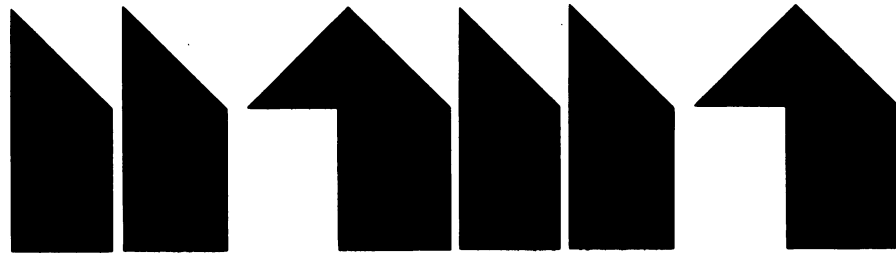


# **INTERIM REPORT**



## **VIRGINIA HOUSING STUDY COMMISSION**

To The  
Governor of Virginia  
The Honorable  
Linwood Holton  
and  
The Honorable  
Members of the  
General Assembly  
December 1972



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1972

INTERIM REPORT  
of the  
VIRGINIA HOUSING STUDY COMMISSION  
TO THE GOVERNOR OF VIRGINIA  
THE HONORABLE LINWOOD HOLTON  
AND TO THE HONORABLE MEMBERS OF THE  
VIRGINIA GENERAL ASSEMBLY

December 1972

ACKNOWLEDGMENT

Members of the Virginia Housing Study Commission acknowledge the Staff Support provided by the Office of Housing, Division of State Planning and Community Affairs, and the Office of Support Service, Division of State Planning and Community Affairs, for Report-Design and Printing.



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2nd Senatorial District

The Honorable Lawrence Douglas Wilder  
30th Senatorial District

House of Delegates

The Honorable Alan A. Diamonstein  
Vice-Chairman  
40th House of Delegates District

The Honorable Beverly R. Middleton  
55th House of Delegates District

AND

The Honorable James C. Turk  
Chairman  
13th Senatorial District  
Resigned: October 23, 1972

The Honorable O. Beverly Roller  
10th House of Delegates District  
Resigned: July 6, 1972

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Richmond, Virginia

Mr. Roy H. Elrod  
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## INTRODUCTION

The final report of the Virginia Housing Study Commission, "THE HOUSING CRISIS", which was submitted to the Governor and General Assembly a year ago, contained four recommendations, all of which have been enacted into law in substantially the same form as proposed.

Three of the recommendations, which were based on an extensive two year study by the Commission, dealt with increasing the production of low and moderate income housing. These were:

1. The creation of the VIRGINIA HOUSING DEVELOPMENT AUTHORITY which, with its unique financing ability, would play a major role in supplying housing to low income families at prices and rents they could afford.
2. The adoption of a UNIFORM STATEWIDE BUILDING CODE designed to eliminate the diversity of codes regulating the use of materials and techniques, which is one of the barriers to the greater production of housing.
3. The establishment of a Department of Housing (which was enacted as the OFFICE OF HOUSING within the Division of State Planning and Community Affairs) and a policy formulating Board. This Office will elevate housing to a position of state purpose and concern and set forth the State's housing policy and goals.

The fourth recommendation called for the Commission to be continued for two (2) years in order that in-depth study of social and economic aspects of housing could be conducted. The complexity of these problem areas precluded the formulation of recommendations in the time allowed.



The General Assembly concurred in the continuation of the Commission. In companion legislation, the General Assembly directed the Commission to study and report to it on methods to reduce costs and to eliminate "unfair practices" to the buyer in the transfer of residential real property.

The Commission submits its Interim Findings and Recommendations in the hope they will assist the State in taking cognizance of, and implementing remedies for, existing social and economic restrictions to the attainment of the State Housing Goal: "THE OPPORTUNITY FOR SAFE, DECENT AND SANITARY HOUSING, IN AN ENVIRONMENT CONDUCIVE TO PLEASANT LIVING FOR EVERY VIRGINIAN."



SUMMARY OF FINDINGS  
AND  
RECOMMENDATIONS



## LANDLORD-TENANT RELATIONS

At current price levels, Virginia is experiencing a shortage of adequate low-income housing, as is the rest' of the nation. As a result, many moderate to low income families in the Commonwealth of necessity are forced to live in conditions that are detrimental to their health and safety; their housing is relatively crowded and has sub-standard plumbing.

The number of moderate to low income families, usually renters, who live in sub-standard housing in Virginia is large. For example, The Survey of Sub-Standard Housing in Virginia, published by the Division of State Planning and Community Affairs, suggests that renter occupied units with a low rent may be in poor condition. Last year in Virginia, 23.9% of the renter-occupied units rented for less than \$60.00 per month, and 38.5% rented for less than \$80.00 per month. <sup>(1)</sup> This is less than the shelter allowance for welfare recipients.

Low-income tenants must depend on Local Government to see that their housing is safe and sanitary. Written leases, when used, are drawn to favor the landlord. Implied tenancies, which prevail in the absence of a

<sup>1</sup>Appendix I contains specific federal census data on sub-standard housing nationally and in Virginia.





written lease, also favor the landlord. The traditional legal interpretation of the tenants' obligation to pay rent, and the landlords' obligation to provide safe and sanitary housing leaves tenants with only weak bargaining power to improve their living conditions. When a shortage of low income housing exists, at some price, even the tenants' ultimate legal right to vacate and move elsewhere is ineffective. They have no alternative but to take what is offered and pay that price demanded by landlords.

Some localities do not have property standards codes designed to require landlords to maintain at least a minimum level of safe and sanitary housing. Even where these minimum property standards codes exist, they are not always enforced. In addition, local court congestion and the practice of extended delays through appeals and continuances on code violation charges hinders the enforcement of tenants rights. Among the recommendations made to the Commission by individuals and organizations as solutions to the problems that exist in landlord-tenant relations were:

- The adoption of a statewide minimum property standards code.

- The adoption of a model lease law.



-Provision for the withholding of rent by tenants for deposit in escrow with a designated agency able to authorize repairs at the expense of landlords.

-Protection from retaliatory eviction by landlords against tenants reporting code violations.

-Provisions that security deposits be limited to a reasonable amount, that conditions for their refund and how they shall be managed be specified, and that interest be paid on these deposits.

-The creation of Housing Courts in order that the rights of tenants can be expeditiously adjudicated.



## SUBDIVISION ORDINANCES AND REGULATIONS

In recent years, much has been done to develop new land-planning concepts designed to produce attractive neighborhoods and at the same time, lower the cost of housing. These new concepts, however, are rarely being utilized by Local Governments to minimize the spiraling cost of building sites. In addition, the State Highway Department has promulgated regulations which have contributed to the rising cost of land acquisition and site preparation. These costs, nationally are running from 15% to 32% of the price to the consumer of finished dwelling units, (2) whether single or multi-family.

Land developers today are generally required initially to bear the costs of right-of-way, utility improvement, streets and sidewalks, street lighting, sanitary sewers and drains, water mains, fire hydrants and street signs. In many areas, they are encouraged to dedicate land, or to make payment in lieu of dedications, for such purposes as parks and school sites. These costs to the land developer are almost entirely passed forward to home purchasers in the form of higher housing prices, and as a result, higher real estate taxes. It is important, nevertheless, that land developers know in advance what costs they will be initially expected to bear; they should not be forced

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(2) Report of The Commission on Urban Problems to the Congress and to the President of The United States



to submit to a bargaining process with local authorities in which approval of the project may depend on how much the developer is willing to provide in the way of improvements. These costs to home purchasers could be substantially reduced if the localities undertook site preparation on a "volume" basis, and eliminated the developer.

One of the major factors behind this rising cost of development in Virginia is the expense necessary for compliance with provisions of the (Virginia Department of Highways) State Road Standards for Secondary Highways. These regulations, recently upgraded, are tending to make the development of low and moderate-income housing economically unfeasible for land developers.

These standards are designed to facilitate the movement of vehicles from point "A" to point "B" in the most efficient and safest manner, without regard for the effect on frontage property between the two points. Land and housing developer-design requirements for subdivision roads, however, are in conflict with those called for by these Department of Highway regulations. Land and housing design requirements are: an on-grade access to the building sites from roads traversing the housing project; limited access from arterial roads; narrow short-run minor access roads combined with adequate off-the-road parking; and pavement bumps to control speed.

The primary objective in subdivision road design is to get motorists out of the subdivision and onto the main road during the morning rush hour, and off the main





road and back in the subdivision during the evening rush hour. Efficiency in moving these motorists, however, must be traded-off with land and housing design requirements. This trade-off cannot correctly be made if regulations for State Road Standards for Secondary Highways are followed by subdivision developers. Therefore:

THE COMMISSION RECOMMENDS THAT THE DEPARTMENT OF HIGHWAYS BE DIRECTED TO REVIEW AND REEVALUATE THEIR REGULATIONS IN THIS REGARD AND DEVELOP A "SUBDIVISION STREET STANDARDS" WHICH GIVES GOOD PLANNING PRACTICES EQUAL CONSIDERATION WITH ENGINEERING PRACTICES, TO BE IMPLEMENTED ON OR BEFORE DECEMBER 1, 1973.

The Virginia Housing Study Commission will appoint a sub-committee knowledgeable in planning and engineering to assist the Department of Highways in the promulgation of such regulations.



## PROBLEMS IN THE TRANSFER OF REAL PROPERTY

The Sub-Committee on Problems in the Transfer of Real Property submitted a report to the Commission as directed in Senate Joint Resolution Number 49. The full text of this Report, including a majority concurring and minority dissenting addendum, is presented as Appendix II.

The Commission is aware that the charge given to this Sub-Committee was so comprehensive that it could not hope to arrive at definitive solutions in the few months allowed. The complex problems that arise in the sale of residential properties must be the subject of a continuing in-depth study to explore methods designed to reduce costs and to improve the quality of service to the property purchaser. While the Sub-Committee did not have the opportunity to resolve its charge, its study did reveal areas where remedial action could be taken:

### RECOMMENDATIONS:

THAT THE VIRGINIA HOUSING STUDY COMMISSION CONTINUE THE STUDIES SO ABLY BEGUN BY THE SUB-COMMITTEE ON PROBLEMS OF TRANSFERRING REAL PROPERTY WITH SPECIFIC EMPHASIS ON:

A. THE PROMULGATION OF A MARKETABLE TITLE



STATUTE FOR THE COMMONWEALTH FOR  
IMPLEMENTATION BY THE 1974 SESSION OF  
THE GENERAL ASSEMBLY.

- B. THE REQUIREMENT THAT EVIDENCE OF TITLE BE FILED BY THE DEVELOPER OF A SUBDIVISION AT THE TIME OF RECORDATION OF THE SUBDIVISION PLAT.
- C. INVESTIGATION OF THE RAMIFICATIONS OF POSSIBLE REDUCTION IN GRANTOR AND RECORDATION FEES.

In addition, the Commission will communicate with the bar associations of the State to:

ENCOURAGE THE ADOPTION OF TITLE STANDARDS, ELIMINATE THE USE OF THEIR MINIMUM FEE SCHEDULES AS SOLE JUSTIFICATION FOR A FEE, AND CEASE THE PRACTICE OF CONSIDERING UNETHICAL THE CHARGING OF A FEE BELOW THE MINIMUM.

To improve service and reduce costs, the Commission

RECOMMENDS:

THAT THE STATUTE OF LIMITATIONS GOVERNING JUDGEMENT LIENS, VENDORS LIENS AND DEEDS OF TRUST BE SHORTENED TO TEN YEARS.

THAT NO DEED SHALL BE RECORDED UNLESS IT CONTAINS A DERIVATIVE CLAUSE.

THAT CLERKS OF COURT BE DIRECTED TO INDEX MAGISTERIAL DISTRICTS AS WELL AS LOT AND BLOCK NUMBERS, OF PROPERTY IN SUBDIVISIONS WHERE PLATS ARE OF RECORD.

THAT FUNDS BE APPROPRIATED FOR THE STUDY OF COMPUTERIZATION AND MICROFILMING OF RECORDS, THE POSSIBLE ESTABLISHMENT OF TRACT INDEXES, THE CREATION OF PUBLIC ABSTRACTING SERVICES, AND OTHER TECHNICAL INNOVATIONS.



The buyer or seller of real estate is concerned with the expenses to him of a residential property settlement. By being knowledgeable of his rights and the alternatives from which he can choose, both buyer and seller have an opportunity to realize substantial savings in the real estate-transfer closing. To inform the general public of all the aspects of a real property transfer transaction, the Commission RECOMMENDS:

THE OFFICE OF HOUSING BE DIRECTED TO PREPARE AND DISSEMINATE, IN PUBLISHED FORM, INFORMATION REGARDING, BUT NOT LIMITED TO:

- A. THE NEGOTIABILITY OF REAL ESTATE BROKERS FEES.
- B. THE PURCHASER'S RIGHT TO, AND POSSIBLY NEED OF, HIS OWN ATTORNEY.
- C. AN EXPLANATION OF CLOSING STATEMENT ITEMS.
- D. AN EXPLANATION OF "POINTS".
- E. TITLE INSURANCE POLICIES, INCLUDING PROTECTION PROVIDED, EXCEPTIONS, AND REISSUE RATES.

