

## FREQUENTLY ASKED QUESTIONS

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Q1. Why was a form of this nature created?

A1. In some instances, COVID-19 has resulted in conditions beyond the reasonable control of the parties, such as travel restrictions, quarantines, and the cessation or limitation of business and governmental operations. As a result, it may be impossible or impractical for a party to timely complete their contractual obligations. This Addendum was drafted so that parties experiencing such events can amend the Purchase Contract to account for these unanticipated occurrences.

Q2. Why does the title of the Addendum not reflect the scientifically accurate name of the virus?

A2. The scientifically accurate name of the virus is “severe acute respiratory syndrome coronavirus.” However, the general pandemic is more commonly known as COVID-19 or the Coronavirus. While the Risk Management Committee understands the benefits of being scientifically accurate, it was deemed more important to use terminology with which the public is familiar.

Q3. At what point in the transaction can this Addendum be entered into by the parties?

A3. The parties can agree to use the Coronavirus/COVID-19 Addendum at the time of contract formation, or at any point in the transaction prior to Close of Escrow.

Q4. What do I need to know regarding lines five through nine?

A4. REALTORS® should always stay within their scope of expertise and not provide specialized professional services outside their field of competence. Rather than provide insurance, legal, tax and accounting advice, REALTORS® should instead refer their clients to third-party professionals such as an attorney or Certified Public Accountant.

Q5. Should more than one box ever be marked?

A5 No. However, the Additional Terms and Conditions box on line 33 can be used in conjunction with any other provision. For example, the box on line 17 could be marked as well as the box on line 33. But if the box on line 17 is marked, the box on line 18, the box on

line 24, and the box on line 32 should not also be marked. Doing so will create conflicting terms.

Q6. Can Buyer and Seller use this Addendum to postpone Close of Escrow to a date certain?

A6. Yes. The parties can use this Addendum to postpone Close of Escrow to a date certain by checking the box on line 17 and writing the new Close of Escrow date on that same line.

Q7. What are the similarities between option two found on line 18 and option three found on line 24?

A7. In the event the Buyer, Buyer's lender, Seller, Escrow Company or appropriate county recorder's office becomes the subject of a voluntary or mandatory quarantine or closure, options two and three both allow either party to extend Close of Escrow for a period of up to ten (10) days after such quarantine is over or closure order is lifted. In other words, options two and three allow parties the ability to extend close of escrow should one of the stated events occur.

Q8. What are the differences between option two found on line 18 and option three found on line 24?

A8. The third option places a cap on any delay of up to a maximum of 30 days. And, unlike the second option, the third option found on line 24 allows either party to unilaterally cancel the Purchase Contract upon expiration of any automatic or agreed upon extension. In other words, option three allows Close of Escrow to be extended for up to 30 days and also allows for the performance of a party's contractual obligations to be excused entirely.

Q9. Why do options two and three allow for extensions in the event of a voluntary quarantine?

A9. It has been reported that it can be difficult to quickly obtain a doctor's appointment and/or test results and, in the interim, many individuals are choosing to self-quarantine until such time as they are able to see their physician or obtain the results of their test. In other words, the party has good reason to subject themselves to quarantine, but simply cannot immediately obtain an order to do so from a doctor. In such a case, it was deemed unfair to penalize a party that cannot perform. Nonetheless, if the parties are concerned that such an extension could be abused, they may choose to insert additional contract language that requires the party claiming the need for a voluntary quarantine to first provide a note from a health care professional documenting the need for the self-imposed quarantine.

Q10. Can Buyer and Seller use this Addendum to mutually cancel the Purchase Contract?

A10. Yes. The parties can use this Addendum to mutually cancel the Purchase Contract by checking the box on line 32. If this box is marked, the Earnest Money shall be released to Buyer.

Q11. Buyer and Seller executed this Addendum and marked the box on line 18, thereby agreeing to the second option. Buyer has since been diagnosed with COVID-19 and ordered by his doctor to remain in quarantine. As a result, Buyer would like to extend the Close of Escrow date.

Q11(i). What is the length of the extension?

A11(i). Closing will be extended for up to ten (10) days after Buyer's quarantine is over. However, the parties can mutually agree to further extend the closing.

Q11(ii). How does Buyer notify Seller of their election to extend the closing?

A11(ii). Buyer must deliver written notice to Seller as set forth in Section 8m of the Residential Resale Real Estate Purchase Contract. The Arizona REALTORS® Notice/Disclosure form can be used for this purpose.

Q12. Buyer and Seller executed this Addendum and marked the box on line 24, thereby agreeing to the third option. Buyer is now concerned about the economy and no longer wants to purchase the home. Based on language found on lines 24 through 31, can Buyer cancel the Purchase Contract and recover the Earnest Money?

A12. No. Nothing on lines 24 through 31 (or lines 18 through 23) allow Buyer to cancel the Purchase Contract and recover the Earnest Money based on a general concern about the economy. The extensions and cancellation rights found on lines 24 through 31 are triggered ONLY in the event that Buyer, Buyer's lender, Seller, Escrow Company or appropriate county recorder's office becomes the subject of a COVID-19 virus quarantine or closure prior to or at the time of Close of Escrow. In this case, Buyer should be advised to seek independent legal counsel.

Q13. Why does the Addendum not address timelines in the Purchase Contract other than Close of Escrow?

A13. The most significant date is Close of Escrow and should any of the events described in options two and three occur, the date that will be most affected is the date for Close of Escrow. Additionally, the Arizona REALTORS® Purchase Contracts contain a large number of dates and deadlines. It was deemed unfeasible to address them all. If the parties wish to extend or change a date or deadline other than Close of Escrow, they should use the Additional Terms and Conditions Section found on lines 33 through 39.

Q14. Can either Buyer or Seller be required to sign this Addendum?

A14. No. Neither party is contractually required to sign the Addendum or agree to any of its provisions.