

AGRICULTURAL REAL ESTATE PURCHASE CONTRACT

Purchase Contract Number

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PART A - OFFER TO PURCHASE

This Contract is between

THE SELLER

and

THE BUYER

Name _____

Name _____

Name _____

Name _____

1. THE PROPERTY

1.1 The Property is the Land, Buildings, Attached Goods (unless excluded) and included Unattached Goods and other considerations as per clause 1.6 below, excluding all mines and minerals.

1.2 Municipal Address:

1.3 Legal Description (as set out below or on attached Land Description Schedule):

Deeded Lands

W. of	Range	Township	Section	Part	Acres

Assignment of Lease of

W. of	Range	Township	Section	Part	Acres

1.4 All Attached Goods (fixtures) except for:

1.5 No Unattached Goods (specific chattels) except for:

1.6 Other considerations as per the attached Schedules:

- Schedule A: Surface Leases/Income
- Schedule B: Grazing Leases/Permits
- Schedule C: Property Leases
- Schedule D: Water Rights/Irrigation
- Schedule E: Quotas
- Financing Schedule
- Country Residential/Agricultural Property Schedule
- Land Description Schedule
- Addendum
- Other _____

1.7 Title to the Property shall be subject to any reservations and exceptions stated on the Certificate of Title, non-financial obligations now on Title such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature, and non-financial encumbrances which have been accepted by the Buyer (the "Permitted Encumbrances"). Unless otherwise agreed in writing, the Title shall be free and clear of all other liens, encumbrances, registrations and obligations except those implied by law.

The Buyer agrees to accept the following Permitted Encumbrances: _____

_____ Seller's Initials

_____ Buyer's Initials

2. THE TRANSACTION

2.1 Other than the Deposits, the Buyer shall pay the Purchase Price by certified cheque, lawyer's trust cheque, bank draft or other agreed value as follows:

\$ _____ Initial Deposit

\$ _____ Additional Deposit

\$ _____ Assumption of Mortgage
(approximate principal balance)

\$ _____

\$ _____ New Financing

\$ _____ Seller Financing
(as per attached Financing Schedule)

\$ _____ Other Value

\$ _____ Balance Owing
(subject to adjustments)

\$ _____ **Purchase Price
(excluding GST)**

2.2 The Purchase Price does not include GST. In the event that GST is payable and the Buyer is not a GST registrant, then the Buyer shall remit the applicable GST to the Seller's lawyer on or before Completion Day.

3. DEPOSITS

3.1 All Deposits shall be delivered in trust to

Unless otherwise agreed in writing, the Initial Deposit shall accompany the offer.

3.2 The Initial Deposit shall be deposited no later than the second Business Day following the day that Final Signing occurred (as per clause 20.1). Additional Deposits shall be deposited no later than the second Business Day following the day the Additional Deposit is received by the brokerage.

3.3 Any Additional Deposits shall be delivered as follows:

3.4 Unless otherwise agreed in writing, no interest on the Deposits shall be paid to the Seller or the Buyer.

3.5 The Deposits shall be held in trust for both the Seller and the Buyer and shall be:

- (a) applied against the Commission (as defined in the Agricultural Real Estate Listing Contract or any other commission agreement signed by the Seller) and paid directly out of trust to the brokerage(s) when the Commission is earned in accordance with the terms of the Listing Contract or any other commission agreement signed by the Seller;
- (b) refunded forthwith to the Buyer if this offer is not accepted;
- (c) refunded forthwith to the Buyer upon the Buyer's cheque clearing the brokerage's trust account if a condition is not satisfied or waived (as per clauses 12.8 and 12.9) or the Seller fails to perform this Contract; and
- (d) forfeited to the Seller if this offer is accepted and all conditions are satisfied or waived and the Buyer fails to perform on this Contract.

