

NAME OF DOCUMENT:

**Residential Contract of Sale**

**Prepared By Keller Williams Flagship of  
Maryland - Teresa Bennett**



**RESIDENTIAL CONTRACT OF SALE**

*This is a Legally Binding Contract; If Not Understood, Seek Competent Legal Advice*

**THIS FORM IS DESIGNED AND INTENDED FOR THE SALE AND PURCHASE OF IMPROVED SINGLE FAMILY RESIDENTIAL REAL ESTATE LOCATED IN MARYLAND ONLY. FOR OTHER TYPES OF PROPERTY INCLUDE APPROPRIATE ADDENDA.**

**TIME IS OF THE ESSENCE.** Time is of the essence of this Contract. The failure of Seller or Buyer to perform any act as provided in this Contract by a prescribed date or within a prescribed time period shall be a default under this Contract and the non defaulting party, upon written notice to the defaulting party, may declare this Contract null and void and of no further legal force and effect. In such event, the Deposit shall be disbursed in accordance with Paragraph 19 of this Contract.

1. DATE OF OFFER: \_\_\_\_\_  
2. SELLER: \_\_\_\_\_  
3. BUYER: \_\_\_\_\_

4. **PROPERTY DESCRIPTION:** Seller does sell to Buyer and Buyer does purchase from Seller, all of the following described Property (hereinafter "Property") known as \_\_\_\_\_ located in \_\_\_\_\_ CITY/COUNTY , Maryland, Zip \_\_\_\_\_ together with the improvements thereon, and all rights and appurtenances thereto belonging.

5. **ESTATE:** The Property is being conveyed:  in fee simple or  subject to an annual ground rent, now existing or to be created, in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_ ) payable semi-annually, as now or to be recorded among the Land Records of \_\_\_\_\_ CITY/COUNTY , Maryland.

6. **PURCHASE PRICE:** The purchase price is \_\_\_\_\_ Dollars (\$ \_\_\_\_\_ ).

7. **PAYMENT TERMS:** The payment of the purchase price shall be made by Buyer as follows:

(a) An initial Deposit(s) by way of \_\_\_\_\_ , in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_ ) at the time of this offer.  
(b) An additional Deposit(s) by way of \_\_\_\_\_ , in the amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_ ) to be paid within \_\_\_\_\_ ( \_\_\_\_ ) days from the date of Contract Acceptance.

(c) All Deposit(s) will be held in escrow by: \_\_\_\_\_  
(If not a Maryland licensed real estate broker, the parties may execute a separate escrow deposit agreement.)

(d) The purchase price less any and all Deposit(s) shall be paid in full by Buyer in cash, wired funds, bank check, certified check or other payment acceptable to the settlement officer at settlement.

(e) Buyer and Seller instruct broker named in paragraph (c) above to place the Deposit(s) in: **(Mark One)**  
 A non-interest bearing account  
**OR**  An interest bearing account, the interest on which, in absence of default by Buyer, shall accrue to the benefit of Buyer. Broker may charge a fee for establishing an interest bearing account.

8. **SETTLEMENT:** Date of settlement \_\_\_\_\_ or sooner if agreed to in writing by both parties.

9. **FINANCING:** This Contract is contingent upon buyer obtaining a written commitment for a loan secured by the Property as follows:

**(Mark)**  Conventional Loan as follows:  
Loan Amount \$ \_\_\_\_\_  
Term of Note \_\_\_\_\_ Years  
Amortization \_\_\_\_\_ Years  
Interest Rate \_\_\_\_\_ %  
Loan Program \_\_\_\_\_  
Loan Origination/Discount Fees (as a % of loan amount)  
Buyer agrees to pay \_\_\_\_\_ %;  
Seller agrees to pay \_\_\_\_\_ %.  
Buyer shall receive the benefit of any reduction in fees.

FHA Financing Addendum  
 Gift of Funds Contingency Addendum  
 Owner Financing Addendum  
 VA Financing Addendum  
 Assumption Addendum  
 Other \_\_\_\_\_  
 No Financing Contingency



Buyer \_\_\_\_\_ / \_\_\_\_\_

Seller \_\_\_\_\_ / \_\_\_\_\_



**10. FINANCING APPLICATION AND COMMITMENT:** Buyer agrees to make a written application for the financing as herein described within ( \_\_\_\_\_ ) ( \_\_\_\_ ) days from the Date of Contract Acceptance. If such written financing commitment commitment is not obtained by Buyer within ( \_\_\_\_\_ ) ( \_\_\_\_ ) days from the Date of Contract Acceptance:

(1) Seller, at Seller's election and upon written notice to Buyer, may declare this Contract null and void and of no further legal effect; or (2) Buyer, upon written notice to Seller, which shall include written evidence from the lender of Buyer's inability to obtain financing as provided in Paragraph 9 of this Contract, may declare this Contract null and void and of no further legal effect. In either case, the deposit shall be disbursed in accordance with the Deposit paragraph of this Contract. If Buyer has complied with all of Buyer's obligations under this Contract, including those with respect to applying for financing and seeking to obtain financing, then the Release of Deposit agreement shall provide that the deposit shall be returned to Buyer.

**11. ALTERNATE FINANCING:** Provided Buyer timely and diligently pursues the financing described in Paragraph 9 "**Financing**"; Paragraph 10 "**Financing Application and Commitment**"; and the provisions of Paragraph 28 "**Buyer Responsibility**", Buyer, at Buyer's election, may also apply for alternate financing. If Buyer, at Buyers sole option, obtains a written commitment for financing in which the loan amount, term of note, amortization period, interest rate, down payment or loan program differ from the financing as described in Paragraph 9, or any addendum to this Contract, the provision of Paragraph 10 or any addendum to this Contract shall be deemed to have been fully satisfied. Such alternate financing may not increase costs to Seller or exceed the time allowed to secure the financing commitment as provided in Paragraph 10, or any addendum to this Contract.

**12. HOME AND/OR ENVIRONMENTAL INSPECTION:** Buyer acknowledges, subject to Seller acceptance, that Buyer is afforded the opportunity, at Buyer's sole cost and expense, to condition Buyer's purchase of the Property upon a Home Inspection and/or Environmental Inspection in order to ascertain the physical condition of the Property or the existence of environmental hazards. If Buyer desires a Home Inspection and/or Environmental Inspection contingency, such contingency must be included in an addendum to this Contract. Buyer and Seller acknowledge that Brokers, agents or subagents are not responsible for the existence or discovery of property defects.

**Inspection(s) Addenda Attached** \_\_\_\_\_ **Inspection(s) Declined** \_\_\_\_\_  
Buyer Buyer Buyer Buyer

**13. INCLUSIONS/EXCLUSIONS:** Included in the purchase price are all permanently attached fixtures, including all smoke detectors. Certain other **now existing items** which may be considered personal property, whether installed or stored upon the property, are included if box below is marked.

- |   |   |  |   |
|---|---|--|---|
| <b>INCLUDED</b>                                 | <b>INCLUDED</b>                                   | <b>INCLUDED</b>                                  | <b>INCLUDED</b>                                     |
| <input type="checkbox"/> Alarm System           | <input type="checkbox"/> Electronic Air Filter    | <input type="checkbox"/> Intercom                | <input type="checkbox"/> Storm Windows              |
| <input type="checkbox"/> Built-in Microwave     | <input type="checkbox"/> Exhaust Fan(s) # _____   | <input type="checkbox"/> Playground Equipment    | <input type="checkbox"/> Stove or Range             |
| <input type="checkbox"/> Ceiling Fan(s) # _____ | <input type="checkbox"/> Exist. W/W Carpet        | <input type="checkbox"/> Pool, Equip. & Cover    | <input type="checkbox"/> T.V. Antenna               |
| <input type="checkbox"/> Central Vacuum         | <input type="checkbox"/> Fireplace Screen/Doors   | <input type="checkbox"/> Refrigerator(s) # _____ | <input type="checkbox"/> Trash Compactor            |
| <input type="checkbox"/> Clothes Dryer          | <input type="checkbox"/> Freezer                  | <input type="checkbox"/> w/ice maker             | <input type="checkbox"/> Wall Oven(s) # _____       |
| <input type="checkbox"/> Clothes Washer         | <input type="checkbox"/> Furnace Humidifier       | <input type="checkbox"/> Satellite Dish          | <input type="checkbox"/> Water Filter               |
| <input type="checkbox"/> Cooktop                | <input type="checkbox"/> Garage Opener(s) # _____ | <input type="checkbox"/> Screens                 | <input type="checkbox"/> Water Softener             |
| <input type="checkbox"/> Dishwasher             | <input type="checkbox"/> w/remote(s) # _____      | <input type="checkbox"/> Shades/Blinds           | <input type="checkbox"/> Window A/C Unit(s) # _____ |
| <input type="checkbox"/> Drapery/Curtain Rods   | <input type="checkbox"/> Garbage Disposer         | <input type="checkbox"/> Storage Shed(s) # _____ | <input type="checkbox"/> Window Fan(s) # _____      |
| <input type="checkbox"/> Drapery/Curtains       | <input type="checkbox"/> Hot Tub, Equip. & Cover  | <input type="checkbox"/> Storm Doors             | <input type="checkbox"/> Wood Stove                 |

