273
Getting paid by Listing Agents Who are not REALTORS® .....	273
For Sale by Owner .....	274
Clause .....	274
Buyer Agency Listing Agreements .....	274
Compensation Agreement Among Brokers .....	276

Compensation Agreement – For Sale By Owner . . . . .	277
Referral Fee Agreement . . . . .	278
Exclusive Right-to-Buy Contract (Buyer Agency) . . . . .	279
Exclusive Right-to-Buy Contract (Buyer Agency) . . . . .	287
Exclusive Right-to-Buy Contract (Short Form) . . . . .	293
Exclusive Right-to-Buy Contract (Plain Language – Office Representation) . . . . .	296
Exclusive Right-to-Buy Contract (Plain Language – Designated Agent/Broker) . . . . .	305
Your Seller is Now a Buyer . . . . .	314
Letter/e-mail – Seller is a Buyer – Buyer Agency/Dual Agency . . . . .	316
Letter/e-mail – Seller is a Buyer – Buyer Agency/Transaction Broker . . . . .	318
Letter/e-mail – Seller is also a Buyer – Sub Agency . . . . .	320

<b>Chapter 4</b> . . . . .	323
<b>“In-Company” Sales</b> . . . . .	323
<i>Selling Your Own Listing</i> . . . . .	323
<b>Defining the Middle Ground</b> . . . . .	324
The “In-Company” Sale . . . . .	324
Rule . . . . .	324
Tip . . . . .	324
Tip . . . . .	324
Broker’s Role . . . . .	324
Salesperson’s Role . . . . .	325
Caution . . . . .	325
Rule . . . . .	325
<b>Choices for the “In-Company” Sale</b> . . . . .	325
Seller Agency . . . . .	325
Dual Agency . . . . .	325
Transaction Broker . . . . .	326
Designated Agency (Designated Brokerage) . . . . .	326
Clauses and Addenda for “In-Company” Sales . . . . .	326
Clause: “In-Company” Sale – Dual Agency . . . . .	327
Clause: “In-Company” Sale – Transaction Broker . . . . .	328
Clause: “In-Company” Sale . . . . .	329
Clause: Miscellaneous “In-Company” . . . . .	329

Clause: Designated Agency/Brokerage . . . . . 329

“In-Company” Sale Addendum (Dual Agency) . . . . . 331

“In-Company” Sale Addendum  
 (Dual/Limited Agency) . . . . . 333

“In-Company” Sale Addendum  
 (Real Estate Broker/Initial Agency Relationship) . . . . . 336

“In-Company” Sale Addendum  
 (Real Estate Broker/Working Relationship) . . . . . 339

“In-Company” Sale Addendum  
 (Transaction Broker) . . . . . 342

“In Company” Sale Transaction Broker Addendum . . . . . 344

Dual (*Limited*) Agency Addendum . . . . . 347

Dual (*Limited*) Agency Addendum  
 (For use with “In-Company” Sales Only) . . . . . 350

