

# Colorado Contracts & Transaction Management

Handling Multiple Offers, Document Retention, and Legalities

Presented by Denver Real Estate School



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## Colorado Contracts & Transaction Management

Introduction & Objective for the Class

**The objective of this course is to equip real estate professionals with comprehensive knowledge and practical skills in handling Colorado's real estate contracts and transaction documents. Participants will learn to identify and manage essential documents, navigate key contract clauses and contingencies, and avoid legal pitfalls by understanding the boundaries of legal practice. The course also covers effective transaction and document management methods, leveraging technology, while ensuring participants are well-prepared for real-world application.**

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## Colorado Contracts & Transaction Management

Agenda

- Common Documents Used in Real Estate Transactions
- Common Contract Clauses, Addenda, and Contingencies
- Avoiding the Unauthorized Practice of Law
- Multiple Offer Management
- Document Signatures, Notarizations, and Identification
- Transaction Management Methods, Retention and Best Practices
- Technology for Document Management
- Legalities of Electronic Communication
- Conclusion

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## Colorado Contracts & Transaction Management

### Common Contract Contingencies, & Clauses

Inspection	100.0
Appraisal	100.0
Backup Offer	100.0
Low Appraisal	100.0
Contingencies	100.0
Escrow	100.0
Financing	100.0
Force Majeure	100.0
Lead-Based Paint	100.0
Other	100.0

**100.0 Inspection** The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer. The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer. The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer.

**100.0 Appraisal** The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer. The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer. The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer.

**101.0 Contingencies** The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer. The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer. The Seller shall provide a written report of the Seller's knowledge of the condition of the Property to the Buyer.

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## Colorado Contracts & Transaction Management

### Common Contract Contingencies, & Clauses

**ADDITIONAL PROVISIONS AND ATTACHMENTS**

**10. ADDITIONAL PROVISIONS:** The following additional provisions have been approved by the Colorado Real Estate Commission:

**Backup Offer Clause:** The Seller is currently under contract to sell the Property to another buyer. The Seller will notify the Buyer within 24 hours after the First Contract is terminated, making this Contract fully effective. If the First Contract is not terminated by [specified date], the Contract will automatically terminate, and the Earnest Money will be returned to the Buyer. The Seller may modify the First Contract without the Buyer's consent and may delay notification in case of a dispute.

**Low Appraisal Clause:** If the appraised value is less than the purchase price, the Buyer agrees to contribute up to \_\_\_\_\_ in additional cash of closing to cover the difference between the appraised value and the purchase price (referred to as the Buyer Contribution). The Buyer certifies that they have already verified with their lender that the Buyer Contribution will not negatively affect their loan. If the gap between the appraised value and the purchase price exceeds the Buyer Contribution, the purchase price will automatically be reduced to the appraised value plus the Buyer Contribution. Both parties agree to sign any Amended External forms or other documents required by the buyer's lender or closing company to reflect the adjusted purchase price.

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## Colorado Contracts & Transaction Management

Multiple Offer Management



Offer #	Offer Amount	Offer Date	Offer Agent	Offer Status
1	\$275,000	8/20/2020	8/20/2020	8/20/2020
2	\$275,000	8/20/2020	8/20/2020	8/20/2020
3	\$275,000	8/20/2020	8/20/2020	8/20/2020
4	\$275,000	8/20/2020	8/20/2020	8/20/2020
5	\$275,000	8/20/2020	8/20/2020	8/20/2020
6	\$275,000	8/20/2020	8/20/2020	8/20/2020
7	\$275,000	8/20/2020	8/20/2020	8/20/2020
8	\$275,000	8/20/2020	8/20/2020	8/20/2020
9	\$275,000	8/20/2020	8/20/2020	8/20/2020
10	\$275,000	8/20/2020	8/20/2020	8/20/2020



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## Colorado Contracts & Transaction Management

Document Signatures & Notarizations



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## Colorado Contracts & Transaction Management

Transaction Management Methods, Retention and Best Practices



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## Colorado Contracts & Transaction Management

Legalities of Electronic Communication



### 1) Intent to Sign

No different than a wet signature, e-signatures are only considered valid if a user demonstrates a clear intent to sign.

### 2) Consent to do business electronically

There must be expressed or implied consent from the signing parties to do business electronically. Signers also have the option to opt-out.

### 3) Clear signature verification

Clear and distinct handwriting that provides clear signature verification once scanned as a document. The vendor/producer receives an email that includes the completed electronic document attached as a PDF and a clear copy of signature. The certificate of signature is an important document that includes important information including:

- Who each signing party is
- Date, time, date, IP address and user agent
- A link to verify the signature

### 4) Secure retention

Retention records are only valid as long as they can be reproduced from their original source. They provide a signed copy of the document and a clear copy of the document when required. The document is stored in the US electronic signature and digital signature system.

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# Colorado Contracts & Transaction Management

## Legalities of Electronic Communication

- **Choose Reliable Third-Party Platforms:** Use reputable and widely recognized third-party e-signature platforms, such as DocuSign, Adobe Sign, or HelloSign. Ensure that the platform you choose complies with relevant legal standards like ESIGN and UETA.
- **Educate Clients on the Process:** Take the time to explain to your clients how electronic signatures work, including the security measures in place. Providing a brief tutorial or walkthrough can help ease any concerns they may have about using the technology.
- **Verify Client Identity:** Before sending documents for electronic signing, ensure that you have verified your clients' identity. This can be done through a video call or by requesting a copy of their ID.
- **Communicate Clearly:** Before sending documents for electronic signatures, discuss the contents thoroughly with your clients. Make sure they understand what they are signing and answer any questions they might have.
- **Obtain Explicit Consent:** Always get explicit consent from your clients to use electronic signatures, preferably in writing or as part of the initial agreement. This helps protect both you and your clients legally.
- **Use Secure Networks:** When sending or accessing documents for electronic signing, always use a secure internet connection. Avoid using public Wi-Fi networks to prevent unauthorized access to sensitive information.
- **Maintain Document Records:** Keep detailed records of all signed documents, including dates, times, and IP addresses. This can be crucial for legal validation and auditing purposes later on.
- **Stay Informed on Legal Requirements:** Keep yourself updated on the legal requirements surrounding electronic signatures in your jurisdiction. This will ensure that your processes remain compliant with any changes in the law.

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# Colorado Contracts & Transaction Management

## Conclusion



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Quiz Time

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