

PURCHASE AGREEMENT

One-to-Four Residential Units
(with escrow instructions)

DATE: _____, 20____, at _____, California.

Items left blank or unchecked are not applicable.

FACTS:

- 1. Received from Buyer(s) _____ the sum of \$ _____, evidenced by personal check, or _____, payable to _____, to be held undeposited until acceptance of this offer as a deposit toward acquisition of property situated in the City of _____, County of _____, California, described as: Real property _____ Personal property, see attached Personal Property Inventory [See ft Form 265] _____
- 2. This agreement is comprised of this four-page form and _____ pages of addenda/attachments.

TERMS: Buyer to pay the purchase price as follows:

- 3. Cash payment through escrow, including deposits, in the amount of \$ _____
 - 3.1 Other consideration paid through escrow _____ \$ _____
- 4. Buyer to obtain a first, or second, trust deed loan in the amount of \$ _____ payable approximately \$ _____ monthly for a period of _____ years. Interest on closing not to exceed _____%, ARM, type _____. Loan points not to exceed _____.
- 4.1 Unless Buyer, within _____ days after acceptance, hands Seller satisfactory written confirmation Buyer has been pre-approved for the financing of the purchase price, Seller may terminate the agreement. [ft Form 183]
- 5. Take title subject to, or Assume, an existing first trust deed note held by _____ with an unpaid principal balance of \$ _____ payable \$ _____ monthly, including interest not exceeding _____%, ARM, type _____, plus a monthly tax/insurance impound payment of \$ _____.
 - 5.1 At closing, loan balance differences per beneficiary statement(s) to be adjusted into: cash, carryback note, or sales price.
 - 5.2 The impound account to be transferred: charged, or without charge, to Buyer.
- 6. Take title subject to, or Assume, an existing second trust deed note held by _____ with an unpaid principal balance of . . . \$ _____ payable \$ _____ monthly, including interest not exceeding _____%, ARM, type _____, due _____, 20 _____.
- 7. Assume a tax bond or assessment lien with an unpaid principal balance of \$ _____
- 8. Note for the balance of the purchase price in the amount of \$ _____ to be executed by Buyer in favor of Seller and secured by a trust deed on the property junior to any above referenced financing, payable \$ _____ monthly, or more, beginning one month after closing, including interest at _____% from closing, due _____ years after closing.
 - 8.1 This note and trust deed to contain provisions to be provided by Seller for: due-on-sale; prepayment penalty; late charges; _____.
 - 8.2 A Carryback Disclosure Statement is attached as an addendum. [ft Form 300]
 - 8.3 Buyer to provide a Request for Notice of Delinquency to senior encumbrancers. [ft Form 412]
 - 8.4 Buyer to hand Seller a completed credit application on acceptance. [ft Form 302]
 - 8.5 Within _____ days of receipt of Buyer's credit application, Seller may terminate the agreement based on a reasonable disapproval of Buyer's creditworthiness.
 - 8.6 Seller may terminate the agreement on failure of the agreed terms for priority financing. [ft Form 183]
 - 8.7 As additional security, Buyer to execute a security agreement and file a UCC-1 financing statement on any property transferred by Bill of Sale. [ft Form 436]
- 9. Total Purchase Price is \$ _____

10. ACCEPTANCE AND PERFORMANCE:

- 10.1 This offer to be deemed revoked unless accepted in writing on presentation, or within _____ days after date, and acceptance is personally delivered or faxed to Offeror or Offeror's Broker within this period.
- 10.2 After acceptance, Broker(s) are authorized to extend any performance date up to one month.
- 10.3 On failure of Buyer to obtain or assume financing as agreed by the date scheduled for closing, Buyer may terminate the agreement.
- 10.4 Buyer's close of Escrow is conditioned on Buyer's prior or concurrent closing on a sale of other property, commonly described as: _____.
- 10.5 Any termination of the agreement shall be by written Notice of Cancellation timely delivered to the other party, the other party's broker or Escrow, with instructions to Escrow to return all instruments and funds to the parties depositing them. [ft Form 183]
- 10.6 Both parties reserve their rights to assign and agree to cooperate in effecting an Internal Revenue Code §1031 exchange prior to close of escrow, on either party's written notice. [ft Forms 171 or 172]
- 10.7 Should Buyer breach the agreement, Buyer's monetary liability to Seller is limited to \$_____, or the deposit receipted in Section 1.

