

III. CONTRACT CONDITIONS (MSC-2020)

Sections 6 and 7 of the Contract (discussed above) include conditions regarding “Inspections” and a Buyer’s ability to obtain a Survey. MSC-2020 deals specifically with conditions pertaining to a Buyer’s sale of other property it owns, the need for an appraisal or termination of an existing contract on the Seller’s subject Property, and the Buyer’s review of any applicable farm programs. In areas of the State that conduct certain inspections (*i.e.*, wells/septic systems and wood-destroying insect infestation) at the end of the Contract process, a separate rider that better conforms to local custom and practice may be available. The terms of the “Contract Conditions” form are generally applicable to the MAR Vacant Land, Farm and Commercial sale contract forms (LND, FRM and COM).

The particulars of MSC-2020 are discussed below.

A.	Complete the Reference (identification) line consistent with the Contract.
1-6	MSC-2020 incorporates defined terms and terminology consistent with the Contract. Like all MAR form riders, in the event of an inconsistency between the terms set forth in MSC-2020 and the terms set forth in the Contract, the terms of the rider will take precedence and control. The introductory admonition <i>“Upon termination of this Contract pursuant to any of the events described below, the Earnest Money shall be returned to Buyer, subject to the terms of the Contract”</i> equally applies to each subpart of MSC-2020.
Contract Contingent Upon Sale of Other Property	<p>Check Box “A” if closing on the sale of property currently owned by a Buyer will be required as a condition to Closing under the Contract. If so, insert the address of the Buyer’s existing property(ies) to be sold at blank “B”, and the outside (<i>i.e.</i>, “last”) date permitted for that closing at blank “C”. If that closing does not timely occur (at least unless the reason is due to the Buyer’s fault), then the Contract will terminate, at Buyer’s option, by delivering Notice to the Seller.</p> <p>Note: Although this contingency is designed for the primary benefit of the Buyer, a Seller need not be forever “held hostage” to a Buyer’s inability to sell its existing property. Commonly known as a “kick-out” clause, a Seller may effectively eliminate the continuing efficacy of this contingency by delivering Notice to the Buyer, at any time, that the Contract will be terminated unless Buyer, within the time period inserted at “D”, delivers Notice to Seller that Buyer will close on the Contract even if its existing property is not sold. MAR form MSC-2060 should be used for purpose of these Notices. In order to so proceed, the Buyer must also provide one or more of the items listed in subparts 1(a), (b) or (c). MSC-2020 also clarifies that the contingency time periods set forth in Sections 5, 6 and 7 of the Contract (regarding financing, title and survey, and inspections - see discussions above) begin to run as of the earlier of the date that Buyer contracts to sell his or her existing property to a third party, or when Buyer delivers its Notice waiving this contingency.</p> <p>The box at line 25 should be checked for those situations where the Buyer’s existing property is already under contract (but has not closed) as of the time Buyer and Seller execute the subject Contract. In such cases, the referenced timeframes at Sections 5, 6 and 7 of the Contract commence immediately.</p>



This document has legal consequences. If you do not understand it, consult your attorney.

Contract Conditions

(Only those paragraphs which are completed shall be applicable.)

The use of any capitalized terms not otherwise defined herein shall be given the same meaning as set forth in the Contract to which this Rider is attached and incorporated. To the extent not specifically amended hereby, the terms and conditions of the Contract shall remain in full force and effect; provided, however, that in the event of any inconsistency between the terms set forth herein and the terms set forth in the Contract, the terms set forth herein shall control. Upon termination of this Contract pursuant to any of the events described below, the Earnest Money shall be returned to Buyer, subject to the terms of the Contract.

A. SALE OF OTHER PROPERTY. Buyer's performance under this Contract shall be conditioned upon the sale and the closing of such sale of Buyer's existing property located at _____ (Address) _____ (City/State), on or before _____, 20____. If the closing of such sale is not timely completed, through no fault of Buyer, then this Contract shall terminate, at Buyer's option, by delivering written Notice to Seller.

(1) Seller shall have the right to terminate this Contract by giving Buyer _____ hours' prior written Notice at any time. The Notice time period will commence when Seller's written Notice has been delivered. The termination shall be effective automatically unless, within the above-specified time period after delivery of such Notice, Buyer shall notify Seller in writing that Buyer will complete the purchase of the Property even though the condition in paragraph A has not been fulfilled. Buyer's response Notice must include one of the following: (a) a copy of a contract for the sale of Buyer's existing property described above, with a closing scheduled on or before the Closing date herein, (b) a written statement from Buyer's lender indicating that Buyer qualifies for a loan sufficient to close without having to sell Buyer's existing property, or (c) a written verification from a depository confirming that Buyer has available funds on deposit equal to or greater than the purchase price herein.

(2) In the event of removal of this condition based on Seller delivering Notice as outlined in subparagraph (1) above, Buyer shall close on or before the Closing date scheduled in this Contract. In addition, if this Contract contains a financing condition, after removal of this condition, then Buyer may not rely on an existing property sale condition in Buyer's loan commitment to terminate this Contract.