ADDITIONAL INCLUSIONS (SPECIFY): \_\_\_\_\_

ADDITIONAL EXCLUSIONS (SPECIFY): \_\_\_\_\_

**14. AGRICULTURALLY ASSESSED PROPERTY:** The Property, or any portion thereof, may be subject to an Agricultural Land Transfer Tax as imposed by Section 13-301 et seq. of the Tax-Property Article, Annotated Code of Maryland, by reason of the Property's having been assessed on the basis of agricultural use. Agricultural taxes assessed as a result of this transfer shall be paid by the \_\_\_\_\_.

**15. FOREST CONSERVATION AND MANAGEMENT PROGRAM:** Buyer is hereby notified that this transfer may be subject to the Forest Conservation and Management Program imposed by Section 8-211 et. seq. of the Tax-Property Article, Annotated Code of Maryland. Forest Conservation/Management program taxes assessed as a result of this transfer shall be paid by the \_\_\_\_\_.

Buyer \_\_\_\_\_ / \_\_\_\_\_

Seller \_\_\_\_\_ / \_\_\_\_\_

**16. LEAD-BASED PAINT:**

A. FEDERAL LEAD-BASED PAINT LAW: Title X, Section 1018, the Residential Lead-Based Paint Hazard Reduction Act of 1992 (the Act), requires the disclosure of certain information regarding lead-based paint and lead-based paint hazards in connection with the sale of residential real property. Unless otherwise exempt, the Act applies only to housing constructed prior to 1978. A Seller of pre-1978 housing is required to disclose to Buyer, based upon Seller's actual knowledge, all known lead-based paint hazards in the Property and provide Buyer with any available reports in the Seller's possession relating to lead-based paint or lead-based paint hazards applicable to the Property. Seller, however, is not required to conduct or pay for any lead-based paint risk assessment or inspection. At the time that the offer to purchase is entered into by Buyer, Seller is required to provide Buyer with the EPA pamphlet entitled "Protect Your Family From Lead In Your Home" and a "Disclosure of Information on Lead- Based Paint and Lead-Based Paint Hazards" form. **Seller is required under the Act to provide Buyer with a ten (10) day time period (or other mutually agreeable time period) for Buyer, at Buyer's expense, to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards unless Buyer waives such assessment or inspection by indicating such waiver on the Lead-Based Paint Disclosure form. Notwithstanding the right of the Buyer under the Act to conduct a risk assessment inspection for presence of lead-based paint and/or lead-based paint hazards, Seller is not required by the Act to permit Buyer, and Buyer shall have no right, to rescind this Contract based upon the results of such inspection, even if the inspection reveals the presence of lead-based paint and/or lead-based paint hazards within the Property, unless otherwise provided in a written addendum to this Contract. (If applicable, see Lead-Based Paint Hazard Inspection Addendum.) Seller and any agent involved in the transaction are required to retain a copy of the completed Lead-Based Paint Disclosure form for a period of three (3) years following the date of settlement. A SELLER WHO FAILS TO GIVE THE REQUIRED LEAD-BASED PAINT DISCLOSURE FORM AND EPA PAMPHLET MAY BE LIABLE UNDER THE ACT FOR THREE TIMES THE AMOUNT OF DAMAGES AND MAY BE SUBJECT TO BOTH CIVIL AND CRIMINAL PENALTIES.**

Seller represents and warrants to Buyer, Broker(s), Broker(s)' agents and subagents, intending that they rely upon such warranty and representation, that the property:

**(Seller to initial applicable line):** \_\_\_\_\_ was constructed prior to 1978  
OR \_\_\_\_\_ was not constructed prior to 1978  
OR \_\_\_\_\_ the date of construction is uncertain.

If the Property was constructed prior to 1978 or if the date of construction is uncertain, as indicated by Seller's initial above, Buyer and Seller mutually agree that the requirements of the Act shall apply to the sale of the Property. Buyer and Seller acknowledge that the real estate brokers and salespersons involved in the sale of the Property have no duty to ascertain or verify the date of construction and assume no such duty or responsibility. Buyer and Seller agree, represent and warrant, each unto the other, that no binding and enforceable contract shall be deemed to exist or to have been formed unless the requirements of the Act have been complied with prior to the execution of this Contract by Buyer and Seller. Buyer and Seller represent and warrant that each intended, as a material term of the offer and acceptance, that the requirements of the Act be complied with as an express condition of the formation of a binding and enforceable contract by and between the parties.

Buyer and Seller acknowledge by their respective initials below that they have read and understand the provisions of this paragraph.

\_\_\_\_\_(BUYER) \_\_\_\_\_(BUYER) \_\_\_\_\_(SELLER) \_\_\_\_\_(SELLER)

B. MARYLAND LEAD POISONING PREVENTION PROGRAM: Under the Maryland Lead Poisoning Prevention Program (the "Maryland Program"), any residential dwelling constructed prior to 1950 which is leased for residential purposes is required to be registered with the Maryland Department of the Environment (MDE). Any residential dwelling constructed between 1950 and 1978, which is leased for residential purposes, may be registered with the MDE at the election of the owner.

Seller hereby discloses that the property:

1. **(Seller to initial applicable line)** \_\_\_\_\_ is currently registered in the Maryland Program  
\_\_\_\_\_ is NOT currently registered in the Maryland Program

If the Property was constructed prior to 1950 and Buyer intends to lease the Property effective immediately following settlement or in the future, Buyer shall be required to register the Property with the Maryland Department of the Environment within thirty (30) days following the date of settlement or within thirty (30) days following the conversion of the Property to rental property as required by the Maryland Program. Buyer shall be responsible for full compliance under the Maryland Program, including but not limited to, registration; inspections; lead-paint risk reduction and abatement procedures; payment of all fees, costs and expenses; and the notice requirements to tenants as well as the requirements of qualified offers.

Buyer acknowledges by Buyer's initials below that Buyer has read and understands the provisions of this paragraph.

\_\_\_\_\_(BUYER) \_\_\_\_\_(BUYER)

Buyer \_\_\_\_\_ / \_\_\_\_\_

Seller \_\_\_\_\_ / \_\_\_\_\_

2. If the Property is already registered under the Maryland Program as indicated in Paragraph 16.B.1., Seller further discloses to Buyer that an event as defined under the Maryland Program (including, but not limited to, notice of the existence of lead-based paint hazards or notice of elevated blood lead levels from a tenant or state, local or municipal health agency) (**Seller to initial applicable line**) \_\_\_\_\_ has; or \_\_\_\_\_ has not occurred which obligates Seller to perform either the modified or full risk reduction treatment of the Property as required under the Maryland Program. If an event has occurred which obligates Seller to perform either the modified or full risk reduction treatment of the Property, Seller hereby discloses the scope of such treatment as follows:

\_\_\_\_\_

If such event has occurred, Seller (**Seller to initial applicable line**) \_\_\_\_\_ will; or \_\_\_\_\_ will not perform the required treatment prior to transfer of title of the Property to Buyer.

Buyer acknowledges by Buyer's initials below that Buyer has read and understands the provisions of this paragraph.

