

# CHANGES TO THE RPA AND HOW THEY WILL AFFECT YOUR ESCROW

## All Cash Offers and Buyer's Financing Provisions

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The new Residential Purchase Agreement (RPA) contains some new provisions regarding **All Cash Offers and Buyer's Financing** that you need to be aware of:

**Paragraph 3C** is a new paragraph specifically addressing All Cash Offers. If your buyer is purchasing the property without financing, this provision will require that the verification of buyer's funds be either attached to the offer or submitted within a specified number of days. As your escrow holder, we prefer not to have the information held in our file and will not be looking for any verification when the Purchase Agreement is delivered to open escrow.

**Paragraph 3** has some changes to the financing portion of the Purchase Agreement. Specifically:

- » Paragraph 3D requires an Addendum Form FVAC if the buyer is purchasing using FHA or VA financing. Escrow will be looking for this addendum if the buyer has checked FHA or VA financing in Paragraph 3D(1).
- » There are also addendums required for seller financing (SEA) and for assumed financing (AFA).
- » The new default loan contingency time frame is 21 days. For a 30 day escrow, this will only leave just over a week to get loan documents, fund and record.
- » Paragraph 3J(5) has an added provision regarding lender limits on buyer credits. It states that all credits must be disclosed to the lender. Escrow has always insisted that credits be disclosed to avoid any issues with fraud; however the RPA now mandates the disclosure.
- » Paragraph 3J has additional language regarding buyer's qualification and approval for the loan as well as the appraisal contingency provisions. Be sure that you read these carefully before writing your first offer using the new RPA.

**We all know the hazards and pitfalls that arise when coordinating the new loan with the contractual close of escrow date. You can rest assured that your escrow team will keep you informed of any issues that we are made aware of with regard to the buyer's financing.**



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