The Commission commends the Sub-Committee and, particularly, its Chairman, Professor Emerson Spies, for the substance of their endeavors. The Commission is aware of the personal time and effort involved with developing the above recommendations in a short period of time. The organizations represented by these individuals were of great assistance in this effort.





These organizations were:

The Virginia Citizens Consumer Council  
The Title Insurance Industry  
The Mortgage Finance Industry  
The University of Virginia  
The College of William and Mary  
The Virginia Bar Association  
The Virginia Real Estate Commission  
The Attorney General's Office  
The State Corporation Commission



## SALE OF RESIDENTIAL PROPERTY ON CONTRACT

In several instances, it was brought to the attention of the Virginia Housing Study Commission that some abuses have occurred in the sale of homes on contract. This entails the sale of low-income housing, under an agreement whereby the purchaser agrees to make specific payments monthly until the purchase price is paid. Title to the property is usually not transferred until the total price is paid. In some cases, prior to full payment, the agreement is fraudulently voided by the seller, and the property resold. The Commission does not wish to indicate that the concept of contract sales is illegal, but because of some abuses, the Commission RECOMMENDS:

LEGISLATION BE ENACTED REQUIRING THE RECORDATION OF SUCH CONTRACTS OF SALE WHICH INVOLVE IMPROVED RESIDENTIAL REAL PROPERTY.



## CONCLUSION

The Commission could not close the Report without expressing as a body, and individually, its respect and appreciation to two of its members who have moved into other fields of endeavor: Its Chairman, former Senator, and now Judge, James C. Turk, under whose leadership of the Commission, housing in Virginia has become a priority concern of State Government; and former Delegate O. Beverly Roller who gave unstintingly of his time to the development of viable solutions to housing problems of Virginia.

The implementation of the recommendations contained in this report and those forthcoming in the Final Report of the Commission, coupled with the Recommendations already implemented by the General Assembly, will provide a means of assuring every citizen in Virginia, the opportunity for safe and sanitary housing.



*Alan Diamonstein*

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Alan A. Diamonstein, Vice Chairman  
House of Delegates

*T Armstrong*

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Tiffany H. Armstrong

*Peter K. Babalas*

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Peter K. Babalas  
Senate

*Roy H. Elrod*

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*BR Middleton*

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Beverly R. Middleton  
House of Delegates

*Harold E. Rose*

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Harold E. Rose

*Lawrence Douglas Wilder*

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Lawrence Douglas Wilder  
Senate





TABLE 1.--COMPARISON OF THE PERCENTAGE OF SUBSTANDARD HOUSING IN VIRGINIA  
WITH THE PERCENTAGE IN THE UNITED STATES

	<u>United States</u>	<u>Virginia</u>
Total occupied and vacant year-round units.....	67,656,566	1,483,026
Percent of total occupied and vacant year-round units which:		
Lack complete plumbing.....	6.9%	13.4%
Lack complete toilet facilities.....	5.0%	11.4%
Lack complete kitchen facilities and/or direct access.....	4.7%	8.7%
Total specified owner occupied units.....	31,890,651	697,204
Percent of specified owner occupied units which:		
Have value less than \$5,000.....	6.1%	7.1%
Have value less than \$5,000 and lack complete plumbing.....	1.9%	4.1%
Have value \$5,000 to \$9,999.....	15.6%	14.8%
Have value \$5,000 to \$9,999 and lack complete plumbing.....	0.9%	2.7%
Total specified renter occupied units.....	22,334,002	486,297
Percent of specified renter occupied units which:		
Have rent less than \$60/month.....	21.4%	23.9%
Have rent less than \$60/month and lack complete plumbing.....	4.4%	7.5%
Have rent \$60 to \$79/month.....	18.3%	14.6%
Have rent \$60 to \$79/month and lack complete plumbing.....	0.9%	0.6%
Total occupied units.....	63,449,747	1,390,227
Percent of total occupied units which:		
Lack complete plumbing.....	6.0%	12.1%
Have 1.01 or more persons per room.....	8.2%	8.0%
Have 1.01 or more persons per room and lack complete plumbing..	1.2%	2.8%
Total Negro occupied units.....	6,180,260	220,067
Percent of total Negro occupied units which:		
Lack complete plumbing.....	16.8%	30.1%
Have 1.01 or more persons per room.....	19.9%	21.0%
Have 1.01 or more persons per room and lack complete plumbing..	5.2%	9.4%
Percent of total occupied units which have 1.01 or more persons per room and/or lack complete plumbing.....	13.0%	17.3%
Percent of total Negro occupied units which have 1.01 or more persons per room and/or lack complete plumbing.....	31.5%	41.7%

Source: Table 2, this report; U. S. Bureau of the Census, Census of Housing: 1970.  
General Housing Characteristics. Final Report HC(1)-A United States.



APPENDIX II

REPORT  
OF THE  
SUBCOMMITTEE ON  
PROBLEMS IN THE TRANSFER OF REAL PROPERTY  
TO THE  
VIRGINIA HOUSING STUDY COMMISSION

November 1972



SUBCOMMITTEE MEMBERS

Chairman

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Hartfield Professor of Law  
University of Virginia

Vice-Chairman

Professor Emeric Fischer  
College of William and Mary  
Marshall Wythe School of Law

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(Representing Virginia Real Estate Commission)

Carlton P. Moffatt, Jr.

(Representing mortgage finance)

James Starrs

(Representing Virginia Citizen Consumer Council)

C. William Waechter, Jr.

General Attorney - State Corporation Commission

William H. Woodward

(Representing Virginia Bar Association)

## INTRODUCTION

It should be realized at the outset that there are two distinct aspects to settlement and closing costs. The consumer, whether seller or buyer, is, of course, concerned about out-of-pocket expenses. But he is, or ought to be, equally concerned with what he receives from the many parties involved in the typical residential property settlement. Accordingly, throughout our study the Sub-Committee has examined the activities of brokers, attorneys, lenders, surveyors, appraisors and title insurance companies in the hope that its recommendations might both reduce costs and modernize and improve the conveyancing system. The Sub-Committee realizes that in a few instances its recommendations might result in a slight increase in costs to the buyer and seller. Such recommendations are made only where it has concluded that such increased costs will result in substantially improved services to the consumer. "Senate Joint Resolution No. 49 charges the Sub-Committee to consider, study and report its recommendations on the ways and means to reduce the cost of transferring residential real property and to otherwise eliminate practices which are unfair to the buyer. The Sub-Committee was also directed to consider in the performance of its study and the formulation of its recommendations, the activities, practices and charges employed by real estate brokers, surveyors, title insurance companies, settlement attorneys and lending institutions, as well as the efficiency and possible modernization of the system of public recordation of real property transfers."

The Sub-Committee from the beginning has also felt that its charge was so comprehensive that, even if it had the requisite appropriations (which it did not) to conduct field survey to determine the varying practices and their costs throughout the state, it could not hope in a few months to come up with detailed and definitive solutions to the myriad of complex problems which arise in the sale of residential properties. One needs only to scan the voluminous HUD Report and to be aware of the prolonged efforts of the Fairfax County Commission and of similar agencies in other states, to realize that the solutions to many of the problems require extensive empirical data with time to study such data before appropriate suggestions can be made to reduce costs and to improve our present conveyancing system. Thus one of our principal recommendations is that the General Assembly appropriate sufficient funds to enable a commission or committee to continue and expand the investigations and studies of this Sub-Committee.

However, the fact that this Sub-Committee cannot now resolve satisfactorily many of the problems by no means indicates that its efforts have been fruitless. On the contrary, the specific recommendations which follow, if implemented, should result in improved services to the public with reduced settlement costs.

A brief word with respect to the Sub-Committee's methodology. The Sub-Committee consisted of ten members, as follows: one licensed attorney; one official of the Virginia Citizens' Consumer Council; one representative of the title insurance industry; one licensed real estate broker; two experts in mortgage finance; two law professors; one representative of the Attorney General's

Office; and one representative of the State Corporation Commission Counsel's Office. This Committee met at the Capitol on July 11, August 1, August 22, September 14, October 4, October 17, October 31, and November 29 .....  
At these meetings, all of which were open to the public, representatives of real estate boards, lending institutions, the Bar, title insurance companies and others testified. In addition, public hearings were held in Northern Virginia, Roanoke, Richmond, and Newport News. Members of the Sub-Committee supplemented their own expertise by soliciting information and suggestions from lawyers, brokers, bankers, and others actively engaged in real estate transactions. And finally all members of the Sub-Committee considered carefully the many recent articles and reports which have analyzed and criticized current real estate settlement practices and costs.

Because of the many facets to the typical real estate transaction, the Sub-Committee decided to consider seriatim the role of each of the principal parties involved in the sale of a residential home. The Sub-Committee's recommendations and suggestions are set forth below with explanatory comments with respect to each recommendation.

I. The Real Estate Broker

A. Publicity re the amount of the Commission

By a 6 to 4 vote the Sub-Committee recommends;

- 1) that real estate brokers be requested to take voluntary action to see that the public is advised that real estate commissions are negotiable, and
- 2) if such information is not forthcoming, that the Board of



Housing or an appropriate state agency be authorized to see that such information is disseminated to the public.

Comment:

Until quite recently, it has been an accepted norm that realtors in a particular area agree upon a percentage commission based upon the selling price of the property. Indeed, most real estate boards stated in their canons that it was unethical for brokers or salesmen to cut commissions. Competition existed but only as to services - not as to price for the services rendered. Government charges that such concerted action by realtors was in restraint of trade resulted in consent decrees which prohibited all agreements by brokers within a given area that commissions should be uniform. The profession has accepted this mandate but often reluctantly. No longer are there formally agreed upon standard percentage commissions. Yet the investigations of the Sub-Committee reveal that in many areas of Virginia there has been little change in practice. Many brokers and salesmen continue to adhere strictly to a standard percentage commission regardless of the value of the property or the time, effort, and skill involved in procuring a ready, willing and able buyer. The public too often is left with the impression that commissions are fixed and not negotiable. Nor do brokers or anyone doing anything to dispel the public's impression.

The Sub-Committee's recommendation in no way dictates that a particular broker or salesman must negotiate with his client with respect to his commission. However, the recommendation does imply that brokers and salesmen should not by words or conduct restrict competition indirectly when they cannot legally bring

about such a result directly. Moreover, it is the hope of the Sub-Committee that brokers can be induced to inform the public that commissions are not arbitrarily fixed but rather are subject to negotiation, and that competition within the profession can exist both as to the quality and extent of services and the fees for such services.

The majority of the Sub-Committee realizes that many, -perhaps the vast majority of brokers, -will not voluntarily publicize a change which they sincerely believe to be undesirable and detrimental to their efforts to upgrade the standards of their profession. But because the Sub-Committee is convinced that competition among brokers with respect to commissions is not likely to be effected until consumers are made aware of the legal requirement that commissions be negotiable, it recommends that, if the profession does not publicize the change, then an appropriate state agency should take the requisite steps to disseminate the information.

A minority of the Sub-Committee also favored requiring brokers to disclose the precise commission charged on each particular sale in an advertisement contained in the real estate section of newspapers. This motion failed by a vote of 6 to 4.

B. Disclosure by Broker of Need For a Lawyer

The Sub-Committee recommends 1) that real estate brokers and salesmen be required to disclose to the buyer and seller prior to the signing of the contract of sale that each has a right to, and each may have a need of the assistance of, an attorney of his own choice; and 2) that the broker or salesman have the buyer and seller sign a statement that he has received such a disclosure.

Comment:

A decision of the Virginia Supreme Court has held that preparing a contract of sale is not the practice of law, and that accordingly it is quite legal and proper for a broker to submit his standard contract form with appropriate changes, for execution by the parties. The contract of sale is clearly the most important single document in the usual residential sale. Both the parties and the attorneys who may later be retained by the parties are controlled by the provisions of the written contract. With one member dissenting, the Sub-Committee concluded that too often significant terms of the contract were misleading, ambiguous, incomplete or even completely missing. The buyer, especially, too often finds himself prejudiced because he did not avail himself of an attorney before he signed the contract. Yet to require an attorney in all cases might occasionally increase costs unnecessarily, and in some cases admittedly, an attorney is not needed at this early stage of the transaction. By a vote of 7 to 1 the Subcommittee struck a compromise by deciding in effect that the parties should be given the opportunity to have the advice and assistance of an attorney before executing what frequently is the most important contract in their lifetimes. What the recommendation requires is that the broker advise the parties of their opportunity and that evidence that the requirement is satisfied be supplied in the form of a written waiver by the parties should either or both decide not to engage an attorney at this time.

