

Common Contract Issues and cause for rejection

Please review the following items so that your contract can be processed expeditiously. Contract issues are cause for rejection. The Listing Agent will not make corrections to contracts. It is the Buyer's Agent's responsibility to provide a correct contract package.

1. Conventional Financing section – spaces completed for Seller Concession and Financing Days for FHA and VA loans. The appropriate FHA/VA sections should be completed.
2. FHA/VA Financing Amendment - missing for FHA loans
3. Most lenders now require an "FHA Disclosure – Amendatory Clause" - please check with your lender and include that with your package or you may delay your closing.
4. CLOSE DATE - Missing close date or Close date specified in words "closing to take place 30 days after ratification" – Seller only accepts a single calendar date. The seller will NOT choose a date for the buyer, either.
5. SELLER SUBSIDY - specified in words such as "seller to pay for all closing costs" – Only a fixed dollar amount or a percentage of sales price are acceptable
6. AS-IS clauses - Missing NVAR Contingencies addendum with AS-IS section checked, initialed and signed.
7. TERMITE - Seller will not pay for termite inspection. They have been rejecting this on recent contracts. Save yourself the trouble of getting your contract kicked back.
8. SELLER CONCESSION - Must be completed and initialed even if the buyer is not requesting seller to pay for any closing costs – In that case, it should be entered as "-0-" or "none"
9. HOME WARRANTY – Not checked and/or not specified the amount if "yes" and who pays – must be checked "yes" or "no." If yes, then who pays and how much must be specified.
10. INSPECTION CONTINGENCIES – Inspections should be "FOR INFORMATION ONLY" as properties are sold "AS-IS." Seller will most likely reject requests for repairs if Home Inspection Contingency Removal Addendum is provided . Buyers should be aware that most properties require some repairs. Buyers should not submit offers expecting seller to make repairs if defects are found and should have some funds available to handle repairs themselves.
11. Leaving sections blank like Seller Concession, who pays for termite, whether there is a Home Warranty, who pays, and how much. All sections need completed and initialed, even when there is no cost to the seller, such as when the buyer is not asking for seller concession. Missing FHA Amendatory Clause and Certification Addendum – new since 9/08. Needed for FHA loans.
12. EMD - Missing EMD or check is illegible after scanning.
13. LENDER LETTER - Missing lender letter, letter does not align with property sales price, or down payment or letter doesn't specify subject property or is for another property or is more than 30 days old.
14. PROOF OF FUNDS – Required for Cash Offers and recommended for Financed Offers.
15. SELLER PROVIDED-ADDENDUMS – Only the sections specified by the Seller should be completed. Any modification of the addendum renders the contract null and void. The only exception is that in some addendums, the buyer may specify their own settlement company. Contact the Lister for specifics on your contract.

16. HARD MONEY LOANS – Considered as FINANCED LOANS and NOT cash offers.
17. DOWN PAYMENT for CASH OFFERS – Complete the contract for the Down Payment as 100% down or fill in the amount for completeness.
18. ILLEGIBLE CONTRACTS
 - a. unclear completion – please ensure all hand printing is very clear,
 - b. multiple faxes of contracts so wording is illegible – if in doubt, get a new copy and start again,
 - c. crooked faxes such that some wording is off the page – if anything is missing, it will be rejected,
 - d. unclear offer after counteroffers completed – if any terms are changed, it is better to start fresh with a clean contract and complete it with the final terms for submission with an addendum upon acceptance.

Non contract-specific issues

1. Prior to contract acceptance - Faxes of piece parts for contracts without cover pages identifying Buyer, Selling Agent, Agent e-mail ID and phone number OR EVEN THE ADDRESS. On some days, we received 20 or more offers. Your offer may not be entered, or an update may be missed, if all parts are not included and we are not able to easily identify a stand – alone document.
2. After contract acceptance - when returning the contracts and addendums for ratification, it is necessary to send a complete contract package in one piece. This means a single fax with the seller addendum, contract, all addendums, EMD and lender letter/POF. Sellers require a single fax with all components in one file. The Listing agent will not assemble a contract document.
3. Contract cover page missing or incomplete