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Legal Update

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Revised WB-4 Residential Condominium Listing and Condominium Addenda

The Wisconsin Condominium Ownership Act is found in Chapter 703 of the Wisconsin Statutes. In general terms, condominium ownership takes what otherwise might have been an apartment or townhouse, and permits individual sales of the separate dwelling units. A condominium is a form of real property ownership, just like a joint tenancy or tenancy-in-common. A condominium is created by recording the condominium instruments (the declaration, plats and plans of a condominium, and any attached exhibits or schedules) with the register of deeds of the county where the property is located. Brokers working with residential condominium units need specialized knowledge of basic condominium concepts and the documentation that must be delivered to condominium purchasers.

This *Legal Update* addresses the unique concepts and documentation involved when selling residential condominium units using the revised versions of the WB-4 Residential Condominium Listing Contract, the Wisconsin REALTORS® Association Condominium Addendum to Real Estate Condition Report and the Addendum C to WB-14 Residential Condominium Offer to Purchase. The Department of Regulation and Licensing has made its final substantive revisions to the WB-4 Residential Condominium Listing Contract – Exclusive Right to Sell. The optional-use date for the revised WB-4 was October 1, 2008, and the mandatory-

use date is January 1, 2009. The Condominium Addendum to Real Estate Condition Report and the Addendum C to WB-14 Residential Condominium Offer to Purchase are not mandatory DRL-approved forms, and thus do not have mandatory-use dates.

This *Legal Update* begins with a review of condominium concepts and terminology. The *Update* then reviews the changes made to the WB-4 Residential Condominium Listing Contract – Exclusive Right to Sell. The discussion points out some of the changes adopted by the DRL, key issues to discuss with the seller, the disclosure information and documentation the seller and listing broker need to assemble for buyer prospects and practice tips for getting the best results with the new version of the WB-4. The *Update* also discusses the revisions made to the WRA Condominium Addendum to Real Estate Condition Report and the Addendum C, and concludes with Legal Hotline questions and answers regarding condominium issues.

Condominium Concepts

To understand condominium ownership and effectively sell residential condominium units, REALTORS® should be familiar with certain key condominium concepts. The following discussion presents condominium concepts in alphabetical order.

Residential condominium concepts are also defined in the two-page consumer handout found at www.wra.org/

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[pdf/resources/Residential Condo Concepts.pdf](#). A list of condominium terms also appears on the reverse side of the WRA Condominium Addendum to Real Estate Condition Report and the Addendum C for handy reference when working with condominium sellers and buyers.

Assessments

An association assesses unit owners for funds to maintain the common elements, cover administrative expenses and create reserves for future capital improvements. Assessments are levied in proportion to the unit owners' percentage interests in the condominium or as otherwise provided in the declaration. The association typically develops a budget for all of the common expenses of the condominium and then allocates those expenses between the unit owners. These assessments are often referred to as "common assessments" and generally are paid monthly. The association may also have additional separate fees for the use and maintenance of specific components such as parking.

The association also may levy special assessments for a special purpose. For instance, the association may levy a special assessment for capital improvements or major repairs when the association's reserve funds are inadequate or when the cost was not previously contemplated. Special assessments may also be levied to enable the association to purchase property.

Assessment Liens

All unpaid assessments, together with interest and collection costs, constitute a lien on the unit from the time the assessment is due if a statement of lien is filed with the clerk of courts within two years of the assessment due date. Once filed, the condominium assessment lien will be a lien on title, and thus will need to be paid to give clear title upon the sale of the unit. The association also can foreclose on this lien.

Association

All unit owners acting together as a group to manage a condominium and maintain the common elements in accordance with the bylaws and declaration make up the association. The association will be either a nonstock, nonprofit corporation (Chapter 181 of the Wisconsin Statutes) or an unincorporated association. Every unit owner is automatically a member of the association, and only unit owners may be members of the association.

The association, primarily acting through its board of directors, administers and governs the condominium. The association is responsible for the management and maintenance of the condominium common elements, including, for example, lawns and landscaping; roads, driveways and sidewalks; building exteriors; common roofs, doors and windows; outside lighting; and swimming pools, tennis courts, club houses and other recreational amenities.

The board of directors makes the association's policy and operational decisions, including interpretation of the condominium instruments, bylaws, rules and other documents relating to the condominium or the association. They are responsible for the association's financial matters such as preparing budgets, levying and collecting assessments, maintaining books and records, preparing financial reports, and filing tax returns. Subject to any restrictions in the declaration, they may make contracts, incur liabilities and borrow funds in the name of the association, grant easements through or over the common elements and grant or withhold approval of any action by a unit owner or other person that would change the exterior appearance of the unit or of any other portion of the condominium. They must also handle administrative matters such as establishment and enforcement of rules, communicating

with unit owners and providing documentation for unit sales. Some or all of these functions may be delegated to a condominium manager or other professionals such as accountants.

Bylaws

The administration of every condominium is governed by the declaration, bylaws and any rules adopted under the bylaws. The bylaws, per Wis. Stat. § 703.10, specify the form of administration of the condominium association, indicating whether the association shall be incorporated or unincorporated, and the extent to which the duties of the association may be delegated to a board of directors, manager or others. The bylaws state the association's mailing address; the rules for unit owner meetings and voting, election of the board of directors, assessing and collecting unit owner assessments for payment of the common expenses, and borrowing money and acquiring and conveying property; and any other provision regarding the management and operation of the condominium, including any restriction on or requirement with respect to the use and maintenance of the units and the common elements.

Condominium Plat

A condominium plat, per Wis. Stat. § 703.11, may consist of one or more sheets and shall contain the name of the condominium and county where the property is located on each page. The plat shall contain a survey of the property described in the declaration showing the location of each unit or building located or to be located on the property, plans that show the location of each building located or to be located on the property and the perimeters, as well as approximate dimensions and square footage and location of each unit in each building. Common elements are shown graphically to the extent feasible. Every unit shall be designated on the plat by unit number.

Common Elements

“Common elements” include everything in the condominium that is not part of a unit. In a typical residential condominium project, the common elements may include the land, structural and common parts of buildings (entranceway, halls, elevator, meeting room, etc.), landscaping, roads, any outside parking areas, outdoor lighting, any recreational facilities (swimming pool, tennis courts, clubhouse, etc.) and all other common areas and amenities.