C. Information re Settlement Costs and Points

It is also recommended that the Real Estate Commission

- 1) seek voluntary compliance by brokers and salesmen in disclosing

to both parties all financial aspects of the transactions, with particular attention to points where they are involved; and  
2) that an informational pamphlet be prepared by an appropriate state agency which will, inter alia, set forth an explanation of points and a statement of approximate closing costs, bearing in mind that practices and costs are not uniform throughout the state.

Comment:

The Sub-Committee was unanimous in its conviction that many of the criticisms regarding costs and practices would disappear if parties were better informed with respect to the variety of ancillary costs involved in typical residential sales. Since the broker is usually the first person with experience and knowledge to deal with the parties and since the broker often is the key person in negotiating the contract of sale, it is logical to impose upon him the duty to disclose to the parties, pertinent facts affecting the nature and costs of the transaction. To assist the brokers in performing a function, which many brokers admittedly already fulfill well, an informational brochure should be carefully prepared and distributed in the hope that the public will be better informed with respect to all aspects of the sale. Informed sellers and buyers can be expected to make more intelligent decisions and if they do not, at least the blame cannot be thrust upon others.

No other formal action was taken with respect to brokers. However, it may be of interest to note briefly certain observations and conclusions of the Sub-Committee.

1. Because of the nature of the profession it is not feasible to have brokerage commissions determined primarily on

a time and effort basis. Some members concluded that a sliding scale of commissions might be more appropriate than a straight commission based solely on the selling price of the property. But the Sub-Committee believes that any change in the criteria for determining fees should originate within the profession.

2. In many areas the standard forms of real estate contracts designed and used by brokers are inadequate. Again, efforts to improve the forms should come primarily from the profession with the help of attorneys and others involved in the usual residential sales transaction.

3. Brokers and salesmen should realize that they are primarily the agents of the vendor and that accordingly they should not play a dominant role in the selection of an attorney for the buyer. And, of course, brokers should receive no compensation for recommending a particular attorney or title insurance company.

4. It would be helpful to all concerned if settlement and closing forms were more uniform. Brokers, lenders, and attorneys should cooperate to make forms more uniform, thus enabling everyone to ascertain the true costs of settlement.

5. It was acknowledged that some brokers are more knowledgeable and conscientious than others. Better training and stricter license laws could eliminate some of the marginal brokers.

## II. Attorneys

### A. Running and Capping

The Sub-Committee recommends that Section 54-79 of the Virginia Code dealing with Running and Capping be more strictly

enforced.

Comment:

The relationship between an attorney and his client is personal and all members of the Sub-Committee agreed that it is improper for a broker, developer, or lender to dictate the choice of the buyer's attorney. Of course, the lender or developer is free to select his own attorney. There was much discussion of the many indirect ways in which some brokers, lenders, and developers manage to control the selection of the buyer's attorney. All members of the Sub-Committee are in accord that parties receiving compensation directly or indirectly for referrals to lawyers are violating the law. Although the evidence presented to the Sub-Committee was conflicting and inconclusive, it is clear that such "kickbacks" do occur especially in certain parts of Virginia. It is also clear that there are very few prosecutions. It is the Sub-Committee's recommendation that consideration be given to tightening the existing statute, that the respective professions make it clear to their constituents that such practices are illegal, that the public be encouraged to report instances of such practices, and that prosecuting attorneys be instructed to be more diligent in enforcing the soliciting and running and capping provisions of the Code. "The Sub-Committee also feels that the proposed Rule 13 of Part IV of the Rules for Integration of the Virginia State Bar should, if implemented, promote the more stringent enforcement of the rules against running and capping, primarily as a result of the creation of a full-time prosecutor's office to enforce the canons of ethics. Accordingly, the Sub-Committee expresses its

endorsement of the creation of an "Office of Bar Counsel" and urges the Virginia Housing Study Commission to support the Virginia State Bar in its effort to effect implementation of proposed Rule 13."

B. Inadequate Representation

The Sub-Committee recommends that appropriate steps be taken to see that buyers are advised of their right to select their own attorneys.

Comment:

The Sub-Committee is unanimous in its view that the occasions in which the buyer is inadequately represented, because the attorney is regularly employed by the developer or lender, will be substantially reduced if the buyer is informed of his right to select his own attorney. The informative pamphlet, previously mentioned in the discussion of the broker's role (see p.4) should contain a concise but definite statement of the possible conflict of interests and the buyer's possible need for an attorney whose interests and loyalty to the buyer will not be affected by his past or continuing relationship with the brokers, developers, or lenders who are also involved in the transaction. At the same time the brochure should point out to the buyer that the exercise of his right to choose an independent attorney may result in an increase in legal fees.

C. Minimum Fees

The Sub-Committee recommends that all bar associations recognize that minimum fee schedules cannot be used as the sole justification for a fee, and that the charging of a fee below

the minimum shall not be considered unethical.

Comment:

There is evidence that title search attorneys occasionally use minimum fee schedules to justify a fee based upon the value of the property, even though the search was quite limited because that attorney or his associate had previously searched the same title in a similar transaction; or because the search may involve far less time and expose the attorney to far less risk than usual where the property is in an established subdivision, the underlying title of which has been searched repeatedly. In such cases the fee can and should be less than the normal fee. The Sub-Committee believes that titlesearch attorneys and the public should be made more aware of the propriety of lesser fees in such instances, and that attorneys should not use minimum fee schedules as a justification for a fee which otherwise would be excessive. Once again the brochure previously mentioned could be the vehicle for disseminating this information to the public.

III. Title Insurance

The Sub-Committee adopted no specific recommendations with respect to title insurance. Certain of its conclusions and observations may be of interest to the Commission:

1. Reissue Rates

Where property has been previously insured, the insured may be entitled to a reduced premium rate if he applies for similar insurance from the same company. Too often buyers, required by lenders to secure insurance, are unaware of this possible reduced rate. Once again education may be the answer. Attorneys, brokers,



and title insurance agents should be encouraged to alert the buyers to this possibility. The informational brochure should cover this subject.

2. Assignment of Policies

"The Sub-Committee considered the arguments pro and con for making owners' title insurance policies assignable and makes no recommendation. It is the judgment of the Sub-Committee that the informational pamphlet should contain information regarding the scope and protection afforded by the lenders and owners' policy."

3. Kickbacks or Referral fees

Such evidence as was available to the Sub-Committee indicates that title companies in Virginia do not kickback fees to attorneyes, brokers or lenders.

4. Attorneys as Agents of Title Insurance Co.

In many areas of Virginia title companies retain attorneys as their agents, since the amount of business does not justify a branch office. Such attorneys play a dual role and typically receive compensation both from the title company and the insured. The impropriety of this practice has been the subject of several opinions of the Ethics Committee of the State Bar.

5. Regulation of Title Companies

The Sub-Committee formally adopted the following resolution:

"There is no information for the Sub-Committee that insurance rates charged by title insurance companies are excessive. The rates charged are not presently regulated by the State Corporation Commission. Such information as the Sub-Committee has indicates that title insurance rates are higher in the states which regulate the rates charged than in the states where the rates

are not regulated. A lower reissue rate appears to be available where the title insurance company has notice of the previous issue of a similar policy on the same property. Where a borrower is required to pay for mortgage title insurance, the lender should be required to advise the borrower of the amount of additional cost involved in the simultaneous issuance of owner's title insurance. Sufficient information to warrant specific recommendations by the Sub-Committee is presently lacking."

Comment

Premium rates in Virginia are identical with the national rate. The Sub-Committee is not persuaded that rates are excessive or that there is sufficient evidence to justify HUD's possible regulation dictating lower rates in Northern Virginia. Representatives of title companies testified that most title companies would probably welcome state regulation. The State Corporation Commission is now conducting a study of title companies, and until this is completed, it would be premature to recommend further regulation of title insurance rates.

6. Publicity With Respect To Owners' Policies

The Sub-Committee believes that buyers are frequently unaware that title insurance policies required by an increasing number of lenders give no protection to the buyer. Accordingly, steps should be taken, in part through the informational pamphlet previously described, to insure that buyers are made aware of the possibility of their securing owner's policies for a modest increase in the premium. Buyers should also be alerted to the possibility that the attorney's fee will probably be higher if

he decides to take out an owner's policy.

#### IV. Lenders

The Sub-Committee makes no specific recommendations with respect to lending institutions. Evidence submitted indicates that there already is keen competition among lenders. The following observations may be of interest to the Commission:

1. "Points" are often confusing to both buyers and sellers. Brokers, attorneys, and lenders should be encouraged to give better information to the parties with respect to an expense which often is quite substantial. The informational pamphlet should contain a simple but accurate statement of what "points" are and what the real cost is to the seller or buyer.

2. Lenders frequently require title insurance, and the cost of such insurance invariably is placed upon the borrower. As stated above (point 6, page 14) buyers should be advised that a lender's policy gives no protection to the buyer, but that for a small additional charge an owner's policy is also available.

3. The lender frequently selects his own attorney. Often the same attorney will also represent the buyer. The attorney's fees are paid by the buyer, even though the attorney's primary interest is in protecting the lender. The buyer should be informed that he has the right to select his own attorney but that if he does there may be an increase in legal fees. The Sub-Committee is of the opinion that lenders should be less insistent that their own attorneys be engaged where a title policy is required. In such cases the lender should give serious consideration to employing a competent lawyer selected by the buyer. The Sub-Committee observes that lenders should require

no more in the way of deposits than would be considered reasonably necessary to fulfill their functions.

V. Surveyors and Appraisers

The Sub-Committee received very little information with respect to the fees of surveyors and appraisers. Much more information is needed before a specific recommendation is possible. There was discussion of the desirability of requiring licensing of appraisers, but in the absence of better data, no action was taken.

VI. Improvements in the Conveyancing System

A. Torrens System

The Sub-Committee on several occasions considered the pros and cons of recommending the implementation of the Torrens system of title registration, a system which Virginia made possible in 1916, but which has rarely been used. Despite evidence that the system, if used extensively, in some instances make title transfers quicker, cheaper and more secure, the Sub-Committee reluctantly concluded that the Torrens Systems is not a practical solution to today's problems.

B. Marketable Title Statute

The Sub-Committee recommends the enactment of a Marketable Title Statue.

The Sub-Committee cannot at this time recommend a specific marketable title statute. It is convinced, however, that a statute modeled on the Uniform Marketable Title Act, already adopted in several other states, will cut down on the time needed to search title and thereby decrease costs. At the same time, titles should be more marketable, since many ancient interests

will no longer encumber the title. Of course, there should be a careful study of the experience elsewhere before a specific statute is recommended and adopted.

C. Title Standards

The Sub-Committee recommends that the State Bar and local bar associations be encouraged to adopt title standards.

Comment:

Under our present system the attorney searches the title and then renders an opinion as to the marketability of the title. There are many recurring problems and attorneys differ in the determination of what constitutes a marketable title. The experience of other states indicates that attorneys save time and can render opinions which are far less likely to be challenged later by other attorneys where the bar has agreed upon title standards.

D. Changes in Statutes of Limitations

The Sub-Committee recommends that the Virginia Housing Study Commission recommend to the legislature the shortening of the statutes of limitations governing judgment liens, vendors' liens, and deeds of trust.

The experience of lawyers engaged in title search reveals that their job is made more difficult and time consuming by the current 20 year statute of limitation. A shorter period would not jeopardize the rights of creditors and somewhat simplify the task of the title attorney.

E. Derivative Clauses in Deeds

The Sub-Committee recommends that there be a legislative requirement that no deed be recorded unless, where possible, it

contains a derivative clause.

Comment:

Most experienced conveyancers as a matter of course insert in the deed a derivative clause showing the immediate source of title of the grantor. Where such clause is missing, much time may be spent in determining the chain of title. Time is money and by requiring such clauses where possible, searches will be facilitated and costs thereby somewhat lessened. It is not intended that failure to observe this requirement would affect the validity of the conveyance.

F. Additional Subdivision Recording Requirements

1. The Sub-Committee recommends that there be legislation requiring the Clerks of Courts wherein deeds and instruments of title to real estate are recorded to index magisterial district and lot and block numbers of property in subdivisions where plats thereof approved by the local governing bodies in accordance with the statutes are of record in the clerk's office, provided this information is contained in the instrument filed for record.

Comment:

The purpose of such a statute is to simplify the search for later title examiners.

2. The Sub-Committee recommends that satisfactory evidence of title, in the form of an attorney's certificate evidenced by a 50 year abstract or a title insurance policy, be filed by the developer of a subdivision of 10 or more lots at the time of the recordation of the subdivision plat.

Comment:

Here again the purpose of the recommendation is to simplify later searches and thereby hopefully reduce the cost of title searches. The Sub-Committee realizes that there are many kinds of subdivisions and the proposed legislation is accordingly limited to established subdivisions consisting of 10 or more parcels. It is not intended that the attorney whose certificate and abstract is filed should be liable to subsequent purchasers.

