

THE SALES CONTRACT IN INDIANA

STUDY SHEET

Summary

This section covered the residential sales contract in Indiana, its purpose, and the licensee's role in completing the contract. It explained and defined provisions, contingencies, amendments, and addenda. We also examined buyer negotiation strategies, performance, and contract termination.

Top Takeaways

THE CONTRACT

- Sales contracts have many names: purchase agreements, real estate purchase agreements, etc.
- Provisions are phrases that outline terms and conditions of the sale, as well as legal rights and obligations.
- Contingencies are conditions that must be met before the agreement of sale is complete and enforceable.
- Amendments are changes to existing sales contracts.
- Addenda are additions to existing sales contracts.
- Performance means that both parties have met all terms they agreed to in the contract.
- Assignments are when a new party is substituted for one of the original parties.
- Novation means that the original contract is replaced with a new contract or parties.
- There are six ways to remedy a breach of contract:
 - » Accept partial performance
 - » Rescind the contract unilaterally
 - » Sue for damages
 - » Sue for specific performance
 - » Accept liquidated damages
 - » Mutually rescind the contract

LICENSEE BEHAVIOR AND RESPONSIBILITIES

- Licensees who act outside of their scope are committing fraud (providing legal advice, etc.).
- Successful licensees negotiate for their clients, whether they're buyers or sellers.

BREACH

Failing to meet the terms of the contract

DEFAULT

When one or both parties fail to meet the contract obligations

COUNTER-OFFER

An offer that rejects an original offer and proposes new terms

FINANCING CONTINGENCY

Buyer indicates whether the purchase is contingent on getting financing, and if so, under what terms

LIQUIDATED DAMAGES

If the buyer defaults, seller accepts buyer's earnest money as liquidated damages, in lieu of suing for damages

PARTIAL PERFORMANCE

Meeting some but not all the obligations under the contract

SPECIFIC PERFORMANCE

Requirement to perform contractual obligations

TIME IS OF THE ESSENCE

A phrase that means the parties agree not to unduly delay negotiations

Take a look back at your notes for these items:

- The licensee's role in preparing the sales contract
- The ways that licensees can negotiate for their clients
- How a contract is prepared, delivered, and accepted
- Ways to remedy a breach of contract