The common elements are owned collectively by all of the unit owners on what is similar to a tenancy-in-common basis. Each unit owner generally owns an undivided percentage interest in the common elements. These percentage interests are established in the declaration and are referred to as the percentage interests “appurtenant to the units” – that is, they relate respectively to the individual units. For example, in a condominium with 100 units, each unit owner may own a 1-percent interest in all common elements of the condominium. Thus, a unit owner would own an undivided 1-percent interest in the tennis courts, road, parking lot, etc.

A unit, together with its undivided percentage interests in the common elements, for all purposes is real estate per Wis. Stat. § 703.04. In simple terms, the unit is owned in fee, and the common elements are owned in an indivisible tenancy-in-common.

Declarant and Declarant Control

The declarant is the property owner or developer who subjects his or her property to a condominium ownership by executing and recording a declaration and other condominium instruments. Every declarant shall establish an association to govern the condominium not later than the date of the first conveyance of a unit

to a purchaser. The declaration may reserve a period of “declarant control” that gives the declarant the ability to appoint and remove association officers and otherwise exercise the powers and responsibilities of the association. Declarant control will end upon the earlier of 10 years in expandable condominiums, three years in other condominiums or 30 days after the conveyance of 75 percent of the common element interest to purchasers. This reservation of power by the declarant is regulated by Wis. Stat. § 703.15(2)(c). The original declarant's rights and interests may be assigned to another per Wis. Stat. § 703.09(4).

Declaration

The declaration, per Wis. Stat. § 703.09, states the name and address of the condominium; describes the land where the condominium is located; generally describes the units, common elements and limited common elements, designating which unit or units have exclusive use; sets the percentage interests and the number of votes assigned to each unit; states the purposes for which the buildings and units are intended and restricted as to use; names the agent and address for service of process; and gives further details regarding the Condominium. The declaration states the owner's intention to subject the property to condominium ownership and is signed by the owner and any first mortgagee of the property or holder of an equivalent security interest in the same manner required for other conveyances of real property.

Limited Common Elements

“Limited common elements” are common elements that are identified in the declaration or plat as reserved for the exclusive use of one or more, but not all, of the unit owners. A unit owner does not own a limited common element (except for each unit owner's undivided percentage interests in all common elements), but the

designated unit owner is the only one who may use it. This right to exclusive use, however, may be subject to restrictions stated in the declaration or other condominium documents.

Limited common elements may include a storage area, patio, balcony, garage parking space or boat slip. The advantages to having a patio or a parking space as a limited common element primarily relate to unit owner flexibility and maintenance responsibilities. The declaration or bylaws may permit unit owners to transfer limited common elements by deed to other unit owners. Accordingly, unit owners may then swap parking spaces or sell a parking space that is not needed using quitclaim deeds.

The other primary advantage relates to maintenance. If a common element such as a patio is a limited common element, it may be more likely that the maintenance responsibilities, at least for major repairs, will be assigned to the association rather than to the individual unit owner.

The primary disadvantage to having a patio as a limited common element rather than as part of the unit is that there may be more restrictions on usage (placement of patio furniture, privacy fencing, awnings, etc.). A patio that is part of the unit is more within the control and responsibility of the unit owner.

Percentage Interests

Every unit owner owns an undivided percentage interest in the common elements in the percentage set forth in the declaration. The percentage interests (1) determine the extent of the unit owner's undivided ownership interest in the common elements, (2) usually determine the extent of the unit owner's responsibilities for common expenses, (3) may determine the unit owner's voting power and (4) establish the amount of a unit owner's proceeds in the event that the

condominium is terminated. Some declarations may establish percentage interests that are equal for all units, in proportion to the square footage of the units, based upon the location or value of the units or based upon some other formula stated in the declaration. For example, in a high-rise condominium the units may have equal percentage interests for all purposes except for the allocation of insurance premiums – the units would have percentage interests based upon value for this allocation because a unit on the 15th floor typically will be worth more than the identical unit on the 2nd floor.

Reserve Accounts

The presence of adequate capital improvement planning and reserves fosters credibility with unit owners and conveys a general sense that the association is organized and acting responsibly.

Reserves may be established for items such as roof replacement, repaving of roads and driveways, and exterior and common element painting. Having reserves avoids the scenario where the unhappy unit owners are forced to pay a series of substantial special assessments. In addition, lenders may be reluctant to provide mortgage loans for condominiums that do not have adequate reserves, and insurance companies may view associations without adequate reserves as bad risks.

Wis. Stat. § 703.163 requires a declarant or association to establish a statutory reserve account (SRA) to fully or partially fund repairs and replacements of common elements, other than routine maintenance, unless the declarant or association “opts out” and elects not to establish an account. Condominiums are forced to consider whether or not they should set up an SRA to pay for the repair and replacement of roofs, siding and other common elements. An association also may at any time

elect to establish or terminate an SRA with the written consent of a majority of the unit votes. SRAs can be used in a flexible manner – they need not be fully funded to pay the full amount of all projected common element repairs. Rather, an SRA can be designed to only partially pay for future common element repairs and replacements, with the balance of the costs to be raised through borrowing, special assessments against the units or other means. SRA assessments may be collected as part of the monthly fees.

Condominiums may have non-statutory reserve accounts in addition to or instead of statutory reserve accounts.

Small Condominiums

A “small condominium” is a condominium with no more than 12 units, per Wis. Stat. § 703.02(14m). Small condominiums are permitted by Wis. Stat. § 703.365 to elect simplified documentation and governance provisions if so stated in the declaration for the small condominium.

Unit

A “unit” is the part of the condominium intended for independent use. The unit owner is entitled to exclusive ownership and possession of his or her unit. A unit may include one or more “cubicles of air,” “enclosed spaces” or rooms located on one or more levels or floors of a building, and may include two or more non-contiguous areas. For example, a unit may include a garage or storage area that is not directly adjacent to the living area. However, a unit is not necessarily limited to an apartment-like concept. A unit may also be a freestanding house, a structure plus the surrounding land or a piece of land similar to a lot. The definition of “unit” encompasses a property on which there is no constructed unit structure. (*Aluminium Industries v. Camelot Trails*, 194 Wis. 2d 575, 535 N.W.2d 74 (Ct. App. 1995)).

What is included in a given unit depends on how the unit boundaries are described in the declaration and plat. This description must be carefully reviewed to determine whether, for example, a side-by-side townhouse unit includes just the cubicles of air within the interior walls, or whether it also includes the finished surfaces of the interior walls (wallpaper, paint, etc.), the interior walls between rooms and floors, the inside and outside of all walls not shared with another unit (including the exterior of the building and utility components running within walls) and so on. This may vary a great deal and may impact the unit owner's maintenance responsibilities, ability to make improvements or alterations, and insurance responsibility.