(3) The time frames set forth in paragraphs 5, 6 and 7 of the Contract shall begin to run as of the earlier of the date Buyer: (a) contracts to sell Buyer's existing property to a third-party, or (b) delivers written Notice to Seller waiving this condition.

(Check if applies) Buyer's existing property is now under contract to sell. The referenced timeframes begin immediately.

B. APPRAISAL. Buyer's performance under this Contract shall be conditioned upon the Property appraising at an appraised value not less than the Purchase Price, by an appraiser selected by Buyer (or Buyer's lender if this Contract is conditioned on financing). Should the appraised value not equal or exceed the Purchase Price, and if Buyer desires to act on this condition, then Buyer shall deliver a copy of the appraisal to Seller within two (2) days after it is available to Buyer, but not later than: (1) _____ days (fifteen [15] days if none stated) after the Effective Date if this Contract is not conditioned upon financing; or (2) by the Loan Commitment Date specified at Section 5 if this Contract is conditioned upon financing. If Buyer does not timely deliver the appraisal to Seller, then this condition shall be deemed to have been waived by Buyer. If Seller does not agree, by delivering written Notice to Buyer, to adjust the Purchase Price to the appraised value within _____ days (5 days if none stated) after delivery of the appraisal to Seller, then Buyer, at his option, may terminate this Contract by delivering written Notice to Seller within _____ days (2 days if none stated) following the aforementioned deadline for Seller's response. If the Purchase Price is reduced as a result of the appraisal, then the loan amount in Buyer's financing condition (if any) shall be proportionately reduced.

C. BACK-UP CONTRACT. Seller has entered into a previous contract to sell the Property. Performance under this back-up Contract (between the undersigned Buyer and Seller) is conditioned upon the termination of the previous contract, as evidenced by a written release signed by all parties to the previous contract or by a waiver as set forth below. This condition will not limit Seller's discretion to amend the terms of the previous contract. In any event, upon the closing of the previous contract, this back-up Contract will automatically terminate. Until such time as Buyer has received delivery of a fully executed written release of Seller's previous contract, or a written waiver by Seller of this condition, Buyer shall have the right to terminate this back-up Contract by delivering to Seller written Notice thereof. If Seller elects to waive this condition without a written release signed by all parties to the previous contract, then the waiver is to be submitted to the undersigned Buyer together with all pertinent documents evidencing the failure of said previous contract. Buyer shall then have 24 hours after delivery from Seller of the waiver and documents in which to declare, in a writing to be delivered to Seller, that Buyer has elected to terminate this back-up Contract, or Buyer's right to so terminate this back-up Contract shall be deemed waived. All time periods set forth in paragraphs 5, 6 and 7 of this back-up Contract shall commence as of the time that Buyer has received delivery of the fully executed written release from Seller's previous contract or Seller's waiver of this condition.

D. REVIEW OF FARM PROGRAMS. Buyer's performance under this Contract shall be conditioned on Buyer's satisfaction with any federal, state or local government farm programs applicable to the Property. Within _____ days after the Effective Date, Buyer, at Buyer's option and expense, has the right to contact the local Farm Service Agency and/or other applicable governmental entity to be advised of all programs the Property has been enrolled in (or qualifies for), and to be made aware of any potential restrictions on the Property by reason of such programs. Should any such restrictions not be acceptable to Buyer, Buyer shall, within said time period, notify Seller, in writing, of nonacceptability (specifying the unacceptable restriction(s)) and this Contract shall be deemed to be automatically terminated.