\_\_\_\_\_(BUYER)      \_\_\_\_\_(BUYER)

**17. ADDENDA:** The Addenda marked below, which are hereby attached, are made a part of this Contract:

- Affiliated Business Disclosure Notice
- Cash/Convention Financing Appraisal Contingency
- Condominium Resale Notice
- Disclosure of Licensee Status
- First-Time Maryland Home Buyer Transfer & Recordation Tax Addendum
- Homeowners Association Notice
- Kickout
- Lead-Based Paint Hazard Inspection
- Lead-Based Paint and Lead-Based Hazards Disclosure of Information
- Local City/County Certifications/Registrations
- Local City/County Notices/Disclosures
- Other Addenda/Special Conditions
- Maryland Non-Resident Seller Transfer Withholding Tax
- Mold Inspection
- Notice to Buyer - Maryland Residential Real Property Disclosure/Disclaimer Act
- On-Site Sewage Disposal System Inspection
- Property Inspections
- Purchase Price Escalation
- Sale, Financing, Settlement or Lease of Other Real Estate
- Seller's Purchase of Another Property
- Third Party Approval
- Water Quality

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**18. TERMITE INSPECTION:** Buyer, at Buyer's expense, (if VA, then at Seller's expense) is authorized to obtain a written report from a Maryland licensed pest control company that, based on a careful visual inspection, there is no evidence of termite or other wood-destroying insect infestation in the residence or within three (3) feet of the residence; and damage due to previous infestation has been repaired. The provisions of this paragraph also shall apply to: (1) the garage or within three (3) feet of the garage (whether attached or detached); (2) any outbuildings located within three feet of the residence or garage; and (3) a maximum of ten (10) linear feet of the nearest portion of a fence on Seller's Property within three feet of the residence or garage. If there is evidence of present infestation as described above, or if damage caused by present or prior infestation is discovered, Seller, at Seller's expense, shall repair any damage caused by present or prior infestation and have the present infestation treated by a licensed pest control company. If the cost of treatment and repair of such damage exceeds 2% of the purchase price, Seller may, at Seller's option, cancel this Contract, unless Buyer, at Buyer's option should choose to pay for the cost of treatment and repairs exceeding 2% of the purchase price, then this Contract shall remain in full force and effect. If such report reveals damage for which the cost of treatment and repair exceeds 2% of the purchase price, Seller's decision regarding treatment and repair of damage shall be communicated in writing to Buyer within five (5) days from receipt of the report, after which Buyer shall respond to Seller in writing with Buyer's decision within three (3) days from receipt of Seller's notification of Seller's decision. If Seller does not notify Buyer in writing of Seller's decision within five (5) days from receipt of report, Buyer may, at Buyer's option, pay for the cost of treatment and repairs exceeding 2% of the purchase price. If Buyer does not want to pay for the cost of treatment and repairs exceeding 2% of the purchase price, Buyer may terminate this Contract upon written notice delivered to Seller. In the event this Contract is terminated under the terms of this paragraph, the Deposit(s) shall be disbursed in accordance with the Deposit paragraph of this Contract.

Buyer \_\_\_\_\_ / \_\_\_\_\_

Seller \_\_\_\_\_ / \_\_\_\_\_

**19. DEPOSIT:** If the Deposit is held by a Broker as specified in Paragraph 7(c) of this Contract, Buyer hereby authorizes and directs Broker to hold the Deposit instrument without negotiation or deposit until the parties have executed and accepted this Contract. Upon acceptance, the initial Deposit and additional Deposits (the "Deposit"), if any, shall be placed in escrow as provided in Paragraph 7(e) of this Contract and in accordance with the requirements of Section 17-502(b)(1) of the Business Occupations and Professions Article, Annotated Code of Maryland. If Seller does not execute and accept this Contract, the initial Deposit instrument shall be promptly returned to Buyer. The Deposit shall be disbursed at settlement. In the event this Contract shall be terminated or settlement does not occur, Buyer and Seller agree that the Deposit shall be disbursed by Broker only in accordance with a Release of Deposit agreement executed by Buyer and Seller. In the event Buyer and/or Seller fail to complete the real estate transaction in accordance with the terms and conditions of this Contract, and either Buyer or Seller shall be unable or unwilling to execute a Release of Deposit agreement, Buyer and Seller hereby acknowledge and agree that Broker may distribute the Deposit in accordance with the provisions of Section 17-505(b) of the Business Occupations and Professions Article, Annotated Code of Maryland.

**20. DEED AND TITLE:** Upon payment of the purchase price, a deed for the Property containing covenants of special warranty and further assurances (except in the case of transfer by personal representative of an estate), shall be executed by Seller and shall convey the Property to Buyer. Title to the Property, including all chattels included in the purchase, shall be good and merchantable, free of liens and encumbrances except as specified herein; except for use and occupancy restrictions of public record which are generally applicable to properties in the immediate neighborhood or the subdivision in which the Property is located and publicly recorded easements for public utilities and any other easements which may be observed by an inspection of the Property. Buyer expressly assumes the risk that restrictive covenants, zoning laws or other recorded documents may restrict or prohibit the use of the Property for the purpose(s) intended by Buyer. In the event Seller is unable to give good and merchantable title or such as can be insured by a Maryland licensed title insurer, with Buyer paying not more than the standard rate as filed with the Maryland Insurance Commissioner, Seller, at Seller's expense, shall have the option of curing any defect so as to enable Seller to give good and merchantable title or, if Buyer is willing to accept title without said defect being cured, paying any special premium on behalf of Buyer to obtain title insurance on the Property to the benefit of Buyer. In the event Seller elects to cure any defects in title, this Contract shall continue to remain in full force and effect; and the date of settlement shall be extended for a period not to exceed fourteen (14) additional days. If Seller is unable to cure such title defect(s) and is unable to obtain a policy of title insurance on the Property to the benefit of Buyer from a Maryland licensed title insurer, Buyer shall have the option of taking such title as Seller can give, or terminating this Contract and being reimbursed by Seller for cost of searching title as may have been incurred not to exceed 1/2 of 1% of the purchase price. In the latter event, there shall be no further liability or obligation on either of the parties hereto; and this Contract shall become null and void; and all Deposit(s) shall be disbursed in accordance with the Deposit paragraph of this Contract. In no event shall Broker(s) or their agent(s) have any liability for any defect in Seller's title.

**21. CONDITION OF PROPERTY AND POSSESSION:** At settlement, Seller shall deliver possession of the Property and shall deliver the Property vacant, clear of trash and debris, broom clean and in substantially the same condition as existed on the Date of Contract Acceptance. All electrical, heating, air conditioning, plumbing (including well and septic), and any other mechanical systems and related equipment, appliances and smoke detector(s) included in this Contract shall be in working condition. Buyer reserves the right to inspect the Property within five (5) days prior to settlement. **EXCEPT AS OTHERWISE SPECIFIED IN THIS CONTRACT, INCLUDING THIS PARAGRAPH, THE PROPERTY IS SOLD "AS IS"**. The obligations of Seller as provided in this paragraph shall be in addition to any Disclosure and Disclaimer Statement as required by Section 10-702, Real Property Article, Annotated Code of Maryland and any provision of any inspection contingency addendum made a part of this Contract.

**22. ADJUSTMENTS:** Ground rent, homeowner's association fees, rent and water rent shall be adjusted and apportioned as of date of settlement; and all taxes, general or special, and all other public or governmental charges or assessments against the Property which are or may be payable on a periodic basis, including Metropolitan District Sanitary Commission, Washington Suburban Sanitary Commission, or other benefit charges, assessments, liens or encumbrances for sewer, water, drainage, paving, or other public improvements completed or commenced on or prior to the date hereof, or subsequent thereto, are to be adjusted and apportioned as of the date of settlement and are to be assumed and paid thereafter by Buyer, whether assessments have been levied or not as of date of settlement if applicable by local law. Any heating or cooking fuels remaining in supply tank(s) at time of settlement shall become the property of Buyer.