G. Computerization, Microfilming, Public Abstracting

The Sub-Committee recommends that the Housing Commission recommend to the General Assembly that funds be appropriated for the further study of computerization and microfilming of records, the possible establishment of tract indexes, the creation of public abstracting services and other possible technological innovations.

Comment:

As title examinations have become more numerous and more complex, especially in urban areas, there has been increased interest in possible technological improvements, such as computerization, microfilming, and the establishment of tract indexes, any or all of which might vastly improve our admittedly archaic conveyancing system. The federal government has authorized huge expenditures for possible pilot studies, one of which might soon take place in Fairfax County. A committee of the American Bar Association has been continually studying these problems. Until these studies are complete and until we know what the costs are and the gains to be achieved, it is premature to make specific recommendations. But the Sub-Committee is strongly of the view

that technology may well bring about a far more efficient recording system, and a sharp reduction in title search costs. It recommends, therefore, the Commission recommend that the legislature appropriate funds so that The Office of Housing can pursue these studies.

#### VII. Reduction in Taxes

The Sub-Committee recommends that grantor and recordation taxes be substantially reduced.

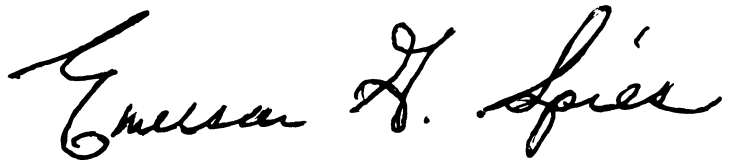
#### Some Final Observations

All members of the Sub-Committee concur in the belief that total settlement costs in the typical sale of residential property are now too high. In large part the excessive costs stem from a system of conveyancing which, if at one time efficient, no longer is. Yet in analyzing the numerous aspects in a typical real estate transaction, it is difficult to pinpoint one area or one problem where changes there alone could substantially reduce settlement costs. Hopefully, the cumulative effect of the Sub-Committee's recommendations, if effected, together with better and more detailed information will result in lower costs and at the same time expedite transfers and make titles more secure. The Sub-Committee realizes that its investigations in certain areas have only scratched the surface. It, therefore, strongly recommends that an appropriate state agency continue to review title practices. Such an agency should systematically gather data, keep abreast of current studies elsewhere, consider all alternatives, weigh the economic impact of possible changes, and then make further recommendations to the Commission and General Assembly.

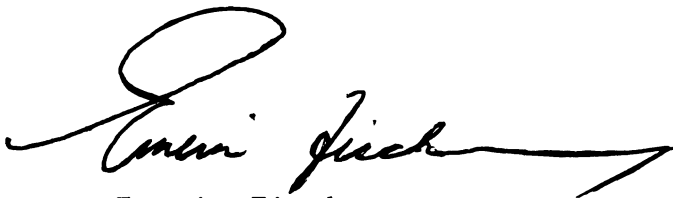


We are informed that Virginia is among the six highest statutory costs states in the nation. These taxes are purely revenue measures, assessed in addition to recording and transfer fees charged by the Clerks' Offices in which the instruments of title are recorded. It appears to us that the homeowner is being required to contribute an unjust and discriminatory proportion of the general operating fund of the state.

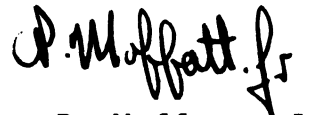
Respectfully submitted



Emerson Spies



Emeric Fischer



Carlton P. Moffatt, Jr.



William Durland *per R.*

William Durland *per R.*

With Reservations,  
  
James Starrs *per R.*

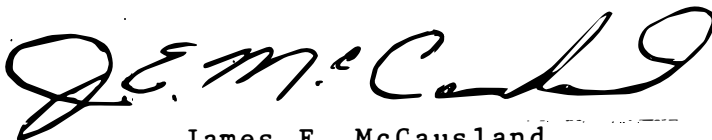
James Starrs *per R.*



John W. Elmore, Jr.



C. William Waechter, Jr.



James E. McCausland



William H. Woodward

CONCURRING REPORT

TO: Virginia Housing Study Commission  
FROM: Walter A. Marston, Jr.  
RE: Report of Sub-Committee on Problems In The  
Transfer of Real Property

I agree with the recommendations, observations and conclusions of the majority report. However, I think it might be helpful to add my own views on the relationship of the absence of any empirical data for utilization in our study to the long-range appropriateness of some of the conclusions, recommendations and observations.

In the brief time we have had to consider the multitude of problems assigned to this sub-committee, there was no real opportunity to gather any meaningful statistical information which would shed some light on what to many people is the mystery of transferring real property in Virginia. In light of the sub-committee's recommendation that an appropriate State agency be charged with the responsibility of continually reviewing title practices and gathering data, I think it should be pointed out that such data, when gathered, may indicate a need for further adjustments, refinement or improvements in the conveyancing system. Therefore, in my opinion, any recommendations the study committee has made which touch upon such problem areas should not be viewed as exhaustive of possible improvements in the conveyancing system, but rather as only a somewhat difficult beginning, achieved in spite of a lack of any real statistical

information.

A handwritten signature in black ink that reads "Walter A. Marston, Jr." The signature is written in a cursive style with a prominent "W" and "M".

Walter A. Marston, Jr.

MINORITY REPORT

INTRODUCTION

In its Introduction, the Majority Report of the Sub-Committee states:

"... throughout our study the Sub-Committee has examined the activities of brokers, attorneys, lenders, surveyors, appraisers and title insurance companies in the hopes that its recommendations might both reduce costs and modernize and improve the conveyancing system." (Emphasis added.)

In describing the composition of the Sub-Committee, the Majority Report also states:

"The full Sub-Committee, with members representing consumers and almost all aspects of the housing industry met . . . ." (Emphasis added.)

Senate Joint Resolution No. 49, in establishing the Sub-Committee of the Virginia Housing Study Commission, in part provides:

"Resolved... That the Commission is hereby directed to consider, study and report its recommendations on the ways and means to reduce the costs of transferring residential real property and to otherwise eliminate practices which are unfair to the buyer." (Emphasis added.)

These quotations indicate (1) that the Sub-Committee was primarily concerned with the expense of residential real estate

transfers to the buyer, and (2) that the Sub-Committee was a broadly based group of consumer and housing industry representatives.

However, a large portion of the Majority Report of the Sub-Committee is directed at the activities of real estate brokers, rather than to the expense of real estate transfers to buyers of residential real estate. Two comments seem to be in order. First, the employment of a real estate broker by either the seller or buyer of real estate is optional. Hundreds of residences in Virginia are bought and sold each year without the employment of the services of a licensed real estate broker. Also, the fee of the real estate broker is almost always paid by the seller and not by the buyer of residential real estate. Thus, the fee of a real estate broker is not an expense of the buyer in the transfer of real estate. Someone suggested that the price of residential real estate is increased by the amount of the broker's commission, but this simply is not true. The fair market value of a residence is determined by the buying public; and the seller pays the real estate broker a fee agreed upon in advance, out of the proceeds of the sale, for services rendered.

Second, the ten-man Sub-Committee, rather than consisting of a broadly based group of consumer and housing industry representatives, consisted of eight lawyers and two non-lawyers. (Perhaps it is not surprising that the Sub-Committee recommended that real estate brokers be required to inform both buyers and sellers of real estate "... that each has a right to and each may have the need of the assistance of an attorney of

his own choice...") One of the non-lawyers on the Sub-Committee is the president of a mortgage lending firm and the other is a licensed real estate broker. If a primary purpose of the Sub-Committee was to study or investigate the real estate brokerage business, fairness would seem to dictate more than one real estate broker and less than eight lawyers in a total membership of ten.

I. The Real Estate Broker

A. Publicity re the Amount of the Commission

In the Majority Report it is stated: "By a 6 to 4 vote the Sub-Committee recommends (1) that real estate brokers be requested to take voluntary action to see that the public is advised that real estate commissions are negotiable; and (2) if such information is not forthcoming, that the Board of Housing or an appropriate state agency be authorized to see that such information is disseminated to the public."

This recommendation is surprising when three points are considered. First, it is illegal for real estate commissions to be uniform or fixed in any geographical area. Second, as a result of this recommendation, only one group of individuals involved in the sale of housing (brokers) is singled out and required to inform the public of the law applicable to their compensation. Third, the Sub-Committee did not recommend that lawyers also inform the public that their compensation in real estate transactions is negotiable, which is also the case.

(Why should there be any difference in treatment of the two groups?)

B. Disclosure by Broker of Need for a Lawyer

In the Majority Report it is stated: "The Subcommittee recommends (1) that real estate brokers and salesmen be required to disclose to the buyer and seller prior to the signing of the contract of sale that each has a right to, and each may have a need of, the assistance of an attorney of his own choice; and (2) that the broker or salesman have the buyer and seller sign a statement that he has received such a disclosure."

This recommendation is far-reaching and very discriminatory. All adults, with the possible exception of incompetents, are aware that they have a right to employ legal counsel before, during, and after any business transaction if they wish to do so. If this assumption is incorrect, then all automobile and appliance dealers, lessors of real and personal property, and lenders of every description should be required to obtain a signed statement from their customers or lessees that the customers' or lessees' right to legal assistance has been disclosed.

Contracts of sale and purchase of residential real estate are straightforward and comparatively simple. It is suggested that such contracts be compared, for example, with (1) security agreements covering the purchase of automobiles and major appliances on credit, (2) leases of real and personal property, and (3) collateral promissory notes and deeds of trust of

residential real estate. (See attached examples.) As a matter of fact, a standard form of real estate purchase contract, prepared by the major professional association of real estate brokers for its members and widely used throughout Virginia, includes the following statement in italics at the beginning of the contract:

(This is a legally binding contract; if not understood, seek competent advice)

In summary, it seems unnecessary and discriminatory to require real estate brokers to obtain the written statement suggested by the Sub-Committee concerning the "... need of the assistance of an attorney..."

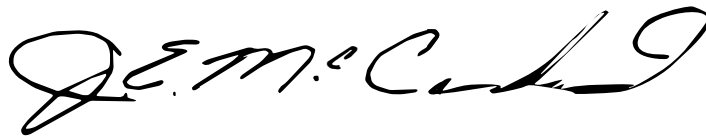
#### CONCLUSION

It is the position of this Minority Report that the Majority Report of the Sub-Committee in some respects placed undue emphasis on the fees of real estate brokers in residential transactions, which ordinarily do not constitute an expense of the buyers of such real estate and which have not been the subject of significant complaints. As a matter of fact, during the four (4) public hearings of the Sub-Committee throughout the State, only one (1) individual brought up the subject of the fees of real estate brokers and complained about them, and this individual was an attorney. It is also the position of the Minority Report that two of the recommendations of the Majority Report, previously discussed, placed unfair and discriminatory burdens on real estate brokers, and that such recommendations would not have resulted from a more representative Sub-Committee.



In spite of the foregoing positions of this Minority Report, service on the Sub-Committee by the undersigned has been both professionally and personally rewarding. I commend the Chairman and the other members of the Sub-Committee for their interest in this entire matter of importance to the citizens of the Commonwealth.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. E. McCausland". The signature is fluid and cursive, with a large, stylized initial "J" and a long, sweeping underline.

James E. McCausland





**VIRGINIA ASSOCIATION OF REALTORS**  
**REAL ESTATE PURCHASE CONTRACT**



*(This is a legally binding contract; if not understood, seek competent advice)*

This **CONTRACT OF PURCHASE** made in triplicate as of \_\_\_\_\_, 19\_\_\_\_, among \_\_\_\_\_ (herein called "Purchaser"), and \_\_\_\_\_ (herein called "Seller"), and \_\_\_\_\_ (herein called "Realtor"), provides that Purchaser agrees to buy through Realtor, as agent for Seller, and Seller agrees to sell the following described real estate, and all improvements thereon, located in the County or City of \_\_\_\_\_, Virginia (all herein called "the property"):

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_, and more commonly known as \_\_\_\_\_  
 (street address).

1. The purchase price of the property is \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), and such purchase price shall be paid as follows:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

2. If either F.H.A. or V.A. financing is involved in this transaction, one of the paragraphs on the reverse hereof shall be a part of this Contract of Purchase if such paragraph has been executed by both Purchaser and Seller.

3. Purchaser has made a deposit of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) with Realtor, receipt of which is hereby acknowledged, and such deposit shall be held by Realtor in escrow until the date of settlement and then applied to the purchase price, or returned to Purchaser if the title to the property is not marketable.

4. Selier agrees to convey the property to Purchaser by General Warranty Deed with the usual English covenants of title and free and clear from all encumbrances, tenancies, liens (for taxes or otherwise), except as may be otherwise provided above, but subject to applicable restrictive covenants of record. Seller further agrees to deliver possession of the property to Purchaser on the date of settlement and to pay the expense of preparing the deed of bargain and sale and the recordation tax applicable to grantors.

