

July 15, 2024

## LBOR Sales Contract Summary of Changes & Rationale

**HEADER:** Newest Version Date is "LBOR 07.15.2024."

### PAGE 2:

#### Paragraph 3. Financing.

##### 3.a. – Added an option for Interim or Bridge Financing.

**Rationale:** This has been added to accurately indicate if the Buyer is utilizing interim or bridge loan financing to purchase the property.

a. **Type of Financing:** Loan(s) will be ☐ owner-occupied Loan(s), or ☐ investment Loan(s), or ☐ interim or bridge financing

##### 3.b. – FHA and VA Language Added.

**Rationale:** The language required for both FHA and VA financing has been added to the main contract, eliminating the requirement to have a separate financing addendum.

##### 3.b. – Other Added.

**Rationale:** A label has been added to describe the blank field.

#### b. Loan Type:

- ☐ Conventional  
☐ FHA

It is expressly agreed that, notwithstanding any other provision of this Contract, the BUYER shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the BUYER has been given in accordance with HUD/FHA or VA requirements a written statement issued by the Federal Housing Commissioner, Veterans Administration, or a Direct Endorsement Lender setting forth the appraised value of the property (excluding closing costs) of not less than the Sale Price of the Contract (Contract Price), which statement the Mortgagee agrees to deliver to the BUYER promptly after such appraised value statement is made available to the Mortgagee. However, the BUYER shall have the privilege and option of proceeding with the consummation of the Contract without regard to the amount of the appraised valuation made by the Federal Housing Commissioner. The appraised valuation 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 the property. The BUYER should satisfy himself/herself that the price and the condition of the property are acceptable.

- ☐ VA

It is expressly agreed that, notwithstanding any other provision of this Contract, the BUYER shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of the property described herein, if the Contract Price exceeds the reasonable value of the property established by the Veterans Administration. However, the BUYER shall have the privilege and option of proceeding with the consummation of this Contract without regard to the amount of reasonable value established by the Veterans Administration.

- ☐ Rural Development  
☐ Other

#### Paragraph 3.d.ii – Added (5 business days prior to Closing if left blank).

**Rationale:** For clarity, establishing a value in the event the field is left blank.

- ii: If money is being borrowed, then this Contract is conditioned upon BUYER obtaining a written firm commitment, which must include (if required by Lender) a satisfactory appraisal, credit verification, income/assets verification, and PMI approval, for a new purchase money mortgage in the principal amount of no more than the above-stated new mortgage proceeds by, on, or before  (5 business days prior to Closing if left blank).

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### Paragraph 5: Buyer's Due Diligence regarding HOAs and HOA governing documents.

**Rationale:** This disclosure is for Buyers to perform their due diligence on items such as the presence of an HOA, easements, or encumbrances. This statement is simply a disclosure for Buyers.

5. **TITLE INSURANCE:** SELLER shall furnish BUYER marketable title, from \_\_\_\_\_ (Escrow Agent if left blank), subject to liens, encumbrances, exceptions, or qualifications specified in this Contract and those which shall be discharged by SELLER at or before Closing. SELLER shall furnish BUYER, before Closing, a commitment for an owner's title insurance policy in the amount of the purchase price, insuring BUYER'S title subject only to liens, encumbrances, exceptions, or qualifications set forth in this Contract, and those which shall be discharged by SELLER at or before Closing. BUYER shall have **five (5)** calendar days after receipt, to examine the title insurance commitment and to notify SELLER in writing of any requirements to make the title marketable. SELLER shall have until Closing to cause the title to be made marketable. If defects precluding marketability are not removed by Closing, BUYER may either accept title or **CANCEL THIS CONTRACT** by delivering written notice to SELLER of BUYER's intent to cancel in the form of a written contract cancellation agreement and, upon execution of the agreement, the Earnest Money Deposit shall be promptly returned to the BUYER and this Contract shall be deemed null and void. SELLER shall diligently attempt, before Closing, to correct any defects to marketability of which BUYER has notified SELLER in writing and shall file and pursue any legal proceedings reasonably necessary to correct such defects. In case of dispute between the parties as to marketability of the title, the Title Standards adopted from time to time by the Bar Association of the State of Kansas, and the Kansas Marketable Record Title Act, as amended, shall control. Buyer agrees to use the title company selected by Seller for all applicable title services, unless otherwise stated in Special Provisions.

It is BUYER'S responsibility to perform due diligence and verify any information related to encumbrances which do not affect the marketability of title, including but not limited to HOA documents or easements of record. If the Property is governed by a homeowner's association, it is recommended that the BUYER request from the HOA any documents which BUYER considers material. Any information provided by the Broker(s) and its affiliated licensee(s) assisting in this transaction is for information and marketing purposes only.

In Paragraph 7. The Blank Field for Days/Date for Inspections has been quantified.

