

Tools for Co-op Home Ownership

NASCO Institute – 2007

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The Costs of Acquisition

- Building & Zoning Codes
- Roof
- Foundation
- Kitchen
- Plumbing: Water Supply & Sewer Systems
- Electrical Service
- Heating Systems
- Air conditioning
- Painting: Interior & exterior
- Fire Alarms and/or Fire Sprinklers
- Hazardous Waste Removal

Closing Costs

- Title Insurance
- Escrow
- Notary
- Recording/Filing
- Tax Service
- City or County Transfer Fees
- Legal Fees
- Points
- Appraisals
- Surveys
- Structural/Pest Control (Termite) Reports
- Environmental Impact Reports (EIR)
- Other

Can you afford it?

■ Prepare a Pro forma operating statement

- Subsidies by Existing Co-ops
- Deferment of Improvements
- Interest Expense Averaging
- Alternative Purchase Agreements
- Other

Price Negotiating Strategies

If you can't get up and walk away from the table, don't buy the house!

- Supply & Demand
- Seller's Social Conscience
- Tax Deductible Donations
- Avoiding Capital Gains
- Bequeathing Heirs
- "As Is" Purchases
- Contingencies
 - Financing
 - Inspection
- **Board Approval**

Financing Considerations

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- Member Assessments
- Member Loans
- Alumni Donations or Loans
- Donations or Loans from other Co-ops
- Foundation Grants
- Faculty
- Borrowing
- Non-Traditional Lenders
- Owner Financing
- Second Deeds of Trust
- Sweat Equity
- Reserves

Getting a Loan (Borrowing)

All banks are not alike!

- Down Payment
- Loan-To-Value ratio
- Interest Rate
- Term
- Fixed vs. Variable Rate Index
- Variable Interest Rate Index
- Loan Fees (Points)
- Legal Fees
- Pre-Payment Penalties
- Late Charges

Hidden Costs

- Application Fees
- Commitment Fees
- Appraisals
- Surveys
- Engineering Reports
- Environmental Impact Reports
- Hazardous Waste Reports
- Legal Fees

Thank you for coming!

If you have any questions, please contact us!

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TOOLS FOR CO-OP HOME OWNERSHIP

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INTRODUCTION

So your Co-op needs some extra cash. We're not just talking about money to meet expenses. We're talking about Money to buy a new house, a car, maybe a new stove and refrigerator. But mainly we're talking about **borrowing** money, large amounts of money.

This course will focus on financing *Capital Expenditures* rather than *Revenue Expenditures*. Capital Expenditures (Improvements) usually have both value and life for more than just the current year. Revenue expenditures are usually for items which are used or consumed in the current year. Capital items are houses, cars & trucks, refrigerators and stoves. Revenue Expenditures are usually for food, utilities, payroll, maintenance and the like. For illustrative purposes this course will further focus on **borrowing money** to buy a **new house**. However, many of the concepts are applicable to other financing decisions.

Questions to ask prior to deciding whether or not to purchase a new building.

Do we have demand for this building? Do we have demand for our current houses? Do we have a waiting list? Will our own Co-ops support this building? Will they move in? Will they colonize the new house? What internal processes are required for a purchase of this type? What do our By-Laws require us to do to buy a building? Do we need a vote of the Membership to buy?

In addition, how will the new house impact other existing houses? Will it draw members away from other houses, thereby creating burdensome vacancies in your older buildings?

Is the new house in a desirable location? A desirable community? Is it in a student community? How far is it from campus? Is it a desirable size? Is the configuration (building layout) appropriate for a co-op?

In order to answer these and other questions, you probably will want to undertake a detailed **market analysis** prior to undertaking any major acquisition.

Can we operate this building as a Co-op under the current zoning codes? (e.g. number of unrelated people cohabiting, number of parking spaces)? New housing codes are passed all of the time. However, all zoning codes are not applicable in all situations. Some new codes are retroactive for all housing. Some new codes are only applied to changes of ownership or use. And some code changes apply only to new construction.

How much work (time & money) is needed before this house can become a Co-op? Is the building (configuration) suitable for a Co-op? Does it have to be extensively remodeled? Do living rooms and dining rooms and kitchens have to be converted to bedrooms? Does the household kitchen have to be converted to a

commercial kitchen? How about earthquake safety? Fire safety? What regional weather considerations should you take into account?

Do you need professional help? When do you need a lawyer? A Realtor? Not all Realtors are alike nor are all Realtors' commissions the same. Usually the buyer and the seller each have their own Realtors. While a Realtor can be your own best friend, he or she can also be your worst enemy. Do you have someone on your board who can assist you? Do you have a qualified alumnus who can help? For free?

What will be the total costs of acquisition?

The next issue that you need to address is, what will be the total cost of the new building. So the owner is willing to sell you this fantastic house for \$500,000. That's all there is to it. Isn't it? Oh No! There's more. Lots more!

What improvements will immediately be needed to open the Building?

Does the building have bugs? Termites? Check out the following. Does the building need (a) new:

- Building & Zoning Codes
- Roof
- Foundation
- Kitchen
- Plumbing: Main water supply or sewer systems.
- Electrical Service
- Heating systems
- Air Conditioning
- Painting: Interior & exterior.
- Fire Alarms and/or Fire Sprinklers
- Hazardous Waste Removal
- Other

What improvements will be immediately necessary to open the building? Again, is the building (configuration) suitable for a Co-op? Does it have to be extensively remodeled? Do living rooms and dining rooms and kitchens have to be converted to bedrooms? Does the household kitchen have to be converted to a commercial kitchen?

What additional improvements are needed in the short-run (3-5 years)? In the long-run (more than 5 years)?

What are the additional "closing costs?" In addition to the sales price, most Real Estate transactions include many, if not all, of the following costs or fees. While some fees can be quite trivial like filing fees, others like title insurance and legal fees can be in the thousands of dollars.

- Closing Costs
- Title Insurance
- Escrow
- Notary
- Recording/Filing
- Tax Service
- City or County Transfer Fees.
- Legal fees
- Points
- Appraisals
- Surveys
- Structural Pest Control (Termite) Reports
- Environmental Impact Reports (EIR)
- Other

Can you afford the new house?

Once you've decided that you can operate the new house. And you've decided that you want the new house. And you know how much the new house will actually cost, the next question is, can you afford it?

The next step is normally to prepare a pro forma operating statement for the new house. A pro forma operating statement is really just a profit and loss projection for the new house. Commonly, there are a couple of ways that an operating statement can be projected. One way is to get historical operating information about the new house from the seller. This information is then projected to the new house, as it would be operated by the co-op. Remember to adjust income and costs to reflect how your co-op operates. For example: Do your members pay social dues? Are you exempt from paying property taxes? Be sure to include the cost of debt service (principle and interest on the loan), if any, for the cost of acquisition.

A better alternative to this Historical not-as-a-cooperative projection is to simply take a look at the operating income and costs of your existing houses and project those costs to the new house. Most often these projections are based upon per person averages. Again, remember to include the cost of debt service (principle and interest on the loan), if any, for the cost of acquisition.

Does the projected income cover the projected expenses? If not, will your other members be willing to subsidize the new acquisition? Is the building of such high

quality (desirability) that you can charge more money (per person) than you can normally charge for your existing houses? If so, will your members still live there?

If you can't afford the house, does that mean you can't afford the house? Of course not. There are many ways to absorb costs or to otherwise defer expenses to the future in order to reduce operating costs in the short-run.

- Subsidies by Existing Co-op
- Deferral of Improvements
- Interest Averaging
- Alternative Purchase Agreements
- Other

Price Negotiating Strategies.

Seldom does the seller get his or her "asking price." Usually the buyer sells for less than the asking price. Sometimes the seller actually gets more than he or she asked for in the first place. There are a great many factors which finally combine to determine the price at which that the seller is actually willing to sell. Usually sales price negotiations involve more than just offer, counter-offer, until we agree or can't agree on a sales price.

Supply and Demand. This is probably the most import factor which will determine the price of the new house. Because most Co-ops charge below market rents for their housing, they can't afford market prices. If we're competing with some private developer, we're usually at a distinct disadvantage. When this happens, we need to look to other ways of negotiating prices.

Co-ops can appeal to the seller's social conscience. Co-ops are better than other rip-off housing types. Right? The seller should want to sell to co-ops.

Sellers can reduce sales price by taking less money and "donating" the difference to the co-op as a tax-deductible donation.

Often Sellers are faced with taxable Capital Gains on the sale of the property. You can suggest that some of the purchase price be deferred until the future to reduce the seller's immediate tax burden.

Sometimes (elderly) sellers are looking for current income, while wishing to maintain their estates for their heirs. Oftentimes senior citizens own income property. They rely upon the rent from the property to augment their retirement income, and plan to leave the property as an asset to their heirs when die. In these cases you might want to enter into a "rent-to-purchase" agreement with the sellers. In this agreement you negotiate an annual rent (inflation indexed or not) guaranteed until the surviving spouse dies at which time you have "first right of

refusal" to purchase the property (usually at a predetermined price). Then the proceeds of the sale accrue to the seller's estate for the sake of the heirs.

Often the Structural Pest Control Report will be quite expensive. This usually drastically impacts the seller's price. You can offer to buy the property "as is." The price will be reduced by the cost of the Report. Then you can either do the repairs at a much lower cost with co-op labor. Or you can defer the repairs until such time as the co-op can afford them.

Purchase Contingencies Once the seller and buyer have agreed upon the terms of the sale, they usually write up and sign a sales agreement. The agreement will usually have a number of conditions to be resolved subsequent to the signing of the agreement. These are called "contingencies."