WB-4 Residential Condominium Listing Contract – Exclusive Right to Sell

The revised WB-4 Residential Condominium Listing Contract is based, in large part, on the WB-1 Residential Listing Contract. The two contracts have essentially the same procedural provisions for functions such as description of property included in list price, marketing, occupancy, cooperation with other brokers, exclusions and protected buyers, commission, broker duties and agency representation options, and other core processes involved when listing real estate.

There also are differences between the residential condominium listing contract and its residential counterpart. These differences result from the fact that a residential condominium is a specialized form of ownership subject to a series of documents that create a condominium association, authorize the levying of assessments for common expenses and establish numerous restrictions and rules that impact daily living in the condominium community. A listing broker needs to be prepared to provide detailed information

and deliver extensive condominium documentation to prospective buyers.

Uniform DRL Listing Revisions

In the big picture, the DRL-approved listing contracts have not undergone any major substantive changes other than the incorporation of the Broker Disclosure to Clients material. There is nothing drastically new or different. The DRL has made additional changes to update and improve the forms and make them a bit more understandable for consumers and licensees. Other DRL revisions are predominantly intended to clarify and improve the provisions already in place and do not make any major substantive changes.

The primary focus of the DRL revisions to the listing contracts – to incorporate the statutory Broker Disclosure to Clients language into the forms – has been successfully accomplished. REALTORS® will no longer need to use the separate Broker Disclosure to Clients form along with the WB-4; REALTORS® will be able to go back to using just the WB-4 listing without a supplemental broker disclosure form.

Many of the changes to the WB-4 residential condominium listing contract echo the revisions to the WB-1 Residential Listing Contract – Exclusive Right to Sell. The DRL intends to keep the various listing contracts for different property types as uniform as possible. Many provisions are identical and appear in substantially the same order in each listing contract. For that reason, this *Legal Update* will overview a few uniform provisions and highlight selected provisions specific to condominium listings or deserving of particular emphasis. For a detailed discussion of the standard listing provisions found in the various DRL listing contracts, see the October 2007 *Legal Update*, “WB-1 Listing Contract – 2008 Revisions,” online at www.wra.org/LU0710, the September 2008 *Legal Update*, “WB-2 Farm Listing and Farm Real Estate

Condition Report – 2008 Revisions,” online at www.wra.org/LU0809, and the November 2008 *Legal Update*, “WB-3 Vacant Land Listing and Seller Disclosure Report – 2008 Revisions,” online at www.wra.org/LU0811.

A sample copy of the revised WB-4 Residential Condominium Listing Contract appears on Pages 19-24 of this issue. In the following discussions, the prior WB-4 (mandatory-use date of January 1, 2000) will be referred to as the “2000 listing,” and the newly revised WB-4 will be referred to as the “2009 listing.”

Condominium Law Revisions

The clarifications to the WB-4 are a by-product of eight years of experience with these forms and the input of WRA members who either served on WRA committees or called the WRA Legal Hotline with comments and suggestions. The changes are also necessitated by the revisions and updates to the Wis. Stat. ch 703 condominium law enacted in 2004. That legislation is discussed in the June 2004 *Legal Update*, “Condominium Law Revisions,” online at www.wra.org/LU0406. Additional condominium resources may be found on the WRA Condo Law Resource page, online at www.wra.org/condolaw.

Property Description (2009 Listing, Page 1)

Lines 2-9 ask for the condominium unit's street address, which will generally be a sufficient description. Lines 2-9 also ask for the condominium unit number, building designation, if any, and the name of the condominium project because not all condominium units have distinct street addresses. This additional information combined with the street address may adequately describe the property so that a third party could then determine exactly what property was being sold.

In addition, lines 2-9 make it clear that there is more to a condominium

unit than just the unit itself. A condominium unit owner is entitled to the exclusive ownership and possession of the unit and has an undivided interest in the common elements, both subject to the rights, interests, obligations and limitations set forth in the condominium declaration and plat. The “property” for purposes of the WB-4 encompasses the unit plus all of these additional rights and interests.

If the information on lines 2-9 does not adequately describe the property, a complete legal description may be used to ensure that the contract is enforceable. A description that makes reference to the unit number stated in the declaration and on the condominium plat, together with a reference to the condominium instruments, shall be a good and sufficient legal description for all purposes, per Wis. Stat. § 703.12. Any additional description, such as a legal description, should be placed on blank lines 309-322 of the Additional Provisions section or in an addendum.

Property Included in List Price (2009 Listing, Page 1)

Although it is not a change, REALTORS® are reminded that the seller's interest in any common surplus and reserves of the condominium allocated to the unit is included in the purchase price, per lines 11-12. Any fixtures outside of the unit that are to be included in the sale should be specifically listed as additional items included in the list price. This might include, for example, a privacy fence or awning installed on a limited common element such as a patio.

Storage Unit (2009 Listing, Page 1)

Storage spaces may be part of the unit, a limited common element or available for purchase or rental from the association. Line 20 asks whether or not a storage unit is

included in the list price and a blank line is provided to state the storage unit number or designation, if there is one. If a storage unit is not a part of the unit, it technically will not be included in the list price, although the right to use a storage locker as a limited common element may be included.

REALTOR® Practice Tips:

If the storage unit is not a part of the unit, the listing agent should complete line 20 to indicate a storage unit is not included in the list price. It may be helpful for the agent to explain any storage space arrangements in the Additional Provisions on lines 309-322. This may be done by identifying the storage space designation and then indicating the nature of the seller's rights (rental, limited common element, common element assigned by the association, etc.) and whether there is any charge in addition to the unit's monthly assessments.