3.6 The brokerage holding the Deposits is further directed and authorized to pay that portion of the Deposits exceeding the Commission in trust to the Seller's lawyer no later than two (2) Business Days prior to the Completion Day.

3.7 If there is a dispute between the Seller and the Buyer as to entitlement to the Deposits then:

- (a) the brokerage holding the Deposits shall review the circumstances, determine entitlement and pay the money to the party who is entitled to the Deposit;

_____ Seller's Initials

_____ Buyer's Initials

- (b) if no reasonable conclusion can be made in regard to (a) above, the brokerage shall notify the parties to the Contract in writing and shall pay the money into a lawyer's trust account;
- (c) the parties agree to allow the lawyer and/or the brokerage to deduct from the Deposit a reasonable fee and costs incurred for dealing with the Deposit;
- (d) a brokerage and/or lawyer acting in good faith under this clause shall not be liable to either party for any damages associated with the handling of the Deposit except as arising from the negligence of the brokerage or lawyer.

4. COMPLETION DAY

4.1 Subject to compliance with the terms hereof, possession of the Land shall be available and given to the Buyer on or before 12 noon of the _____ day of _____, _____ (the "Completion Day"), subject to the rights of the existing tenants, if any, and Buildings/Farmstead on the _____ day of _____, _____, subject to the rights of the existing tenants, if any. All harvested crops remain the property of the Seller and will be removed by the _____ day of _____, _____, and all unharvested crops by the _____ day of _____, _____, after which time the crops or any part thereof not removed shall become the absolute property of the Buyer.

When the Buyer obtains possession, the Property will be in substantially the same condition as it was in when this Contract was accepted.

5. ADJUSTMENTS

5.1 All normal adjustments for the Property including but not limited to taxes, local improvement levy and assessments, municipal charges, rents, utilities, tenant deposits including interest, prepaid rent, surface leases (if any), mortgage principal and interest that are applicable with respect to the Property shall be adjusted as of 24:00 hours on the Completion Day. The Buyer shall assume all local improvements, assessments and charges against the Property as of that time.

_____ Seller's Initials

6. LATE PAYMENT

- 6.1 All money due and owing to the Seller including GST, if applicable, shall be paid to the Seller's lawyer on or before the Completion Day. If the Seller agrees to accept payment after the Completion Day, the Buyer shall pay interest at a rate of 3% per annum above the prime rate set by the Alberta Treasury Branch on all monies owing to the Seller, from the Completion Day to and including the date that the monies owing have been unconditionally paid.
- 6.2 If the Seller fails to deliver the closing documents as described in Section 8, then payment of the Purchase Price and interest will be postponed until the Buyer has received the closing documents and has a reasonable period of time to register them.
- 6.3 If the Buyer has not paid the entire Purchase Price, then the Seller may give the Buyer possession upon reasonable terms.

7. CLOSING COSTS

7.1 The Seller shall pay and discharge any financial encumbrance which is not by this Contract specifically assumed by the Buyer. The Seller's lawyer shall be permitted to pay and discharge any encumbrances from the sale proceeds and shall do so within a reasonable time.

8. TRANSFER OF LAND

- 8.1 Closing documents shall:
 - (a) consist of the transfer of land (the "Transfer") in registerable form together with all applicable conveyancing documents normally expected in a transaction of this nature;
 - (b) be prepared at the expense of the Seller and delivered to the Buyer's lawyer within a reasonable time to confirm registration prior to the Completion Day.
- 8.2 In the event the Seller fails to deliver the Transfer to the Buyer's lawyer within such reasonable time, then the Buyer shall not be obliged to pay interest on that portion of the cash to close attributable to the Buyer's own funds, excluding mortgages, provided that those funds are paid to Seller's lawyer in trust, until the Buyer has a reasonable time in which to register the Transfer.