The two most common contingencies are *financing* and *inspection*. Most sales contracts are contingent (dependent) upon the buyer obtaining acceptable financing for the building (acceptable is usually defined in the agreement). In other words, the sale is subject to the buyers getting the money. Buyers are released from the purchase agreement if they can't get financing. Be sure to include whatever you consider to be an acceptable interest rate and terms in this contingency. Otherwise, the seller may offer or produce "acceptable financing" thereby fulfilling this contingency. If you then chose not to buy the building, the seller may have a legitimate claim at keeping your purchase deposit.

In addition, most agreements provide for inspection contingencies. This contingency allows the buyer to further inspect the property in greater detail. Usually a contractor, engineer or architect will be engaged for this more extensive inspection. Buyers are released from the purchase agreement if they discover some structural problems which cause them to change their mind about buying the building.

There's a third contingency available to Student Co-ops which is much more important than any of the others: **Board Approval**. Make sure that any agreement to purchase is contingent upon the approval of your Board of Directors. While ostensibly, this contingency is there to allow you to get the appropriate political Board approval, this contingency allows the Co-op to change its mind for any reason whatsoever! **Always make sure that any agreement to purchase is contingent upon the approval of your Board of Directors.**

Financing Considerations.

Once you've decided to buy the building, you have to figure out how to pay for it. *Some Co-ops are sufficiently wealthy to just pay cash for new acquisitions.* You might decide to pay for the new building out of operating income (doubtful) or out of other reserves.

Some Co-ops raise money from many outside sources:

- Member Donations
- Member Assessments
- Member Loans
- Alumni Donations or Loans
- Other Co-op Donations or Loans
- Foundation Grants
- Faculty
- Borrowing
- Non-Traditional Lenders
- Owner Financing
- Second Deeds of Trust
- Sweat Equity

Borrowing. Most Co-ops, however, need to borrow money to buy new houses. Actually, buying a house usually requires a combination of monetary sources. Few banks, if any, will lend you the entire amount of money needed to purchase a building. Most banks will only loan you a portion of the purchase price and will require you to come up with the difference. Your share of the purchase price is usually referred to as the down payment. Your down payment is usually some percentage of the total price. Common down payment requirements vary between twenty and thirty per cent. Down payments as low as ten per cent are great, but rare. Down payment requirements as high as fifty per cent are unfortunately becoming more and more common. The percentage share between what the bank is willing to put up and what you have to put up is sometimes referred to in loan-to-value terms. A twenty-five per cent down payment might also be called a loan-to-value of seventy-five per cent. (The bank will loan you seventy-five percent of the purchase price (value)). These loans are usually first mortgage loans and are collateralized (guaranteed) by first liens on the property. A lien is a legal instrument which guarantees the bank that if you default on the loan, the bank can take the property.

Down payment money. Most older established co-ops come up with their down payment money out of reserves. However, any of the financing sources cited immediately above can be used for down payments. However, there are two additional sources of down payment money that can be exceptionally useful to Student Co-ops: Owner financing and other Co-ops.

Owner Financing. Often owners will be willing to loan the buyer some or all of the money necessary for the down payment. This money will have to be paid back over a fixed period of time and you will usually pay the owner a higher interest rate for the use of his or her money.

Other Co-ops. Often other student co-ops are willing to loan short-term money towards down payments. These loans are often for only three to five years and are designed to help get new co-ops started. Often these loans have fifteen-

year amortizations with "balloon payments" due in three to five years. (See the Amortization Section at the end of this Course outline)

Owner financing and other co-op loans are often referred to as subsidiary financing. These loans are usually secured by second or even third mortgages (secured by second or third liens). These second and third liens are "subordinate" to the first lien holders, and in the case of default, they get their money back only after the first lien holder has gotten their money out of the property. In cases of default, subordinate lenders are usually forced to buy out the primary lenders in order to protect their investments. Because of this higher risk, subordinate financing is usually at a higher interest rate than primary financing.

"Sweat Equity Financing." Often significant improvements need to be made to the house prior to occupying. These improvements subsequently increase the value of the building. Often banks will take this increased value into account when determining the loan-to-value and therefore the down payment required. If the bank will do this, often you can perform the improvement as your down payment. When done with "co-op labor" this can significantly reduce the cash necessary to buy the building.

A note on using Reserves: Co-ops often use reserves for financing acquisitions. It is important to know whether these reserves are designated reserves which are designated for some specific use, or just regular reserves. In either case it is important to know how and if the reserves need to be replenished if depleted. It is wise to assume that all reserves need to be replenished after being when depleted or reduced. Most Co-op repay their reserve funds at roughly the same rate as they repay the other loans associated with the building purchase. For example, if you use \$150,000 of your reserves for the down payment, you might replenish the reserve fund at \$10,000 a year for 15 years or even \$30,000 a year for 5 years.

Getting a Loan

All banks are not alike. Each and every bank will have different loan requirements, and different fees. Just like you would shop for a computer or a new car, you need to shop around for the best loan. While we recognize that there might not be that many banks willing to loan money to Student Co-ops, here are some things that you should consider in choosing a lender:

- Down Payment
- Loan-To-Value ratio
- Interest Rate
- Term
- Fixed vs. Variable Interest Rate
- Variable Interest Rate Index
- Loan Fee (Points)
- Legal Fees
- Pre-payment Penalties
- Late Charges

What are the hidden costs? All banks don't have the same pre-closing costs or requirements. Often these costs can be very substantial. And, often these costs don't surface until after you've committed to a lender and it's too late to change.

To be considered:

- Application Fees
- Commitment Fees
- Appraisals
- Surveys
- Engineering Reports
- Environmental Impact Reports
- Hazardous Waste Reports
- Legal Fees

The Loan

And finally, once you've agreed on the purchase price, determined how to come up with the down payment, and selected a bank; you need to get the best possible loan terms that you can.

Interest Rate. Usually you have a choice between a fixed interest rate which remains constant over the term (life) of your loan, or a variable interest rate which changes periodically based upon some agreed upon economic indicator. Assuming you can get either a fixed or variable interest loan, you need to compare the rates with a crystal ball's prediction of the future economy. Optimists usually chose variable rates while pessimists choose fixed rates.

Variable Interest Rate Index. Variable interest rates are indexed (anchored or tied) to common financial indicators. Indexes can be the prime interest rate, Treasury Bills of various terms, Federal Reserve Cost of Funds rates, and many others. Most of these indexes vary in their volatility, and you will again need your crystal ball to choose the best rate for your co-op.

Interest Rate Adjustment Caps and Adjustment Frequencies. If you choose a variable interest rate, how often does the interest rate increase or decrease? How high can it go (Cap)? How low?

Points. This is just a banker's way of disguising the fact that they are charging you a commission for granting you the loan. Often instead of calling something a loan fee, it's called points. Points are sometimes split between loan brokers and the banks. Points, referred to in terms of interest, range from one half point (per cent) to as much as three points (percent), and even higher. Points are paid up front, on top of the loan. Usually, it's well worth it if you can pay half of one point in exchange for reducing your interest rate by one fourth of one per cent or more.

Pre-payment Penalties. Sometimes you will sign a loan, and economic conditions or other conditions will make you want to change the loan to some other type, or to move to another bank with a better loan. Some loans will include a "pre-payment penalty" for paying off the loan before the end of its term. Some loans have pre-payment penalties which decline over time or end after a fixed number of years. Because economic and banking conditions change, pre-payment penalties should be avoided if possible.

Term. How many years do you have to pay back the loan? The longer the term, the lower the monthly payment. Unfortunately, the longer the term, also the greater the total amount of interest that you have to pay. We would argue that a fifteen-year term is optimal, if you can afford the monthly payments.

Amortization. Some loans have terms which are different from their amortization. This means you might be paying back a loan as if it were to be repaid over fifteen years, but the loan is actually due in five years. This keeps your monthly payment low, but it means a large unpaid portion of the loan suddenly becomes due at the end of five years. This is called a "balloon payment." Banks often make balloon payment loans because they are unsure of the borrower's long-term viability or the bank is unsure of future interest rates. Borrowers might choose balloon payment loans if they believe that interest rates will surely go down in the future. Unfortunately, balloon payments must be either paid off or refinanced when due. This means that the borrower must either convince the existing bank to renew the loan, get a new loan from a different bank, or somehow otherwise come up with the money to pay back the original bank. Usually balloon payment borrowers are hoping that either their financial situation will improve as they accrue "equity" in their building and develop an operating "track record," or that interest rates will go down by the time the loan becomes due.

RESIDENTIAL OFFER TO PURCHASE

Page 1 of 5

1 **BROKER DRAFTING THIS OFFER ON** // [DATE] IS ~~/(AGENT OF SELLER)/(AGENT OF BUYER)/(DUAL AGENT)~~ [STRIKE TWO]

2 **GENERAL PROVISIONS** The Buyer, //
3 offers to purchase the Property known as [Street Address] //
4 // in the // of //, County of //
5 Wisconsin (Insert additional description, if any, at lines 180 -186, 318 - 321 or attach as an addendum per line 316), on the following terms:

6 ■ **PURCHASE PRICE:** //
7 // Dollars (\$ //).

8 ■ **EARNEST MONEY** of \$ // accompanies this Offer and earnest money of \$ //
9 will be paid within // days of acceptance.

10 ■ **THE BALANCE OF PURCHASE PRICE** will be paid in cash or equivalent at closing unless otherwise provided below.

