The seller has accepted my offer but the resulting contract does not contain all the required things (loan approval, inspections) for a contract to be completed. What happens if they are not completed by this date?

A: Generally these “conditions” and “contingencies” must be performed by the dates specified in the contract or very soon thereafter, depending upon whether the contract specifies a “time of the essence” or, timing of the essence, and through all of your own, you are able to complete the inspections by the deadline. But do so within a reasonable time, if the seller fails to perform in the stated date, the seller must perform his or her obligations under the contract.

Q: Once I have entered into a contract with the seller, is there any way I can cancel it?

A: The standard form contract allows for a "due diligence period" in order to perform inspections and observe the property. As always, you have the right to terminate for any or no reason prior to the expiration of the due diligence period. After the expiration of the due diligence period, your right to terminate is limited to any special provisions provided in the contract. The law grants a general rescission right in the following limited circumstances:

- **Residential Property Disclosure Act.** If before the time you make your offer to purchase any real estate transaction, the seller/whether or not a real estate broker involved) must provide you two written disclosures: (1) Residential and Owner’s Association Disclosure Statement, and (2) Mineral and Oil and Gas Rights Mandatory Disclosure Statement. If the seller does not, or any result of contract is subject to a limited rescission right—usually up to three to five calendar days from the time the contract is formed. You should be aware, however, that there are a number of exceptions to the requirement. Consequently, for application of this law to a contractual situation you should consult your attorney.

- **Local Parish Disclosures.** If you are purchasing a residential building or constructed after 1978, federal laws require sellers and their brokers to provide you written information about the possible presence of radon and the associated hazards. If you are not provided this information (and an inspection period) before entering into the contract and have not signed a written waiver of your rights, you have a one day inspection period during which you may be able to cancel the contract.

Q: What is the due diligence period, and what is the purpose of it in accordance with the rules of the North Carolina State Bar?

A: Generally these “conditions” and “contingencies” must be performed by the dates specified in the contract or very soon thereafter, depending upon whether the contract specifies a “time of the essence” or, timing of the essence, and through all of your own, you are able to complete the inspections by the deadline. But do so within a reasonable time, if the seller fails to perform in the stated date, the seller must perform his or her obligations under the contract.

Q: What are the ways to purchase real estate other than using the standard offer to purchase and escrow?

A: Here are a few:

- **Option to Purchase.** With an option to purchase, you have the right to buy property at a future date. If the contract allows you to possess and use the property while making payments but such terms are not legally required. If you are in possession of the property and fail to perform in the seller contract you regain possession of it and are entitled to retain all the money you paid under the contract.

- **Lease-Purchase.** In a lease-purchase transaction, you agree to purchase the seller home while you make payments to the seller. Usually, the contract allows you to possess and use the property, but there are no standard forms available, so you are again advised to consult your attorney.

- **Installment Land Sale.** In an installment land sale (also known as contract land), you enter into the seller with the seller while you make payments to the seller. Usually, the contract allows you to possess and use the property while making payments but such terms are not legally required. If you are in possession of the property and fail to perform in the seller contract you regain possession of it and are entitled to retain all the money you paid under the contract.

- **Mortgage.** In a mortgage transaction, you agree to purchase the seller’s home by giving a note to the seller for the price you pay for the property and granting to the seller a security interest in the property. The note contains an obligation to pay the principal and interest at certain dates. If you fail to pay the note, the seller can foreclose on the property and recover the property.

- **Lease with Option to Purchase.** In a lease with option to purchase, you agree to rent property for a certain period of time, and then have the option to purchase the property at a certain price.

- **Lease-Purchase.** In a lease-purchase transaction, you agree to purchase the seller home while you make payments to the seller. Usually, the contract allows you to possess and use the property, but there are no standard forms available, so you are again advised to consult your attorney.

Questions and Answers on OFFER AND ACCEPTANCE

The North Carolina Real Estate Commission
Questions and Answers on: OFFER AND ACCEPTANCE

The purchase contract is the most important document in any real estate sale. It must reflect the special concerns of the buyer and seller. Consequently, they are posed from the standpoint of the purchase contract. It is imperative that you carefully read and understand the provisions of a real estate sales contract. This process begins when a prospective buyer makes an offer. Then, the seller either accepts, rejects, or rejects it and makes a counteroffer. Therefore, the buyer has the same options when a prospective buyer makes an offer. Then, the seller either accepts, reject, reject without making a counteroffer, or reject with a counteroffer.

When one party accepts (i.e., accept, reject without making a counteroffer, or reject with a counteroffer). Then the buyer has the same options as if the seller has accepted it, rejected it, or rejected it and made a counteroffer. The process can continue in this manner indefinitely. You and the seller should initial and date all changes made during the negotiation process. Therefore, you withdraw it at any time — even if you have given the seller your final offer in its entirety.