_____ Buyer's Initials

- 8.3** If a new mortgage is a condition of this Contract, the Seller agrees to trust conditions that allow the Buyer's lawyer to register the Transfer so as to obtain the advance of mortgage funds on the new mortgage; provided however that the Buyer's lawyer undertakes, accepts, and complies with reasonable trust conditions imposed by the Seller's lawyer until the Seller has been paid the total Purchase Price.
- 8.4** The Seller's lawyer has a right to prepare (at the expense of the Buyer) any mortgage or agreement for sale between the Seller and the Buyer.

9. INSURANCE

- 9.1** The risk of loss or damage to the Property will lie with the Seller until the Purchase Price is paid according to the terms of this Contract. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds will be held in trust for the Buyer and the Seller according to their interests in the Property.

10. WARRANTIES AND REPRESENTATIONS

- 10.1** The Seller warrants that:

- (a) the Seller has the legal right to sell the Property;
- (b) the Attached Goods and included Unattached Goods are in normal working order and are free and clear of all encumbrances;
- (c) the current use of the Land and Buildings complies with the existing municipal land use bylaw;
- (d) the Buildings and other improvements on the Land are not placed partly or wholly on any easement or utility right-of-way and are entirely on the Land and do not encroach on neighbouring lands, except where an encroachment agreement is in place;
- (e) the location of Buildings and other improvements on the Land complies with all relevant municipal bylaws, regulations or relaxations granted by the appropriate municipality prior to the Completion Day, or the Buildings and other improvements on the Land are "non-conforming buildings" as that term is defined in the *Municipal Government Act* (Alberta);
- (f) to the best of the Seller's knowledge, there is no legal action outstanding with respect to the Property;

- (g) the Seller is not in breach of any contract with respect to the Property;
- (h) the Seller is not in breach of any obligation to any third party with respect to the Property;
- (i) within the meaning of the *Income Tax Act* (Canada), the Seller is not now, nor will be on the Completion Day, a non-resident of Canada nor an agent or a trustee for any person with an interest in the Property who is a non-resident of Canada; and
- (j) except as otherwise disclosed, the Seller is not aware of any defects that are not visible and that may render the Property dangerous or potentially dangerous to occupants or unfit for habitation.

- 10.2** The Buyer warrants that, prior to completion, it is NOT an "ineligible person" or a "foreign controlled corporation" and is eligible to purchase "controlled land" as those terms are defined in the *Foreign Ownership of Land Regulations*.

- 10.3** All of the warranties contained in this Contract and any attached Schedules are made as of and will be true at the Completion Day, unless otherwise agreed in writing.

- 10.4** The Seller and the Buyer each acknowledge that, except as otherwise described in this Contract, there are **no other warranties, representations or collateral agreements** made by or with the other party, the Seller's brokerage and the Buyer's brokerage about the Property, any neighbouring lands, and this transaction, including any warranty, representation or collateral agreement relating to the size/measurements of the Land and Buildings or the existence or non-existence of any environmental condition or problem.

- 10.5** The representations and warranties in this Contract shall survive the completion of purchase and sale and may be enforced after the Completion Day, provided that any legal action is commenced within the time limits prescribed by the *Limitations Act* (Alberta).

- 10.6** The Buyer shall have the right to register a **caveat** against the Title to the Property upon the acceptance of this offer by the Seller. Should the Buyer fail to perform this Contract, the Buyer agrees to forthwith discharge that caveat.

_____ Seller's Initials

_____ Buyer's Initials

11. ADDITIONAL TERMS/HOLDBACK

- 11.1 All time periods, deadlines and dates in this Contract shall be strictly followed and enforced. All times will be Alberta time unless otherwise stated.
- 11.2 This Contract is for the benefit of and shall be binding upon the heirs, executors, administrators and assigns of the individual parties and the successors and assigns of corporate parties.
- 11.3 All changes of number and gender shall be made where required.
- 11.4 This Contract will be governed by the laws of the Province of Alberta. The parties submit to the exclusive jurisdiction of the Courts in the Province of Alberta regarding any dispute that may arise out of this transaction.
- 11.5 Additional terms of sale, if any:

(Attach Schedule if necessary and have initialled by both parties.)