11 ■ **ADDITIONAL ITEMS INCLUDED IN PURCHASE PRICE:** Seller shall include in the purchase price and transfer, free and clear
12 of encumbrances, all fixtures, as defined at lines 124 - 132 and as may be on the Property on the date of this Offer, unless excluded
13 at lines 15 - 16, and the following additional items: //

14 //
15 ■ **ITEMS NOT INCLUDED IN THE PURCHASE PRICE:** //

16 //

17 **ACCEPTANCE** Acceptance occurs when all Buyers and Sellers have signed an identical copy of the Offer, including signatures on
18 separate but identical copies of the Offer. **CAUTION: Deadlines in the Offer are commonly calculated from acceptance. Consider**
19 **whether short term deadlines running from acceptance provide adequate time for both binding acceptance and performance.**

20 **BINDING ACCEPTANCE** This Offer is binding upon both Parties only if a copy of the accepted Offer is delivered to Buyer on or
21 before //. **CAUTION: This offer may be withdrawn prior to delivery of the accepted Offer.**

22 **DELIVERY OF DOCUMENTS AND WRITTEN NOTICES** Unless otherwise stated in this Offer, delivery of documents and written notices
23 to a Party shall be effective only when accomplished by one of the methods specified at lines 24 - 33.

24 (1) By depositing the document or written notice postage or fees prepaid in the U.S. Mail or fees prepaid or charged to an account
25 with a commercial delivery service, addressed either to the Party, or to the Party's recipient for delivery designated at lines 27 or
26 29 (if any) for delivery to the Party's delivery address at lines 28 or 30.

27 Seller's recipient for delivery (optional): //

28 Seller's delivery address: //

29 Buyer's recipient for delivery (optional): //

30 Buyer's delivery address: //

31 (2) By giving the document or written notice personally to the Party, or the Party's recipient for delivery if an individual is designated at lines 27 or 29.

32 (3) By fax transmission of the document or written notice to the following telephone number:

33 Buyer: (//) // Seller: (//) //

34 **OCCUPANCY** Occupancy of the entire Property shall be given to Buyer at time of closing unless otherwise provided in this Offer (lines
35 293 through 297). At time of Buyer's occupancy, Property shall be free of all debris and personal property except for personal property
36 belonging to current tenants, or that sold to Buyer or left with Buyer's consent. Occupancy shall be given subject to tenant's rights, if any.

37 **LEASED PROPERTY** If property is currently leased and lease(s) extend beyond closing, Seller shall assign Seller's rights under said
38 lease(s) and transfer all security deposits and prepaid rents thereunder to Buyer at closing. The terms of the // (written) (oral) [STRIKE ONE]
39 lease(s), if any, are //

40 **RENTAL WEATHERIZATION** This transaction ~~/(is)~~ (is not) [STRIKE ONE] exempt from State of Wisconsin Rental Weatherization
41 Standards (Wis. Admin. Code Comm 67). If not exempt, ~~/(Buyer)~~ (Seller) [STRIKE ONE] will be responsible for compliance,
42 including all costs. If Seller is responsible for compliance, Seller shall provide a Certificate of Compliance at closing.

43 **PLACE OF CLOSING** This transaction is to be closed at the place designated by Buyer's mortgagee or //
44 // no later than //, // unless another date or place is agreed to in writing.

45 **CLOSING PRORATIONS** The following items shall be prorated at closing: real estate taxes, rents, water and sewer use charges,
46 garbage pick-up and other private and municipal charges, property owner's association assessments, fuel and //

47 // Any income, taxes or expenses shall accrue to Seller, and be prorated, through the day

48 prior to closing. Net general real estate taxes shall be prorated based on (the net general real estate taxes for the current year, if
49 known, otherwise on the net general real estate taxes for the preceding year) (//

50 //). [STRIKE AND COMPLETE AS APPLICABLE]

51 **CAUTION: If proration on the basis of net general real estate taxes is not acceptable (for example, completed/pending**
52 **reassessment, changing mill rate, lottery credits), insert estimated annual tax or other formula for proration.**

53 **PROPERTY CONDITION PROVISIONS**

54 ■ **PROPERTY CONDITION REPRESENTATIONS:** Seller represents to Buyer that as of the date of acceptance Seller has no notice
55 or knowledge of conditions affecting the Property or transaction (see below) other than those identified in Seller's Real Estate
56 Condition Report dated //, which was received by Buyer prior to Buyer signing this Offer and which is made a part of this
57 Offer by reference [COMPLETE DATE OR STRIKE AS APPLICABLE] and //

58 // [INSERT CONDITIONS NOT ALREADY INCLUDED IN THE CONDITION REPORT].

59 ■ A "condition affecting the Property or transaction" is defined as follows:

- 60 (a) planned or commenced public improvements which may result in special assessments or otherwise materially affect the
61 Property or the present use of the Property;
- 62 (b) completed or pending reassessment of the Property for property tax purposes;
- 63 (c) government agency or court order requiring repair, alteration or correction of any existing condition;
- 64 (d) construction or remodeling on Property for which required state or local permits had not been obtained;
- 65 (e) any land division involving the subject Property, for which required state or local approvals had not been obtained;
- 66 (f) violation of applicable state or local smoke detector laws: **NOTE: State law requires operating smoke detectors on all levels
67 of all residential properties.**
- 68 (g) any portion of the Property being in a 100 year floodplain, a wetland or shoreland zoning area under local, state or federal laws;
- 69 (h) that a structure on the Property is designated as an historic building or that any part of Property is in an historic district;
- 70 (i) structural inadequacies which if not repaired will significantly shorten the expected normal life of the Property;
- 71 (j) mechanical systems inadequate for the present use of the Property;
- 72 (k) insect or animal infestation of the Property;
- 73 (l) conditions constituting a significant health or safety hazard for occupants of Property; **NOTE: Specific federal lead paint
74 disclosure requirements must be complied with in the sale of most residential properties built before 1978.**
- 75 (m) underground or aboveground storage tanks on the Property for storage of flammable or combustible liquids including but not
76 limited to gasoline and heating oil which are currently or which were previously located on the Property; **NOTE: Wis. Adm. Code,
77 Chapter Comm 10 contains registration and operation rules for such underground and aboveground storage tanks.**
- 78 (n) material violations of environmental laws or other laws or agreements regulating the use of the Property;
- 79 (o) high voltage electric (100 KV or greater) or steel natural gas transmission lines located on but not directly serving the Property;
- 80 (p) other conditions or occurrences which would significantly reduce the value of the Property to a reasonable person with
81 knowledge of the nature and scope of the condition or occurrence.

82 ■ **REAL ESTATE CONDITION REPORT:** Wisconsin law requires owners of property which includes 1-4 dwelling units to provide
83 buyers with a Real Estate Condition Report. Excluded from this requirement are sales of property that has never been inhabited,
84 sales exempt from the real estate transfer fee, and sales by certain court-appointed fiduciaries, (for example, personal
85 representatives who have never occupied the Property). The form of the Report is found in Wis. Stat. § 709.03. The law provides:
86 "709.02 Disclosure. . . the owner of the property shall furnish, not later than 10 days after acceptance of the contract of sale. . . ,
87 to the prospective buyer of the property a completed copy of the report. . . A prospective buyer who does not receive a report within
88 the 10 days may, within 2 business days after the end of that 10 day period, rescind the contract of sale. . . by delivering a written
89 notice of rescission to the owner or the owner's agent." Buyer may also have certain rescission rights if a Real Estate Condition
90 Report disclosing defects is furnished before expiration of the 10 days, but after the Offer is submitted to Seller. Buyer should
91 review the report form or consult with an attorney for additional information regarding these rescission rights.

92 ■ **PROPERTY DIMENSIONS AND SURVEYS:** Buyer acknowledges that any land, building or room dimensions, or total acreage
93 or building square footage figures, provided to Buyer by Seller or by a broker, may be approximate because of rounding or other
94 reasons, unless verified by survey or other means. Buyer also acknowledges that there are various formulas used to calculate
95 total square footage of buildings and that total square footage figures will vary dependent upon the formula used. **CAUTION: Buyer
96 should verify total square footage formula, total square footage/acreage figures, land, building or room dimensions, if material.**

97 ■ **INSPECTIONS:** Seller agrees to allow Buyer's inspectors reasonable access to the Property upon reasonable notice if the
98 inspections are reasonably necessary to satisfy the contingencies in this Offer. Buyer agrees to promptly provide copies of all such
99 inspection reports to Seller, and to listing broker if Property is listed. Furthermore, Buyer agrees to promptly restore the Property
100 to its original condition after Buyer's inspections are completed, unless otherwise agreed with Seller. An "inspection" is defined as
101 an observation of the Property which does not include testing of the Property, other than testing for leaking carbon monoxide, or
102 testing for leaking LP gas or natural gas used as a fuel source, which are hereby authorized.

103 ■ **TESTING:** Except as otherwise provided, Seller's authorization for inspections does not authorize Buyer to conduct testing of the
104 Property. A "test" is defined as the taking of samples of materials such as soils, water, air or building materials from the Property
105 and the laboratory or other analysis of these materials. If Buyer requires testing, testing contingencies must be specifically provided
106 for at lines 180 - 186, 317 - 320 or in an addendum per line 316. Note: Any contingency authorizing such tests should specify the
107 areas of the Property to be tested, the purpose of the test, (e.g., to determine if environmental contamination is present), any
108 limitations on Buyer's testing and any other material terms of the contingency (e.g., Buyer's obligation to return the Property to its
109 original condition). Seller acknowledges that certain inspections or tests may detect environmental pollution which may be required
110 to be reported to the Wisconsin Department of Natural Resources.

111 ■ **PRE-CLOSING INSPECTION:** At a reasonable time, pre-approved by Seller or Seller's agent, within 3 days before closing,
112 Buyer shall have the right to inspect the Property to determine that there has been no significant change in the condition of the
113 Property, except for ordinary wear and tear and changes approved by Buyer, and that any defects Seller has elected to cure have
114 been repaired in good and workmanlike manner.