Limited Common Elements (2009 Listing, Page 1)

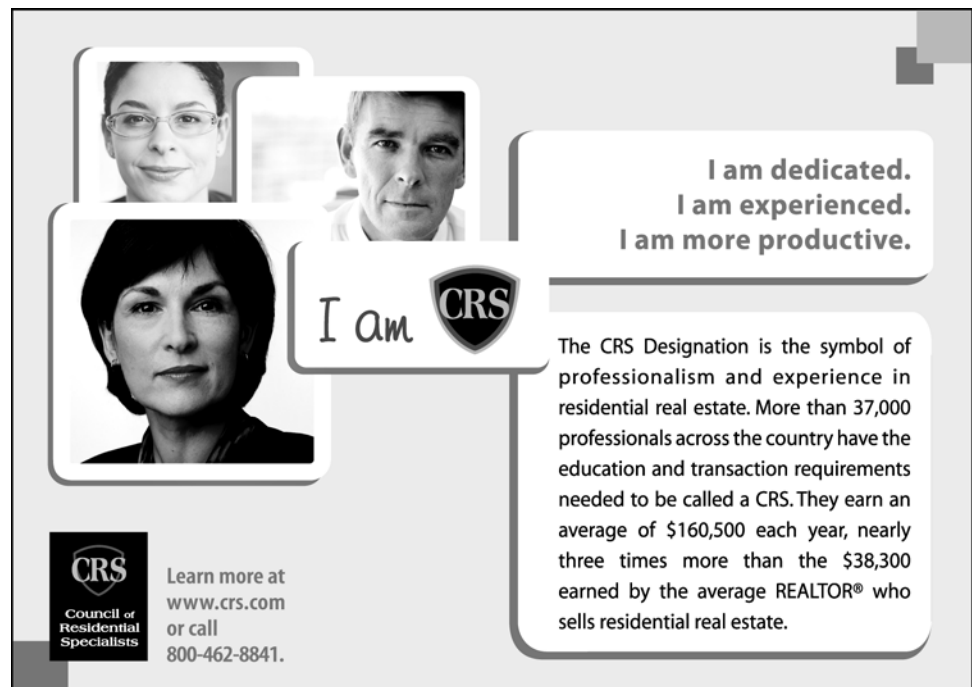
Lines 21-22 provide a space where the limited common elements appurtenant to or assigned to the unit may

be listed. The idea is for the seller to list those limited common elements that are most important and to list them all, if possible. This provision, as is true for all of the provisions on lines 20-26, will help the listing agent understand and describe the amenities that go with the unit being sold for marketing purposes. Line 22 refers to the declaration for a complete list of limited common elements as a fail-safe in case the list is not complete.


Parking (2009 Listing, Page 1)

Some condominiums require that parking spaces or garages be purchased separately or leased from the association. Other condominiums, however, may include parking spaces as part of a unit or as a limited common element. Still other condominiums may not have any assigned parking.


Line 23 of the WB-4 states, “The parking for this Unit is ____.” This blank line should be used to indicate whether parking is included as part of the unit, a limited common element, unassigned or separately rented or purchased from the association or some other entity, and the number or letter designation of the parking space(s) or



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garage(s) being transferred with the unit or available for rent or purchase. Line 23 concludes with, "The parking fee is \$ ____." Any monthly or yearly fee in addition to the monthly assessments for the unit should be indicated in this second blank.

Association Fee (2009 Listing, Page 1)

The WB-4 states the amount of the common assessments for the unit being sold. Line 24 states, "The association fee for this Unit is \$ ____ per ____." The association levies assessments or sets the amount of money owed by each unit owner for the payment of the condominium's common expenses. These assessments are usually payable on a monthly basis, although some condominiums may have different payment schedules. This information should be available on the current budget for the condominium if the seller is unsure.

Right of First Refusal (2009 Listing, Page 1)

Lines 25-26 of the WB-4 contain an item pertaining to rights of first refusal: "RIGHT OF FIRST REFUSAL: The condominium association (does) (does not) [STRIKE ONE] have a right of first refusal on the Unit."

The right of first refusal most often found in a condominium scenario gives the association the first right to buy a unit upon the terms and conditions offered by a third-party buyer. The association typically has the right to match the price, terms and conditions offered by the other buyer. This presumes that the terms of the offer made by the other buyer must be given to the association so that a meeting can be convened to decide whether to match those terms and buy the unit or let the prospective buyer purchase the unit.

Wis. Admin. Code § RL 24.12(2) requires any licensee in a transaction who has knowledge of a right of first

refusal to disclose that fact in writing, in a timely manner, to all interested prospects. In other words, the existence of the right of first refusal is treated like it is a material adverse fact because the right of first refusal casts some doubt over whether the seller will be able to sell the unit to a third-party buyer. If the listing agent or a cooperating agent knows there is a right of first refusal on the unit, this must be disclosed to all prospects in writing. Once the disclosure has been made to a prospect, an agent may deliver a copy of that prospect's offer to purchase, exchange agreement, option contract or lease to the association. The requirement for timely disclosure dictates that a buyer must have had notice of the right of first refusal before submitting his or her offer or other proposed contract to the seller.

If there is a right of first refusal on the unit, the listing agent must disclose this fact in writing to all prospective buyers, perhaps in data or MLS information sheets for the unit. If the seller cannot confirm whether or not there is a right of first refusal, the listing agent may want to check the declaration, the seller's title policy, or with a title company or the association office. If there is a right of first refusal, the terms and conditions thereof may be given to the seller and potential buyers.

Although once somewhat prevalent, rights of first refusal do not appear as often in new condominium documents as they once did. One reason is that secondary market lenders and insurers shied away from condominium mortgage loans where there was a right of first refusal with the association. Another potential concern with a right of first refusal held by an association is that it may sometimes be used in a discriminatory fashion to block a particular buyer or a particular group or class of buyers from becoming new members of the condominium community, which is clearly an illegal practice.

Occupancy (2009 Listing, Page 1)

The idea behind the Occupancy section on lines 35-37 of the WB-4 was to alert the seller early on that the unit needs to be broom swept with all debris and personal property removed at closing so that the buyer may take the keys and move in without having to deal with the seller's "stuff." The seller's sweeping obligation is limited to the unit while actual occupancy will include limited common elements.


Commission (2009 Listing, Pages 1-2)

The overall structure and substance of the Commission section in the 2009 listing remain unchanged. Line 55 is improved and simplified by simply stating, "Broker's commission shall be ____," leaving to the broker whether to state a percentage of the purchase price, a set dollar amount or another compensation description.

Exclusive Right-to-Sell Listing (2009 Listing, Pages 1-2)

The WB-4, the WB-1 Residential Listing Contract – Exclusive Right-to-Sell and the other DRL-approved listing contracts are all exclusive right-to-sell listing contracts. Wis. Admin. Code § RL 16.02(3) defines an "Exclusive right-to-sell listing" as "a written listing agreement appointing a broker the exclusive agent for the sale of property for a specific period of time, and which entitles the listing broker to a commission if the property is sold by the owner, by the broker or by anyone else."

Accordingly, in an exclusive right-to-sell listing like the WB-4, the listing broker has the exclusive right to procure a buyer for the unit. As a result, the listing broker is entitled to the specified commission if the property is sold during the term of the contract, even if another broker or the seller procures the buyer. This is confirmed by the language found on line 1 and lines 55-64 of the WB-4.

