

## Legal Questions & Answers

December 2015

Question: In a terminated transaction, based upon the failure of the inspection contingency, a buyer's agent has refused to provide the inspection reports. Their refusal is based upon their claim that the report should have been requested as part of the termination agreement. Are they correct?

Answer: A seller is only entitled to request and obtain a copy of the buyer's inspection report if the buyer terminates the transaction during the inspection contingency, unless otherwise agreed by the parties. Accordingly, as the transaction has been terminated, it appears that the seller would be entitled to receive a copy of the buyer's inspection report. It is incorrect that the seller would be required to request the report as part of the termination agreement.

Question: If a buyer has signed a termination agreement but a seller has not, can the listing be moved to "active" status? In doing so, would the seller forfeit their earnest money?

Answer: The status of the listing does not have any bearing on the earnest money itself, as the question regarding disbursement of the earnest money will hinge on whether the buyer had a legitimate basis for terminating the agreement. If the buyer has unconditionally terminated the agreement, then the listing broker will typically change the status back to "active" and seek new buyers for the property.