115 ■ **PROPERTY DAMAGE BETWEEN ACCEPTANCE AND CLOSING:** Seller shall maintain the Property until the earlier of closing
116 or occupancy of Buyer in materially the same condition as of the date of acceptance of this Offer, except for ordinary wear and tear.
117 If, prior to closing, the Property is damaged in an amount of not more than five percent (5%) of the selling price, Seller shall be
118 obligated to repair the Property and restore it to the same condition that it was on the day of this Offer. If the damage shall exceed
119 such sum, Seller shall promptly notify Buyer in writing of the damage and this Offer may be canceled at option of Buyer. Should
120 Buyer elect to carry out this Offer despite such damage, Buyer shall be entitled to the insurance proceeds relating to the damage
121 to the Property, plus a credit towards the purchase price equal to the amount of Seller's deductible on such policy. However, if this
122 sale is financed by a land contract or a mortgage to Seller, the insurance proceeds shall be held in trust for the sole purpose of
123 restoring the Property.

124 ■ **FIXTURES** A "Fixture" is defined as an item of property which is physically attached to or so closely associated with land or
125 improvements so as to be treated as part of the real estate, including, without limitation, physically attached items not easily
126 removable without damage to the Property, items specifically adapted to the Property, and items customarily treated as fixtures,
127 including, but not limited to, all: garden bulbs; plants; shrubs and trees; screen and storm doors and windows; electric lighting
128 fixtures; window shades; curtain and traverse rods; blinds and shutters; central heating and cooling units and attached equipment;
129 water heaters and softeners; sump pumps; attached or fitted floor coverings; awnings; attached antennas, satellite dishes and
130 component parts; garage door openers and remote controls; installed security systems; central vacuum systems and accessories;
131 in-ground sprinkler systems and component parts; built-in appliances; ceiling fans; fences; storage buildings on permanent
132 foundations and docks/piers on permanent foundations. **NOTE: The terms of the Offer will determine what items are
133 included/excluded. Address rented fixtures, (e.g., water softeners), if any.**

135 **TIME IS OF THE ESSENCE** "Time is of the Essence" as to: //(1) earnest money payment(s); (2) binding acceptance; (3) occupancy;
136 (4) date of closing; (5) contingency deadlines [~~STRIKE AS APPLICABLE~~] and all other dates and deadlines in this Offer except: //
137 //

138 If "Time is of the Essence" applies
139 to a date or deadline, failure to perform by the exact date or deadline is a breach of contract. If "Time is of the Essence" does not
139 apply to a date or deadline, then performance within a reasonable time of the date or deadline is allowed before a breach occurs.

140 **DATES AND DEADLINES** Deadlines expressed as a number of "days" from an event, such as acceptance, are calculated by
141 excluding the day the event occurred and by counting subsequent calendar days. The deadline expires at midnight on the last day.
142 Deadlines expressed as a specific number of "business days" exclude Saturdays, Sundays, any legal public holiday under
143 Wisconsin or Federal law, and other day designated by the President such that the postal service does not receive registered mail
144 or make regular deliveries on that day. Deadlines expressed as a specific number of "hours" from the occurrence of an event, such
145 as receipt of a notice, are calculated from the exact time of the event, and by counting 24 hours per calendar day. Deadlines
146 expressed as a specific day of the calendar year or as the day of a specific event, such as closing, expire at midnight of that day.

147 **THE FINANCING CONTINGENCY PROVISIONS AT LINES 149 - 163 ARE A PART OF THIS OFFER IF LINE 149 IS MARKED,**
148 **SUCH AS WITH AN "X". THEY ARE NOT PART OF THIS OFFER IF LINE 149 IS MARKED N/A OR IS NOT MARKED.**

149 ☒ **FINANCING CONTINGENCY:** This Offer is contingent upon Buyer being able to obtain a //
150 [~~INSERT LOAN PROGRAM OR SOURCE~~] first mortgage loan commitment as described below, within // days of acceptance of this Offer.
151 The financing selected shall be in an amount of not less than \$ // for a term of not less than // years,
152 amortized over not less than // years. Initial monthly payments of principal and interest shall not exceed \$ //
153 Monthly payments may also include 1/12th of the estimated net annual real estate taxes, hazard insurance premiums, and private
154 mortgage insurance premiums. The mortgage may not include a prepayment premium. Buyer agrees to pay a loan fee not to
155 exceed // % of the loan. (Loan fee refers to discount points and/or loan origination fee, but DOES NOT include Buyer's
156 other closing costs.) If the purchase price under this Offer is modified, the financed amount, unless otherwise provided, shall be adjusted
157 to the same percentage of the purchase price as in this contingency and the monthly payments shall be adjusted as necessary to maintain
158 the term and amortization stated above. **CHECK AND COMPLETE APPLICABLE FINANCING PROVISION AT LINE 159 OR 160.**

159 ☒ **FIXED RATE FINANCING:** The annual rate of interest shall not exceed // %.

160 ☒ **ADJUSTABLE RATE FINANCING:** The initial annual interest rate shall not exceed // %. The initial interest rate shall
161 be fixed for // months, at which time the interest rate may be increased not more than // % per year. The
162 maximum interest rate during the mortgage term shall not exceed // %. Monthly payments of principal and interest may
163 be adjusted to reflect interest changes.

164 **LOAN COMMITMENT:** Buyer agrees to pay all customary financing costs (including closing fees), to apply for financing promptly, and
165 to provide evidence of application promptly upon request of Seller. If Buyer qualifies for the financing described in this Offer or other
166 financing acceptable to Buyer, Buyer agrees to deliver to Seller a copy of the written loan commitment no later than the deadline for loan
167 commitment at line 150. **Buyer's delivery of a copy of any written loan commitment to Seller (even if subject to conditions) shall satisfy**
168 **the Buyer's financing contingency unless accompanied by a notice of unacceptability. CAUTION: BUYER, BUYER'S LENDER AND**
169 **AGENTS OF BUYER OR SELLER SHOULD NOT DELIVER A LOAN COMMITMENT TO SELLER WITHOUT BUYER'S PRIOR**
170 **APPROVAL OR UNLESS ACCOMPANIED BY A NOTICE OF UNACCEPTABILITY.**

171 **SELLER TERMINATION RIGHTS:** If Buyer does not make timely delivery of said commitment, Seller may terminate this Offer if
172 Seller delivers a written notice of termination to Buyer prior to Seller's actual receipt of a copy of Buyer's written loan commitment.
173 **FINANCING UNAVAILABILITY:** If financing is not available on the terms stated in this Offer (and Buyer has not already
174 delivered an acceptable loan commitment for other financing to Seller), Buyer shall promptly deliver written notice to Seller of same
175 including copies of lender(s)' rejection letter(s) or other evidence of unavailability. Unless a specific loan source is named in this
176 Offer, Seller shall then have 10 days to give Buyer written notice of Seller's decision to finance this transaction on the same terms
177 set forth in this Offer, and this Offer shall remain in full force and effect, with the time for closing extended accordingly. If Seller's
178 notice is not timely given, this Offer shall be null and void. Buyer authorizes Seller to obtain any credit information reasonably
179 appropriate to determine Buyer's credit worthiness for Seller financing.

180 **ADDITIONAL PROVISIONS/CONTINGENCIES** //

181 //

182 //

183 //

184 //

185 //

186 //

187 **TITLE EVIDENCE**

188 **■ CONVEYANCE OF TITLE:** Upon payment of the purchase price, Seller shall convey the Property by warranty deed (or
189 other conveyance as provided herein) free and clear of all liens and encumbrances, except: municipal and zoning ordinances
190 and agreements entered under them, recorded easements for the distribution of utility and municipal services, recorded building
191 and use restrictions and covenants, general taxes levied in the year of closing and //
192 // (provided none
193 of the foregoing prohibit present use of the Property), which constitutes merchantable title for purposes of this transaction. Seller
194 further agrees to complete and execute the documents necessary to record the conveyance. **WARNING: Municipal and zoning**
195 **ordinances, recorded building and use restrictions, covenants and easements may prohibit certain improvements or uses and therefore**
196 **should be reviewed, particularly if Buyer contemplates making improvements to Property or a use other than current use.**

197 **■ FORM OF TITLE EVIDENCE:** Seller shall give evidence of title in the form of an owner's policy of title insurance in the amount of the
198 purchase price on a current ALTA form issued by an insurer licensed to write title insurance in Wisconsin. **//CAUTION: IF TITLE**
199 **EVIDENCE WILL BE GIVEN BY ABSTRACT, STRIKE TITLE INSURANCE PROVISIONS AND INSERT ABSTRACT PROVISIONS.**

200 ■ **PROVISION OF MERCHANTABLE TITLE:** Seller shall pay all costs of providing title evidence. For purposes of closing, title
 201 evidence shall be acceptable if the commitment for the required title insurance is delivered to Buyer's attorney or Buyer not less
 202 than 3 business days before closing, showing title to the Property as of a date no more than 15 days before delivery of such title
 203 evidence to be merchantable, subject only to liens which will be paid out of the proceeds of closing and standard title insurance
 204 requirements and exceptions, as appropriate. **CAUTION: BUYER SHOULD CONSIDER UPDATING THE EFFECTIVE DATE OF**
 205 **THE TITLE COMMITMENT PRIOR TO CLOSING OR A "GAP ENDORSEMENT" WHICH WOULD INSURE OVER LIENS FILED**
 206 **BETWEEN THE EFFECTIVE DATE OF THE COMMITMENT AND THE DATE THE DEED IS RECORDED.**

207 ■ **TITLE ACCEPTABLE FOR CLOSING:** If title is not acceptable for closing, Buyer shall notify Seller in writing of objections to title
 208 by the time set for closing. In such event, Seller shall have a reasonable time, but not exceeding 15 days, to remove the objections,
 209 and the time for closing shall be extended as necessary for this purpose. In the event that Seller is unable to remove said
 210 objections, Buyer shall have 5 days from receipt of notice thereof, to deliver written notice waiving the objections, and the time for
 211 closing shall be extended accordingly. If Buyer does not waive the objections, this Offer shall be null and void. Providing title
 212 evidence acceptable for closing does not extinguish Seller's obligations to give merchantable title to Buyer.