 **REALTOR® Practice Tips:** Consumers seem to believe that a listing broker does not “deserve” to be paid the commission agreed to in the listing contract unless the broker procures the buyer and unless the broker “did enough work” to merit the compensation. REALTORS® should be sure that sellers understand the true nature of the WB-4 and other exclusive right-to-sell listings in order to avoid potential disputes and litigation.

Exclusive-Agency Listings

Wis. Admin. Code § RL 16.02(2) defines an “exclusive-agency listing” as “a written listing agreement containing all of the elements of an exclusive right-to-sell listing, except that the owner retains the right to sell the property himself or herself without owing the listing broker a commission.” In an exclusive-agency listing, the property is listed with only one listing broker, but the seller retains the right to sell the property him or herself without owing a commission to the broker.

To modify the WB-4 Residential Condominium Listing Contract – Exclusive Right-to-Sell to produce an exclusive-agency listing, the following items should be modified or deleted: 1) line out the phrase “right to sell” from the title of the form and write the word “agency” in its place; 2) line out the words “the” and “right” from line 1 of the listing and write the word “agency” in place of “right;” 3) add a provision under Additional Provisions on lines 309-322 or in an addendum to the effect that “Broker’s commission is not earned based on lines 57-59 of the Commission section if the sale, offer accepted, option granted or exchange agreement entered into by Seller is with a purchaser procured by Seller;” and 4) line out the words “by Seller” from line 61 in the Commission section.

Hybrids


Although not an official category of listings, hybrid listings usually resemble exclusive-agency listings, for example, but have been creatively modified to adjust one or more features. The end result is a listing that has features characteristic of different types of listings – a blend of different listing contract components. A hybrid listing may, for instance, look like a combination of an exclusive-agency and a variable-commission listing contract.

For example, a listing broker may modify the WB-4 to create an exclusive-agency listing contract. If only the basic modifications described above are made and the seller finds the buyer, the broker would still be obligated to negotiate and draft the offer and other necessary paperwork, provide information, advice and material facts, close the transaction and provide other client services. The only difference is that the broker would be providing these services for free because the seller found the buyer.

To avoid this outcome, the listing broker may wish to draft an exclusive-agency listing contract as before, but add in Additional Provisions on lines 309-322 or in an addendum that any buyers found by the seller are exclusions until the end of the listing contract term, thus releasing the listing broker from the obligation to provide brokerage services for free. The buyers the seller procures then could work with their attorneys on the offer.

Alternatively, the broker may wish to draft an exclusive agency listing and provide that he or she will be paid a reduced commission instead of no commission if the seller finds a buyer. This would be an exclusive-agency, variable-rate-commission listing contract. A variable-rate-commission listing contract occurs when a seller agrees to pay a specified commission if the property is sold by the listing broker, either with or without the assistance

of a cooperating broker, and a different commission if the sale results solely through the efforts of the seller.

 **REALTOR® Practice Tips:** Listing brokers have the affirmative obligation to disclose the existence of variable-rate-commission arrangements to brokers seeking cooperation under Standard of Practice 3-4 of the REALTOR® Code of Ethics. Listing brokers are required, upon inquiry, to inform a cooperating broker what differential would result in a cooperative transaction versus a sale resulting solely from the seller’s efforts. For example, if the listing provided for a 5-percent commission for a co-broke sale and a 3-percent commission if the buyer is procured by the seller, the listing broker would be required to inform inquiring cooperating brokers that there is 2-percent differential.

Seller Cooperation with Marketing Efforts (2009 Listing, Page 2)

The Seller Cooperation with Marketing Efforts section on lines 88-106 of the WB-4 provides:

"Seller agrees to cooperate with Broker in Broker's marketing efforts and to provide Broker with all records, documents and other material in Seller's possession or control which are required in connection with the sale, including, but not limited to, copies of the condominium association's condominium disclosure materials as described in lines 107-136. The Buyer may also request copies of the following:

- 1) the condominium association's financial statements for the last two years,
- 2) the minutes of the last unit owner's meetings,
- 3) the minutes of condominium board meetings during the 12 months prior to acceptance,

- 4) information about contemplated or pending condominium special assessments,
- 5) copies of the association's certificate of insurance,
- 6) a statement from the association indicating the balance of reserve accounts controlled by the association,
- 7) a statement from the association of the amount of any unpaid assessments on the unit (per Wis. Stat. § 703.165), and
- 8) the declaration and bylaws of the master association, if any.


Seller authorizes Broker to do those acts reasonably necessary to effect a sale and Seller agrees to cooperate fully with these efforts which may include obtaining condominium disclosure materials at Seller's expense (see Wis. Stat. § 703.20(2)), use of a multiple listing service, Internet advertising or a lockbox system on Property. Seller shall promptly notify Broker in writing of any potential purchasers with whom Seller negotiates during the term of this Listing and shall promptly refer all persons making inquiries concerning the Property to Broker.”

Although the other DRL-approved listing contracts require seller cooperation with listing brokers, that responsibility encompasses far more when a condominium unit is being sold because of the extensive disclosure materials and other documentation needed for delivery to buyers. The seller agrees to provide the listing broker, if within the seller's possession or control, the condominium disclosure materials listed in the Condominium Disclosure Materials section on lines 107-136 of the WB-4 plus the eight listed items (lines 92-101). Provision of condominium disclosure materials is mandatory per Wis. Stat. § 703.33, while the listed eight items are documents that thorough buyers or attorneys assisting buyers may request to see, perhaps as conditions to their offer of purchase. The listed eight


documents will also further the listing agent's familiarity with the condominium and enhance the listing agent's ability to effectively market the unit.

Copies of the association's financial statements for the last two years, the minutes of the last unit owner's meetings, the minutes of association board meetings during the 12 months prior to acceptance, a statement from the association indicating the balance of reserve accounts controlled by the association and information about the contemplated or pending condominium special assessments will be of interest to a buyer who wants to see if the association keeps good records, if assessments are generally sufficient to pay association expenses, if reserves appear to be reasonably adequate and if special assessments are required for major expenses. This information helps a buyer better gauge the financial health of the association. A copy of the association's certificate of insurance allows a buyer to make sure that the buyer's insurance coverage on the unit does not overlap the association's coverage on the common elements.

Accordingly, even though these documents are in addition to the disclosure materials that the seller is legally obligated to provide to the buyer, the listing agent may want to encourage the seller to furnish copies of the listed documents so the listing broker can better understand the condominium and be ready to quickly address a prospect's inquiries.