11. PROPERTY CONDITIONS:

- 11.1 Seller to furnish prior to closing:
 - a. a structural pest control inspection report and certification of clearance of corrective measures.
 - b. a home inspection report prepared by an insured home inspector showing the land and improvements to be free of material defects.
 - c. a one-year home warranty policy:
Insurer: _____
Coverage: _____
 - d. a certificate of occupancy, or other clearance or retrofitting, required by local ordinance for the transfer of possession or title.
 - e. a certification by a licensed contractor stating the sewage disposal system is functioning properly, and if it contains a septic tank, is not in need of pumping.
 - f. a certification by a licensed water testing lab stating the well supplying the property meets potable water standards.
 - g. a certification by a licensed well-drilling contractor stating the well supplying the property produces minimum of _____ gallon(s) per minute.
 - h. _____
 - i. _____
- 11.2 Seller's Condition of Property (Transfer) Disclosure Statement (TDS) [ft Form 304]
 - a. is attached; or
 - b. is to be handed to Buyer on acceptance for Buyer's review. Within ten days after receipt, Buyer may either cancel the transaction based on a reasonable disapproval of the disclosure or deliver to Seller or Seller's Broker a written notice itemizing any material defects in the property disclosed by the statement and unknown to Buyer prior to acceptance [ft Form 269]. Seller to repair, replace or correct noticed defects prior to closing.
 - c. On Seller's failure to repair, replace or correct noticed defects under §11.2b or §11.3a, Buyer may tender the purchase price reduced by the cost to repair, replace or correct the noticed defects, or close escrow and pursue available remedies. [ft Form 183]
- 11.3 Seller's Transfer Fee Disclosure Statement [See ft Form 304-2]
 - a. is attached; or
 - b. is to be handed to Buyer on acceptance for Buyer's review. Withing ten days after receipt, Buyer may terminate this agreement based on a reasonable disapproval of the Transfer Fee Disclosure.
 - c. Seller to pay any transfer fees arising out of the transaction.
- 11.4 Buyer to inspect the property twice:
 - a. An **initial property inspection** is required on acceptance to confirm the property's condition is substantially the same as observed by Buyer and represented by Seller or Seller's Agents prior to acceptance, and if not substantially the same, Buyer to promptly notify Seller in writing of undisclosed material defects discovered [ft Form 269]. Seller to repair, replace or correct noticed defects prior to closing; and
 - b. A **final walk-through inspection** is required within five days before closing to confirm the correction of any noticed defects under §11.2b and §11.3a and maintenance under §11.11. [ft Form 270]
- 11.5 Seller's Natural Hazard Disclosure Statement [ft Form 314] is attached, or is to be handed to Buyer on acceptance for Buyer's review. Within ten days of receipt, Buyer may terminate the agreement based on a reasonable disapproval of hazards disclosed by the Statement and unknown to Buyer prior to acceptance. [ft Form 182 and 183]

- 11.6 Buyer acknowledges receipt of a booklet and related seller disclosures containing *Environmental Hazards: A Guide for Homeowners, Buyers, Landlords and Tenants* (on all one-to-four units), *Protect Your Family from Lead in Your Home* (on all pre-1978, one-to-four units) [ft Form 313], and *The Homeowner's Guide to Earthquake Safety* (on all pre-1960, one-to-four units). [ft Form 315]
- 11.7 The property is located in: an industrial use area; a military ordnance area; an airport influence area; _____.
- 11.8 On acceptance, Seller to hand Buyer the following property operating information:
 - a. Property Operating Cost Sheet for Buyer's review within ten days of receipt; Buyer may terminate the agreement during the review period based on a reasonable disapproval of the information received. [ft Form 352 or 562];]
 - b. See attached leasing and operating addendum for additional conditions. [ft Form 225]
- 11.9 If an **Homeowners' Association (HOA)** is involved, Buyer has received and approves, or Buyer on acceptance to be handed, copies of the Association's Articles, Bylaws, CC&Rs, collection and lien enforcement policy, operating rules, operating budget, CPA's financial review, insurance policy summary and any age restriction statement.
 - a. No association claims for property defects or changes in regular or special assessments are pending or anticipated. Current monthly assessment is \$_____.
 - b. Seller is not in violation of CC&Rs, except_____.
 - c. Seller to pay association document and transfer fees.
 - d. Buyer to approve Association's statement of condition of assessments and confirm representations in §11.8a as a condition for closing escrow.
 - e. Within ten days of Buyer's post-acceptance receipt of the association documents, Buyer may terminate the agreement based on a reasonable disapproval of the documents. [ft Form 183]
- 11.10 Seller's Criminal Activity and Security Disclosure Statement [See ft Form 321]
 - a. is attached, or
 - b. is to be handed to Buyer on acceptance for Buyer's review. Within ten days after receipt, Buyer may terminate this agreement based on a reasonable disapproval of the Criminal Activity and Security Disclosure Statement.
- 11.11 Smoke detector(s) and water heater bracing exist in compliance with the law, and if not, Seller to install.
- 11.12 Possession of the property and keys/access codes to be delivered: on close of escrow, or as stated in the attached Occupancy Agreement. [ft Forms 271 and 272]
- 11.13 Seller to maintain the property in good condition until possession is delivered.
- 11.14 Fixtures and fittings attached to the property include, but are not limited to: window shades, blinds, light fixtures, plumbing fixtures, curtain rods, wall-to-wall carpeting, draperies, hardware, antennas, air coolers and conditioners, trees, shrubs, mailboxes and other similar items.
- 11.15 Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP code in which he or she resides.

