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Memorial Day

“Tip of the Month”

REAL ESTATE – SPRING FEVER

Spring is when the real estate market becomes more active. After enduring the typical New England winter, residential and commercial buyers are most interested in viewing and purchasing real estate after the snow melts.

When selling or buying real estate, it is important to memorialize the terms of the transaction in a contract, the Purchase and Sale Agreement. Since real estate contracts must be in writing to be enforceable, the terms must accurately reflect the rights and responsibilities of each party. Among the terms you will want to specify in the agreement are the following:

1. Names of each party -- All title holders listed as sellers and all buyers identified;
2. Description of the property -- Properly describe the subject premises;
3. Sales price;
4. Deposit -- Amount of deposit/down payment must be recited;
5. Transfer of Title -- Closing date;
6. Type of deed -- Warranty Deed, Quitclaim Deed, Special Warranty Deed;
7. Broker agents -- Identify listing, selling and buyer real estate agents;
8. Title exam -- What happens if there are title issues? Title insurance?
9. Financing -- Specify cash or financed (and anticipated loan terms);
10. Inspections and other conditions -- Specify the inspections (home inspections, water, septic and environmental tests, etc.) with conditions and deadlines;
11. Arbitration, Mediation -- specify preferred method of dispute resolution;
12. Additional Provisions -- This is where the parties can add particular terms, such as “subject to Buyer’s attorney review within 72 hours,” and any other terms specific to the transaction.

“Time is of the essence” may not always be a favorable term in a real estate contract. Unless there is a specific reason to include this requirement, e.g., Buyer going in military service overseas, it may actually torpedo a sale. If certain terms are not met by the deadlines, then one of the parties, who may have been getting cold feet, can use the time deadlines to get out of the contract. It may be better to use the “reasonable time” standard to complete the transaction.

Get an owner’s policy of title insurance. When you go to sell the property, the one-time premium insurance can save the day by resolving title defects that existed when you purchased the property or by paying you for an unmarketable title.

Real estate is one of the biggest investments you will ever make. Educate yourself about the potential purchase. Assemble a team of professionals, your real estate agent, an insurance agent, accountant and attorney, to help guide you and answer any questions you may have.

If you are planning to sell or buy and would like to learn more about the real estate process, and the documentation and strategy recommended, please contact the lawyers at Mesmer & Deleault – we are ready to help! Please give us a call at 603-668-1971, or contact us by e-mail at mailbox@biz-patlaw.com to schedule an appointment.

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