5. Settlement shall be made at the offices of Realtor or at \_\_\_\_\_ on or before \_\_\_\_\_, 19\_\_\_\_, or as soon thereafter as title can be examined and necessary documents prepared, with allowance of a reasonable time for Selier to correct any defects reported by the title examiner.

6. All taxes, interest, rent, and F.H.A. or similar escrow deposits, if any, shall be prorated as of the date of settlement.  
 7. All risk of loss or damage to the property by fire, windstorm, casualty, or other cause is assumed by Seller until the date of settlement.

8. Purchaser and Seller agree that Realtor was the sole procuring cause of this Contract of Purchase, and Seller agrees to pay Realtor for services rendered a cash fee of \_\_\_\_\_ per cent of the purchase price. If either Purchaser or Seller defaults under this Contract of Sale, such defaulting party shall be liable for the cash fee of Realtor and any expenses incurred by the non-defaulting party, including attorneys' fees, in connection with this transaction and the enforcement of such Contract.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

9. Purchaser represents that an inspection satisfactory to Purchaser has been made of the property, and Purchaser agrees to accept the property in its present condition except as may be otherwise provided in the description of the property above.

10. This Contract of Purchase constitutes the entire agreement among the parties and may not be modified or changed except by written instrument executed by all of the parties, including Realtor.

11. This Contract of Purchase shall be construed, interpreted, and applied according to the law of the State of Virginia and shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors, and assigns of the parties.

WITNESS the following signatures and seals:

\_\_\_\_\_(SEAL) \_\_\_\_\_(SEAL)  
 Seller Purchaser  
 \_\_\_\_\_(SEAL) \_\_\_\_\_(SEAL)  
 Seller Purchaser  
 \_\_\_\_\_(SEAL)  
 Realtor

Deposit Rec'd \$ _____
Check _____ Cash _____
Sales Agent: _____

The foregoing form may only be used by members in good standing of the Virginia Association of Realtors. Expressly prohibited are the duplication or reproduction of such form, or the use of the name "Virginia Association of Realtors" in connection with any written form, without the written consent of the Virginia Association of Realtors.

Either of the following paragraphs shall be a part of this Contract of Purchase on the reverse hereof if executed by both Purchaser and Seller:

2(a) It is expressly agreed that, notwithstanding any other provisions of this Contract of Purchase, Purchaser shall not be obligated to complete the purchase of the property or to incur any penalty, by forfeiture of earnest money deposits or otherwise, unless Seller has delivered to Purchaser a written statement issued by the Federal Housing Commissioner setting forth the value of the property (excluding closing costs) not less than \$..... Purchaser shall, however, have the privilege of proceeding with this Contract of Purchase without regard to the amount of the valuation.

\_\_\_\_\_(SEAL)  
Purchaser  
\_\_\_\_\_(SEAL)  
Purchaser  
\_\_\_\_\_(SEAL)  
Seller  
\_\_\_\_\_(SEAL)  
Seller

2(b) It is expressly agreed that, notwithstanding any other provisions of this Contract of Purchase, Purchaser shall not be obligated to complete the purchase of the property unless Purchaser is able to obtain a certificate issued by the Veterans Administration setting forth not less than \$\_\_\_\_\_ as the reasonable value of the property. If Purchaser is unable to obtain such certificate of reasonable value, the cash deposit, less any expense incurred for appraisal, photograph of the property, and credit report, shall be returned to the Purchaser. Purchaser shall, however, have the privilege and option of proceeding with the consummation of this Contract of Purchase without regard either to the amount as set forth on such certificate of reasonable value or to the obtaining of any loan guaranteed by the Veterans Administration.

\_\_\_\_\_(SEAL)  
Purchaser  
\_\_\_\_\_(SEAL)  
Purchaser  
\_\_\_\_\_(SEAL)  
Seller  
\_\_\_\_\_(SEAL)  
Seller

NAME \_\_\_\_\_ AGE \_\_\_\_\_

PRESENT ADDRESS \_\_\_\_\_

PRESENT HOME PHONE \_\_\_\_\_ BUSINESS PHONE \_\_\_\_\_

EMPLOYED \_\_\_\_\_ HOW LONG \_\_\_\_\_

POSITION \_\_\_\_\_ SALARY \_\_\_\_\_ PER \_\_\_\_\_

BIRTHDATE \_\_\_\_\_ MARRIED \_\_\_\_\_ DEPENDENTS \_\_\_\_\_

WIFE'S NAME \_\_\_\_\_ AGE \_\_\_\_\_

WIFE EMPLOYED \_\_\_\_\_ HOW LONG \_\_\_\_\_

WIFE POSITION \_\_\_\_\_ SALARY \_\_\_\_\_ PER \_\_\_\_\_

CREDIT REFERENCES:

BANK \_\_\_\_\_

FURNITURE \_\_\_\_\_

STORES \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# APARTMENT LEASE

THIS LEASE made this the \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_

between \_\_\_\_\_

by \_\_\_\_\_ hereinafter designated as "Lessor," party of the first part, and hereinafter

designated as "Lessee," party of the second part;

## WITNESSETH

That the said Lessor hereby leases unto the said Lessee, the apartment No. \_\_\_\_\_ of the building known as \_\_\_\_\_

in \_\_\_\_\_, situated on the \_\_\_\_\_ floor of said building, to be used as a private residence of the Lessee and for no other use or purpose whatsoever.

The term of this lease shall commence on the first day of \_\_\_\_\_ 19\_\_\_\_ and shall expire on the last day of \_\_\_\_\_ 19\_\_\_\_, the said Lessee paying therefor during said term \$ \_\_\_\_\_, payable in monthly instalments of \$ \_\_\_\_\_ each on the first day of each month, in advance, at the office of \_\_\_\_\_ without demand being made therefore, except that the instalment for the first month of said term shall be due and payable on the signing of this lease.

In consideration of the said lease and of the covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

**1. NOTICE REQUIRED TO TERMINATE:** Unless terminated by either party hereto at the end of said term by notice in writing to the other at least.....months prior thereto, this lease shall continue thereafter, upon the same terms and conditions and at the same rent, as a lease from.....to..... UNTIL TERMINATED AT THE END OF SOME SUCH.....BY EITHER PARTY BY GIVING TO THE OTHER WRITTEN NOTICE AT LEAST..... MONTHS PRIOR TO SUCH TERMINATION; provided, however, that if the Lessor hereinafter assumes any obligation to make any repairs or improvements, such obligation shall apply only to the original term and not thereafter.

**2. PAYMENT OF RENT, ETC.. DEFAULT:** In event of non-payment of the rent in the manner herein provided, or if Landlord, or Agent, shall deem any conduct on the part of tenant, his servants, or invitees, as objectionable or improper, or if the premises be deserted or vacated, or if tenant shall violate any of the other terms or conditions of this lease, Landlord or Agent shall have the right, at its option, either to terminate this lease upon giving three (3) days written notice to tenant of its intention so to do, or to terminate same at any time by re-entering and taking possession of said premises, but no such termination shall deprive Landlord of any other remedy provided by law. Any such re-entry shall be made by force or otherwise, without Landlord's or Agent's being liable to prosecution therefor, and, in the event of such re-entry, Landlord shall have the right to distrain for rent, and to re-let said premises as Agent for tenant. Tenant further agrees, in the event of any default or violation hereunder by him, to pay unto Landlord all costs and expenses incurred by Landlord by reason of such default, including court costs, attorney's fees, non-payment of rent as due, and all other costs and expenses.

The Lessee hereby covenants and declares that all furniture and property the Lessee has upon or that may be put on the leased premises is the Lessee's property, and is free from liens, and that the Lessee will not remove, or attempt to remove the same, or any part of the same, while any portion of the rent reserved or to be paid hereunder, remains unpaid.

**3. ASSIGNMENT.** The Lessee covenants not to assign, sub-let or sub-rent the leased premises, in whole or in part, without the Lessor's written permission first obtained.

**4. CARE OF PREMISES AND EQUIPMENT, ETC.** The Lessee shall take good care of the premises, fixtures, equipment, appliances and appurtenances now or hereafter on the premises, and make good any injury thereto done by said Lessee, or said Lessee's agents, servants, guests, visitors, or sub-tenants, any damage caused by the overflow or escape of water, steam, gas or electricity resulting from the negligence of the Lessee or said Lessee's agents, servants, guests, visitors, or sub-tenants. The Lessee shall surrender possession of the said premises at the end of said lease in as good condition as the reasonable and proper use thereof hereunder will permit, and shall not make any alterations, additions, or improvements in said premises without the written consent of the Lessor. The Lessee shall repair any injury caused by moving furniture, fixtures and other property in and out of said building. Should the Lessee fail to promptly comply with any of the above, or should there be any damage, loss or costs incurred which may be due to carelessness, ignorance or neglect on the part of those using the same, the Lessor, is hereby authorized and empowered to act as agents for the Lessee in having work done or repairs or replacements made and loss restored, and the Lessee agrees to pay promptly therefor, or with the next instalment of rent, and failing so to do, the Lessor may collect the costs and expenses thereof in the same manner as herein provided for collection of delinquent rent.

**5. DAMAGE BY FIRE. NOTICE.** The Lessor agrees that the Lessee shall have quiet and peaceful possession; and that if the leased premises shall be so injured by fire as to render the same untenable during the term, this lease shall terminate, unless the Lessor shall within twenty days after such fire notify the Lessee of his intention to restore the premises to tenable condition; and during the period that the leased premises shall be untenable by reason of such injury, the rents shall be abated, or, if already paid in advance, shall be refunded as to such untenable period.

**6. TENANT FAILS TO VACATE.** It is further understood that should the present occupant, if any, of the leased premises fail to remove or vacate the same upon the expiration of the existing lease, that the Lessor shall use every reasonable legal effort to compel the removal from or vacation of, said leased premises, so that the Lessee hereunder may have possession; but Lessor shall not be held liable for any damage other than a rebate of rent for the time elapsing from the beginning of the term covered by this lease until possession is delivered hereunder, but if possession cannot be given within thirty days after commencement of such term, either party may then terminate this lease by written notice to the other.

**7. HEAT, WATER, AND DAMAGE.** The Lessor will furnish the Lessee, without charge, heat and water, but from the first of May until the first of October the Lessor shall not be under any duty or obligation to furnish heat, unless in the Lessor's opinion it shall be necessary.

The Lessee covenants that said Lessor shall not be liable for any damage caused by plumbing, gas, water, steam, or other pipes, electric wires, sewerage or the bursting, leaking or running of any water fixtures, in, or about said building premises, nor for damage occasioned by water, snow, or ice being upon or coming through the roof, skylight, trap door, entrance, or otherwise.

The Lessee will not make or suffer to be made, any alterations, changes or additions upon the premises without the consent of the Lessor in writing first obtained, and if any alterations, changes or additions are made, they shall be and become a part of said premises, and the property of the Lessor.

**8. LESSOR'S LIABILITY.** The Lessee shall not hold the Lessor liable for any damages from any cause whatsoever. The Lessee hereby assumes all risks of every kind, whether to property or persons, in connection with the Lessee's occupancy or possession of the leased premises, whether the same arises from defects latent or patent in connection with the building or any part of the leased premises, and whether or not the same were known by the Lessor at the time of the making of this lease and were not disclosed by the Lessor at that time or at any subsequent time. It is further covenanted and agreed that the Lessor shall not be liable to the Lessee for negligence, default or misfeasance of other tenants, if any, or employees of said building.

In the event any employee of the Landlord renders assistance of any nature whatsoever to the Tenant at the request of the Tenant or of any occupant, or at the request of any servant, employee, guest, or licensee of the Tenant, then such employee shall be deemed the agent of the person making such request and the Landlord is hereby expressly released from any and all loss or liability in connection therewith.

**9. INSPECTION, RENT AND SALE SIGNS.** The Lessee agrees to allow the Lessor, agents, assigns or personal representatives, at any reasonable hour to enter the leased premises for inspecting the same, making any repairs that may be deemed necessary or desirable, or for showing the premises, and for two months next preceding the expiration of the term, will allow notices or signs of "For Rent" to be placed on the front of said leased premises, and/or at any time during the term a notice of "For Sale," and remain thereon without hindrance or molestation.

**10. STORE ROOM.** Should the Lessor furnish storage for the Lessee, goods of the Lessee's so stored will be at the sole risk of the Lessee.

**11. OBJECTIONABLE CONDUCT.** Should the said Lessor, deem conduct on the part of the said Lessee, or occupants, to be objectionable or improper, said Lessor, shall have full license and authority to re-enter and have full possession of said premises, without legal process, on giving five days previous notice of intention so to do, and tendering repayment of the rent paid on account of the unexpired term; and upon the expiration of said notice and tender of payment made as aforesaid, said Lessor, shall be entitled to the immediate possession of the leased premises and in consideration of the above letting the Lessee consents that the said Lessor, agents or assigns shall not be liable to any prosecution or damage for so resuming possession of said premises.