**23. SETTLEMENT COSTS:** Buyer agrees to pay all settlement costs and charges including, but not limited to, all Lender's fees in connection herewith, including title examination and title insurance fees, loan insurance premiums, all document preparation and recording fees, notary fees, survey fees where required, and all recording charges, except those incident to clearing existing encumbrances or title defects, except if Buyer is a Veteran obtaining VA financing, those prohibited to be paid by a Veteran obtaining VA financing, which prohibited charges shall be paid by Seller.

Buyer \_\_\_\_\_ / \_\_\_\_\_

Seller \_\_\_\_\_ / \_\_\_\_\_

**24. TRANSFER CHARGES:** Section 14-104 of the Real Property Article, Annotated Code of Maryland provides that, unless otherwise negotiated in the contract or provided by State or local law, the cost of any recordation tax or any State or local Transfer Tax shall be shared equally between the Buyer and Seller. Unless otherwise provided by an addendum to this Contract, the costs of state and local transfer and recordation taxes (other than agricultural land transfer tax) shall be shared equally by Buyer and Seller. (If First-Time Maryland Home Buyer: See Transfer and Recordation Tax Addendum.)

**25. BROKER LIABILITY:** Brokers, their agents, subagents and employees do not assume any responsibility for the condition of the Property or for the performance of this Contract by any or all parties hereto. By signing this Contract, Buyer and Seller acknowledge that they have not relied on any representations made by Brokers, or any agents, subagents or employees of Brokers, except those representations expressly set forth in this Contract.

**26. BROKER'S FEE:** All parties irrevocably instruct the settlement officer to collect the fee or compensation and disburse same according to the terms and conditions provided in the listing agreement and/or agency representation agreement. Settlement shall not be a condition precedent to payment of compensation.

**27. SELLER RESPONSIBILITY:** Seller agrees to keep existing mortgages free of default until settlement. All violation notices or requirements noted or issued by any governmental authority, or actions in any court on account thereof, against or affecting the Property at the date of settlement of this Contract, shall be complied with by Seller and the Property conveyed free thereof. The Property is to be held at the risk of Seller until legal title has passed or possession has been given to Buyer. If, prior to the time legal title has passed or possession has been given to Buyer, whichever shall occur first, all or a substantial part of the Property is destroyed or damaged, without fault of Buyer, then this Contract, at the option of Buyer, upon written notice to Seller, shall be null and void and of no further effect, and the deposits shall be disbursed in accordance with the Deposit paragraph of this Contract.

**28. BUYER RESPONSIBILITY:** If Buyer has misrepresented Buyer's financial ability to consummate the purchase of the Property, or if this Contract is contingent upon Buyer securing a written commitment for financing and Buyer fails to apply for such financing within the time period herein specified, or fails to pursue financing diligently and in good faith, or if Buyer makes any misrepresentations in any document relating to financing, or takes (or fails to take) any action which causes Buyer's disqualification for financing, then Buyer shall be in default; and Seller may elect by written notice to Buyer, to terminate this Contract and/or pursue the remedies set forth under the Default paragraph of this Contract.

**29. HOMEOWNER'S ASSOCIATION:** The Property is not part of a development subject to the imposition of mandatory fees as defined by the Maryland Homeowner's Association Act, unless acknowledged by attached addendum.

**30. GROUND RENT:** If the Property is subject to ground rent and the ground rent is not timely paid, the owner of the reversionary interest (i.e., the person to whom the ground rent is payable) may bring an action of ejectment against the leasehold owner pursuant to Section 8-402.2 of the Real Property Article, Annotated Code of Maryland. As a result of this action, the owner of the reversionary interest may obtain title to the Property in fee, discharged from the lease.

**31. SALE/SETTLEMENT OR LEASE OF OTHER REAL ESTATE:** Neither this Contract nor the granting of Buyer's loan referred to herein is to be conditioned or contingent in any manner upon the sale, settlement and/or lease of any other real estate unless a contingency for the sale, settlement and/or lease of other real estate is contained in an addendum to this Contract. Unless this Contract is expressly contingent upon the sale, settlement and/or lease of any other real estate, Buyer shall neither apply for nor accept a financing loan commitment which is contingent upon or requires as a pre-condition to funding that any other real estate be sold, settled and/or leased.

**32. LEASES:** Seller may neither negotiate new leases nor renew existing leases for the Property which extend beyond settlement or possession date without Buyer's written consent.

**33. DEFAULT:** Buyer and Seller are required and agree to make full settlement in accordance with the terms of this Contract and acknowledge that failure to do so constitutes a breach hereof. If Buyer fails to make full settlement or is in default due to Buyer's failure to comply with the terms, covenants and conditions of this Contract, the initial Deposit and additional Deposits (the "Deposit") may be retained by Seller as long as a Release of Deposit Agreement is signed and executed by all parties, expressing that said Deposit may be retained by Seller. In the event the parties do not agree to execute a Release of Deposit Agreement, Buyer and Seller shall have all legal and equitable remedies. If Seller fails to make full settlement or is in default due to Seller's failure to comply with the terms, covenants and conditions of this Contract, Buyer shall be entitled to pursue such rights and remedies as may be available, at law or in equity, including, without limitation, an action for specific performance of this Contract and/or monetary damages. In the event of any litigation or dispute between Buyer and Seller concerning the release of the Deposit, Broker's sole responsibility may be met, at Broker's option, by paying the Deposit into the court in which such litigation is pending, or by paying the Deposit into the court of proper jurisdiction by an action of interpleader. Buyer and Seller agree that, upon Broker's payment of the Deposit into the court, neither Buyer nor Seller shall have any further right, claim, demand or action against Broker regarding the release of the Deposit; and Buyer and Seller, jointly and severally, shall indemnify and hold Broker

Buyer \_\_\_\_\_ / \_\_\_\_\_

Seller \_\_\_\_\_ / \_\_\_\_\_

from any and all such rights, claims, demands or actions. In the event of such dispute and election by Broker to file an action of interpleader as herein provided, Buyer and Seller further agree and hereby expressly and irrevocably authorize Broker to deduct from the Deposit all costs incurred by Broker in the filing and maintenance of such action of interpleader including but not limited to filing fees, court costs, service of process fees and attorneys' fees, provided that the amount deducted shall not exceed the lesser of \$500 or the amount of the Deposit held by Broker. All such fees and costs authorized herein to be deducted may be deducted by Broker from the Deposit prior to paying the balance of the Deposit to the court. Buyer and Seller further agree and expressly declare that all such fees and costs so deducted shall be the exclusive property of Broker. If the amount deducted by Broker is less than the total of all of the costs incurred by Broker in filing and maintaining the interpleader action, then Buyer and Seller jointly, and severally, agree to reimburse Broker for all such excess costs upon the conclusion of the interpleader action.

**34. MEDIATION OF DISPUTES:** Mediation is a process by which the parties attempt to resolve a dispute or claim with the assistance of a neutral mediator who is authorized to facilitate the resolution of the dispute. The mediator has no authority to make an award, to impose a resolution of the dispute or claim upon the parties or to require the parties to continue mediation if the parties do not desire to do so. Buyer and Seller agree that any dispute or claim arising out of or from this Contract or the transaction which is the subject of this Contract shall be mediated through the Maryland Association of REALTORS®, Inc. or its member local boards/associations in accordance with the established Mediation Rules and Guidelines of the Association or through such other mediator or mediation service as mutually agreed upon by Buyer and Seller, in writing. Unless otherwise agreed in writing by the parties, mediation fees, costs and expenses shall be divided and paid equally by the parties to the mediation. If either party elects to have an attorney present that party shall pay his or her own attorney's fees. BUYER AND SELLER FURTHER AGREE THAT THE OBLIGATION OF BUYER AND SELLER TO MEDIATE AS HEREIN PROVIDED SHALL APPLY TO ALL DISPUTES AND CLAIMS ARISING WHETHER PRIOR TO, DURING OR WITHIN ONE (1) YEAR FOLLOWING THE ACTUAL CONTRACT SETTLEMENT DATE OR WHEN SETTLEMENT SHOULD HAVE OCCURRED. BUYER AND SELLER AGREE THAT NEITHER PARTY SHALL INITIATE OR COMMENCE ANY ACTION IN ANY COURT OR BEFORE ANY ADMINISTRATIVE AGENCY, WITHOUT FIRST SUBMITTING THE DISPUTE OR CLAIM TO MEDIATION AS HEREIN PROVIDED. IN THE EVENT BUYER AND/OR SELLER SHALL INITIATE OR COMMENCE ANY ACTION IN ANY COURT OR BEFORE ANY ADMINISTRATIVE AGENCY WITHOUT FIRST SUBMITTING THE DISPUTE OR CLAIM TO MEDIATION AS HEREIN PROVIDED, THE PARTY INITIATING OR COMMENCING SUCH ACTION AGREES TO PAY ALL COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED TO ENFORCE THE OBLIGATION AS PROVIDED HEREIN TO FIRST MEDIATE THE DISPUTE OR CLAIM BY ANY PERSON OR ENTITY WITH WHOM OR WITH WHICH THE PARTY WAS REQUIRED TO MEDIATE. THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE CLOSING AND SHALL NOT BE DEEMED TO HAVE BEEN EXTINGUISHED BY MERGER WITH THE DEED.

