

# Contingency For Sale of Buyer's Property

## **VIDEO 1 - Introduction:**

I'm Andrew Cellemme of Waller, Smith and Palmer, and along with my partner Toby Griffis we serve as General Counsel to the ECAR Board of Directors. This tutorial will address an addendum to the purchase and sales agreement for the contingency for sale of buyer's property.

## **VIDEO 2 – Buyer's, Seller's and Dates:**

This form is commonly referred to as a "Hubbard clause". Since this form is an addendum to a Purchase and Sales Agreement, it is important that the information in this opening paragraph match the executed Purchase and Sales Agreement. The date of the Purchase and Sales Agreement is the date that the last required signature to the transaction was placed on the contract. The buyer and seller information from the Purchase and Sales Agreement can be indicated here. The property that is the subject of the Purchase and Sales Agreement should be indicated here. The purpose of this addendum is to make the Purchase and Sales Agreement contingent upon the buyer entering into a Purchase and Sales Agreement for the sale of real property which they currently own. This space here; is where the address for the buyers property should be filled out.

## **VIDEO 3 – Contingency Date:**

In Section 1 the parties will identify a contingency date. If the buyer does not provide written notice to the seller that they have obtained a contract for the sale of the buyer's property by this contingency date, the agreement, shall be null and void and the deposit returned to the buyer. It is important to note that unless all parties agree in writing there is not a reasonable time to perform after the expiration of the contingency date.

## **VIDEO 4 – Buyer's Rights and Obligations:**

Section 2 provides the rights and obligations of the buyer. In Subsection A the buyer must provide the seller with listing information for the buyers property including the name and contact information of the listing agent. Subsection B provides that the buyer may waive the contingency at any time by executing a release of contingency for buyer sale of property and providing it to the seller. If that release is signed by the buyer this contingency is null and void and the parties may proceed under the terms of the Purchase and Sales Agreement to a closing.

## **VIDEO 4 – Seller's Rights and Obligations:**

Section 3 addresses the seller's rights and obligations under this addendum. Subsection A provides the seller may continue to market the property for sale and accept backup offers for the sale of the property. Subsection B provides that the seller shall inform all backup buyers that the property is under contract and that the backup contract must contain a clause making the backup contract contingent upon the termination of the agreement between this buyer and seller. According to Subsection C upon the execution of a backup contract on the property, the seller may accelerate the contingency date by using the seller's written notice to accelerate contingency date.

## **VIDEO 5 – Notice to Accelerate Contingency Date:**

According to Section 2 of the sellers written notice to accelerate contingency date form, the seller may accelerate the contingency date to a date which is no earlier than two business days after the date on which the seller delivers the notice to the buyer. According to paragraph 3 the buyer has until the accelerated contingency date to either provide the seller with written verification that they have received a fully executed contract for the sale of the buyer's property, or the buyer may execute a release of contingency for the sale of buyer's property. In either event if the buyer does not provide one of the notices under Subparagraph A or B, the agreement shall be null and void and the deposit will be returned to the buyer.

If you have a question regarding this or any other form or any other REALTOR® related matter, please do not hesitate to contact either me or my partner Toby Griffis at 860-442-0367.