EFFECTIVE DATE OF CONTRACT
CONSUMER VERSION

Is an oral contract to sell real property legally enforceable?

No. Any contract to sell real property is unenforceable against a party unless it's in writing and signed by that party or on their behalf by a lawfully-authorized person.

When does a contract using the Offer to Purchase and Contract (Form 2-T) become legally binding on the buyer and seller?

An offer made using Form 2-T becomes a binding contract on the "Effective Date."

The Effective Date is defined in Form 2-T. Two things must happen to form a binding contract: (i) all parties must have signed the offer (or initialed a counteroffer) and (ii) the party to whom the offer/counteroffer was made communicates to the other party that they have signed the offer (or initialed the counteroffer).



Can a party back out of a contract for a limited period of time after it has become binding?

Generally no. However, there are some exceptions.



The NC Condominium Act gives a buyer the absolute right to cancel the contract to purchase for a period of seven calendar days after the execution of the contract.

The Residential Property Disclosure Act gives a buyer the right to cancel a real estate contract if the Residential Property and Owners Association Disclosure Statement or the mandatory Mineral and Oil and Gas Rights Disclosure Statement is not timely delivered.

May an offer or counteroffer be withdrawn?

Yes, as long as the withdrawal happens before the party receiving the offer/counteroffer has been made signs or initials it and communicates their acceptance.

Must the Initial Earnest Money Deposit and/or Due Diligence Fee be delivered before the contract is binding?

No. Form 2-T specifically states that the contract is binding regardless of the buyer's payment of any Earnest Money Deposit or Due Diligence Fee.

Can a real estate agent bind a client to a contract?

Generally, a real estate agent does not have the power to bind their client to a contract to sell real estate unless the agent has been given the authority to do so, such as a power of attorney from the client.



Should a buyer or seller seek legal advice if there is any question about whether a binding contract has been created?

Yes. Whether a binding contract has been created between two parties can depend on the exact timing of events or the existence/absence of a single fact. If a buyer or seller has questions about whether a binding contract has been created, they should consult their own legal counsel.