213 ■ **SPECIAL ASSESSMENTS:** Special assessments, if any, for work actually commenced or levied prior to date of this Offer shall
 214 be paid by Seller no later than closing. All other special assessments shall be paid by Buyer. **CAUTION: Consider a special agreement**
 215 **if area assessments, property owner's association assessments or other expenses are contemplated.** "Other expenses" are one-time charges
 216 or ongoing use fees for public improvements (other than those resulting in special assessments) relating to curb, gutter, street,
 217 sidewalk, sanitary and stormwater and storm sewer (including all sewer mains and hook-up and interceptor charges), parks, street
 218 lighting and street trees, and impact fees for other public facilities, as defined in Wis. Stat. §66.55(1)(c) & (f).

219 **DELIVERY/RECEIPT** Unless otherwise stated in this Offer, any signed document transmitted by facsimile machine (fax) shall be treated
 220 in all manner and respects as an original document and the signature of any Party upon a document transmitted by fax shall be
 221 considered an original signature. Personal delivery to, or actual receipt by, any named Buyer or Seller constitutes personal delivery to,
 222 or actual receipt by Buyer or Seller. Once received, a notice cannot be withdrawn by the Party delivering the notice without the consent
 223 of the Party receiving the notice. A Party may not unilaterally reinstate a contingency after a notice of a contingency waiver has been
 224 received by the other Party. **The delivery/receipt provisions in this Offer may be modified when appropriate (e.g., when mail delivery is not desirable**
 225 **(see lines 24 - 30) or when a party will not be personally available to receive a notice (see line 286)).** Buyer and Seller authorize the agents of
 226 Buyer and Seller to distribute copies of the Offer to Buyer's lender, appraisers, title insurance companies and any other settlement
 227 service providers for the transaction as defined by the Real Estate Settlement Procedures Act (RESPA).

228 **DEFAULT** Seller and Buyer each have the legal duty to use good faith and due diligence in completing the terms and conditions
 229 of this Offer. A material failure to perform any obligation under this Offer is a default which may subject the defaulting party to liability
 230 for damages or other legal remedies.

231 If Buyer defaults, Seller may:

- 232 (1) sue for specific performance and request the earnest money as partial payment of the purchase price; or
- 233 (2) terminate the Offer and have the option to: (a) request the earnest money as liquidated damages; or (b) direct Broker to
- 234 return the earnest money and have the option to sue for actual damages.

235 If Seller defaults, Buyer may:

- 236 (1) sue for specific performance; or
- 237 (2) terminate the Offer and request the return of the earnest money, sue for actual damages, or both.

238 In addition, the Parties may seek any other remedies available in law or equity.

239 The Parties understand that the availability of any judicial remedy will depend upon the circumstances of the situation and the
 240 discretion of the courts. If either Party defaults, the Parties may renegotiate the Offer or seek nonjudicial dispute resolution instead
 241 of the remedies outlined above. By agreeing to binding arbitration, the Parties may lose the right to litigate in a court of law those
 242 disputes covered by the arbitration agreement.

243 NOTE: IF ACCEPTED, THIS OFFER CAN CREATE A LEGALLY ENFORCEABLE CONTRACT. BOTH PARTIES SHOULD READ THIS DOCUMENT
 244 CAREFULLY. BROKERS MAY PROVIDE A GENERAL EXPLANATION OF THE PROVISIONS OF THE OFFER BUT ARE PROHIBITED BY LAW FROM
 245 GIVING ADVICE OR OPINIONS CONCERNING YOUR LEGAL RIGHTS UNDER THIS OFFER OR HOW TITLE SHOULD BE TAKEN AT CLOSING. AN
 246 ATTORNEY SHOULD BE CONSULTED IF LEGAL ADVICE IS NEEDED.

247 **EARNEST MONEY**

248 ■ **HELD BY:** Unless otherwise agreed, earnest money shall be paid to and held in the trust account of the listing broker (buyer's
 249 agent if Property is not listed or Seller's account if no broker is involved), until applied to purchase price or otherwise disbursed as
 250 provided in the Offer. **CAUTION: Should persons other than a broker hold earnest money, an escrow agreement should be drafted by the Parties**
 251 **or an attorney. If someone other than Buyer makes payment of earnest money, consider a special disbursement agreement.**

252 ■ **DISBURSEMENT:** If negotiations do not result in an accepted offer, the earnest money shall be promptly disbursed (after
 253 clearance from payor's depository institution if earnest money is paid by check) to the person(s) who paid the earnest money. At
 254 closing, earnest money shall be disbursed according to the closing statement. If this Offer does not close, the earnest money shall
 255 be disbursed according to a written disbursement agreement signed by all Parties to this Offer (Note: Wis. Adm. Code s. RL
 256 18.09(1)(b) provides that an offer to purchase is not a written disbursement agreement pursuant to which the broker may disburse).
 257 If said disbursement agreement has not been delivered to broker within 60 days after the date set for closing, broker may disburse
 258 the earnest money: (1) as directed by an attorney who has reviewed the transaction and does not represent Buyer or Seller; (2)
 259 into a court hearing a lawsuit involving the earnest money and all Parties to this Offer; (3) as directed by court order; or (4) any
 260 other disbursement required or allowed by law. Broker may retain legal services to direct disbursement per (1) or to file an
 261 interpleader action per (2) and broker may deduct from the earnest money any costs and reasonable attorneys fees, not to exceed
 262 \$250, prior to disbursement.

263 ■ **LEGAL RIGHTS/ACTION:** Broker's disbursement of earnest money does not determine the legal rights of the Parties in
 264 relation to this Offer. Buyer's or Seller's legal right to earnest money cannot be determined by broker. At least 30 days prior to
 265 disbursement per (1) or (4) above, broker shall send Buyer and Seller notice of the disbursement by certified mail. If Buyer or
 266 Seller disagree with broker's proposed disbursement, a lawsuit may be filed to obtain a court order regarding disbursement.
 267 Small Claims Court has jurisdiction over all earnest money disputes arising out of the sale of residential property with 1-4
 268 dwelling units and certain other earnest money disputes. Buyer and Seller should consider consulting attorneys regarding their
 269 legal rights under this Offer in case of a dispute. Both Parties agree to hold the broker harmless from any liability for good faith
 270 disbursement of earnest money in accordance with this Offer or applicable Department of Regulation and Licensing regulations
 271 concerning earnest money. See Wis. Adm. Code Ch. RL 18.

272 **ENTIRE CONTRACT** This Offer, including any amendments to it, contains the entire agreement of the Buyer and Seller
 273 regarding the transaction. All prior negotiations and discussions have been merged into this Offer. This agreement binds and
 274 inures to the benefit of the Parties to this Offer and their successors in interest.

276 OPTIONAL PROVISIONS: THE PROVISIONS ON LINES 278 THROUGH 317 ARE A PART THIS OFFER IF MARKED, SUCH AS WITH AN "X".

277 THEY ARE NOT PART OF THIS OFFER IF MARKED N/A OR ARE LEFT BLANK (EXCEPT AS PROVIDED AT LINES 280 - 281).

278 ☒ SALE OF BUYER'S PROPERTY CONTINGENCY: This Offer is contingent upon the sale and closing of Buyer's property
279 located at //, no later than

280 // Seller may keep Seller's Property on the market for sale and accept secondary offers. If this contingency is
281 made a part of this Offer, lines 282 - 286 are also a part of this offer unless marked N/A at line 282 or otherwise deleted.

282 ☒ CONTINUED MARKETING: If Seller accepts a bona fide secondary offer, Seller may give written notice to Buyer of
283 acceptance. If Buyer does not deliver to Seller a written waiver of sale of Buyer's property contingency and //

284 // [INSERT OTHER

285 REQUIREMENTS, IF ANY (e.g., PAYMENT OF ADDITIONAL EARNEST MONEY, WAIVER OF ALL CONTINGENCIES, OR PROVIDING
286 EVIDENCE OF SALE OR BRIDGE LOAN, etc.)) within // hours of Buyer's actual receipt of said notice, this Offer shall be null and void.

287 ☒ SECONDARY OFFER: This Offer is secondary to a prior accepted offer. This Offer shall become primary upon delivery of
288 written notice to Buyer that this Offer is primary. Unless otherwise provided, Seller is not obligated to give Buyer notice prior to any
289 deadline, nor is any particular secondary buyer given the right to be made primary ahead of other secondary buyers. Buyer may
290 declare this Offer null and void by delivering written notice of withdrawal to Seller prior to delivery of Seller's notice that this Offer
291 is primary. Buyer may not deliver notice of withdrawal earlier than // days after acceptance of this Offer. All other Offer
292 deadlines which are run from acceptance shall run from the time this Offer becomes primary.

293 ☒ PRE/POST CLOSING OCCUPANCY: Occupancy of // shall be
294 given to Buyer on // at // am/pm. // (Seller) (Buyer) [STRIKE ONE] shall pay an
295 occupancy charge of \$ // per day or partial day of pre/post-closing occupancy. Payment shall be due at the beginning of the
296 occupancy period. Any unearned post closing occupancy fee // (shall) (shall not) [STRIKE ONE] be refunded based on actual occupancy.

297 CAUTION: Consider a special agreement regarding occupancy escrow, insurance, utilities, maintenance, keys, etc.

298 ☒ INSPECTION CONTINGENCY: This Offer is contingent upon a Wisconsin registered home inspector performing a home
299 inspection of the Property, and an inspection, by a qualified independent inspector, of //

300 // which discloses no defects as defined below. This contingency
301 shall be deemed satisfied unless Buyer, within // days of acceptance, delivers to Seller, and to listing broker if Property is
302 listed, a copy of the inspector's written inspection report(s) and a written notice listing the defect(s) identified in the inspection
303 report(s) to which Buyer objects. CAUTION: A proposed amendment will not satisfy this notice requirement. Buyer shall order
304 the inspection and be responsible for all costs of inspection, including any inspections required by lender or as follow-up inspections to
305 the home inspection. Note: This contingency only authorizes inspections, not testing. (See lines 97 - 110.)

