

Commercial Contract: Optional Clauses

This Addendum No. ____ to the Commercial Contract is made between _____ ("Seller")
And _____ ("Buyer") regarding the sale and purchase of the following Property:
_____.

The following clauses will only apply to the above Contract if initialed by both parties:

5 Seller Initials _____ Buyer Initials _____

(A) _____ ARBITRATION: Any dispute or claim related to this Contract, or any breach of it, will be resolved through binding arbitration in _____ County, Florida. Arbitration will follow the rules of _____ (organization) and not through court proceedings, except as Florida law allows for limited review. Courts with jurisdiction may enter judgment on the arbitrator's decision. Filing a lawsuit solely to record a notice of action, injunction, receivership, or similar provisional remedy will not waive the right to arbitration. Any disputes with or against real estate agents involved in this transaction may only be arbitrated if the agent and their broker provide written consent. In any arbitration or legal action, the prevailing party may recover all reasonable attorney fees, arbitrator fees, administrative costs, and other litigation-related expenses.

(B) _____ SECTION 1031 EXCHANGE: Buyer ☐ Seller ☐ requests a Section 1031 tax-deferred exchange as part of this transaction. Both parties agree to cooperate in completing the exchange in accordance with Section 1031 of the Internal Revenue Code. The requesting party will bear any extra costs related to the exchange. The non-requesting party will not be required to delay closing, sign any documents creating personal liability, or otherwise be financially responsible for the exchange.

(C) _____ PROPERTY INSPECTION AND REPAIR: Paragraph 7 of the Contract is replaced by this clause. Seller allows Buyer, along with Buyer's agents and contractors, to enter and inspect the Property at Buyer's expense. All inspections are done at the risk of those entering the Property. Buyer agrees to hold Seller harmless against any damages, losses, costs, or claims (including attorney fees) resulting from inspections or authorized work. If Buyer causes damage, Buyer must repair it in a good and professional manner. Buyer has no lien rights under this Contract, and mechanics' liens cannot be filed against the Property without Seller's written consent. If Buyer's transaction does not close, Buyer must: (1) repair any damages caused by inspections; and (2) provide Seller with copies of all reports and test results. Seller is not obligated to make repairs except as specifically agreed in writing before 5:00 p.m. on the expiration date of the Inspection Period. Seller makes no warranties about the Property's condition, unless otherwise stated in the Contract.

Buyer may carry out the following inspections (check if applicable):

1. **Structural and System Inspections:** Within _____ days of the Effective Date ("Inspection Period"), Buyer may, at Buyer's expense, hire a licensed Florida contractor or inspector to check the Property's structural elements (roof, walls, foundation, framing, etc.), along with electrical, plumbing, HVAC, septic systems, irrigation, pool/spa equipment, fences, retaining walls, parking lot, and related items.

 (a) If repair costs are less than or equal to ____% of the purchase price ("Structural Repair Limit"), Seller must repair the defects before closing. If costs exceed that limit, Buyer may either (i) cancel the Contract or (ii) accept the Property in "as-is" condition. Buyer must give written notice of this choice within ____ days of receiving the inspection report.

 (b) If repair costs are less than or equal to ____% of the purchase price, Seller may elect to make those repairs before closing. If costs exceed the limit, either party may refuse to cover the excess; if no agreement is reached, either party may cancel the Contract.
2. **Environmental Inspections:** Within _____ days of the Effective Date ("Inspection Period"), Buyer ☐ Seller ☐ will obtain a Phase I Environmental Site Assessment. If the report reveals environmental issues requiring further testing or cleanup, Buyer may, at their option and expense, obtain additional inspections or terminate the Contract by giving Seller written notice within _____ days after the Effective Date. Buyer's lender ☐ Seller ☐ may also order environmental inspections.

If an inspection reveals issues, the Seller will take corrective actions as required by law. If remediation is necessary, the Seller will have ____ days to complete the remediation ("Cleanup Period"). Once remediation is finished, the Seller must provide written notice to the Buyer within 3 days, confirming completion. The Buyer then has 10 days to inspect the remediation. If the Seller cannot complete the remediation within the Cleanup Period, the Seller may either (a) notify the Buyer within 3 days after the deadline, giving the Buyer 10 days to accept the property as-is and close the contract, or (b) cancel the contract. If the Buyer does not provide notice within the 10-day period, the contract will automatically terminate.

