



DUE DILIGENCE FEE CONSUMER VERSION

What is the Due Diligence Fee?

It's an amount paid to the seller in exchange for the buyer's right to terminate the contract for any reason or no reason during the Due Diligence Period.

How is a Due Diligence Fee different from an Earnest Money Deposit?

The Due Diligence Fee is not held in escrow by the Escrow Agent, it is payable to the seller.

The Due Diligence Fee becomes the property of the seller on the Effective Date of the contract.

The Due Diligence Fee is non refundable, with limited exceptions.

Is the Due Diligence Fee applied to the Purchase Price?

Yes. Like the Earnest Money Deposit, the Due Diligence Fee is credited to the Purchase Price if the sale closes.

If no Due Diligence Fee is paid, does the buyer still have the right to conduct Due Diligence?

Yes, except that Seller may limit physical access to the property until the DDF is paid..

What amount of Due Diligence Fee should be paid?

The amount of any Due Diligence Fee is negotiable and is influenced by market forces such as availability of housing inventory, the property's desirability, the seller's motivation to sell the property and buyer's motivation to buy it.

The amount of the Due Diligence Fee is also influenced by the length of the Due Diligence Period.

When is the Due Diligence Fee Due?

The Due Diligence Fee is payable by the Effective Date of the contract, it must be delivered no later than the next banking day following the Effective Date.



If the Due Diligence Fee is not paid by the Effective Date, is there a binding contract?

Yes. However, within Form 2-T, the seller has the right to terminate the contract when there is a delay in payment of the Due Diligence Fee if the seller gives the buyer written notice and the buyer fails to pay the Due Diligence Fee in cash, official bank check, wire transfer, or electronic transfer within one banking day.

If the buyer terminates the contract before delivering the Due Diligence Fee, does the buyer still owe it?

Yes. The Due Diligence Fee is due when the contract becomes effective. The buyer's termination of the contract does not excuse the buyer from an obligation created before the termination.

Neither the buyer's agent nor the seller's agent are responsible for paying the Due Diligence Fee to the seller if the buyer refuses to pay it.

Is the Due Diligence Fee refundable if the seller doesn't perform the seller's contractual obligations?

Yes. The buyer is entitled to a refund if there's a material breach of the contract by the seller, including seller's failure to comply with any of the seller's obligations under Form 2-T.

Does the buyer have a right to a refund of the Due Diligence Fee if he or she is unhappy with the results of the buyer's Due Diligence?

Generally, no. The buyer pays the Due Diligence Fee in exchange for the valuable right to terminate the contract for any reason or no reason before the expiration of the Due Diligence Period.