**35. ATTORNEY'S FEES:** In any action or proceeding between Buyer and Seller based, in whole or in part, upon the performance or non-performance of the terms and conditions of this Contract, including, but not limited to, breach of contract, negligence, misrepresentation or fraud, the prevailing party in such action or proceeding shall be entitled to receive reasonable attorney's fees from the other party as determined by the court or arbitrator. In any action or proceeding between Buyer and Seller and/or between Buyer and Broker(s) and/or Seller and Broker(s) resulting in Broker(s) being made a party to such action or proceeding, including, but not limited to, any litigation, arbitration, or complaint and claim before the Maryland Real Estate Commission, whether as defendant, cross-defendant, third-party defendant or respondent, Buyer and Seller jointly and severally, agree to indemnify and hold Broker(s) harmless from and against any and all liability, loss, cost, damages or expenses (including filing fees, court costs, service of process fees, transcript fees and attorneys' fees) incurred by Broker(s) in such action or proceeding, providing that such action or proceeding does not result in a judgment against Broker(s). As used in this Contract, the term "Broker(s)" shall mean: (a) the two (2) Brokers as identified on Page 10 of this Contract; (b) the two (2) named Sales Associates identified on Page 10 of the Contract; and (c) any agent, subagent, salesperson, independent contractor and/or employees of Broker(s). The term "Broker(s)" shall also mean, in the singular, any or either of the named Broker(s) and/or Sales Associate(s) as identified or, in the plural, both of the named Brokers and/or Sales Associates as identified. This Paragraph shall apply to any and all such action(s) or proceeding(s) against Broker(s) including those action(s) or proceeding(s) based, in whole or in part, upon any alleged act(s) or omission(s) by Broker(s), including, but not limited to, any alleged act of misrepresentation, fraud, non-disclosure, negligence, violation of any statutory or common law duty, or breach of fiduciary duty by Broker(s). The provision of this Paragraph shall survive closing and shall not be deemed to have been extinguished by merger with the deed.

Buyer \_\_\_\_\_ / \_\_\_\_\_

Seller \_\_\_\_\_ / \_\_\_\_\_



**36. NOTICE OF BUYER’S RIGHT TO SELECT SETTLEMENT SERVICE PROVIDERS:** Buyer has the right to select Buyer’s own title insurance company, title lawyer, settlement company, escrow company, mortgage lender or financial institution as defined in the Financial Institutions Article, Annotated Code of Maryland. Buyer acknowledges that Seller may not be prohibited from offering owner financing as a condition of settlement.

**37. LIMITED WARRANTY:** NOTICE TO BUYER: IF A WARRANTY PLAN IS BEING OFFERED WITH THE PURCHASE OF THE PROPERTY, IT MAY BE A LIMITED WARRANTY. SINCE SUCH WARRANTY PLANS DO NOT COVER STRUCTURAL DEFECTS AND MAY NOT COVER PRE-EXISTING DEFECTS, BUYER SHOULD REQUEST THE REAL ESTATE AGENT TO PROVIDE BUYER WITH ANY BROCHURE WHICH DESCRIBES THE PLAN IN ORDER TO DETERMINE THE EXTENT OF COVERAGE PROVIDED BY THE WARRANTY.

**38. PROPERTY INSURANCE BROCHURE:** An informational brochure published by the Maryland Association of REALTORS®, Inc. titled “The New Reality of Property Insurance – What You Should Know” is available to explain current issues relative to obtaining insurance coverage for the Property to be purchased.

**39. GUARANTY FUND: NOTICE TO BUYER:** BUYER IS PROTECTED BY THE REAL ESTATE GUARANTY FUND OF THE MARYLAND REAL ESTATE COMMISSION, UNDER SECTION 17-404 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE OF THE ANNOTATED CODE OF MARYLAND, FOR LOSSES IN AN AMOUNT NOT EXCEEDING \$25,000 FOR ANY CLAIM.

**40. SINGLE FAMILY RESIDENTIAL REAL PROPERTY DISCLOSURE NOTICE:** Buyer is advised of the right to receive a “Disclosure and Disclaimer Statement” from Seller (Section 10-702 Real Property Article, Annotated Code of Maryland).

**41. MARYLAND NON-RESIDENT SELLER:** If the Property is not the Seller’s principal residence and the Seller is a non-resident individual of the State of Maryland or is a non-resident entity which is not formed under the laws of the State of Maryland or qualified to do business in the State of Maryland, a withholding tax from the proceeds of sale may be withheld at the time of settlement except as otherwise provided by Maryland law. (See Maryland Non-Resident Seller Transfer Withholding Tax Addendum.)

**42. INTERNAL REVENUE SERVICE FILING:** Buyer and Seller each agree to cooperate with the settlement officer by providing all necessary information so that a report can be filed with the Internal Revenue Service, as required by Section 6045 of the IRS Code. To the extent permitted by law, any fees incurred as a result of such filing will be paid by the Seller.

**43. NOTICE TO BUYER CONCERNING THE CHESAPEAKE AND ATLANTIC COASTAL BAYS CRITICAL AREA:** Buyer is advised that all or a portion of the property may be located in the “Critical Area” of the Chesapeake and Atlantic Coastal Bays, and that additional zoning, land use, and resource protection regulations apply in this area. The “Critical Area” generally consists of all land and water areas within 1,000 feet beyond the landward boundaries of state or private wetlands, the Chesapeake Bay, the Atlantic Coastal Bays, and all of their tidal tributaries. The “Critical Area” also includes the waters of and lands under the Chesapeake Bay, the Atlantic Coastal Bays and all of their tidal tributaries to the head of tide. For information as to whether the property is located within the Critical Area, Buyer may contact the local Department of Planning and Zoning, which maintains maps showing the extent of the Critical Area in the jurisdiction. Allegany, Carroll, Frederick, Garrett, Howard, Montgomery and Washington Counties do not include land located in the Critical Area.

**44. WETLANDS NOTICE:** Buyer is advised that if all or a portion of the Property being purchased is wetlands, the approval of the U.S. Army Corps of Engineers will be necessary before a building permit can be issued for the Property. Additionally, the future use of existing dwellings may be restricted due to wetlands. The Corps has adopted a broad definition of wetlands which encompasses a large portion of the Chesapeake Bay Region. Other portions of the State may also be considered wetlands. For information as to whether the Property includes wetlands, Buyer may contact the Baltimore District of the U.S. Army Corps of Engineers. Buyer may also elect, at Buyer’s expense, to engage the services of a qualified specialist to inspect the Property for the presence of wetlands prior to submitting a written offer to purchase the Property; or Buyer may include in Buyer’s written offer a clause making Buyer’s purchase of the Property contingent upon a satisfactory wetlands inspection.

**45. FOREST CONSERVATION ACT NOTICE:** If the Property is a tract of land 40,000 square feet or more in size, Buyer is notified that, unless exempted by applicable law, as a prerequisite to any subdivision plan or grading or sediment control permit for the Property, Buyer will be required to comply with the provisions of the Maryland Forest Conservation Act imposed by Section 5-1601, et seq. of the Natural Resources Article, Annotated Code of Maryland, including, among other things, the submission and acceptance of a Forest Stand Delineation and a Forest Conservation Plan for the Property in accordance with applicable laws and regulations. Unless otherwise expressly set forth in an addendum to this Contract, Seller represents and warrants that the Property is not currently subject to a Forest Conservation Plan, Management Agreement or any other pending obligation binding the owner of the Property under said Act; further, Seller represents and warrants that no activities have been undertaken on the Property by Seller in violation of the Forest Conservation Act.