12. CLOSING CONDITIONS:

- 12.1 This transaction to be escrowed with _____.
Parties to deliver instructions to Escrow as soon as reasonably possible after acceptance.
 - a. Escrow holder is authorized and instructed to act on the provisions of this agreement as the mutual escrow instructions of the parties and to draft any additional instructions necessary to close this transaction. [ft Form 401]
 - b. Escrow instructions, prepared and signed by the parties, are attached to be handed to Escrow on acceptance. [ft Form 401]
- 12.2 Escrow to be handed all instruments needed to **close escrow** on or before _____, 20_____, or within _____ days after acceptance. Parties to hand Escrow all documents required by the title insurer, lenders or other third parties to this transaction prior to seven days before the date scheduled for closing.
 - a. Each party to pay its customary escrow charges. [ft Forms 310 and 311]
- 12.3 Buyer's title to be subject to covenants, conditions, restrictions, reservations and easements of record.
_____.
- 12.4 Title to be vested in Buyer or Assignee free of encumbrances other than those set forth herein. Buyer's interest in title to be insured under a policy issued by a _____ title company as a(n) Homeowner(s) policy (one-to-four units), Residential ALTA-R policy (vacant or improved residential parcel), Owner's policy (other than one-to-four units), CLTA Joint Protection policy (also

naming Carryback Seller or purchase-assist lender), or Binder (to insure resale or refinance within two years).

- a. Endorsements: _____
- b. Seller, or Buyer, to pay the title insurance premium.

12.5 Buyer to furnish a new fire insurance policy covering the property.

12.6 Taxes, assessments, insurance premiums, rents, interest and other expenses to be **pro rated** to close of escrow, unless otherwise provided.

12.7 Bill of Sale to be executed for any **personal property** being transferred.

12.8 If Seller is unable to convey marketable title as agreed, or if the **improvements** on the property are materially damaged prior to closing, Buyer may terminate the agreement. Seller to pay all reasonable escrow cancellation charges. [ft Form 183]

13. NOTICE OF YOUR SUPPLEMENTAL PROPERTY TAX BILL:

California property tax law requires the Assessor to revalue real property at the time the ownership of the property changes. Because of this law, you may receive one or two supplemental tax bills, depending on when your loan closes.

The supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender. It is your responsibility to pay these supplemental bills directly to the Tax Collector.

If you have any questions concerning this matter, please call your local Tax Collector's Office.

14. BROKERAGE FEE:

14.1 Parties to pay the below-mentioned Broker(s) a fee now due of _____ as follows:

- a. Seller to pay the brokerage fee on the change of ownership.
- b. The party wrongfully preventing this change of ownership to pay the brokerage fee.

14.2 Buyer's Broker and Seller's Broker, respectively, to share the brokerage fee _____:_____.

14.3 Attached is the Agency Law Disclosure. [ft Form 305]

14.4 Broker is authorized to report the sale, its price and terms for dissemination and use of participants in brokerage trade associations or listing services.

15. _____

Buyer's/
Selling Broker: _____

By: _____

Is the agent of: Buyer exclusively.
 Both Seller and Buyer.

Seller's/
Listing Broker: _____

By: _____

Is the agent of: Seller exclusively.
 Both Seller and Buyer.

I agree to the terms stated above.

Date: _____, 20____

Buyer: _____

Buyer: _____

Signature: _____

Signature: _____

Address: _____

Phone: _____

Fax: _____

Email: _____

I agree to the terms stated above.

Date: _____, 20____

Seller: _____

Seller: _____

Signature: _____

Signature: _____

Address: _____

Phone: _____

Fax: _____

Email: _____

REJECTION OF OFFER

Undersigned hereby rejects this offer in its entirety. No counteroffer will be forthcoming.

Date: _____, 20____

Name: _____

Name: _____

Signature: _____

Signature: _____