**Rationale:** To help add clarity to the date field, the insertion of *calendar days (10 if left blank) (the inspection period)* was added to define a value for the blank field. If a number is inserted it will apply as calendar days, and if a date is input, the value will default to the date entered.

7. **INSPECTIONS:**  
BUYER or BUYER'S representative, at BUYER'S expense, shall have the right, on or before \_\_\_\_\_ **calendar days** (10 calendar days if left blank) (the "Inspection Period") 10 if left blank) (the Inspection Period) after Contract acceptance date, to

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### Paragraph 8: The Blank Field for Days/Date to review Leases for Occupants other than Seller.

**Rationale:** To help add clarity to the date field, the insertion of *calendar days (5 if left blank)* was added to define a value for the blank field.

8. **OCCUPANTS OTHER THAN SELLER:**  
☐ Check if the property is currently leased.  
If the property, or any portion of the property is currently leased, and the lease extends beyond the closing date, on or before \_\_\_\_\_ **calendar days** (3 calendar days if left blank), (5 if left blank) after Contract acceptance date. SELLER shall furnish

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### NEW Paragraph 12: Buyer Brokerage Compensation.

As a result of the NAR Settlement, upon the direction of legal counsel, Buyer Brokerage Compensation language was added, including the required disclosure that *"Broker commissions are not set by state law, regulation or policy..."*

**12. BUYER BROKERAGE COMPENSATION.** SELLER will pay and/or Listing Company is authorized to share from the compensation previously negotiated in the Exclusive Right to Sell Agreement compensation to Buyer Brokerage (Selling Company) of \_\_\_\_\_ % of the sales price as defined in Paragraph 2 of this Contract, or \$ \_\_\_\_\_. SELLER authorizes payment of Buyer Broker Compensation from the compensation previously negotiated and authorized to be shared in the Exclusive Right to Sell Agreement. If the Buyer Brokerage Compensation set forth herein exceeds the amount authorized to be shared in the Exclusive Right to Sell Agreement, SELLER shall pay the balance at closing. Buyer's Brokerage fees, to include but not limited to brokerage commissions and other fees, will be paid out of escrow at Closing, unless otherwise described above or in the terms of the respective agency agreements. SELLER and BUYER understand and agree that Buyer's Brokerage may be compensated by more than one party in the transaction. (Check all applicable boxes).

Buyer's Brokerage compensated by ☐ SELLER and/or ☐ BUYER

Broker commissions are not set by law, regulation or policy of any real estate trade association. The compensation paid to a real estate broker is always fully negotiable. Compensation to the BUYER's Brokerage paid by SELLER or Listing Company, if any, shall not exceed the compensation negotiated between BUYER and the Buyer's Brokerage (Selling Company).

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### Paragraphs Renumbered.

**Rationale:** Due to insertion of a NEW Paragraph 12, Paragraphs 12-39 are renumbered to Paragraphs 13-40. Also, in the new Paragraph 13, reference to Paragraph #17 has been changed to Paragraph #18, because of the renumbering that has been done.

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**Paragraph 37 (was 36) – FHA and VA Attachments removed, and Transaction Broker Addendum moved to Paragraph 38 (was 37).**

**Rationale:** Because the FHA and VA language has been added to Paragraph 3 of the Sales Contract, there is no longer a need for these attachments. Also, the Transaction Broker Addendum to the Listing Agreement and/or Buyer Agency Agreement is actually Supplemental Information.

**37. ATTACHMENTS:** The following items have been addressed, attached, and incorporated into this Contract:

☐ Flood Plain Attachment

☐ Plans/Specifications

☒ ~~FHA Attachment~~

☐ Environmental Disclosures

☒ ~~VA Attachment~~

☒ ~~Transaction Broker Addendum~~

☐ Sale of Residence Contingency

☐ Rural Property Attachment

☐ Lead-Based Paint Disclosure

☐ Short Sale Addendum

☐ Appraised Value Contingency Addendum

☐ New Construction Warranty Addendum

☐ Agency Franchise Disclosure Addendum

☐ New Construction Performance Standards

☐ \_\_\_\_\_

☐ \_\_\_\_\_

☐ \_\_\_\_\_

☐ \_\_\_\_\_

**38. SUPPLEMENTAL INFORMATION:** The parties acknowledge receipt of the following documented information:

☐ Plat

☐ HOA Information

☐ Covenants/Restrictions

☐ Kansas Energy Efficiency Disclosure

☐ Home Warranty Program

☐ Inspection Report(s)

☐ [Transaction Broker Addendum](#)

☐ \_\_\_\_\_

☐ \_\_\_\_\_

☐ \_\_\_\_\_

There are no other changes to the LBOR Sales Contract.

Please reach out to Rob Hulse with any questions at (785) 842-1843, or by email at [Rob@LawrenceRealtor.com](mailto:Rob@LawrenceRealtor.com).