

AREA Purchase Contract Changes – July 18, 2017

Forms affected:

- Residential Purchase Contract
- Country Residential Purchase Contract
- Residential Resale Condominium Property Purchase Contract

Clause 4.5

Current clause:

- **4.5** If the buyer fails to pay a deposit, as required by this contract, the seller may void this contract at the seller's option by giving the buyer written notice.

Change:

- **4.5** If the buyer fails to pay a deposit **by the agreed date**, the seller may void this contract at the seller's option by giving the buyer written notice. **The seller's option expires whenever the seller accepts a deposit, even if late.**

Why?

- REALTOR® feedback indicated that you like that the seller has an option to void the contract when promised deposits are not paid. However, AREA heard from REALTORS® and the legal community that the clause needed more clarity on when the option ends. Some also questioned whether “*as required by this contract*” included the method of payment. The change from “*as required by this contract*” to “*by the agreed date*” clarifies that the seller can only void the contract if the deposit is not made by the agreed date.

The added wording “*The seller's option expires whenever the seller accepts a late deposit, even if late*” clarifies an end to the option. It also allows for those circumstances where a deposit may be late, but the parties wish to keep the contract. Keep in mind that the seller's option to void the contract will continue if the deposit is not made.

How does this affect my practice?

- This change will help you explain to your seller clients how the seller's option works and how it will end. For buyer clients, it helps clarify the importance of the buyer making the deposit payments on time.