Buyer's Initials _____

Seller's Initials _____

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<p>Contract Contingent Upon Appraisal</p>	<p>Check Box B if the Contract is to be subject to receipt of a qualifying appraisal from an appraiser selected by Buyer (or Buyer’s lender if the Contract is subject to financing). See also the discussion of lines 60-62 of the Contract above regarding this point. If so, the appraised value of the Property must be equal to or greater than the Purchase Price set forth in the Contract. If the Property does not appraise at the required amount and Buyer wants to act upon this contingency (s)he must deliver a copy of it to the Seller no later than the outside date specified at “E” (<i>i.e.</i>, 15 days after the Effective Date if left blank), or (if the Contract is subject to financing) the Loan Commitment Date specified at Section 5 of the Contract. The Seller may elect to keep the Contract enforceable against the Buyer by agreeing (in a writing delivered to Buyer) to reduce the Purchase Price to the appraised value within the time period specified at “F” (<i>i.e.</i>, 5 days after delivery of the appraisal to Seller if none stated). Otherwise, Buyer may elect to terminate the Contract by delivering Notice to Seller within the time period specified at “G” (<i>i.e.</i>, 2 days after the deadline for Seller’s response if none stated).</p>
<p>“Back up Contract” (Contingent Upon Termination of Seller’s Previous Contract)</p>	<p>Check Box C if the Contract is being accepted by the Seller as a “back-up” (<i>i.e.</i>, if Seller’s Property is already subject to a pending contract with a different buyer). This contingency, which is designed to be for the primary benefit of protecting a Seller (<i>i.e.</i>, so that Seller’s Property is not made subject to two “live” contracts at the same time), may be waived by Seller by delivering Notice thereof to the Buyer.</p> <p>Note: A Buyer may elect to terminate a “back-up” Contract at any time prior to its receipt of Seller's waiver or a fully executed written release of Seller's previous contract. Further, if a Seller’s proffered waiver of this contingency is <u>not</u> supported by a written release signed by <u>both</u> parties to the primary contract, then explanation of the circumstances (together with any supporting documents) surrounding the failure of the primary contract is to be supplied to the Buyer for its consideration. If not satisfied with such explanation/supporting documentation, then Buyer may still elect to terminate the “back-up” Contract (<i>i.e.</i>, despite Seller’s attempted waiver) by delivering Notice thereof to Seller within 24 hours after Buyer’s receipt of Seller’s waiver of the contingency (and any supporting documentation). The contingency time periods for financing, title and survey review and inspections (<i>i.e.</i>, Sections 5-7 of the Contract) applicable to the subject “back-up” (and now primary) Contract will begin to run upon Buyer’s receipt of either the fully executed release regarding the prior contract or Seller’s waiver of this contingency.</p>
<p>Review of Farm Programs Condition</p>	<p>Check Box D if the Contract is to be subject to Buyer’s review and approval of any restrictions imposed upon the Property pursuant to a federal, state or local farm program(s) in which the Property may be enrolled (<i>e.g.</i>, “set-aside” crop programs). Insert the date by which Buyer is allowed to obtain and review such restrictions, and to notify Seller if they are not acceptable and thereby terminate the Contract, at “H”.</p>
<p>57-I</p>	<p>When used, MSC-2020 should be initialed (at “I”) by both parties at the bottom of the form.</p>



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(1) Seller shall have the right to terminate this Contract by giving Buyer _____ hours' prior written Notice at any time. The Notice time period will commence when Seller's written Notice has been delivered. The termination shall be effective automatically unless, within the above-specified time period after delivery of such Notice, Buyer shall notify Seller in writing that Buyer will complete the purchase of the Property even though the condition in paragraph A has not been fulfilled. Buyer's response Notice must include one of the following: (a) a copy of a contract for the sale of Buyer's existing property described above, with a closing scheduled on or before the Closing date herein, (b) a written statement from Buyer's lender indicating that Buyer qualifies for a loan sufficient to close without having to sell Buyer's existing property, or (c) a written verification from a depository confirming that Buyer has available funds on deposit equal to or greater than the purchase price herein.

(2) In the event of removal of this condition based on Seller delivering Notice as outlined in subparagraph (1) above, Buyer shall close on or before the Closing date scheduled in this Contract. In addition, if this Contract contains a financing condition, after removal of this condition, then Buyer may not rely on an existing property sale condition in Buyer's loan commitment to terminate this Contract.

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(Check if applies) Buyer's existing property is now under contract to sell. The referenced timeframes begin immediately.

B. APPRAISAL. Buyer's performance under this Contract shall be conditioned upon the Property appraising at an appraised value not less than the Purchase Price, by an appraiser selected by Buyer (or Buyer's lender if this Contract is conditioned on financing). Should the appraised value not equal or exceed the Purchase Price, and if Buyer desires to act on this condition, then Buyer shall deliver a copy of the appraisal to Seller within two (2) days after it is available to Buyer, but not later than: (1) _____ days (fifteen [15] days if none stated) after the Effective Date if this Contract is not conditioned upon financing; or (2) by the Loan Commitment Date specified at Section 5 if this Contract is conditioned upon financing. If Buyer does not timely deliver the appraisal to Seller, then this condition shall be deemed to have been waived by Buyer. If Seller does not agree, by delivering written Notice to Buyer, to adjust the Purchase Price to the appraised value within _____ days (5 days if none stated) after delivery of the appraisal to Seller, then Buyer, at his option, may terminate this Contract by delivering written Notice to Seller within _____ days (2 days if none stated) following the aforementioned deadline for Seller's response. If the Purchase Price is reduced as a result of the appraisal, then the loan amount in Buyer's financing condition (if any) shall be proportionately reduced.

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D. REVIEW OF FARM PROGRAMS. Buyer's performance under this Contract shall be conditioned on Buyer's satisfaction with any federal, state or local government farm programs applicable to the Property. Within _____ days after the Effective Date, Buyer, at Buyer's option and expense, has the right to contact the local Farm Service Agency and/or other applicable governmental entity to be advised of all programs the Property has been enrolled in (or qualifies for), and to be made aware of any potential restrictions on the Property by reason of such programs. Should any such restrictions not be acceptable to Buyer, Buyer shall, within said time period, notify Seller, in writing, of nonacceptability (specifying the unacceptable restriction(s)) and this Contract shall be deemed to be automatically terminated.

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