

# **Residential Purchase Contract**

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*Running Your First Real Estate Transaction*

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## INTRODUCTION

Contract review may appear to be somewhat of a formality with more experienced real estate practitioners who have read standard forms (with regular amendments) for several years. It becomes a common practice to skim the contract for pertinent information as many of the standard terms and conditions have become ingrained such that a detailed review becomes unnecessary. Sometimes this “common” practice results in the appearance of a cavalier attitude towards the contract and the fundamental importance of the contract being taken for granted, when nothing could be further from the truth.

In my experience, the most commonly used “standard form” contracts are the Alberta Real Estate Association (“AREA”) Residential Purchase Contract (**Appendix A**), the AREA Residential Purchase Contract for Resale Condominium Property (**Appendix B**), the AREA Country Residential (Acreage) Purchase Contract (**Appendix C**), and the comFree Real Estate Purchase Contract (**Appendix D**). I will be focusing on the AREA Residential Purchase Contract in this paper; any reference to one of the other contracts will be specifically stated. Where applicable, section numbers as set out in the contract will be indicated in parentheses.

This paper has been organized in the sequence in which I conduct my initial review of a new residential conveyancing file, bringing to the attention of the reader key terms of the contract. My review occurs immediately after the file has been opened and prior to my conveyancing department proceeding with document preparation. This way, I ensure that all pertinent information is recognized, I highlight any issues that need to be monitored and avoid any last minute surprises. Most importantly, I maintain responsibility for my file and avoid the liability of relying too heavily on my conveyancing department to process these transactions.

The purpose of this paper is to touch upon some common issues real estate practitioners have faced arising out of the contract. It is not an exhaustive review. If you seek more in depth information, I recommend the LESA Real Estate Fundamentals, the Alberta Real Estate Practice Manual, and the materials from the 45<sup>th</sup> Annual Refresher Course – Real Estate from May 2012.