Wood-Destroying Organism Inspection: "Wood-destroying organism" means any insect or pest that may damage wood within a structure, as defined in Section 482.021(27), Florida Statutes. Within ____ days from the Effective Date ("Inspection Period"), at the Buyer's expense, the property shall be inspected by a Florida-licensed pest control business to determine the presence of any infestation or damage caused by such organisms. The Seller shall then have ____ days from receipt of the Buyer's report to obtain repair estimates from a licensed pest control company or general contractor and deliver them to the Buyer.

If the cost of treatment and repair does not exceed the agreed "Termite Repair Limit" of \$____, the Seller shall pay for the repairs. If the cost exceeds this amount, either party may cancel the contract by giving written notice. If no evidence of infestation is found, or the property is covered under a full treatment warranty, the Seller will provide that warranty to the Buyer at closing, and the Seller will have no further obligation.

The Seller must deliver the property to the Buyer at the time agreed, in the same general condition as of the effective date, subject only to normal wear and tear and repairs required by this contract. The Seller must also maintain landscaping and grounds in comparable condition.

Final Walk-Through Inspection: The Buyer may, on the day before closing or another mutually agreed date, conduct a final walk-through inspection of the property to confirm compliance with the contract and to ensure the property is in the same condition. No new issues may be raised after this final inspection.

Flood Area Hazard Zone

The Property is located in a ☐ Special Flood Hazard Area / ☐ Coastal High Hazard Area. Flood insurance may be required as a condition of financing. If the first year's flood insurance premium required by a lender exceeds \$_____ per year, the Buyer may cancel this Contract unless either party agrees, within _____ days of being notified, to cover the excess amount. Additionally, restrictions may apply to rebuilding in the event of casualty or significant modification to the structure. The Buyer is responsible for confirming such restrictions with the appropriate government agencies. The Seller's flood insurance policy ☐ is ☐ is not transferable or assumable by the Buyer.

Seller Financing

The Buyer agrees to execute a purchase money note and mortgage to the Seller in the amount of \$_____, with an annual interest rate of _____%, payable as follows:

The mortgage, note, and any security agreement will be in a form acceptable to the Seller but must include only terms commonly used by lenders in the county where the Property is located. It must provide for:

1. A late payment fee.
2. The Seller's right to accelerate the loan in case of Buyer default.
3. The right for the Buyer to prepay principal at any time without penalty (interest only up to the payment

date).

4. The loan is to be ☐ due on sale/transfer OR ☐ assumable with lender consent.
5. The Buyer to purchase and pay for a mortgagee's title insurance policy and any applicable intangible tax.

If the Property is in a flood zone, insurance coverage must be at least equal to the loan amount plus interest. The Buyer must also provide the Seller with necessary credit, employment, and financial information. The Seller will notify the Buyer in writing of approval or denial of financing within _____ days of receiving all requested information. Approval may not be unreasonably withheld.

Existing Mortgage

Within _____ days of the Effective Date, the Seller must provide the Buyer with a copy of the existing mortgage and an estoppel letter from the lender showing the principal balance, accrued interest, maturity date, payment method, interest rate, and assumption terms. The Buyer then has _____ days to review and approve the terms, and such approval cannot be unreasonably withheld.

If the mortgage contains a due-on-sale clause, the Seller, at the Buyer's expense, must obtain lender consent for the assumption within _____ days. Any balance adjustments will be settled at closing, with no price adjustments afterward. The Seller may not prepay any portion of the mortgage without the Buyer's consent. The Buyer will purchase the Seller's escrow account at dollar-for-dollar value.

- **First Mortgage:** Buyer assumes the existing first mortgage, LN#, held by _____, with an approximate balance of \$. Payments are \$_____ per month (principal, interest, and escrow), with a ☐ fixed ☐ other interest rate of _____. Rate ☐ will / ☐ will not adjust on assumption. Additional terms: _____.
- **Second Mortgage:** Buyer assumes the existing second mortgage, LN#, held by _____, with an approximate balance of \$. Payments are \$_____ per month (principal, interest, and escrow), with a ☐ fixed ☐ other interest rate of _____. Rate ☐ will / ☐ will not adjust on assumption. Additional terms: _____.

Buyer's Attorney Approval

This Contract depends on approval by the Buyer's attorney. If disapproved, the Buyer may cancel the Contract and receive a refund of the deposit, provided the Seller is notified in writing within _____ days (default 5 days) after the Effective Date.

Seller's Attorney Approval

This Contract depends on approval by the Seller's attorney. If disapproved, the Seller may cancel the Contract and the deposit will be returned to the Buyer, provided the Buyer is notified in writing within _____ days (default 5 days) after the Effective Date.