

**THE STANDARD ALBERTA REAL
ESTATE ASSOCIATION
RESIDENTIAL REAL ESTATE
PURCHASE CONTRACT**

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INTRODUCTION

A good understanding of the standard Alberta Real Estate Association ("AREA") purchase contract is essential to any meaningful discussion of the "nuts and bolts of conveyancing" practice in this province. As the standard forms are not static but continue to evolve to reflect new laws, technologies and changes in practice, it is also essential for a real estate practitioner to be aware of recent amendments to the standard forms and the rationale for same. Recently AREA has adopted a practice of only introducing changes to standard forms once per calendar year. All AREA forms have a month and year designation on the bottom left hand corner. The current forms attached to this paper have a January, 2007 date, being the date on which the latest changes were implemented.

Unfortunately, many industry members and brokerages will continue to use outdated forms long after their replacement or elimination by AREA, requiring vigilance as to the vintage of the form being utilized for any particular transaction.

RECENT AMENDMENTS

This section highlights changes that were incorporated in the purchase contract in September 2002, January 2004, January 2005, January 2006, and January 2007 that are of greatest interest to home conveyancers. All numeric references are to paragraphs in the January 2007 contract attached hereto as Schedule "A".

DEPOSITS

3.1 (changed in 2004)

Due to inconsistent practice in the industry, the clause now clarifies that unless otherwise agreed in writing the "Initial Deposit", if any, is to accompany the offer. It should be noted that contrary to popular belief deposits are not required as a matter

of contract law for contracts to be valid. Due to recent innovations in lender practice and mortgage insurance permitting 100% financing on some real estate transactions it is likely that more offers will be written with zero down payment in the coming months and years.

3.7 (b) (changed in 2002)

This deposit dispute resolution clause was amended to allow the brokerage to pay the deposit into a lawyer's trust account of its own choosing where a reasonable conclusion can not be reached as to entitlement to the deposit. The clause no longer requires the agreement of the parties as to the selection of solicitor to hold the funds. The clause authorizes the solicitor to deduct reasonable fees and costs incurred in dealing with the deposit.

CLOSING

4. (changed in 2002 and again in 2007)

The sequence of paragraphs in the closing section was reorganized in 2002 so that related topics (such as the payment of late interest) were grouped together. The clauses were further reshuffled in 2007 to accommodate changes requested by the CBA Real Property Section, South Alberta.

4.1 (changed in 2002)

The weekend closing provision (which previously specified that the payment of funds would be made on the preceding working day but possession would remain as stated) was eliminated to accommodate divergent practice between north and south Alberta. The handling of closings on holidays or other non-business days is to be negotiated by lawyers on a case by case basis. In north Alberta the prevalent practice is to fund mortgages on the working day prior to the weekend, while in south Alberta the prevalent practice is to fund mortgages on the working day following the weekend.