11.6 In the event that the additional terms of this Contract are not fulfilled, there shall be a holdback of \$ _____ for _____ days from the Completion Day to allow compliance by the Seller. These monies will be held in trust by the Buyer's lawyer and if terms are not satisfied, these monies shall be released to the Buyer.

12. CONDITIONS

12.1 The Buyer will verify, at the Buyer's expense, that the water supply meets the following criteria: _____ before 9 p.m. on _____, _____ Seller's Initials _____

12.2 Buyer's Financing Condition: It is a condition precedent to this offer that the Buyer is able to place a new mortgage(s) and/or assume the existing mortgage(s) upon terms acceptable to the Buyer in order to fund the purchase of the Property. The Buyer shall have an opportunity to obtain such financing until before 9 p.m. on _____, _____.

12.3 Buyer's Due Diligence Condition: It is a condition precedent of this offer that the Buyer shall have until before 9 p.m. on _____, _____ to inspect and accept the Property, the Permitted Encumbrances and all relevant information and records relating thereto. The Seller agrees to provide at its cost the following documents within _____ () Business Days after the date of final signing of this offer:

- (a) operational information respecting the Property;
- (b) copies of all other contracts currently pertaining to the Property;
- (c) copies of any reports and particulars of all maintenance work done by the Seller;
- (d) copies of any other pertinent documents, correspondence, work orders and deficiency notices in the possession of the Seller;
- (e) copies of any environmental assessment reports in the possession of the Seller relating to environmental contamination of any kind at or on the Property; whether or not such reports exist, the Buyer, at its own expense, may engage consultants to inspect and make such tests and observations as the Buyer may deem necessary. Copies of all such reports shall be provided to the Seller without cost, whether or not the sale of the Property is completed;
- (f) a Real Property Report reflecting the current state of improvements on the Property, according to the Alberta Land Surveyors' Manual of Standard Practice, with evidence of municipal compliance or non-conformance;
- (g) any plans and specifications relating to the original construction and improvements to the Property;

_____ Buyer's Initials

- (h) a copy of the existing Title(s) # _____ attached hereto as Schedule "A";
- (i) **other documents** as listed below:

12.4 The Buyer shall keep all information obtained in **strict confidence** and shall only make the information available to the Buyer's employees, agents and professional advisors in strict confidence and shall return all of the above materials including all copies to the Seller before any Deposits are released to the Buyer pursuant to this Contract.

12.5 Additional Buyer's Conditions:

12.7 Unless otherwise agreed in writing, the Buyer's Conditions are for the sole benefit of the Buyer and the Seller's Conditions are for the sole benefit of the Seller. The Buyer and Seller must use reasonable efforts to satisfy their respective Conditions.

12.8 The Buyer and the Seller may unilaterally waive or acknowledge satisfaction of their Conditions by giving a written notice to the other party on or before the stated Condition Day. If that notice is not given, then this Contract is ended immediately following that Condition Day.

12.9 Subject to clause 12.7, the Buyer and the Seller may give written notice to the other party on or before the stated Condition Day advising that a Condition will not be waived, has not been satisfied and will not be satisfied on or before the Condition Day. If that notice is given, then this Contract is ended upon the giving of that notice.

13. REMEDIES/DISPUTES

13.1 If the Seller or the Buyer fails or refuses to complete this Contract according to its terms, then the other party may pursue all available remedies.

14. SECURITY FOR THE SELLER'S BROKERAGE'S FEES

14.1 The Seller does hereby irrevocably assign to the Seller's brokerage enough of the Purchase Price to pay all sums due and owing to the Seller's brokerage, and agrees to pay any unpaid balance of the Commission to the Seller's brokerage.