306 ☒ RIGHT TO CURE: Seller // (shall) (shall not) [STRIKE ONE] have a right to cure the defects. (Seller shall have a right to cure if no choice is indicated.)
307 If Seller has right to cure, Seller may satisfy this contingency by: (1) delivering a written notice within 10 days of receipt of Buyer's notice of Seller's election
308 to cure defects, (2) curing the defects in a good and workmanlike manner and (3) delivering to Buyer a written report detailing the work done no later than
309 3 days prior to closing. This Offer shall be null and void if Buyer makes timely delivery of the above notice and report and: (1) Seller does not have a right
310 to cure or (2) Seller has a right to cure but: a) Seller delivers notice that Seller will not cure or b) Seller does not timely deliver the notice of election to cure.

311 ☒ "DEFECT" DEFINED: For the purposes of this contingency, a defect is defined as a structural, mechanical or other condition
312 that would have a significant adverse effect on the value of the Property; that would significantly impair the health or safety of future
313 occupants of the Property; or that if not repaired, removed or replaced would significantly shorten or have a significant adverse
314 effect on the expected normal life of the Property. Defects do not include structural, mechanical or other conditions the nature and
315 extent of which Buyer had actual knowledge or written notice before signing this Offer.

316 ☒ ADDENDA: The Attached // is/are made part of this Offer.

317 **ADDITIONAL PROVISIONS/CONTINGENCIES** //

318 //

319 //

320 //

321 This Offer was drafted on // [date] by [Licensee and firm] //

322 (x) // //

323 Buyer's Signature ▲ Print Name Here: > // Social Security No. or FEIN (Optional) ▲ Date ▲

324 (x) // //

325 Buyer's Signature ▲ Print Name Here: > // Social Security No. or FEIN (Optional) ▲ Date ▲

326 EARNEST MONEY RECEIPT Broker acknowledges receipt of earnest money as per line 8 of the above Offer. (See lines 247 - 271.)

327 // Broker (By) //

328 SELLER ACCEPTS THIS OFFER. THE WARRANTIES, REPRESENTATIONS AND COVENANTS MADE IN THIS OFFER

329 SURVIVE CLOSING AND THE CONVEYANCE OF THE PROPERTY. SELLER AGREES TO CONVEY THE PROPERTY ON

330 THE TERMS AND CONDITIONS AS SET FORTH HEREIN AND ACKNOWLEDGES RECEIPT OF A COPY OF THIS OFFER.

331 (x) // //

332 Seller's Signature ▲ Print Name Here: > // Social Security No. or FEIN (Optional) ▲ Date ▲

333 (x) // //

334 Seller's Signature ▲ Print Name Here: > // Social Security No. or FEIN (Optional) ▲ Date ▲

335 This Offer was presented to Seller by // on //, //, at // a.m/p.m.

336 THIS OFFER IS REJECTED THIS OFFER IS COUNTERED [See attached counter]

337 Seller Initials ▲ Date ▲ Seller Initials ▲ Date ▲

Herrick & Kasdorf, L.L.P.

Patricia Hammel
Scott N. Herrick *Court Commissioner*
Robert T. Kasdorf *Trustee in Bankruptcy*
Juscha Robinson
David R. Sparer

Robert L. Reynolds, Jr. (1930-1994)

Law Offices

16 N. Carroll, Suite 500
Madison WI 53703

Peter Zarov *of counsel*
Gretchen Twietmeyer *of counsel*
Roger Buffet *of counsel*

CONSIDERATIONS WHEN LEASING A BUILDING FOR YOUR COOP OR WHEN "LEASING WITH OPTION TO BUY"

- **Default provisions:** does landlord get to give you only five days to cure a default and then you get kicked out? Ask for it to be 30 days, like any other commercial lease.
- **Repairs / Improvements:** if there is any expectation that you will do any repairs or improvements, make sure there are provisions for the following:
 - landlord's permission for what you want to do
 - who is paying what portion of the costs (eg. LL pays for materials you supply labor OR you supply everything? Which is it?)
 - if you invest lots of money, but then you don't stay there, what happens to your investment? Landlord pays you back your costs; costs count as last months' rent; you just lose your investment? Which is it?)
- **Length of Lease:** typical leases are for one year, but your coop's lease does not have to be. It could be for five years, or ten. However, what happens if, way before the end of the lease, your coop fails and you stop living there? Can you give notice of 60 or 120 days and end the lease, or are you stuck for years and years?
- **Coop's Right to Pick Its New Members:** make sure it is clear that the Coop leases the building from the landlord, and then the Coop has the right to pick and choose its own members. Avoid having the owner sign all leases with members and have the right to kick out individuals, whether the Coop agrees or not.
- **Guarantees:** Does the Landlord want personal guarantees by the current coop members? If so, read them over carefully, and decide if you want to get into that. The guarantors are on the hook through the end of the lease, even if they have stopped living there long ago.
- **Option to Buy:** Several considerations:
 - You want to have the terms of the option spelled out in detail - just like an offer to purchase submitted at the same time - especially price
 - you probably want to file a copy of a document showing your option rights with the Register of Deeds (prevents chance that landlord would sell it without telling you)
 - all the repair / improvements considerations very important

OPTION TO PURCHASE

1 **BROKER DRAFTING THIS** // [DATE] IS ~~[[AGENT OF SELLER]]~~ (AGENT OF BUYER) (DUAL AGENT) ~~[STRIKE TWO]~~
2 The Seller, // , hereby grants to Buyer,
3 // , an option to purchase (Option) the
4 known as [Street Address] // in the
5 // of // , County // , Wisconsin,
6 (if this Option is to be recorded, insert legal description at lines 218-224 or attach as an addendum per line 225) on the following terms:
7 **DEADLINE FOR GRANT OPTION** This Option is void unless a copy of the Option which has been signed by or on behalf of
8 all Owners is delivered to Buyer on or before // (Time is of the Essence).
9 **OPTION TERMS** An Option fee of \$ // will be paid by Buyer // days of granting of this Option, and
10 shall not be refundable if the Option is not exercised. If the Option is exercised, // of the option fee shall be a credit
11 against the purchase price at closing. This Option may only be exercised by delivering written notice to Seller no later than
12 midnight // . Buyer may sign and deliver the notice at lines 247-248, or may deliver any other written notice
13 which specifically indicates an intent to exercise this Option. This Option shall be extended // , upon
14 payment of \$ // in cash or equivalent to Seller on or // , as an option extension
15 fee which shall not be refundable if this Option is not exercised. If this Option is exercised, \$ // of the option extension
16 fee shall be a credit against the purchase price at closing. The option fee and option extension fee shall be (paid directly to Seller)
17 (held in listing broker's trust account until //)
18 //) ~~[STRIKE ONE]~~
19 This Option, or a separate instrument evidencing this Option, (may) (may not) ~~[STRIKE ONE]~~ be recorded. **CAUTION: FAILURE TO**
20 **RECORD MAY GIVE PERSONS WITH SUBSEQUENT INTERESTS IN THE PROPERTY PRIORITY OVER THIS OPTION.**
21 **TERMS OF PURCHASE** If this Option is exercised per the terms of this Option, the following shall be the terms of purchase:
22 **PURCHASE PRICE:** //
23 // Dollars (\$ //) will be paid in cash or equivalent at closing unless otherwise provided below.
24 **ADDITIONAL ITEMS INCLUDED IN PURCHASE PRICE:** Seller shall include in the purchase price and transfer, free and clear of
25 encumbrances, all fixtures, as defined at lines 172-175 and as may be on the Property on the date of this Option, unless excluded at lines
26 28-29, and the following additional //
27 //
28 **ITEMS NOT INCLUDED IN THE PURCHASE PRICE:** //
29 //
30 **CONVEYANCE OF TITLE:** Upon payment of the purchase price, Seller shall convey the Property by warranty deed (or
31 other conveyance as provided herein) free and clear of all liens and encumbrances, except: municipal and zoning ordinances and
32 agreements entered under them, recorded easements for the distribution of utility and municipal services, recorded building and use
33 restrictions and covenants, general taxes levied in the year of closing and //
34 // (provide none
35 of the foregoing prohibit present use of the Property), which constitutes merchantable title for purposes of this transaction. Seller
36 further agrees to complete and execute the documents necessary to record the conveyance.
37 **PLACE OF CLOSING** This transaction is to be closed at the place designated by Buyer's mortgagee or //
38 // within // days after the exercise of the Option, unless another date or place is agreed to in writing.
39 **OCCUPANCY** Occupancy of the entire Property shall be given to Buyer at the time of closing unless otherwise provided in this Option
40 (lines 218-224 or in an addendum per line 225). Occupancy shall be given subject to tenant's rights, if any. **Caution: Consider**
41 **an agreement which addresses responsibility for clearing the Property of personal property and debris, if applicable.**
42 **LEASED PROPERTY** If Property is currently leased and lease(s) extend beyond closing. Seller shall assign Seller's rights under the
43 lease(s) and transfer all security deposits and prepaid rents thereunder to Buyer at closing. The terms of the (written) (oral) ~~[STRIKE ONE]~~
44 lease(s), if any, are //
45 **CLOSING PRORATIONS** The following items shall be prorated at closing: Real estate taxes, rents, private and municipal charges,
46 property owner's association assessments, fuel and //
47 // . Any income, taxes or expenses shall accrue to Seller, and be prorated, through the day prior to closing. Net
48 general real estate taxes shall be prorated based on (the net general real estate taxes for the current year, if known, otherwise on the net
49 general real estate taxes for the preceding year) (//)
50 //) ~~[STRIKE AND COMPLETE AS APPLICABLE]~~
51 **CAUTION: If proration on the basis of net general real estate taxes is not acceptable (for example, completed/pending**
52 **reassessment, changing mill rate, lottery credits), insert estimated annual tax or other formula for proration.**
53 **ZONING** Seller represents that the property is zoned //
54 **REPRESENTATIONS REGARDING PROPERTY AND TRANSACTIONS** Seller represents to Buyer that as of the date Seller grants this
55 Option Seller has no notice or knowledge of conditions affecting the Property or transaction (as defined at lines 63-88) other than those
56 identified in Seller's property condition report dated // , which was received by Buyer prior to Buyer signing
57 this Option ~~[COMPLETE DATE OR STRIKE APPLICABLE]~~ and //
58 //

