



LEGAL HOTLINE Q&A

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QUESTION :

How important to a buyer is the “will” or “will not” choice on paragraph 3C (appraisal less than sales price) on the Form 22A?

ANSWER:

If the seller delivers to buyer, the Notice of Right to Terminate pursuant to Form 22A, paragraph 3, then paragraph 3(c) is very important. If seller delivers the Notice of Right to Terminate and buyer waives the financing contingency in response, then paragraph 3(c) determines whether buyer retains the benefit of the low appraisal provision even though buyer has waived the financing contingency.

If marked “will” (which is the default, if neither box is marked) then buyer will waive the low appraisal protection when buyer waives the financing contingency. If marked “will not” then buyer will retain the protection of the low appraisal provision even if the financing contingency is waived in response to seller’s delivery of a Notice of Right to Terminate.

If seller never delivers a Notice of Right to Terminate, then Form 22A, paragraph 3(c) is of no consequence.

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