**46. FOREIGN INVESTMENT TAXES-FIRPTA:** Section 1445 of the United States Internal Revenue Code of 1986 provides that a Buyer of residential real property located in the United States must withhold federal income taxes from the payment of the purchase price if (a) the purchase price exceeds Three Hundred Thousand Dollars (\$300,000.00) and (b) the seller is a foreign person. Unless otherwise stated in an addendum attached hereto, if the purchase price is in excess of Three Hundred Thousand Dollars (\$300,000.00), Seller represents that Seller is not a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined by the Internal Revenue Code and applicable regulations) and agrees to execute an affidavit to this effect at the time of settlement.

**47. CRIMINAL ACTIVITY AND SEXUAL OFFENDERS.** Buyer may contact the state, county or municipal police departments in which the Property is located or check the "Sex Offender Registry" at the Maryland Department of Public Safety and Correctional Services website in order to ascertain criminal activity in the vicinity of the Property or the presence of registered sexual offenders who live or work within the vicinity of the Property. Buyer acknowledges that Buyer is solely responsible to inquire of such matters before signing this Contract. Buyer shall have no right to cancel this Contract based upon criminal activity or the presence of registered sexual offenders in the vicinity of the Property. Buyer further acknowledges that no real estate licensee involved in the sale or purchase of the Property, whether acting as the agent for Seller or Buyer, has any duty nor assumes any duty or responsibility to ascertain criminal activity or the presence of registered sexual offenders in the vicinity of the Property.

**48. MILITARY INSTALLATIONS:** This Section does not apply in Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington Counties. Buyer is advised that the Property may be located near a military installation that conducts flight operations, munitions testing, or military operations that may result in high noise levels.

**49. NOTICE TO THE PARTIES:** Brokers, their agents, subagents and employees, make no representations with respect to the following: (a) Water quantity, quality, color, or taste or operating conditions of public and/or private water systems. (b) Location, size or operating condition of on-site sewage disposal systems. (c) The extensions of public utilities by local municipal authorities, existence or availability of public utilities, and any assessments, fees or costs for public utilities which might be imposed by local municipal authorities, should public utilities be extended or available to the subject Property. (Buyer should consult the Department of Public Works to determine the availability of proposed future extensions of utilities.) (d) Lot size and exact location. If the subject Property is part of a recorded subdivision, Buyer can review the plat upon request at the Record Office. If the subject Property is not part of a recorded subdivision, Buyer may verify exact size and location through a survey by a licensed engineer or land surveyor, at Buyer's expense. (e) Existing zoning or permitted uses of the Property: Buyer should contact the Zoning Office and/or a licensed engineer to verify zoning and permitted uses. (f) Brokers/agents are not advising the parties as to certain other issues, including without limitation: soil conditions; flood hazard areas; possible restrictions of the use of property due to restrictive covenants, subdivision, environmental laws, easements or other documents; airport or aircraft noise; planned land use, roads or highways; and construction materials and/or hazardous materials, including without limitation flame retardant treated plywood (FRT), radon, radium, mold spores, urea formaldehyde foam insulation (UFFI), synthetic stucco (EIFS), asbestos, polybutylene piping and lead-based paint. Information relating to these issues may be available from appropriate governmental authorities. This disclosure is not intended to provide an inspection contingency. (g) Buyer and Seller each assume full responsibility for selecting and compensating their respective vendors.

**50. NON-ASSIGNABILITY:** This Contract may not be assigned without the written consent of Buyer and Seller. If Buyer and Seller agree in writing to an assignment of this Contract, the original parties to this Contract remain obligated hereunder until settlement.

**51. PARAGRAPH HEADINGS:** The Paragraph headings of this Contract are for convenience and reference only, and in no way define or limit the intent, rights or obligations of the parties.

**52. COMPUTATION OF DAYS:** As used in this Contract, and in any addendum or addenda to this Contract, the term "days" shall mean consecutive calendar days, including Saturdays, Sundays, and holidays, whether federal, state, local or religious. A day shall be measured from 12:00:01 a.m. to and including 11:59:59 p.m. E.S.T. For the purposes of calculating days, the count of "days" shall begin on the day following the day upon which any act or notice as provided in this Contract, or any addendum or addenda to this Contract, was required to be performed or made.

**53. ENTIRE AGREEMENT:** This Contract and any addenda thereto contain the final and entire agreement between the parties, and neither they nor their agents shall be bound by any terms, conditions, statements, warranties or representations, oral or written, not herein contained. The parties to this Contract mutually agree that it is binding upon them, their heirs, executors, administrators, personal representatives, successors and, if permitted as herein provided, assigns. Once signed, the terms of this Contract can only be changed by a document executed by all parties. This Contract shall be interpreted and construed in accordance with the laws of the State of Maryland. It is further agreed that this Contract may be executed in counterparts, each of which when considered together shall constitute the original Contract.

**54. ELECTRONIC DELIVERY:** The parties agree that this Contract offer shall be deemed validly executed and delivered by a party if a party executes this Contract and delivers a copy of the executed Contract to the other party by telefax or telecopier transmittal, or delivers a digital image of the executed document by email transmittal.

\_\_\_\_\_  
**Buyer Signature** **Date**

\_\_\_\_\_  
**Seller Signature** **Date**

\_\_\_\_\_  
**Buyer Signature** **Date**

\_\_\_\_\_  
**Seller Signature** **Date**

**DATE OF CONTRACT ACCEPTANCE:** \_\_\_\_\_

**Contact Information:**

BUYER / NAME(S): \_\_\_\_\_  
MAILING ADDRESS: \_\_\_\_\_

SELLER / NAME(S): \_\_\_\_\_  
MAILING ADDRESS: \_\_\_\_\_

**Information provided as reference only:**

LISTING BROKER: \_\_\_\_\_ BRANCH OFFICE: \_\_\_\_\_  
OFFICE PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_ BROKER/AGENT ID: \_\_\_\_\_  
SALES ASSOCIATE: \_\_\_\_\_  
E-MAIL: \_\_\_\_\_ PHONE: \_\_\_\_\_

ACTING AS  LISTING BROKER AND SELLER AGENT; OR  
 INTRA - COMPANY AGENT WITH BROKER AS DUAL AGENT.

SELLING BROKER: Keller Williams Flagship of Maryland BRANCH OFFICE: \_\_\_\_\_  
OFFICE PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_ BROKER/AGENT ID: \_\_\_\_\_  
SALES ASSOCIATE: Teresa Bennett  
E-MAIL \_\_\_\_\_ PHONE: \_\_\_\_\_

ACTING AS:  SELLER AGENT (WHETHER "COOPERATING AGENT" OR "SELLING AGENT"); OR  
 BUYER AGENT; OR  
 INTRA-COMPANY AGENT WITH BROKER AS DUAL AGENT

# GENERAL ADDENDUM TO CONTRACT OF SALE

FOR USE WITH MARYLAND ASSOCIATION OF REALTORS® RESIDENTIAL CONTRACT OF SALE FORM

Addendum Number   1   to Contract of Sale (the"Contract") dated \_\_\_\_\_  
Buyer(s)/Tenant(s): \_\_\_\_\_  
Seller(s)/Owner(s): \_\_\_\_\_  
Property: \_\_\_\_\_

**1. LEGAL REQUIREMENT:** A Contract for the sale of real property is required to be in writing to be enforceable under the laws of the State of Maryland. Once signed by the parties, the Contract becomes a legally binding agreement. The original terms of the Contract can only be altered thereafter with the agreement of the parties expressed in writing. All parties have the right to be represented by an attorney and are encouraged to seek competent advice if they do not understand any term(s) of the Contract. The broker/agent is required to promptly submit all written Contract offers to the Seller.