 **REALTOR® Practice Tips:** Obtaining financial statements, minutes and information about the condominium's reserves is important because they will show a better picture of the condominium's financial health than simply looking at the budget, which is all that is required for the statutory disclosure materials. The minutes may reveal whether any major capital improvement projects or other large expenditures are being planned and hopefully indicate

whether these projects are going to be paid for via the reserves, a special assessment or some other means. The minutes may also indicate whether the association is involved in any litigation.

 **REALTOR® Practice Tips:** Listing agents should showcase the fact that an association has healthy reserve accounts for capital improvements and periodic maintenance.

The unit buyer has the right to request a statement from the association of the amount of any unpaid assessments on the unit, per Wis. Stat. § 703.16(5). The buyer will not be liable for any unpaid assessments against the seller in excess of the amount reported by the association on this statement. Accordingly, most lenders and title companies will routinely request this statement, and they may have their own form for this purpose. If there are no unpaid assessments, the title insurance company will remove the title exception for unpaid assessments from the title insurance policy. If assessments remain unpaid at closing, they typically will be credited against the purchase price to be received by the seller. If the association or the association board of directors does not provide the statement within 10 business days of the buyer's request, the association cannot file any additional assessment liens for any unpaid assessments following the day of the buyer's request. Although it is up to a buyer to request this statement, the listing agent may be wise to check with the association to make sure they are prepared to furnish unpaid assessment statements and encourage the seller to make sure that all assessments against the unit have been paid to help ensure a smooth closing.

In this section the seller agrees to cooperate with the listing broker's efforts to obtain condominium disclosure materials from the association at the seller's expense. Wis. Stat.

§ 703.20(2) provides that the association must furnish the information and condominium disclosure materials required by Wis. Stat. § 703.33 within 10 days of the seller's request. The seller shall pay the association the actual costs of furnishing the information. The seller is therefore agreeing to make a timely request for the materials and to pay for the cost of acquiring the information.

 **REALTOR® Practice Tips:**

Generally it is better to request the disclosure material information from the association rather than rely upon whatever documents the seller might have. Most sellers do not keep track of the amendments and other changes that may have been made since the seller purchased his or her unit. Unfortunately this is not always true because some associations do not keep good records. At times the listing broker may need to enlist the assistance of the title company to find the condominium documents that have been recorded and try to piece together the materials that are needed for a buyer.

This section closes with the provisions similar to those found in the other DRL-approved listings requiring seller cooperation with the listing broker's marketing, authorizing MLS and Internet advertising and the use of lockboxes. The seller agrees to promptly notify the listing broker in writing of any potential purchasers with whom seller negotiates during the listing term and to promptly refer all persons making inquiries concerning the unit to the listing broker.

Condominium Disclosure Materials **(2009 Listing, Pages 2-3)**

Wis. Stat. § 703.33 requires that the seller provide the buyer with a copy of the condominium disclosure materials no later than 15 days prior to closing. The seller reaffirms that obligation

in the Condominium Disclosure Materials section on lines 107-136 of the WB-4. This section lists the various documents that are included in the mandatory disclosure materials that must be provided to buyers, with a reminder to include any amendments. A second reminder points to Wis. Stat. § 703.365, the statute that allows small condominiums to elect in their declarations to have abbreviated disclosure materials that do not include all of the documents otherwise required by Wis. Stat. § 703.33.

The following documents are included in the § 703.33 disclosure materials:

1. The proposed or existing declaration, bylaws and any rules or regulations, and an index of the contents. The declaration and any amendments will be recorded while the bylaws generally are not. Not every condominium will have separate rules and regulations – they may be part of the bylaws. Any rules and regulations will not be recorded.
2. The proposed or existing articles of incorporation of the association, if it is or is to be incorporated. The articles of incorporation will be on file with the Department of Financial Institutions if the association is a nonstock, nonprofit corporation under chapter 181 of the Wisconsin Statutes. Pursuant to Wis. Stat. § 181.0203, the corporate existence of any incorporated association begins when the DFI files the articles of incorporation. The powers, duties and operation of the association are specified in its articles. If a provision of the articles of incorporation is inconsistent with a bylaw, the provision of the articles of incorporation controls. There is no corresponding document required if the association is an unincorporated association.
3. Any proposed or existing management, employment or other contract affecting the use, maintenance or access of all or part of the condominium. Copies of all management and employment contracts and leases

must be included in the condominium disclosure documents if the unit owners or association are or will be a party to them. Contracts and leases entered into between the declarant and the association, and the association or its board may terminate any contracts or leases that are not bona fide or commercially reasonable to the unit owners with not less than 90 days notice. Copies of these contracts generally could only be obtained from the association.


4. The projected annual operating budget for the condominium including reasonable details concerning the estimated monthly payments by the purchaser for assessments and other monthly charges. Wis. Stat. § 703.161 requires any condominium with at least one residential unit to adopt and distribute to unit owners an annual budget that shows:
 - all anticipated expenses for the association;
 - any amounts to be allocated to an SRA under § 703.163 and to any other funds for future expenditures,
 - the amount and purpose of any other anticipated association expenditure,
 - the amounts already held in any SRA or other funds for future expenditures,
 - any common surpluses,
 - the amount and source of any income other than unit owner assessments, and
 - the aggregate amount of any assessment to be levied against unit owners and the purpose of the assessment.


A residential condominium budget must anticipate expenses for the association such as common element utilities (e.g., electricity for outside lighting, heat/air conditioning for hallways and meeting rooms, water for common restrooms, etc.), snow removal, lawn and landscaping maintenance, liability insurance for the common elements, errors and omissions insurance for association


directors and officers, swimming pool and tennis court maintenance, security system upkeep, pest control, exterior building maintenance, accounting and legal fees, management fees, administrative supplies and expenses, and any payroll or other taxes.

5. Any leases to which unit owners will be a party. Copies of these documents may be recorded and should also be available from the association.
6. A description of any contemplated expansion of the condominium including each stage of expansion and the maximum number of units that can be added to the condominium. The declaration in expandable condominiums reserves the right of the declarant to add additional parcels, buildings and units to the condominium over a maximum period of 10 years.
7. The unit floor plan showing the location of common elements and other facilities available to unit owners. The seller is also to provide information and maps showing the location of the common elements and other facilities to be used by unit owners. Copies of the condominium plat maps are typically used for locating the common elements and other features, although a copy of the condominium plat is not, per se, a disclosure document requirement.
8. The executive summary, which serves as an index for the voluminous disclosure materials provided to condominium buyers. This user-friendly index summarizes the most important information buyers want or need to know about a condominium (such as the rules for pets, parking and rentals) or directs them to the sections of the disclosure materials where that information is found. The executive summary promotes buyers' understanding of a purchase by creating an easy-to-read summary of important disclosure material information or a consumer-friendly index to the disclosure documents at the point of purchase. The executive summary includes information regarding identification of the condominium, association governance, parking, pets, unit rentals, special amenities, unit repair and maintenance responsibilities,

common element and limited common element maintenance, repair and replacement responsibilities, reserves, fees on new units, expansion plans, unit alterations, amendments and other restrictions or features.