**12. LESSOR OR LESSEE ONE OR MORE PERSONS.** The terms Lessor and Lessee shall apply whether there be one or more and the said terms shall also include their agents, personal representatives and assigns.

**13. NO ANIMALS OF ANY KIND SHALL BE KEPT OR HARBORED IN THE DEMISED PREMISES** without prior written consent of the Lessor.

**14. RULES.** The rules and regulations printed hereon are hereby made part of this lease as though fully incorporated therein.

WITNESS the following signatures and seals:

..... (SEAL)

By ..... Agents ..... (SEAL)

Per ..... (SEAL) ..... (SEAL)

..... (SEAL)

By mutual consent this lease is this day transferred and assigned to and the terms and conditions of same are assumed and accepted by

as of , 19 ; and it is especially agreed between the Lessor and the Lessee that this transfer is made with the distinct understanding that the Lessee shall remain liable to the Lessor for the unexpired term of this lease in the event of default on the part of said Assignee.

Given under our hands and seals this day of , 19

..... (SEAL) ..... (SEAL)

..... (SEAL) ..... (SEAL)

The Lessor hereby consents to the above assignment.

..... (SEAL)

By , Agents.

Per ..... (SEAL)

REALTORS, INSURANCE

To } LEASE

Apartment.....  
Term.....  
Begins.....  
Expires.....  
Monthly Rental.....  
Nolty.....  
Remarks.....

### RULES

The said Lessee covenants as part of the terms of this Deed of Lease that the following rules, regulations and stipulations will be faithfully observed and performed by the Lessee, and by the Lessee's visitors, agents, servants, clerks, patients and guests, viz:—

**Halls. Etc.** (a) The sidewalks, entries, passages, halls, and stairways shall not be obstructed or used for any other purpose than for ingress and egress to and from the leased premises; and all parts of the building used in common by the tenants shall be so used by Lessee as not to cause any unnecessary interference with the proper use of the same by others. Children shall not be allowed to play in the public halls, entries, stairways. The service entrance shall be used by servants for ingress and egress, and the other entrances and passenger elevator (if any) shall not be used by them for those purposes.

**No Laundering, Etc., Music, Pets, Etc.** (b) No laundering shall be done on the leased premises, except when special room is furnished for same; nor shall vocal or instrumental music be taught, or other instruction given there.

**No Nails to be Driven in Walls.** (c) No spikes, nails, tacks, hooks, or screws shall be driven or placed in the walls or woodwork of the building or in the floor; no oils, paints, stains, or varnish are to be used on any of the floors of the leased premises, and no locks or fastenings shall be changed; or new or additional ones attached; nor shall any alterations or additions be made in the premises without the consent of the Lessor in writing.

**Signs, Alterations, Wiring.** No signs, advertisements or notices shall be inscribed on any part of the inside or outside of the building, or affixed thereto, without the Lessor's written permission; nor shall any wiring for telephone connection or other purposes be done except in such manner as shall have been first approved by the Lessor.

**Window Shades, Awnings.** (d) The Lessor will furnish window shades of uniform style and color. No other shades or awnings shall be put up.

**Nothing to Be Thrown From Windows.** (e) No rubbish, trash, garbage can or sweepings shall be deposited in the halls, entries, stairways, or other parts of the building used in common; and no table cloths, rugs, carpets, curtains, clothing or other articles shall be shaken or cleaned there, or shaken or hung from the windows, and nothing shall be thrown from the windows, or kept on the outside of the window sills.

**Noises.** (f) No tenant shall make or permit any disturbing noises in the building, by himself, his family, friends, or servants; nor do or permit anything by such person that will interfere with the rights, comforts or conveniences of other tenants; nor shall any musical instrument or radio be played after TEN o'clock p.m.

**Delivery of Packages, Etc.** (g) Merchandise or packages of every kind or messages of all sorts are to be delivered through the servants' entrance to the tenants, and the Lessor is not under obligation to furnish employees for the purpose of receiving any of the above articles; but when the delivery of said merchandise or packages or messages is made through the employees of the Lessor, said employees, where they are used for these purposes, are to be regarded as the agents of the Lessee and the Lessor will not be held responsible for any loss or damage, notwithstanding such loss or damage may occur through the misfeasance or negligence of the employee of the Lessor while rendering such service.

**Garbage.** (h) All garbage and refuse must be put at the place provided for the purpose, from the apartments and kitchens at such times and in accordance with the directions of the Lessor or Lessor's agents.

**Water Closets.** (i) The water closets and other water apparatus shall not be used for any purpose other than those purposes for which they are constructed, nor shall any sweepings, rubbish, rags or other articles be thrown into same; and any damage resulting from the misuse thereof shall be borne by the tenant by whom or upon whose premises it shall have been caused.

**Notice of Accidents.** (j) Immediate notice shall be given to the Lessor or Lessor's Agents of any accident or injury to the water or gas pipes, fixtures or any injury of any kind to any portion of the apartment, or its appurtenances.

**Rent and Sale Sign.** (k) The Lessor reserves the right to place on said premises signs "For Rent" and "For Sale" before the expiration of this lease, upon notice of termination being given to either party as provided. And the Lessor also reserves the right to show the leased premises to prospective buyers and tenants at any time.

**Rules Amended and Changed.** (l) And the Lessor reserves the right to make such other and further rules and regulations as in the Lessor's judgment may from time to time be needed for the government, safety, care and cleanliness of the premises and for the preservations of good order therein.



# Deed of Trust Note

\$.....

....., 19.....

FOR VALUE RECEIVED, the undersigned jointly and severally promise to pay in lawful currency of the United States to Bearer at ..... Virginia,  
 the principal sum of..... Dollars  
 (\$.....), with interest from the ..... day of ....., 19.....,  
 at the rate of ..... per centum (.....%) per annum on the unpaid balance until paid, payable in ..... (.....) monthly installments of  
 principal and interest of ..... Dollars  
 (\$.....) each, the first such monthly installment of \$.....  
 being payable on the ..... day of ....., 19....., and a like installment on the ..... day of each month thereafter up to and including the ..... day of ....., 19....., on which latter date the entire balance, principal and interest, evidenced by this note shall become due and payable. Said monthly installments shall be applied first in payment of accrued interest at the rate of .....% per annum on the unpaid principal balance and the residue of each monthly installment shall be applied to the payment of the principal.

This note evidences a loan on the amortization plan and is secured by a deed of trust of even date from the undersigned to ..... and ....., Trustees.

If default be made in the payment of any installment upon this note, or of any taxes, levies or assessments upon the premises described in said deed of trust, or of any hazard insurance premiums as provided for in said deed of trust, or if any covenant contained in the deed of trust securing this note be breached, the holder of this note may, at its option, without notice, declare the principal in each unpaid installment and the interest accrued thereon immediately due and payable and may, in addition to any and all other rights and remedies for enforcing payment hereof, proceed by foreclosure or by sale under the powers contained in said deed of trust to enforce collection, and all rights and remedies for enforcing payment or collection shall be cumulative and may be exercised at the same or different times according to the option of the holder hereof. Failure to exercise said option for any one or more of such defaults shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

We hereby waive the benefit of our homestead and all other exemptions as to this debt.

The right is reserved to prepay at any time all or any part of the unpaid principal amount evidenced by this note and stop interest on the principal so paid; provided, however, that such prepayments shall not relieve from continuing consecutive payments in amounts as provided but shall operate to discharge and extinguish this note at an earlier date.

This note is to be construed according to the laws of Virginia.

ADDRESS:

.....  
 .....  
 .....  
 .....

Countersigned for identification only

Trustee



**This Deed of Trust,** made this... day of... , 19

by and between .

hereinafter called party of the first part, whether one or more persons, and

.. and...

TRUSTEES, parties of the second part;

WITNESSETH: That for value received and in consideration of the trusts hereinafter set out, the said party of the first part does hereby grant and convey unto the said parties of the second part, with General Warranty of Title, the following described property, to-wit:

In TRUST, NEVERTHELESS, to secure the payment of the principal sum of .....  
.....DOLLARS  
(\$ ..... ) and interest from the ..... day of ..... , 19..... ,  
at the rate of ..... per centum ( ... %) per annum on the unpaid balance until paid, evidenced by

a note of even date herewith made, executed and delivered by the said

for value received and payable to Bearer at

Virginia,

in lawful currency of the United States in

(.....) monthly installments of principal and interest of

.....Dollars (\$.....)

each, the first such monthly installment of \$.....being payable on the.....day

of....., 19....., and a like installment on the.....day of each month there-

after up to and including the.....day of....., 19....., on which latter date

the entire balance, principal and interest, evidenced by said note shall become due and payable.

The said note also provides that the makers thereof may prepay at any time all or any part of the unpaid principal amount evidenced thereby and stop interest on the principal so paid; provided, however, that such prepayments shall not relieve from continuing consecutive payments in amounts as provided but shall operate to discharge and extinguish said note at an earlier date.

Said note is identified by certificate thereon signed by one of the Trustees.

The said party of the first part does hereby covenant that he is seized in fee simple of and has the right to convey the above described property; that it is free and clear of all liens and encumbrances; that the Trustees, and in case of a sale under this deed of trust the purchaser from said Trustees, shall have quiet and peaceable possession of the said property free from encumbrances; that he will execute such further assurances of title as may be requisite; that he will pay or cause to be paid punctually and promptly each of the several installments of principal and interest due on the note hereby secured; and that no purchaser hereunder shall be required to look to the application of the purchase monies.

Exemptions waived; subject to all upon default; renewals or extensions permitted; bidders deposit of not more than \$..... may be required; insurance required \$.....

The party of the first part further covenants and agrees that if default be made in the payment of any one or more installments of the debt hereby secured or in the performance of any obligation herein contained, the Trustees (1) may take possession of the premises hereby conveyed, or any part thereof, and lease the same in the name of and for the account of the party of the first part, or in the name of and for the account of the then owner of said premises; or (2) may give notice of such default to the lessee of said premises in event they shall have been leased by the party of the first part or successor in title, and thereafter receive the rents therefrom from said lessee. In either of such events the Trustees shall deduct from such rents all costs of collection and administration and apply the net proceeds on the debt hereby secured. The Trustees are hereby empowered to bring in their names, or in the name of the owner of said premises, any suit or action they may deem advisable for the enforcement of the provisions of this clause to the same extent as if the Trustees were then lessors of said premises, but the Trustees shall be in no way personally liable under any of the provisions of such lease and/or of this clause, and shall not be personally liable to any persons by virtue of their possession of said premises or by virtue of their acting under any provision of this clause, except to the extent of accounting for rents actually received by them hereunder. The rights and remedies given under this clause are in addition to and not in lieu of those given by other clauses of this deed, and may or may not be exercised without prejudice to such other rights and remedies.

And said party of the first part in order more fully to protect the security of this deed of trust does hereby covenant and agree that together with and in addition to the monthly payments of principal and interest payable under the terms of the note secured hereby, he will pay to the holder of said note each month and on the same day on which the monthly payments are due on said note an installment equal to one twelfth (1/12) of the amount of the taxes and special assessments levied or to be levied and next due against the premises covered by this deed of trust, plus one twelfth (1/12) of the annual cost of such hazard insurance upon said premises as the holder of said note may reasonably require, the annual cost of any such hazard insurance policy to be determined by dividing the cost of such policy by the number of years for which such policy is written. In the event the taxes and assessments and/or the cost of any such insurance are not known or ascertainable in advance for any given year, then the holder of said note shall estimate the same. If the total payments made to the holder of the note pursuant to this provision of the deed of trust are less than the amount required to pay such insurance premiums, taxes and assessments as and when same become due and payable, then said party of the first part agrees to pay upon demand to the holder of said note such sum as is necessary to make up such deficiency, or if said total payments exceed the amount required to pay said insurance premiums, taxes and assessments. such excess shall be credited as an additional payment on said note.

The holder of the note hereby secured may at its option either credit to a separate account the entire sum or sums paid it for taxes, assessments and insurance as aforesaid and hold same in trust until such taxes, assessments and insurance are paid by it, or it may as and when any such sum or sums are paid it credit such payments to the unpaid principal balance then due on the note hereby secured and if the payments are so credited it may pay such insurance premiums, taxes and assessments when due and charge to the note the amount or amounts so paid.