15. ADVICE

15.1 This Contract is intended to create binding legal obligations. The Seller and the Buyer should read this Contract carefully and are encouraged to obtain legal advice before signing.

15.2 This Contract may be signed and sent by fax and this procedure will be as effective as signing and delivering an original copy.

15.3 Unless there is a dual agency or another written agreement, the Seller's brokerage represents the Seller as Seller's Agent and does not have a fiduciary relationship with the Buyer, and the Buyer's brokerage represents the Buyer as Buyer's Agent and does not have a fiduciary relationship with the Seller.

15.4 The Buyer and Seller agree that the sale and other related information regarding this transaction may be retained and disclosed by the brokerage and/or the real estate board(s) as required for closing and for reporting, appraisal and statistical purposes.

Before **9 p.m.** on _____
(the "Condition Day").

12.6 The Seller's Conditions are:

Before **9 p.m.** on _____
(the "Condition Day").

_____ Seller's Initials

_____ Buyer's Initials

16. DEFINITIONS

16.1 In this Contract:

- (a) **Business Day** means a day when the Land Titles Office is open for business.
- (b) **Buyer's Agent** means the licensed brokerage (including its broker, all associate brokers and agents) who represents the Buyer.
- (c) **Seller's Agent** means the licensed brokerage (including its broker, all associate brokers and agents) who represents the Seller.

17. REPRESENTATIVES/NOTICE

Note: The Representative information must be completed in full by the Buyer's Agent at the offer stage prior to the Contract being signed in order to permit communication on the Representatives.

17.1 The Representatives identified in clause 17.2 represent the Seller and the Buyer.

17.2 For the purposes of giving and receiving any notice referred to in this Contract, and for acceptance of an offer to purchase, communication must be in writing and must be delivered to the address or faxed to the number described below.

A notice sent or received by a Representative is proper notice for the purposes of this Contract.

Seller's Information:

Seller's Address _____

 _____ (postal code)
 Phone _____
 Fax _____
 Seller's GST # _____

Seller's Representative:

Broker, associate broker or agent registered to the brokerage
 Brokerage Name _____

_____ Seller's Initials

Brokerage Address _____

 _____ (postal code)

Phone _____
 Fax _____

Buyer's Information:

Buyer's Address _____

 _____ (postal code)

Phone _____
 Fax _____

Buyer's GST # _____

Buyer's Representative:

 Broker, associate broker or agent registered to the brokerage
 Brokerage Name _____

Brokerage Address _____

 _____ (postal code)

Phone _____
 Fax _____

18. OFFER

18.1 The Buyer offers to buy the Property for the Purchase Price according to the terms of this Contract.

18.2 This offer/counter offer shall be open for acceptance in writing until _____ .m.
 on _____, _____.

_____ Buyer's Initials

SIGNED AND DATED at _____,
Alberta at _____ .m. on the _____
day of _____, _____.

Signature of Buyer

Signature of Witness

Print Name of Buyer

Print Name of Witness

Signature of Buyer

Signature of Witness

Print Name of Buyer

Print Name of Witness

PART B - ACCEPTANCE

19. ACCEPTANCE

19.1 The Seller accepts the Buyer's offer and agrees to sell the Property for the Purchase Price according to the terms of this Contract.

SIGNED AND DATED at _____,
Alberta at _____ .m. on the _____
day of _____, _____.

Signature of Seller

Signature of Witness

Print Name of Seller

Print Name of Witness

Signature of Seller

Signature of Witness

Print Name of Seller

Print Name of Witness

20. FINAL SIGNING

20.1 Final Signing of this Contract occurred at

_____ .m. on _____

_____ , _____

Initials of the person(s) who signed last _____

CONVEYANCING

Seller's Lawyer _____

Lawyer's Address _____

(postal code)

Lawyer's Phone _____

Lawyer's Fax _____

Buyer's Lawyer _____

Lawyer's Address _____

(postal code)

Lawyer's Phone _____

Lawyer's Fax _____