 **REALTOR® Practice Tips:** The declarant or the association (whichever is in control) is responsible for preparing the executive summary and revising it whenever a change in the underlying disclosure materials necessitates a corresponding revision to the executive summary, per Wis. Stat. § 703.33(1m).

 **REALTOR® Practice Tips:** Associations that do not have an executive summary prepared may delay the availability of a current set of condominium disclosure materials and impede the seller's ability to properly complete an RECR by attaching a copy of the executive summary. REALTORS® may refer the seller or association to the executive summary form, online at www.wra.org/pdf/resources/Condominium_Exec_Summary.pdf, which may be printed and used by association directors, officers or attorneys looking for a quick or relatively easy way to fulfill this requirement. Attorneys and others may also wish to use the executive summary as an outline or roadmap for preparing their own customized executive summary. Under no circumstances, however, should a REALTOR® or seller attempt to prepare the executive summary. It is solely the association's responsibility.

 **REALTOR® Practice Tips:** Agents should be careful whenever they are working with a small condominium with 12 or fewer units because the declaration may authorize the use of abbreviated, streamlined disclosure materials that do not include an executive summary. It is always prudent to contact the association for a copy of the current condominium disclosure materials, but this is particularly true with small condominiums that may use streamlined disclosure documents and may not need an executive summary.

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Cover Sheet, Index and Tables of Contents

Wis. Stat. § 703.33(2) requires that all of these condominium disclosure materials be delivered with a cover sheet, index and tables of contents in the format set forth in § 703.33(2), and that all materials must be paginated. The cover sheet must contain specified bold-faced disclosures set forth in Wis. Stat. § 703.33(2)(a). The declaration, bylaws, and articles of incorporation must also have a separate table of contents preceding them.

The WB-4 and Wis. Stat. § 703.33 state that the seller will provide the buyer with complete, current and accurate copies of the condominium disclosure materials. In many cases, however, the listing agent may be the one who ends up obtaining the disclosure materials from the association (assuming the seller does not already have a current copy of the documents) and delivering them to the buyer.

REALTOR® Practice Tips:

The key is to request all of the needed documents as soon as possible so that the materials are on hand for review by the listing agent and for distribution of copies to prospective buyers. Listing agents should learn everything possible about the condominium when they list a unit.

Additional Disclosure Materials for Conversion Condominiums

Lines 123-131 of the WB-4 provide that, “If the condominium was an occupied structure prior to the recording of the condominium declaration, it is a ‘conversion condominium,’ and the ‘condominium disclosure materials’ for a conversion condominium with five or more units also include:

- 1) a declarant’s statement based on an independent engineer’s or architect’s report describing the present condition of structural, mechanical and electrical installations;
- 2) a statement of the useful life of the

items covered in 1), unless a statement that no representations are being made is provided; and

- 3) a list of notices of uncured code or other municipal violations, including an estimate of the costs of curing the violations.

Under Wis. Stat. § 703.08, residential property may be converted to a condominium immediately after giving a written conversion notice to all tenants. During the 60-day period immediately following the delivery of the conversion notice, a tenant has the “first right to purchase” the unit if the unit is offered for sale during that period. The tenant may exercise this first right to purchase at the price at which the unit is being offered on the market, the price contained in any accepted offer to purchase the unit from any prospective third party purchaser or a price otherwise agreed to by the tenant and the seller. Tenants with leases that extend more than 120 days after delivery of the conversion notice have the right to continue to occupy the unit until their lease ends. Tenants with leases that end before the end of the 120-day period benefit from an automatic extension running until the end of the 120 days. A tenant may waive his or her occupancy right, first right to purchase or both, in writing.

Problems in Obtaining Disclosure Documents

One problem often encountered by real estate agents working on a condominium transaction in the past involves the delivery of the required condominium disclosure documents. A condominium seller must furnish the buyer with a copy of the documents required under Wis. Stat. § 703.33(1) at least 15 days before closing. Any buyer may rescind his or her offer to purchase a condominium unit, without stating any reason and without liability, within five business days following receipt of all information required by § 703.33(1).

Declarants generally produce and deliver disclosure materials that meet the § 703.33(1) requirements when a condominium is initially sold to members of the public. Once a few years have passed and the unit is resold, however, it becomes more difficult for the seller to pull together a complete, current set of disclosure materials. The seller generally cannot just turn over a copy of the materials he or she received when the unit was first purchased – the condominium documents may have been amended, the budget may be outdated, pages may be lost, etc. The seller may ask the association for assistance in compiling the appropriate set of documents, and the association or the association manager may or may not be able to help out. A seller of a unit in 10-unit condominium project that is 20 years old will be lucky if there even is a current operating budget. Thus it may be difficult, if not impossible, for the seller to promptly give the buyer a current, complete set of disclosure materials.

If the buyer does not receive all of the required information, the buyer’s five-business-day time period for rescission never begins to run, leaving the buyer with a way to back out of the transaction right up until closing. This was the ruling by one Wisconsin circuit court, despite the fact that the buyer and his attorney had ample time to review all of the documents and were missing only a cover page and a table of contents. This is extremely frustrating to an agent who is doing his or her best to obtain the documents and put the deal together.

Effective November 1, 2004, buyers who are given a set of condominium disclosure documents no longer have a limitless right of rescission. If the buyer receives all of the condominium disclosure documents required by § 703.33(1), the buyer will have five business days to rescind the offer in writing, without stating any reason and without liability. If the buyer

receives condominium disclosure documents that include the cover sheet but are missing one or more of the documents required by § 703.33(1), the buyer will have five business days to either rescind the offer in writing, without stating any reason, or to request that the seller deliver the missing documents. If the buyer neither rescinds nor requests missing documents within the five business days, then the delivered materials will be deemed satisfactory and the buyer will have no further right to rescind based upon those materials.

The seller has five business days following receipt of the buyer's request to deliver the missing documents. The buyer may rescind the sale within five business days following the earlier of the buyer's receipt of the requested missing documents or the seller's deadline for delivering the documents.

This revised process preserves the consumer protection measures built into the condominium disclosure requirements, but also prevents buyers from turning the shield of those protections into a sword used against sellers and real estate agents. A buyer can no longer wait until the last minute to cancel the transaction.