**2. INTENDED USE:** The use of a particular property may be limited or restricted as a result of zoning laws, local ordinances and/or restrictive covenants applicable to the property. The Contract of Sale form provided by the broker/agent is designed and intended for use only in the purchase and sale of single-family residences or unimproved residential property. If Buyer intends to use a property for any other purpose, the standard Contract of Sale form may not adequately serve to protect Buyer's interests without the addition of an appropriate clause or addendum conditioning the Contract offer upon a determination that Buyer's intended use of the Property will be permitted.

**3. SETTLEMENT:** All persons to be in title and/or responsible where a mortgage is to be created should be present at the time of settlement and may be required to provide proper identification. Prior to settlement, a lender normally requires that Buyer obtain and provide a fully paid homeowner's insurance policy, a termite inspection report, and various certifications which may be applicable to improved properties. Buyer should be prepared at the time of settlement to pay the settlement costs and the balance due under the Contract. Buyer must provide cash, wired funds, bank check or certified check for amounts to be paid at settlement. In some cases, Seller may be required to provide funds in excess of the sales proceeds in order for settlement to occur, in which event, Seller also should be prepared to make payment in an approved form. Any party uncertain of the amount required at settlement should make inquiry of the title company or settlement attorney prior to settlement. Buyer should establish gas, electric and water service in Buyer's name commencing the day of settlement.

**4. GROUND RENT:** If a Property is subject to an existing ground rent as provided in a lease recorded among the Land Records, or if a ground rent is to be created, Seller will make those disclosures required by law by an appropriate additional clause or addendum to the Contract.

**5. RENTAL:** If any portion of the Property is to be rented to tenants by Buyer, the local government may require that the Property be registered prior to any rental and a yearly registration fee may be assessed by the local government. You may call the appropriate government office for further information. If the Property is now or has been rented to tenants, local laws may give the tenants certain rights to purchase the Property. These rights are set forth in the Contract. Effective October 1, 1994, certain disclosures are required regarding the presence of lead paint in certain rental properties.

**6. PROPERTY LOCATED IN BALTIMORE CITY: Tenant's Right of First Refusal:** If the property is, or has been, within six (6) months of the date hereof, a single family residential rental dwelling in Baltimore City, Maryland, the validity of the Contract is contingent upon compliance with the provisions of Title 13, Subtitle 6 of the Baltimore City Code (2004 Edition, as amended). **Transfer Certificate:** The zoning ordinance of Baltimore City, Subtitle 5 of the Baltimore City Code, 2005 Edition, regulates that every person who sells property in Baltimore City (other than a 1 or 2 family dwelling) shall attach to the Contract or instrument of conveyance, a Transfer Certificate issued by the Baltimore City Zoning Administration.

**7. EQUAL HOUSING OPPORTUNITY:** A REALTOR® is required by federal, state and local law, and the Code of Ethics of the National Association of REALTORS® to treat all parties in a non-discriminatory manner without regard to race, color, creed, age, religion, national origin, sex, marital status, familial status, physical or mental disability, occupation, sexual orientation or preference, or other protected classifications under Fair Housing Laws.

**8. HOMEOWNER ASSOCIATIONS/CONDOMINIUMS:** If a Property is part of a development subject to the imposition of mandatory fees as defined by the Maryland Homeowners Association Act, and/or a condominium unit, Seller will make the required disclosures by an appropriate addendum to the Contract.

**9. COVENANTS AND RESTRICTIONS AFFECTING PROPERTY:** A majority of homes, whether new or re-sale, located in a subdivision are subject to certain restrictions applicable to the use of the Property as well as the construction of certain improvements to the Property. Such restrictions are referred to as covenants and, in the case of Property subject to a Homeowners Association or Condominium Association, the covenants are contained in a Declaration of Covenants and Restrictions as well as the Bylaws of the Association. However, many properties are also subject to covenants even though the Property is not subject to a Homeowners Association or Condominium Association. Buyers are encouraged to inquire as to any covenants and restrictions which may be applicable to the Property which is being considered for purchase.

Property. \_\_\_\_\_

**10. PRIVATE AGREEMENTS:** Some communities may be subject to agreements, covenants or restrictions relating to the cost of certain maintenance items, restricting the use of properties or dealing with other matters. For example, properties sharing a driveway are often subject to such agreements. These private agreements do not fall within the required disclosures of HOA or condominium laws and may or may not be recorded. Buyer should make inquiries of Seller prior to or at the time of Contract.

**11. WETLANDS WATERWAYS AND/OR FLOOD PLAINS:** Buyer is advised that, if all or a portion of the Property has wetlands and/or waterways or is located in a designated flood plain, the approval of the U.S. Army Corps of Engineers (the "Corps"), the Maryland Department of Natural Resources and other federal, state or local agencies may be necessary before a building permit for either new construction or expansion or improvement of the Property can be issued. Additionally, the future use of existing improved property may be restricted due to the presence of waterways, wetlands and/or flood plains. Information as to wetlands, waterways and/or flood plains can be obtained from the District Office of the Corps at (410) 962-3670, the Maryland Department of Natural Resources at (410) 974-3841 or the Office of Planning and Zoning of the county or city in which the Property is situated. The Buyer expressly assumes the risk that the Property may be subject to restrictions due to the presence of waterways, wetlands, and/or flood

**12. REFORESTATION:** (Note: Applicable to property containing 40,000 or more square feet of land.) Buyer is hereby advised that if Buyer intends to apply for subdivision or site plan approval or a grading or sediment control permit upon the Property, applicable City or County law may require as a condition of such approval that Buyer submit plans acceptable to the City/County for establishing new tree cover, planting trees to replace forest which has been recently removed, and conserving the cutting and clearing of trees in accordance with applicable laws and regulations.

**13. CHESAPEAKE BAY CRITICAL AREA:** If all or a portion of a Property is located within 1000 feet of tidal waters of the Chesapeake Bay, there may be restrictions on the use and/or development of the Property. Additional information regarding the Chesapeake Bay Critical Areas is available from the Critical Areas Program established by the local government of each county in Maryland and Baltimore City.

**14. BWI AIRPORT NOTICE:** Some properties may be located in the Baltimore/Washington International Airport Noise Zone. A Buyer desiring to obtain a copy of Noise Zone Maps may do so by calling the BWI Noise and Abatement Office at (410) 859-7021. Information regarding the location of other airports and their operations may be obtained by calling the local zoning office for the area in which the Property is located.

**15. INSURANCE:** Buyer acknowledges that, as a condition of making a mortgage loan, lenders may require proof of hazard insurance coverage and may also require flood insurance coverage.

**16. PROPERTY CONDITION (HOME INSPECTION):** If the appropriate contingency is included in the Contract, home inspection firms may be employed to inspect the condition of the Property, including central heating and cooling systems and components, plumbing and electrical systems and components, the roofing, exterior and interior walls, ceilings and floors, foundation and/or basement (including chronic water penetration). If the Property is part of a condominium, Buyer's rights include access to the common areas to perform the inspection.

**17. PRIVATE WATER AND SEWAGE SYSTEMS:** Many properties are serviced by wells and/or private water and/or sewage systems. Local laws or lenders may require various tests and/or inspections. If the Property is serviced by any such system, this should be addressed by a separate addendum to the Contract.

**18. ENVIRONMENTAL CONSIDERATIONS; HAZARDOUS MATERIALS:** There are many hazardous materials that could affect a Property. The Brokers and their agents will generally have no knowledge of these hazardous materials and do not have the technical expertise to ascertain or advise you of the presence or significance of these hazardous materials. Buyer has the right to request, as a condition of an offer and, subject to acceptance by the Seller, the employment of a specialist of Buyer's choice to provide an analysis of hazardous materials which may be present. Hazardous materials inside the home can include, but are not limited to, cleaning chemicals, paint, asbestos, radon, lead paint, petroleum products, lawn and garden chemicals and indoor air pollutants that can accumulate. Hazardous materials outside the home can include, but are not limited to, those found in contaminated land, water, landfills and other disposal sites, industrial air and water emissions, radiation from high tension wires, and those which may be present in underground storage tanks. Generally, additional information pertaining to these materials is available from the Maryland Department of the Environment (MDE) at (410) 537-3000.