59 Seller agrees to notify Buyer of any condition affecting the Property or transaction which is materially inconsistent with the above
60 representations, which arises after this Option is granted, but prior to exercise of this Option, Buyer shall have reasonable access to the
61 Property, upon reasonable notice, from the time this Option is granted until the time for closing, for the purpose of inspecting and testing
62 the Property to the extent reasonably necessary to fulfill the inspection and testing provisions of this Option. (See lines 110-124).
63 A "condition affecting the Property or transaction" is defined as follows:

- 64 (a) planned or commenced public improvements which may result in special assessments or otherwise materially affect the
65 Property or the present use of the Property;
- 66 (b) completed or pending reassessment of the Property for property tax purposes;
- 67 (c) government agency or court order requiring repair, alteration or correct of any existing condition;
- 68 (d) any land division involving the subject Property, for which required state or local approvals had not been obtained;
- 69 (e) any portion of the Property being in a 100 year floodplain, a wetland or a shoreland zoning area under local, state or federal laws;
- 70 (f) conditions constituting a significant health or safety hazard for occupants of Property; **Note: Possible LBP Disclosure Requirement.**
- 71 (g) underground or aboveground storage tanks on the Property for storage of flammable or combustible liquids including but not
72 limited to gasoline and heating oil which are currently or which were previously located on the Property; **Note: Wis. Adm.**
73 **Code, Chapter Comm 10 contains registration and operation rules for such underground and aboveground storage tanks.**
- 74 (h) material violations of environmental laws or other laws or agreements regulating the use of the Property;
- 75 (i) high voltage electric (100 KV or greater) or steel natural gas transmission lines located on but not directly serving the Property;
- 76 (j) any portion of the Property being subject to, or in violation of, a Farmland Preservation Agreement under a County Farmland Preservation
77 Plan or enrolled in, or in violation of, a Forest Crop, Woodland Tax, Managed Forest, Conservation Reserve or comparable program;
- 78 (k) boundary disputes or material violation of fence laws (Wis. Stats. Chapter 90) which require the erection and maintenance of legal
79 fences between adjoining properties where one or both the properties is used as an occupied for farming or grazing purposes;
- 80 (l) wells on the Property required to be abandoned under state regulations (Wis. Adm. Code NR 112.26) but which are not abandoned;
- 81 (m) cisterns or septic tanks on the Property which are currently not servicing the Property;
- 82 (n) subsoil conditions which would significantly increase the cost of building the property including, but not limited to, subsurface
83 foundations, organic or non-organic fill, dumpsites or containers on Property which contained or currently contain toxic or hazardous
84 materials, high groundwater, soil conditions (e.g. low load bearing capacity) or excessive rocks or rock formations on the Property;
- 85 (o) a lack of legal vehicular access to the Property from public roads;
- 86 (p) prior reimbursement for corrective action costs under the Agricultural Chemical Cleanup Program (Wis. Stats. §94.73);
- 87 (q) other conditions or occurrences which would reduce the value of the Property to a reasonable person with knowledge of the
88 nature and scope of the condition or occurrence.

89 **■ PROPERTY DIMENSIONS AND SURVEYS:** Buyer acknowledges that any land dimensions, total square footage/acreage
90 figures, or allocation of acreage information, provided to Buyer by Seller or by a broker, may be approximate because of
91 rounding or other reasons, unless verified by survey or other means. **CAUTION: Buyer should verify land dimensions, total**
92 **square footage/acreage figures or allocation of acreage information if material to Buyer's decision to purchase.**

93 **■ PROPERTY DAMAGE BETWEEN EXERCISE OF OPTION AND CLOSING:** Seller shall maintain the Property until earlier of
94 closing or occupancy of Buyer in materially the same condition as of the date Buyer exercises this Option, except for ordinary wear and
95 tear. If, prior to closing, the Property is damaged in an amount of more than five per cent (5%) of the purchase price, Seller shall be
96 obligated to repair the Property and restore it to the same condition that it was on the day this Option is exercised. If the damage is greater
97 than 5% of the purchase price, Seller shall promptly notify Buyer in writing of the damage and this Option may be rescinded by Buyer and
98 all Option fees paid by Buyer shall be immediately returned to Buyer. Should Buyer elect to exercise this Option despite such damage,
99 Seller shall either repair the Property and restore it to the same condition that it was on the day of exercise of this Option, except for
100 ordinary wear and tear or Buyer shall be entitled to the insurance proceeds relating to the damage to the Property, plus a credit
101 towards the purchase price equal to the amount of Seller's deductible on such policy.

102 **■ BUYER DUE DILIGENCE:** Prior to exercising this Option Buyer may need to perform certain inspections, investigations and testing.
103 Buyer is only authorized to do those inspections, investigations and test which are authorized at lines 196-200 or lines 218-225. In
104 addition to these inspections, investigations and tests, Buyer may need to obtain financing, approvals or other information, including
105 but not limited to building permits, zoning variances, Architectural Control Committee approvals, review of condominium documents,
106 review of business records, estimates for utility hook-up expenses, special assessments, charges for installation of roads or utilities, etc.
107 **WARNING:** If Buyer contemplates developing Property or a use other than the current use, there are a variety of issues which should
108 be addressed in order to determine the feasibility of development of, or a particular use for, a property. Buyer is solely
109 responsible for all expenses relating to financing, inspections, investigations, testing, approvals, permits, estimates, etc.

110 **■ INSPECTIONS:** An "inspection" is defined as an observation of the Property which does not include testing of the Property, other than
111 testing for leaking LP gas or natural gas used as a fuel source, which are hereby authorized. Seller agrees to allow Buyer's inspectors
112 reasonable access to the Property upon reasonable notice for those inspections authorized at lines 197-198. Buyer agrees to
113 promptly restore the Property to its original condition after Buyer's inspections are completed, unless otherwise agreed in this Option.

114 **■ TESTING:** Except as otherwise provided, Seller's authorization for inspections does not authorize Buyer to conduct testing of the
115 Property. A "test" is defined as the taking of samples of materials such as soils, water, air or building materials from the Property and
116 the laboratory or other analysis of these materials. Seller agrees to allow Buyer's testers reasonable access to the Property upon
117 reasonable notice for those tests authorized at lines 199-200. **Note:** The authorization for testing should specify the areas of the
118 Property to be tested, the purpose of the test, (e.g., to determine if environmental contamination is present), any limitations on Buyer's
119 testing and any other material terms of the authorization. Unless otherwise agrees, Buyer shall return the Property to its original
120 condition following testing. **Seller acknowledges that certain inspections or test may detect environmental pollution**
121 **which may be required to be reported to the Wisconsin Department of Natural Resources.**

122 **■ PRE-CLOSING INSPECTION:** At a reasonable time, pre-approved by Seller or Seller's agent, within 3 days before closing, Buyer
123 shall have the right to inspect the Property to determine that there has been no significant change in the condition of the Property,
124 except for changes approved by Buyer.

125 **■ CONDOMINIUM DISCLOSURES:** If the Property is a Condominium, Seller agrees to provide Buyer, at Seller's cost (see
126 Wisconsin Statutes §703.20(2)), complete, current copies of the disclosure materials (organization and operational documents, plans, financial

127 statements, and in the case of conversion condominium property information) as required by Wisconsin Statutes §703.33 no later than 15
128 days prior to closing and any amendment to these materials promptly after its adoption (except as limited for small residential
129 condominiums per Wisconsin Statutes §703.365). These materials are available at cost from the condominium association. As provided in
130 Wisconsin Statutes §703.33(4). Buyer may, within five business days after receipt of these documents, including any material modification
131 thereto, rescind this Option by written notice mailed or delivered to Seller, the date of mailing or actual delivery being the effective date of notice.

132 **TITLE EVIDENCE**

133 **■ FORM OF TITLE EVIDENCE:** Seller shall give evidence of title in the form of an owner's policy of title insurance in the amount of the
134 purchase price on a current ALTA form issued by an insurer licensed to write title insurance in Wisconsin. **CAUTION: IF TITLE**
135 **EVIDENCE WILL BE GIVEN NY ABSTRACT, STRIKE TITLE INSURANCE PROVISIONS AND INSERT ABSTRACT PROVISIONS.**

136 **■ PROVISION OF MERCHANTABLE TITLE:** Seller shall pay all costs of providing title evidence. For purposes of closing, title evidence shall
137 be acceptable if the commitment for the required title insurance is delivered to Buyer's attorney or Buyer not less than 3 business days
138 before closing, showing title to the Property as of a date no more than 15 days before delivery of such title evidence to be merchantable, subject
139 only to liens which will be paid out of the proceeds of closing and standard title insurance requirements and exceptions, as
140 appropriate. **CAUTION: BUYER SHOULD CONSIDER UPDATING THE EFFECTIVE DATE OF THE TITLE COMMITMENT PRIOR**
141 **TO CLOSING OR A "GAP ENDORSEMENT" WHICH WOULD INSURE OVER LIENS FIELD BETWEEN THE EFFECTIVE DATE**
142 **OF THE COMMITMENT AND THE DATE THE DEED IS RECORDED.**

143 **■ TITLE ACCEPTABLE FOR CLOSING:** If title is not acceptable for closing, Buyer shall notify Seller in writing of objections to title by
144 the time set for closing. In such event, Seller shall have a reasonable time, but not exceeding 15 days, to remove the objections, and
145 the time for closing shall be extended as necessary for this purpose. In the event that Seller is unable to remove said objections, Buyer
146 shall have 5 days from receipt of notice thereof, to deliver written notice waiving the objections, and the time for closing shall be
147 extended accordingly. If Buyer does not waive the objections, this Option shall be null and void. Providing title evidence acceptable for
148 closing does not extinguish Seller's obligations to five merchantable title to Buyer.

