

AREA Purchase Contract Changes – July 18, 2017

Forms affected:

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

Clause 6.1(g)

Current clause:

- **6.1** The seller represents and warrants to the buyer that:
(g) any known government and local authority notices regarding the Property and known lack of permits for any development on the Property, have been disclosed in writing in this contract.

Change:

- **6.1** The seller represents and warrants to the buyer that:
(g) any government and local authority notices regarding the Property and lack of permits for any development on the Property **known to the seller** have been disclosed in writing in this contract.

Why?

- 6.1(g) was a new clause in the 2016 Purchase Contract. It introduced a contractual requirement for the seller to disclose government notices and lack of permits for development that the seller knows about. In the past, buyers were expected to determine these items on their own but it is now known that this is not always possible. The clause has been generally supported by REALTORS® but with feedback that the language is awkward. The most common question is “known to whom?”. The reorganized wording with the focus on “known to the seller” should clarify this clause for REALTORS® and their clients.

How does this affect my practice?

- There is no effect on your practice.