**19. FIRE-RETARDANT TREATED PLYWOOD:** The use of fire-retardant treated (FRT) plywood as roof sheathing may result in the loss of wood strength through thermal degradation. The extent of such degradation depends upon the particular fire-retardant treatment used as well as the temperature levels and the degree of moisture present in the roof and attic systems. Additional information regarding FRT plywood is available from the National Association of Homebuilders at (800) 368-5242. For information as to whether a Property was constructed with FRT plywood, Buyer may contact the local Department of Building Inspections and Permits and/or request that a home inspector determine the condition of FRT plywood if present.

**20. RADON:** The MDE and the U.S. Environmental Protection Agency (EPA) have found levels of naturally occurring radon in some areas of Maryland that exceed the levels considered acceptable by the EPA. Studies have shown that extended exposure to high levels of radon can adversely affect your health. Radon testing firms in the area have special equipment to detect elevated levels of radon on a Property. They can also recommend actions to be taken to decrease concentrations of radon to an acceptable level. Buyer is advised to contact the Center for Radiological Health at the MDE at (410) 537-3000 for further information on radon.

Property. \_\_\_\_\_

**21. LEAD PAINT:** The MDE has found that many homes built before 1978 contain lead paint, the ingestion of which can be particularly dangerous. The potential dangers of lead paint may be greatly exacerbated by repairs and renovations performed without the assistance of a qualified lead paint removal specialist. Buyer is advised to contact the Lead Paint Poisoning Prevention Division of the MDE at (410) 537-3000 for further information on lead paint. Specialists are available to determine if lead paint has been used in a Property. In some cases, a lead paint inspection may be mandatory.

**22. ASBESTOS:** Asbestos has been used in residential property for insulation, fireproofing, acoustical, decorative and other purposes. Common uses of asbestos include insulation around boilers and pipes, surfacing material, ceiling and floor tiles, roofing material, wallboard, and cement pipe. Improper handling or removal of asbestos during renovations or repairs may damage the asbestos and cause asbestos particles to become airborne, potentially causing health risks. Buyer is advised to contact the MDE at (410) 537-3000 for further information on asbestos.

**23. AVAILABILITY OF LIMITED WARRANTY:** A Limited Warranty may be available for purchase through a Broker. Such a Limited Warranty may provide, subject to the terms and conditions of the Limited Warranty, compensation in the event certain named components and/or appliances become inoperable or fail during a specified period of time (usually one year from settlement).

**24. NEWLY CONSTRUCTED RESIDENCES:** a) New Home Warranty Plan: If a Property is a newly constructed dwelling, Maryland law requires that Seller/Builder provide Buyer with a written statement concerning the presence or absence of a New Home Warranty (addendum will be attached); b) Insulation: Seller/Builder must inform Buyer of the location, type and thickness (R Factor) of insulation used in the walls and roof of the newly constructed residence; c) Water/Sewer Service: a Property may be subject to a fee or assessment which purports to cover or defray the cost of installing or maintaining all or part of the public water or waste water facilities serving a subdivision. This fee or assessment may be payable annually. Seller will provide Buyer with a detailed written disclosure of the amount of the fee, the duration of the fee, and any right to prepay or discount the fee.

**25. CERTIFICATIONS:** Depending upon the type of mortgage applied for by Buyer, lenders may require certain certifications that relate to a Property or require inspections/appraisals that certify that a Property is free of specific hazards or conditions.

**26. FHA PREPAYMENT:** FHA regulations specify that if the loan is paid in full on the first day of a month, interest for that month is not payable, but if the loan is paid in full on day other than the first day of the month, interest may be payable through the end of that month.

**27. NOTICES/FAX TRANSMISSIONS:** Unless otherwise provided herein or in another Addendum, any notice to Buyer shall be effective when delivered to Buyer or an agent of Buyer, and any notice to Seller shall be effective when delivered to Seller or an agent of Seller. Notices under the Contract shall be in writing, and may be hand-delivered, mailed or transmitted by an electronic medium which produces a tangible copy, such as telecopier (fax). A telecopy of a signed offer, acceptance, addendum or notice shall be deemed the equivalent of the original document. While not required, it is suggested that documents with original manual signatures of the parties be forwarded to Buyer and Seller in accordance with the Contract.

\_\_\_\_\_ (SEAL)  
Date Buyer(s)/Tenant(s)

\_\_\_\_\_ (SEAL)  
Date Buyer(s)/Tenant(s)

\_\_\_\_\_ (SEAL)  
Date Seller(s)/Owners(s)

\_\_\_\_\_ (SEAL)  
Date Seller(s)/Owners(s)

This form has been prepared for the sole use of the following Boards/Associations of REALTORS® and their members. Each Board/Association, including its members and employees, assumes no responsibility if this form fails to protect the interests of any party. Each party should secure its own legal, tax, and financial or other advice.



The Greater Baltimore Board of REALTORS®, Inc.  
Carroll County Association of REALTORS®, Inc.

Harford County Association of REALTORS®, Inc.  
Howard County Association of REALTORS®, Inc.

©2005 The Greater Baltimore Board of Realtors®, Inc.

Form 3815 REVISED (8/05)





**NOTICE TO BUYER AND SELLER OF BUYER'S RIGHTS AND SELLER'S OBLIGATIONS  
UNDER MARYLAND'S SINGLE FAMILY RESIDENTIAL PROPERTY CONDITION DISCLOSURE  
LAW**

ADDENDUM NUMBER 2 dated \_\_\_\_\_ to the Contract of Sale dated \_\_\_\_\_  
between BUYER: \_\_\_\_\_  
and SELLER: \_\_\_\_\_  
for PROPERTY: known as \_\_\_\_\_

NOTE: This notice does not apply to: (1) The initial sale of single family residential real property which has never been occupied, or for which a certificate of occupancy has been issued within one year prior to the date of the Contract; (2) a transfer that is exempt from the transfer tax under Subsection 13-207 of the Tax-Property Article, except land installment contracts of sale under Subsection 13-207(a)(11) of the Tax-Property Article and options to purchase real property under Subsection 13-207(a)(12) of the Tax-Property Article; (3) a sale by a lender or an affiliate or subsidiary of a lender that acquired the real property by foreclosure or deed in lieu of foreclosure; (4) a sheriff's sale, tax sale, or sale by foreclosure, partition or by court appointed trustee; (5) a transfer by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust; (6) a transfer of single family residential real property to be converted by the buyer into a use other than residential use or to be demolished; or (7) a sale of unimproved real property.

Section 10-702 of the Real Property Article of the Annotated Code of Maryland ("Section 10-702") requires that a seller of a single family residential property ("the property") deliver to each buyer, on or before entering into a contract of sale, on a form published and prepared by the Maryland Real Estate Commission, **EITHER**:

- (A) A written property condition disclosure statement listing all defects including latent defects, or information of which the seller has actual knowledge in relation to the following:
  - (i) Water and sewer systems, including the source of household water, water treatment systems, and sprinkler systems;
  - (ii) Insulation;
  - (iii) Structural systems, including the roof, walls, floors, foundation and any basement; (iv) Plumbing, electrical, heating, and air conditioning systems;
  - (v) Infestation of wood-destroying insects;
  - (vi) Land use matters;
  - (vii) Hazardous or regulated materials, including asbestos, lead-based paint, radon, underground storage tanks, and licensed landfills;
  - (viii) Any other material defects, including latent defects, of which the seller has actual knowledge; and
  - (ix) Whether the smoke detectors will provide an alarm in the event of a power outage.

Latent defects under Section 10-702 means material defects in real property or an improvement to real property that:

- (i) A buyer would not reasonably be expected to ascertain or observe by a careful visual inspection, and
- (ii) Would pose a threat to the health or safety of the buyer or an occupant of the property, including a tenant or invitee of the buyer;

**OR**

- (B) A written disclaimer statement providing that:
  - (i) Except for latent defects of which the seller has actual knowledge, the seller makes no representations or warranties as to the condition of the real property or any improvements on the real property; and
  - (ii) The buyer will be receiving the real property "as is," with all defects, including latent defects, that may exist, except as otherwise provided in the contract of sale of the property.