149 **■ SPECIAL ASSESSMENTS:** Special assessments, if any, for work actually commenced or levied prior to date this Option is exercised
150 shall be paid by the Seller no later than closing. All other special assessments shall be paid by Buyer. **CAUTION: Consider a special**
151 **agreement if area assessments, property owner's association assessments or other expenses are contemplated. "Other expenses"**
152 **are one-time charges or ongoing use fees for public improvements (other than those resulting in special assessments) relating to**
153 **curb, gutter, street, sidewalk, sanitary and stormwater and storm sewer (including all sewer mains and hook-up and interceptor**
154 **charges), parks, street lighting and street trees, and impact fees for other public facilities, as defined in Wis. Stat. §66.55(1)(c) & (f).**

155 **DELIVERY/RECEIPT**

156 Unless otherwise stated in this Option, any signed document transmitted by facsimile machine (fax) shall be treated in all manner and respects
157 as an original document and the signature of any Party upon a document transmitted by fax shall be considered an original signature. Personal
158 delivery to, or actual receipt by, any named Buyer or Seller constitutes personal delivery to, or actual receipt by Buyer or Seller. Once
159 received, a notice cannot be withdrawn by the Party delivering the notice without the consent of the Party receiving the notice. A Party may
160 not unilaterally reinstate a contingency after a notice of a contingency waiver has been received by the other Party. **The delivery**
161 **provisions in this Option may be modified when appropriate (e.g., when mail delivery is not desirable (see lines 203-209). Buyer**
162 **and Seller authorize the agents of Buyer and Seller to distribute copies of the Option to Buyer's lender appraisers title insurance companies**
163 **and any other settlement service providers for the transaction as defined by the Real Estate Settlement Procedures Act (RESPA).**

164 **DATES AND DEADLINES**

165 Deadlines expressed as a number of "days" from an event, such as exercise of this Option, are calculated by excluding the day the
166 event occurred and by counting subsequent calendar days. The deadline expires at midnight on the last day. Deadlines expressed as
167 a specific number of "business days" exclude Saturdays, Sundays, any legal public holiday under Wisconsin or Federal law, and other
168 day designated by the President such that the postal service does not receive registered mail or make regular deliveries on that day.
169 **Deadlines expressed as a specific number of "hours" from the occurrence of an event, such as receipt of a notice, are calculated from**
170 **the exact time of the event, and by counting 24 hours per calendar day. Deadlines expressed as a specific day of the calendar year or**
171 **as the day of a specific event, such as closing, expire at midnight of that day.**

172 **■ FIXTURES** A "fixture" is defined as an item of property which is physically attached to or so closely associated with land
173 or improvements so as to be treated as part of the real estate, including, without limitation, physically attached items
174 not easily removable without damage to the Property, items specifically adapted to the Property, and items customarily
175 treated as fixtures.

176 **■ ENTIRE CONTRACT** This Option, including any amendments to it, contains the entire agreement of the Buyer and Seller regarding
177 the transaction. All prior negotiations and discussions have been merged into this Option. This agreement binds and inures to the
178 benefit of the Parties to this Option and their successors in interest.

179 **■ DEFAULT** Seller and Buyer each have the legal duty to use good faith and due diligence in completing the terms and conditions
180 of the terms of purchase after exercised of this Option. A material failure to perform any obligation under the terms of purchase after
181 exercise of this Option is a default which may subject the defaulting party to liability for damages or other legal remedies.

182 If Buyer defaults under the terms of purchase after exercise of this Option, Seller may:

- 183 (1) sue for specific performance and request the earnest money as partial payment of the purchase price; or
- 184 (2) terminate the purchase agreement and have the option to sue for actual damages..

185 If Seller defaults under the terms of purchase after exercise of this Option, Buyer may:

- 186 (1) sue for specific performance; or
- 187 (2) terminate the purchase agreement and sue for actual damages.

188 In addition, the Parties may seek any other remedies available in law or equity.

189 The Parties understand that the availability of any judicial remedy will depend upon the circumstances of the situation and the
190 discretion of the courts. If either Party defaults, the Parties may renegotiate the terms of purchase or seek nonjudicial dispute resolution
191 instead of the remedies outlined above. By agreeing to binding arbitration, the Parties may lose the right to litigate in a court of law those
192 disputes covered by the arbitration agreement.

193 **■ RENTAL WEATHERIZATION** Unless otherwise agreed Buyer shall be responsible for compliance with Rental Weatherization Standards
194 (Wis. Adm. Code Comm. 67), if applicable.

195 **PROPERTY ADDRESS:** //

196 **AUTHORIZATION FOR INSPECTIONS AND TESTS** Buyer is authorized to conduct the following inspections and tests (see lines 110-

197 **INSPECTIONS:** //

198 //

199 **TESTS:** //

200 //

201 **DELIVERY OF DOCUMENTS AND WRITTEN NOTICES** Unless otherwise stated in this Option, delivery of documents and written

202 notices to a Part shall be effective only when accomplished by one of the methods specified at lines 203-212.

203 (1) By depositing the document or written notice postage or fees prepaid in the U.S. Mail or fees prepaid or charged to an account

204 with a commercial delivery service, addressed either to the Party, or to the Party's recipient for delivery designated at lines 206 or 208

205 (If any), for delivery to the Party's delivery address at lines 207 or 209.

206 Seller's recipient for delivery (optional): //

207 Seller's delivery address: //

208 Buyer's recipient for delivery (optional): //

209 Buyer's delivery address: //

210 (2) By giving the document or written notice personally to the Party or the Party's recipient for delivery if an individual is designated at lines 206 or 208.

211 (3) By fax transmission of the document or written or written notice to the following telephone number:

212 Buyer: (//) // Seller: (//) //

213 **TIME IS OF THE ESSENCE** "Time is of the Essence" as to payment of option fees and extension fee and all other dates and

214 deadlines in the Option except: //. If "Time is of the Essence"

215 applies to a date or deadlines, failure to preform by the exact date or deadline is a breach of contract. If "Time is of the Essence" does not

216 apply to a date or deadline, then performance within a reasonable time of the date or deadline is allowed before a breach occurs.

217 This Option (//i (//is not) **STRIKE ONE** assignable. This Property (//Is (//Is **STRIKE ONE** homestead property.

218 **ADDITIONAL PROVISIONS** //

219 //

220 //

221 //

222 //

223 //

224 //

225 **ADDENDA** The attached // is/are made part of this Option.

226 **IF GRANTED, THIS OPTION CAN CREATE A LEGALLY ENFORCEABLE CONTRACT. BOTH PARTIES SHOULD READ THIS**

227 **OPTION AND ALL ATTACHMENTS CAREFULLY. BROKERS MAY PROVIDE A GENERAL EXPLANATION OF THE**

228 **PROVISIONS OF THE OPTION BUT ARE PROHIBITED BY LAW FORM GIVING ADVICE OR OPINIONS CONCERNING**

229 **YOUR LEGAL RIGHTS UNDER THIS OPTION OR HOW TITLE SHOULD BE TAKEN AT CLOSING IF THE OPTION**

230 **IS EXERCISED. AN ATTORNEY SHOULD BE CONSULTED IF LEGAL ADVICE IS NEEDED.**

231 This Option was drafted on // [date] by Licensee and Firm] //

232 (x) //

233 Buyer's Signature ▲ Print Name Here: ► // Social Security No. or FEIN (Optional) ▲ // Date ▲ //

234 (x) //

235 Buyer's Signature ▲ Print Name Here: ► // Social Security No. or FEIN (Optional) ▲ // Date ▲ //

236 **SELLER GRANTS THIS OPTION. THE WARRANTIES, REPRESENTATIONS AND COVENANTS MADE IN THIS**

237 **OPTION SURVIVE CLOSING AND THE CONVEYANCE OF THE PROPERTY. THE UNDERSIGNED HEREBY AGREES TO**

238 **CONVEY THE ABOVE-MENTIONED PROPERTY ON THE TERMS AND CONDITIONS AS SET FORTH HEREIN AND**

239 **ACKNOWLEDGES RECEIPT OF A COPY OF THIS OPTION.**

240 (x) //

241 Seller's Signature ▲ Print Name Here: ► // Social Security No. or FEIN (Optional) ▲ // Date ▲ //

242 (x) //

243 Seller's Signature ▲ Print Name Here: ► // Social Security No. or FEIN (Optional) ▲ // Date ▲ //

244 This offer was presented by Seller by // on //, //, at // a.m./p.m.

245 **THIS OPTION I REJECTED** // **THIS OPTION IS COUNTERED [See attached counter]** //

246 Seller Initials ▲ // Date ▲ // Seller Initials ▲ // Date ▲ //

247 **NOTICE OF EXERCISE OF OPTION** By signing below and delivering this notice (see lines 201-212) Buyer exercises the Option to Purchase.

248 (x) // (x) //

249 Buyer's Signature ▲ // Date ▲ // Buyer's Signature ▲ // Date ▲ //