This deed of trust is made pursuant to Sections 55-59 and 55-60 of the Code of Virginia, as amended, and as though they were incorporated herein: BUT (a) any sale or sales hereunder of the property hereby conveyed may be as an entirety or in such parcels as said Trustees may deem best and shall be for cash and after at least ten days advertisement in such way as the Trustees may deem best, all costs in connection therewith to be charged against the trust, and (b) all the powers, rights, duties and discretions hereby or by law granted to or conferred on said Trustees may be exercised by any one or more of them, or the survivor thereof, and (c) in case of the resignation, death, incapacity, disability, removal or absence from the State of all of the Trustees, then the holder of the note herein secured may, at its option, designate or appoint a substituted Trustee or Trustees by an instrument duly executed and acknowledged and filed for recordation in the office of the clerk of the court wherein this deed of trust is recorded, and when such instrument of appointment is so filed and recorded the substituted Trustee or Trustees shall be vested with and have all the rights, powers, authorities and duties vested in the Trustee or Trustees in the original deed of trust, and (d) if there be no default in said debt, principal and interest, and the undertakings and liabilities hereunder shall be fully paid and discharged, then said Trustees or any one or more of them, or the survivor thereof, may upon satisfactory evidence thereof, release this deed of trust at the cost of the party of the first part by any of the means now or hereafter provided by law for releasing deed of trust liens and without any beneficiary uniting in such release.

Whenever the context hereof shall require it, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all other genders.

WITNESS the following signatures and seals:

.....(SEAL)  
.....(SEAL)  
.....(SEAL)  
.....(SEAL)

STATE OF VIRGINIA

.....OF.....

} To-Wit:

I,....., a Notary Public in and for the.....  
of....., in the State of Virginia, do hereby certify that  
.....

whose name.....is/are signed to the foregoing deed of trust bearing date on the.....day  
of....., 19....., ha.....acknowledged the same before me in my  
said.....

My commission expires the.....day of....., 19.....

Given under my hand this.....day of....., 19.....

.....  
NOTARY PUBLIC

# Deed of Trust

.....

.....

*To*

.....

.....

} Trustees

=====

Return to

=====

=====

INSTALLMENT SALE CONTRACT

Contract Number \_\_\_\_\_

The seller hereby sells, and the buyer (meaning all undersigned buyers, jointly and severally) hereby purchases, subject to the terms set forth below and upon the reverse side hereof, the following property, delivery and acceptance of which in good order are hereby acknowledged by buyer, viz.:

Table with columns: New or Used, Year Model, No. Cyl., Make Trade Name, Body Type If Truck, Give GVW, Model Number or Series, Manufacturer's Serial No., Motor No.

Buyer represents that the purchase of said property is primarily for personal, family or household use (check one), agricultural use (check one) and the buyer is a natural person. (Note to seller: If primary use is agricultural and the buyer is an organization or primary use is for business, use Form 108 or 106 as appropriate.)

1. CASH PRICE (including any accessories, services and taxes imposed on the cash sale) \$ \_\_\_\_\_ (1)
2. TOTAL DOWNPAYMENT - \$ \_\_\_\_\_ plus \$ \_\_\_\_\_ Trade-in \_\_\_\_\_ Make, Model, Year \$ \_\_\_\_\_ (2)

3. UNPAID BALANCE OF CASH PRICE (Difference between Items 1 and 2) \$ \_\_\_\_\_ (3)
4. OTHER CHARGES

\* A. Cost of Required Physical Damage Insurance BUYER MAY CHOOSE THE PERSON THROUGH WHICH THIS INSURANCE IS TO BE OBTAINED \$ \_\_\_\_\_ (4A)
\*\* B. Cost of Third Party Automobile Liability Insurance for buyer (Include this item if buyer has applied to an insurance company for the insurance and wishes the cost included.) This insurance is not required by seller. BUYER MAY CHOOSE THE PERSON THROUGH WHICH THIS INSURANCE IS TO BE OBTAINED \$ \_\_\_\_\_ (4B)

C. Cost of Creditor Insurance COVERAGE OF THE BUYER BY ANY SUCH INSURANCE IS NOT REQUIRED BY SELLER. \$ \_\_\_\_\_ (4C)
CHECK CREDITOR \*\*\* Life \$ \_\_\_\_\_ (4C)
INSURANCE DESIRED Disability (Accident and Health) \$ \_\_\_\_\_ (4C)

BUYER'S APPROVAL: I DESIRE TO OBTAIN THE CREDITOR INSURANCE CHECKED ABOVE FOR THE BUYER PROPOSED FOR INSURANCE.
Signature \_\_\_\_\_ (Date) \_\_\_\_\_ (Buyer's Signature) \_\_\_\_\_ (Co-Buyer's Signature)

D. Official Fees \$ \_\_\_\_\_ (4D)
E. Taxes Not Included in Cash Price \$ \_\_\_\_\_ (4E)
F. License and/or Registration Fees (Itemize) \$ \_\_\_\_\_ (4F)
G. Certificate of Title Fee \$ \_\_\_\_\_ (4G)
H. Other (Describe) \$ \_\_\_\_\_ (4H)

5. UNPAID BALANCE - AMOUNT FINANCED (Sum of items 3 and 4) \$ \_\_\_\_\_ (5)
6. FINANCE CHARGE \$ \_\_\_\_\_ (6)

7. TOTAL OF PAYMENTS (Sum of items 5 and 6) \$ \_\_\_\_\_ (7)
8. DEFERRED PAYMENT PRICE (Sum of items 1, 4 and 6) \$ \_\_\_\_\_ (8)

9. ANNUAL PERCENTAGE RATE % (9)
10. PAYMENT SCHEDULE: The Total of Payments (Item 7) is payable at seller's office designated below or at such office of any assignee as may be hereafter designated in

instalments of \$ \_\_\_\_\_ each, commencing \_\_\_\_\_, 19\_\_\_\_, and on the same day of each successive month thereafter, or as indicated in space below.

Any instalment which is more than twice the amount of an otherwise regularly scheduled equal instalment is a BALLOON PAYMENT.

11. DEFAULT CHARGE IN EVENT OF LATE PAYMENT If any instalment is not paid within 10 days after it is due, a charge will be payable by buyer as follows: 5% of the unpaid instalment or \$5, whichever is less.

12. DESCRIPTION OF SECURITY INTEREST Seller retains an interest in the property described in this contract to secure payment and performance of buyer's obligation under this contract. Any additional indebtedness represented by amounts which may be expended by seller (1) in release or discharge of taxes, liens and encumbrances and (2) to procure required physical damage insurance on the property, as provided in this contract, shall also be secured by this security interest.

13. PREPAYMENT REBATE Upon prepayment in full buyer is entitled to a rebate of the Finance Charge (Item 6, above) computed in accordance with the Rule of 78. An acquisition charge of \$25 will be deducted in determining the amount of the rebate.

\* Covering Accidental Physical Damage to the car as outlined below (check which applies) for a term of \_\_\_\_\_ months, and {including optional coverage for Towing and Labor Costs.
Insurance Company \_\_\_\_\_ } excluding \_\_\_\_\_
Comprehensive Coverage \$ \_\_\_\_\_ Deductible Collision.
\$50 Deductible Comprehensive Coverage including \$ \_\_\_\_\_
Fire-Theft and Additional Coverage excluding \_\_\_\_\_

\*\* Covering Third Party Automobile Liability Insurance for Buyer for a term of \_\_\_\_\_ months.
Insurance Company \_\_\_\_\_ Bodily Injury \$ \_\_\_\_\_,000/\_\_\_\_,000 Limit Other Coverages \$ \_\_\_\_\_ Limit
Property Damage \$ \_\_\_\_\_,000 Limit (Describe) \_\_\_\_\_
Medical Payments \$ \_\_\_\_\_ Limit \_\_\_\_\_

Buyer represents that he has applied to the above insurance company for the aforesaid automobile liability insurance and hereby requests seller to pay the cost thereof and include it in the total of payments payable hereunder.
Buyer understands that said insurance is not required by and will not protect seller, and agrees that seller shall not be responsible for obtaining it or liable as a consequence of either its nonissuance or cancellation.

\*\*\* According to terms and conditions set forth in policy or certificate of insurance issued by the insurer as checked below and in Paragraph 9 "Creditor Insurance on Life of Buyer" on the reverse side hereof.
Buyer Proposed For Life Insurance: The person whose name appears on line A below (co-buyer, if any, on line B, when buyer is a corporation or partnership).

Insurance under said group policy does not cover (i) the Buyer Proposed for Life Insurance if age 65 or more on the date of this contract or (ii) suicide within one year therefrom. Under said group policy, the maximum amount of insurance for this contract is \$10,000 and the maximum aggregate amount of insurance for this and any other instalment contract of the buyer is \$15,000.
BUYER'S AGE STATEMENT AND HEALTH DECLARATION (Applicable Where a Charge Has Been Authorized in 4C Above and Insurance Under
Age last birthday of Buyer Proposed for Life Insurance? Under 65
I, the Buyer Proposed for Life Insurance, understand that the insurance is only available to a buyer who makes the following declarations to induce to effect such insurance: I do hereby declare that within the past three months (1) I have not consulted or been under the care of a doctor or other practitioner for cancer, and (2) I have not been confined in a hospital or other institution because of any condition of the heart, brain, liver, kidneys or lungs. I hereby authorize any physician or hospital to disclose to Prudential all information concerning my medical history prior to the date of this contract.
Signature \_\_\_\_\_ (Signature of Buyer Proposed for Life Insurance)

Executed in quadruplicate, copy of which was delivered to, and receipt is acknowledged by, buyer, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ (Do not date on Sunday)

A Buyer Signs in Ink \_\_\_\_\_ (Street) \_\_\_\_\_ (Town) \_\_\_\_\_ (State) \_\_\_\_\_ (Postal ZIP Code)
B Co-Buyer Signs in Ink \_\_\_\_\_ (Street) \_\_\_\_\_ (Town) \_\_\_\_\_ (State) \_\_\_\_\_ (Postal ZIP Code)
Seller Signs in Ink \_\_\_\_\_ (Street) \_\_\_\_\_ (Town) \_\_\_\_\_ (State) \_\_\_\_\_ (Postal ZIP Code)
By \_\_\_\_\_ (If Corp. or Partnership) \_\_\_\_\_ (Title) \_\_\_\_\_ (Witness) \_\_\_\_\_ (Witness)

SELLER'S RECOMMENDATION, ASSIGNMENT AND GUARANTY (WITH RECOURSE)
For value received, undersigned does hereby sell, assign and transfer to the \_\_\_\_\_ his, its or their right, title and interest in and to the \_\_\_\_\_ within contract, herewith submitted for purchase by it, and the property covered thereby and authorizes said \_\_\_\_\_ to do every act and thing necessary to collect and discharge the same.
The undersigned certifies that said contract arose from the sale of the within described property, warranting that title to said property was at time of sale and is now vested in the undersigned free of all liens and encumbrances; that said property is as represented to the buyer of said property by the undersigned and that statements made by the buyer of said property on the statement form attached hereto are true to the best of the knowledge and belief of the undersigned.
In consideration of your purchase of the within contract, undersigned guarantees payment of the full amount remaining unpaid thereon, and covenants if default be made in payment of any instalment therein to pay the full amount then unpaid to \_\_\_\_\_ upon demand, except as otherwise provided by the terms of the present contract. Liability of the undersigned shall not be affected by any settlement, extensions, variation of terms of the within contract effected with, or by the discharge or release of the obligation of the buyer or any other person interested, by operation of law or otherwise. Undersigned waives notice of acceptance of this guaranty and notices of non-payment and non-performance.
Seller Signs \_\_\_\_\_ By \_\_\_\_\_ (If Corp. or Part.) \_\_\_\_\_ (Title)

#### ADDITIONAL TERMS

1. For the purpose of securing payment of the obligation hereunder, seller reserves title and shall have a security interest in said property until said obligation is fully paid in cash.

2. No transfer, renewal, extension or assignment of this contract or any interest thereunder, and no loss, damage or destruction of said property, shall release buyer from his obligation hereunder. In the event of the transfer and assignment of seller's rights hereunder, the word "seller" shall be understood as referring to the subsequent holder of this contract under such transfer and assignment, except as may be otherwise particularly stated herein. Buyer shall keep said property free of all taxes, liens and encumbrances, and any sum of money that may be paid by seller in release or discharge thereof shall be paid on demand as an additional part of the obligation secured hereunder. Buyer shall not use said property illegally, improperly or for hire, and shall not, without express permission of seller, remove said property from the state or transfer or otherwise dispose of any interest in this contract or said property.

3. (a) In the event either (1) that the obligation payable hereunder includes a charge for the required physical damage insurance, to be procured either by seller or by buyer, for a period less than the full term of this contract, or (2) that said obligation does not include a charge for the required physical damage insurance, buyer shall furnish satisfactory evidence that said property continues to be effectively and adequately covered by such insurance at all times during the term of this contract.

Upon failure of the buyer to do so for any reason, seller may, but without prejudice to seller's rights under this contract if it does not, endeavor to procure such insurance, and in the event that seller does procure same, buyer agrees to pay, as an additional part of the obligation secured hereunder, a charge equal to the amount of the premium for such insurance, together with interest thereon at the highest lawful contract rate, in equal instalments concurrently with the instalments of the unpaid balance then remaining payable hereunder.

(b) Proceeds of the aforesaid required physical damage insurance, by whomsoever procured, shall be applied toward replacement of the property or payment of this obligation, at the option of the seller.