Designated Agency Addendum . . . . . 352

Designated “Split” Agency Contract Addendum . . . . . 355

**Chapter 5** . . . . . 359

**The Contract** . . . . . 359

*Drafting the Offer and Counteroffer* . . . . . 359

**General Contract Drafting Tips** . . . . . 360

    Timing . . . . . 360

    Closing Date . . . . . 363

    Contingencies or Conditions . . . . . 363

    Creative Financing . . . . . 363

        Caution . . . . . 364

    Default . . . . . 365

    Fraud and the Government Loan . . . . . 365

        Case in Point . . . . . 366

        Fraud in the Price . . . . . 367

    Names . . . . . 367

    Party Designation . . . . . 367

    Power of Attorney . . . . . 367

    Price and Loan Adjustments . . . . . 368

        Case in Point . . . . . 368

    Rough Draft . . . . . 368

    Side Agreements – “Suicide” Agreements . . . . . 369

        Case in Point . . . . . 370

    Standard Forms . . . . . 370

Standard Builder Contract . . . . .	370
Non-Standard Builder Contracts . . . . .	370
Transfers Without Prior Lender Consent, Silent Assumptions . . . . .	371
Water and Ditch Rights . . . . .	371
Clause . . . . .	371
Letter/e-mail – Contract Form . . . . .	372
Letter/e-mail – Use of Special Contract Form . . . . .	373
<b>Financing Options, Clauses and Terminology . . . . .</b>	<b>374</b>
Cash . . . . .	374
Clause . . . . .	374
New Financial Institution Loan . . . . .	374
Clause . . . . .	374
Assumption . . . . .	377
Clause . . . . .	378
Subject To . . . . .	379
Tip . . . . .	379
Clause . . . . .	379
Novation . . . . .	380
Clause . . . . .	380
Case in Point . . . . .	380
Seller Financing – Purchase Money Mortgage . . . . .	380
Seller Financing – Terms and Conditions . . . . .	381
Clause . . . . .	383
All-Inclusive Financing . . . . .	384
Clause . . . . .	384
Buyer’s Ability to Pay . . . . .	384
Clause . . . . .	384
Letter/e-mail – Assumption, Subject To, and Novation . . . . .	386
Letter/e-mail to Seller – Offer Proposes Owner Financing . . . . .	388
Letter/e-mail to Seller – Offer Proposes an Assumption . . . . .	390
Letter/e-mail to Seller – Offer Proposes “Silent” Assumption . . . . .	392
Letter/e-mail to Seller – Offer Proposes FHA/VA Assumption . . . . .	394
Letter/e-mail to Seller – All-Inclusive Financing . . . . .	396
Letter/e-mail to Seller – Offer Proposing New Financing . . . . .	398
Letter/e-mail to Seller – Offer Proposing New Financing . . . . .	399
<b>Contract – Special Terms . . . . .</b>	<b>401</b>
Acceptance . . . . .	401
Clause . . . . .	401
Acreage . . . . .	401
Clause . . . . .	401

Appraisal Condition .....	402
Clause .....	403
Buyer's Agency Fees .....	403
Caution .....	404
The First Effort .....	404
Caution .....	404
Second Line of Defense .....	404
Multiple Sources of Payment .....	404
Clause .....	405
Transaction Broker Fees .....	406
Clause: .....	406
Cash at Closing .....	407
Clause .....	407
Back Up Offer .....	407
Clause .....	408
Contingency Sale .....	409
Clause .....	410
The First Right of Refusal .....	410
First Right of Refusal Addendum .....	412
The Seller Finance Alternative .....	414
Clause .....	415
Earnest Money .....	416
Clause: .....	417
Home Warranty .....	417
Read the Policy .....	418
Tip .....	418
Getting Part of the Premium .....	418
Agency .....	418
Caution .....	419
Caution .....	419
Clause .....	419
Standard Broker Sold Home Warranty	
Election or Waiver Form .....	421
Standard Third Party Home Warranty	
Notification, Election and/or Waiver Form .....	422
Inclusions and Exclusions .....	423
Clause .....	424
Inspection .....	425
Clause .....	425
Legal Description .....	426

Clause . . . . .	426
Possession, Insurance and a Lease . . . . .	427
Caution . . . . .	427
Clause . . . . .	427
Price (Consideration) . . . . .	428
Clause . . . . .	428
Property Condition . . . . .	428
Clause . . . . .	428
Short Payoff . . . . .	432
Clause . . . . .	432
Tenancy . . . . .	433
Case in Point . . . . .	433
Tenancy in Common . . . . .	433
Joint Tenants . . . . .	433
Tenancy by the Entirety . . . . .	434
Clause . . . . .	434
Use of Professionals . . . . .	434
Clause . . . . .	434
1031 Exchanges . . . . .	435
Clause . . . . .	435
Clause – Relinquished Property Contract . . . . .	436
Clause – Replacement Property Contract . . . . .	436
General “Boiler Plate” Clauses . . . . .	436
Clause . . . . .	437
<b>Once the Offer is Signed . . . . .</b>	<b>440</b>
Contract Cover Letter . . . . .	440
Tip . . . . .	441
Contract Letter to Seller . . . . .	441
Letter/e-mail – Offer Cover Letter . . . . .	442
Letter/e-mail – Counter Offer Cover . . . . .	444
Letter/e-mail – Obligation to Present All Offers . . . . .	445
Letter/e-mail – Counter Proposals . . . . .	446
Letter/e-mail – Offer Proposing Questionable Deal . . . . .	447
Letter/e-mail – Offer Matching the Listing . . . . .	449
Letter/e-mail – Offer Conditional Upon Sale of Current Home . . . . .	450
Letter/e-mail – Practice of Law . . . . .	452

