



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 is writing and signed by that party or on his or her behalf by some other 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 paragraph 1(g) of Form 2-T. Two things must take place to form a binding contract according to paragraph 1(g): (i) all parties must have signed the offer (or initialed a counteroffer), and (ii) the party to whom the offer or counteroffer was made communicates that they have signed the offer (or initialed the counteroffer) to the party who made the offer (or counteroffer).

All parties must have **signed & communicated that they have signed** the offer for it to be **binding**

May 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 following the execution of the contract.

THE NC CONDOMINIUM ACT

The **buyer** has the **absolute right to cancel the contract** to purchase for a period of **seven calendar days** following **execution**

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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May an offer or counteroffer be withdrawn?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, so long as the withdrawal happens before the party to whom the offer or 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. However, according to paragraph 1(d), the seller has the right to terminate the contract when there is a delay in payment of the Earnest Money Deposit or Due Diligence Fee if the seller gives the buyer written notice and the buyer fails to pay it in cash, official bank check, wire transfer, or electronic transfer within one banking day.

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

As a general rule, a real estate agent does not have the power to bind his or her client to a contract to sell real estate unless the agent has been given the authority to do so. For example, a power of attorney from the client could provide the agent such authority.

X *Must*

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

YES. The answer to whether or not a binding contract has been created between two parties can depend on the exact timing of events or the existence or 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.