(c) In the event that a charge for the required physical damage insurance protecting all interest hereunder is an item hereinabove included in the obligation payable under this contract or a charge for such insurance becomes included therein at any time hereafter under subparagraph (a) hereof, and in the further event that (1) the insurance company to which the seller is authorized to apply therefor refuses to issue such insurance, or (2) subsequent to issuance thereof and during the term of this contract such insurance is cancelled, then the seller shall apply either an amount equal to the aforesaid insurance charge in the case of (1) above, or in the case of (2) above an amount equal to the unearned portion of the premium for such insurance upon seller's receipt thereof from the insurer pursuant to authorization hereby given therefor, as a credit in reduction of that portion of the unpaid balance which comprises so much of one or more of the instalments payable on the latest due dates (including the final due date) hereunder as equals the amount herewith provided to be applied, it being understood and agreed that the order of applying said amount to said instalments shall be inverse to the order in which they are payable hereunder and that, in the further event that the seller procures insurance covering solely the interest of seller hereunder pursuant to the provisions next herein set forth in subparagraph (d), the amount to be credited and applied in the aforesaid events shall be reduced by an amount equal to the cost of such insurance covering solely the interest of the seller hereunder.

(d) In the event that (1) at the time of execution of this contract the seller is authorized to apply for the aforesaid required physical damage insurance protecting all interest hereunder and the insurance company to which the seller applies therefor refuses to issue same, or (2) the buyer fails for any reason to furnish satisfactory evidence of such insurance as hereinbefore provided in subparagraph (a) hereof and the seller either is unable to procure such insurance or elects not to endeavor to procure same, or (3) such insurance is procured by the seller or by the buyer but subsequent to the issuance thereof and during the term of this contract such insurance is cancelled, the buyer agrees that the seller may procure insurance covering solely the interest of the seller hereunder, at the buyer's expense for the cost thereof, in which event an amount equal to the cost of said insurance covering solely the seller's interest hereunder shall be paid by the buyer either by means of a reduction, to the extent of such cost, in the amount to be credited and applied pursuant to the provisions of the preceding subparagraph (c) if such provisions are then applicable, or on demand, together with interest thereon at the highest lawful contract rate, as an additional part of the obligation secured hereunder. In either case as shall more specifically appear in a notice by the seller to the buyer.

4. Time is of the essence of this contract. The buyer agrees, in the event this contract is placed in the hands of an attorney for collection, to pay reasonable attorneys' fees plus legal expenses incurred by seller.

5. In the event that the seller, at the buyer's request, agrees to extend the time for payment of any instalment, the buyer agrees that the charge for such extension shall be at the highest lawful contract rate of interest.

6. In the event buyer defaults in any payment due hereunder, or fails to comply with any of the terms or conditions hereof, or a proceeding in bankruptcy, receivership or insolvency be instituted by or against the buyer or his property, or the seller has reasonable cause to believe that the property is in danger of misuse or confiscation, or in the event either that the buyer fails for any reason to comply with paragraph 3 (a) above or that said required physical damage insurance (whether procured by the seller or by the buyer) is cancelled by the insurer prior to expiration thereof, the seller shall have the right, at his or its election, to declare the unpaid balance, together with any other amount for which the buyer shall have become obligated hereunder, to be immediately due and payable. Further in any such event, seller or any sheriff or other officer of the law may take immediate possession of said property without demand, and without process including any equipment or accessories therein; and for this purpose seller may enter upon the premises where said property may be and remove same. Seller may take possession of any other property in the hereinbefore-described motor vehicle at time of repossession, wherever such other property may be therein, and hold same for buyer at buyer's risk without liability on the part of seller, buyer to be liable for any charges for storing such property incurred by seller. Such repossession shall not affect seller's right, hereby confirmed, to retain all payments made prior thereto by the buyer hereunder.

In the event of repossession of said property the seller shall have the rights and remedies provided and permitted by law including the right to apply the proceeds of disposition in the reasonable expenses of retaking, holding, preparing for sale, selling and the like, reasonable attorneys' fees, legal expenses incurred and satisfaction of indebtedness. Any surplus shall be paid to the buyer or as otherwise required by law. The buyer shall be liable for any deficiency. Buyer hereby waives the benefit of his Homestead Exemption as to this debt and contract.

The requirement of reasonable notification of the time and place of any public or private sale or other intended disposition shall be met if notice thereof is mailed, postage prepaid, to the buyer and any other person entitled thereto ten (10) days prior to such sale or other disposition of the property.

7. The seller's acceptance of any instalment or payment after it or the full amount may have become due and payable hereunder shall not be deemed to alter or affect the buyer's obligations or the seller's rights hereunder with respect to any subsequent payments or default thereon.

8. It is mutually understood and agreed that: (a) there is no implied warranty of merchantability, no implied warranty of fitness for a particular purpose and no implied warranty which extends beyond the description of said property on the face hereof; (b) except where the undersigned seller is also the manufacturer of said property and, as such manufacturer, issued to buyer or to a prior buyer of said property said manufacturer's separate written new product warranty in respect thereof and said warranty is in effect at the date hereof, there are no express warranties and no representations, promises or statements have been made by said seller in respect of said property unless endorsed hereon or incorporated herein by reference hereon; but said seller's obligations under any express warranty made and evidenced as aforesaid shall continue in accordance with the terms thereof and regardless of whether said seller shall have transferred and assigned to another said seller's rights hereunder; and (c) buyer will not assert against any subsequent holder as assignee of this contract any claim or defense which the buyer may have against the undersigned seller or the manufacturer or other seller of said property or any component, accessory or part thereof.

9. CREDITOR INSURANCE ON LIFE OF BUYER — If a charge for Creditor Insurance on the life of the buyer is included in item 4C on the face of this contract, (a) The buyer acknowledges that said charge is included therein pursuant to his authorization, hereby confirmed, that such insurance be procured, by and in the name of the seller or of the assignee of this contract, from the insurer designated in said item 4C, against the contingency of the buyer's death occurring while the insurance is in force during the term thereof referred to in paragraph (b) below, such insurance to be for an amount equal to, and the proceeds thereof to be payable to and applied by the seller or assignee in payment of, so much of the unpaid balance of the obligation hereunder as does not exceed the amount set forth in said item 4C as the maximum amount of insurance under this contract, provided, however, that in the event the buyer has prior hereto incurred instalment obligations under another contract or other contracts containing a charge for insurance authorized to be procured on his life from the same insurer as is designated on the face hereof, the aggregate amount of insurance to the benefits of which the buyer has become entitled under such several contracts, including this one, shall be limited to the amount designated on the face hereof as the maximum aggregate amount of insurance payable by the said insurer under such several contracts, notwithstanding that at the time of the buyer's death the aggregate of the unpaid balance of the obligation under each of such several contracts or the aggregate of the aforesaid maximum amount of insurance under each thereof, whichever is the lesser, exceeds the aforesaid maximum aggregate amount of insurance under such several contracts, all in accordance with the terms and conditions set forth in the policy or certificate of insurance issued by the aforesaid insurer.

(b) If the insurance becomes effective, the term thereof shall commence on the date of this contract and will (in absence of default on instalment payments) continue until the date on which the unpaid balance of the obligation hereunder is or becomes paid in full, unless the insurance is terminated earlier in accordance with the terms and conditions set forth in the policy or certificate issued by the aforesaid insurer.

(c) In the event and on the condition that (1) the buyer shall have incurred instalment obligations under several contracts, including this one, containing a charge for insurance procured on his life from the same insurer as is designated on the face hereof, (2) the aggregate of the instalment obligations under such several contracts exceeds the amount designated on the face hereof as the maximum aggregate amount of insurance payable by the said insurer, (3) the instalment obligation under each of such several contracts is or has become payable to the same seller hereunder or to the same assignee thereof, and (4) during the lifetime of the buyer the aforesaid seller or assignee, as the case may be, is notified in writing to the foregoing effect, then, at such time as the aggregate of so much of the charge contained in each of the several contracts as is included in the instalments theretofore paid thereunder equals the charge, at the same rate, for said maximum aggregate amount of insurance, the balance then payable under one of such several contracts shall be reduced by the aggregate of so much of the charge as is included in the instalments thereafter payable under each of such several contracts, as well as by the aggregate of so much of the Finance Charge itemized on the face of each of such contracts as is applicable to so much of the charge as is included in the instalments thereafter payable under each of such several contracts, and the buyer shall be credited with payment thereof.

In the event that the buyer dies while insurance is in force in the circumstances provided in subdivisions (1) and (3) in the preceding subparagraph, but prior to the time for the credit therein provided to be made, and the aforesaid maximum aggregate amount of insurance under such several contracts is less than the aggregate of the amount of insurance which would otherwise have been applied to payment of the buyer's obligation under each of such several contracts, then the legal representative(s) of the buyer shall be entitled to a rebate of the aggregate of the amount of the charge for such insurance included in each of such several contracts, to the extent that such aggregate exceeds the charge, at the same rate, for an amount of insurance equal to said maximum aggregate amount of insurance.

(d) The inclusion of the charge for the aforesaid insurance is (1) upon the understanding that the buyer hereby waives, and releases the seller or assignee from, all claims to any and all such rights, benefits or advantages as may accrue under such insurance, excepting the right hereunder to the application of any proceeds of such insurance in payment of the obligation under this contract, and (2) on the condition that, if the seller is unable for any reason to procure such insurance from the aforesaid insurer, the seller shall forthwith notify the buyer to that effect, whereupon the balance payable hereunder shall be reduced by the amount of the charge included as aforesaid, as well as by a rebate of so much of the Finance Charge itemized on the face of this contract as is applicable to the amount of said charge, and the buyer shall be credited with payment thereof.

10. THIRD PARTY AUTOMOBILE LIABILITY INSURANCE — If a charge for automobile BODILY INJURY AND PROPERTY DAMAGE LIABILITY insurance is included in item 4B on the face of this contract, the buyer agrees that in the event, and upon the seller's receipt of satisfactory evidence, that the buyer is unable or fails for any reason to obtain the aforesaid insurance, the seller shall apply an amount equal to the charge for said insurance as a credit to the final instalments on the buyer's account. In the event and upon the seller's receipt of satisfactory evidence that, subsequent to the issuance thereof and during the term of this contract, the aforesaid insurance is cancelled, and only if in such case the seller shall have received from the insurer, pursuant to the buyer's authorization hereby given therefor, the unearned portion of the premium, the seller shall apply an amount equal to said unearned portion of the premium as a credit to the final instalments on the buyer's account.

11. Any provision of this contract prohibited by law of any state shall as to such state be ineffective to the extent of such prohibition without invalidating the remaining provisions of the contract.

12. No modification of any of the terms or conditions hereof shall be valid in any event, and the buyer expressly waives the right to rely thereon, unless made in writing duly executed by the seller.

#### SELLER'S RECOMMENDATION AND ASSIGNMENT (WITHOUT RECOURSE OR WITH LIMITED RECOURSE)

The undersigned certifies that said contract arose from the sale of the within described property, warranting that the title to said property is now vested in the undersigned free of all liens and encumbrances and that the undersigned has the right to assign such title; that said property is as represented to the buyer of said property by the undersigned and that the statements made by the buyer of said property on the statement form attached hereto are true to the best of the knowledge and belief of the undersigned; the down payment paid and received by the undersigned is exactly as hereinabove stated; the undersigned is a duly licensed seller of motor vehicles when required by state law; and the undersigned acknowledges that the foregoing representations are material to the purchase of the within contract.

For value received, undersigned does hereby sell, assign and transfer to the buyer, his, its or their right, title and interest in and to the within contract, herewith submitted for purchase by it, and the property covered thereby and authorizes said buyer to collect and discharge the same. This assignment of the within contract is and shall be without recourse to the undersigned, (a) except if and to the extent that an amount is stated in the next succeeding Paragraph and (b) except in the circumstances set forth in the second succeeding paragraph.

In consideration of your purchase of the within contract, undersigned unconditionally guarantees that if default be made in payment of any instalments of the amount remaining to be paid hereon, undersigned will pay, upon demand by you, the unpaid balance up to the sum of \$\_\_\_\_\_.

The undersigned additionally agrees that, in the event that the conditions hereinbefore stated to be material to the acceptance and purchase of the within contract by you are not as represented, without regard to the undersigned's knowledge or lack of knowledge with respect thereto, the undersigned hereby agrees unconditionally to guarantee payment of the full amount remaining unpaid under said contract, and covenants in the event of default in payment thereunder to pay to you the full amount then unpaid.

Any liability of the undersigned pursuant to this guaranty shall not be affected by any indulgence, compromise, settlement, extensions or variations of terms of the within contract effected with, or by, the discharge or release of the obligation of the buyer or any other person interested, by operation of law or otherwise. Undersigned waives notice of acceptance of this guaranty and notices of non-payment and non-performance.

Seller Signs

\_\_\_\_

By \_\_\_\_\_  
(If Corp. or Part.)

(Title)