**Chapter 6** . . . . . 453

**After the Contract is Signed** . . . . . 453

*The Road to a Successful Closing* . . . . . 453

**Contract Progress** . . . . . 454

    The Oral Counter . . . . . 454

    Contract is Signed . . . . . 454

    Agency after the Contract is Signed . . . . . 454

    Backup Contract Issues . . . . . 454

    Performance Deadlines for Conditions . . . . . 454

    Notification of Failure to Perform . . . . . 455

    Other Realty . . . . . 455

    Lenders . . . . . 455

        Letter/e-mail – Assignment of Tasks . . . . . 456

        Contract Deadlines Form . . . . . 458

        Letter/e-mail – Broker to Buyer After Offer Accepted . . . . . 460

        Letter/e-mail – Home Warranty Program . . . . . 462

    Escrow Instructions . . . . . 463

    Escrow Checklist . . . . . 463

        Letter/e-mail – Contract Review and Assignment of Tasks . . . . . 464

        Escrow Instructions Form . . . . . 465

        Escrow Checklist Form . . . . . 467

    Telephone Log . . . . . 469

    Removal of Conditions Precedent . . . . . 469

    Title Insurance Commitment Arrival . . . . . 469

        Letter/e-mail – Title Insurance Commitment . . . . . 470

    Loan Application and Commitment . . . . . 472

        Case in Point . . . . . 472

        Caution . . . . . 473

        Letter/e-mail – Lender – Confirming Quotation . . . . . 474

        Letter/e-mail – Loan Approval – Other Broker . . . . . 476

        Letter/e-mail – Loan Approval – Lender . . . . . 477

        Letter/e-mail – Loan Approval – Buyer . . . . . 478

        Letter/e-mail – Document Delivery to Lender . . . . . 480

        Letter/e-mail – Broker to Buyer FHA Appraisal Low . . . . . 481

    Final Inspection . . . . . 482

        Appliance and Features Checklist . . . . . 483

        Problems Frequently Identified

            During a Final Walk Through . . . . . 484

        Letter/e-mail – Broker to Buyer – Checklist for Closing . . . . . 486

        Letter/e-mail – Broker to Buyer – Checklist for Closing . . . . . 487

Letter/e-mail – Removal of Conditions	489
<b>The Contract Changes</b>	490
Consideration, The Key	490
Case in Point	490
Extension and Modification Agreements	490
Use of a Contract Modification and Mutual Release Agreement	490
Release Agreements and Instructions	490
Release Agreement	492
Contract Modification and Mutual Release Agreement	493
<b>Release of Earnest Money</b>	496
Release vs. Instructions	497
Mutual Release and Distribution Agreement	498
Agreement to Amend/extend Contract	501
Letter/e-mail – Earnest Money Dispute	502
Letter/e-mail – Earnest Money Dispute/Title Company	504
<b>Returning Earnest Money to a Trusted Client</b>	506
Basic Guidelines	506
General Rule	506
Broker Portion	506
Notice	506
Indemnification	506
Collected Funds	506
Tip	507
Attorney Fees	507
Letter/e-mail – Aggressive Position – Earnest Money	508
<b>Chapter 7</b>	511
<b>Closing Matters</b>	511
<i>The End of the Road</i>	511
<b>Professional Details</b>	512
The Late Disclaimer	512
Memorandum of Previous Oral Disclaimer	512
Protective Language Placement at Closing	512
Hazard and Fire Insurance	512
Homeowner vs. Rental Policy	513
Case in Point	514
Title Insurance	514
Security	514
Payment History	514

Document Retention . . . . .	514
Homeowner’s Exemption . . . . .	515
Tip . . . . .	515
Renewal of Insurance and Payment of Taxes . . . . .	515
FORMAL NOTICE	
of	
Contract Closing and Settlement . . . . .	516
Letter/e-mail – Document Retention . . . . .	518
Payment History . . . . .	519
Letter/e-mail – Owner Carry Update . . . . .	520
Letter/e-mail – Tax/Insurance Reminder . . . . .	521
Letter/e-mail – Buyer Broker to Buyer – Title Policy and Deed . . . . .	522
JUST A REMINDER! . . . . .	523
Letter/e-mail – Buyer – New Keys . . . . .	524
Letter/e-mail – Buyer – New Keys #2 . . . . .	525
Letter/e-mail – Cooperating Salesperson . . . . .	526
<b>Goodbye and Good Luck!</b> . . . . .	<b>527</b>
<b>The Authors</b> . . . . .	<b>528</b>
<b>Appendix</b> . . . . .	<b>531</b>
<b>INDEPENDENT CONTRACTOR AGREEMENT</b> . . . . .	<b>532</b>
<b>Index</b> . . . . .	<b>551</b>