This process is summarized on lines 132-136 of the WB-4.

Broker Disclosure to Clients (2009 Listing, Pages 3-4)

The mechanics for the seller-client's selection of an agency relationship appear on lines 178-189 of the WB-4. When a seller selects a multiple representation relationship, that client is contemplating a possible situation where the seller has the condominium listing contract and the buyer has a buyer agency agreement, both with the listing broker's company. If the condominium seller and buyer do not consent to multiple representation, the buyer may not be able to see the seller's listed condominium unit, potentially impacting the

broker's overall ability to find a good unit buyer for the seller or to find the perfect unit for the buyer-client.

There are two varieties of multiple representation: multiple representation without designated agency and multiple representation with designated agency, often referred to as just "designated agency." A listing broker may not provide brokerage services in either multiple representation relationship without the written consent of the seller (listing contract) and the buyer (buyer agency agreement) clients who are parties to the transaction. In multiple representation without designated agency, the broker and its agents may provide brokerage services to each client, but when it comes time to negotiate, they must remain neutral and cannot provide any advice or opinions that place the interests of one client ahead of the other. With designated agency, one or more agents represent the seller and one or more other agents represent the buyer, and these agents provide full negotiation services to the clients. These designated agents may give the respective clients advice, opinions and strategies intended to further the interests of the client they are working with, but must maintain all confidentiality duties.

Lines 178-189 of the WB-4 provide:

"If a designated agency relationship is not in effect you may authorize or reject a multiple representation relationship. If you authorize a multiple representation relationship the broker may provide brokerage services to more than one client in a transaction but neither the broker nor any of the broker's salespersons may assist any client with information, opinions, and advice which may favor the interests of one client over any other client. If you do not consent to a multiple representation relationship the broker will not be allowed to provide brokerage services to more than one client in the transaction.

INITIAL ONLY ONE OF THE THREE LINES BELOW:


----- I consent
to designated agency.


_____ I consent to multiple representation relationships, but I do not consent to designated agency.

_____ I reject multiple representation relationships.

NOTE: YOU MAY WITHDRAW YOUR CONSENT TO DESIGNATED AGENCY OR TO MULTIPLE REPRESENTATION RELATIONSHIPS BY WRITTEN NOTICE TO THE BROKER"

When working with these provisions, the listing agent should make sure that sellers understand that they are allowed to change their minds and can easily make a change, and that they properly indicate their choice on the WB-4.

 **REALTOR® Practice Tips:** Sellers frequently become distracted and place an "X" or a "✓" on the lines for selection of an agency relationship when in fact the statutory instructions direct that the clients initial the line appearing before the desired agency relationship selection. REALTORS® should remind their clients to initial these lines.

 **REALTOR® Practice Tips:** Clients should be reassured that they can readily change their agency relationship selection. Consent can be withdrawn by written notice to the broker and a new selection may be made by amending the listing or using a separate, dated Broker Disclosure to Clients form.

Real Estate Condition Report (2009 Listing, Pages 3-4)

There is no specialized or customized RECR for use in a residential condominium transaction – the seller uses the standard Wis. Stat. § 709.03 RECR form for property disclosures. Wis. Stat. § 709.01(1) specifies that the RECR

is used with a condominium unit. In the past there has been some confusion among licensees regarding exactly what portions of the condominium property the seller should be addressing when completing the RECR for a condominium sale. The Real Estate Condition Report section on lines 222-233 of the WB-4 reminds the sellers that the RECR should be completed with regard to the unit itself, the common elements and any limited common elements used exclusively by the unit seller. This reminder also appears in the RECR form itself, and in Wis. Stat. § 709.03. The seller may often obtain information about the condition of the common elements from the minutes of the unit owners' and association board of directors meetings.

This section also reminds the seller that Wis. Stat. § 709.02(2) requires the seller to also furnish a condominium addendum to the RECR and a copy of the executive summary along with the RECR.

Condominium Addendum to the Real Estate Condition Report

The Condominium Addendum to the Real Estate Condition Report is required by Wis. Stat. § 709.02(2) to supplement the RECR. This addendum asks the seller to provide some very basic information that a unit seller should readily know, including the unit address and description, contact information for the seller or the listing agent, association management information and unit assessment information. The addendum also instructs the seller to attach a copy of the executive summary.

§ 709.02(2) creates these simple disclosure requirements with the hope of getting important yet basic information to the buyer prospect early on in the process. The RECR is often given before any offer to purchase is

written and is required to be given no later than 10 days after acceptance of the offer, whereas the condominium disclosure materials may not be given until 15 days before closing.

REALTOR® Practice Tips:

The condominium amendment to the RECR gets the prospective purchaser thinking about assessment fees early on – possibly before the offer is written and certainly before the prospect receives the condominium disclosure materials. It may be helpful to attach a copy of the current budget to the RECR condominium amendment as an easy way to provide information about the current assessments for the unit. The budget and assessments are important aspects of condominium living that often are not well understood by new unit purchasers.

The WRA has updated its Condominium Addendum to Real Estate Condition Report. A sample copy of this updated addendum appears on Pages 27-28 of this *Update*. The various implementation deadlines that appeared in the original version of this form have been removed because they are no longer relevant; there previously were dates in conjunction with the provisions on lines 6-7 and 32-33 of the form.

The contact information section on lines 13-17 of the form has been clarified on line 13 to show that the contact information being provided to the buyer may be either the contact information for the unit owner, that is, the seller, or contact information for the unit owner's agent/listing broker, that is, the listing agent. The seller is asked to strike one of these choices and complete lines 14-17.

A seller may not be likely to provide the seller's own contact information unless the seller was involved in a FSBO transaction, a limited service listing situation or another scenario where the seller wanted to be the

contact person for the buyer. In most other cases, the contact information being filled in will be the listing agent's contact information – that is who the buyer prospect and any agent or representative of the buyer most often will be directed to contact. The reference on line 13 to "Unit Owner's agent" is intended to refer to the listing broker and/or listing agent, and this has been clarified by adding the reference to "listing broker."

The language in the Condominium Assessments, Fees and Charges section on lines 27-30 has also been revised to help sellers understand that they are being asked to itemize all current assessments, including general assessments, special assessments and any other fees or charges. There may be other charges if the unit owner is required to pay a separate rental charge for parking, storage, use of the condominium clubhouse facility, etc. The idea is for the seller to state all of the fees the seller currently pays with regard to the seller's unit and lifestyle in the condominium. Also new is the suggestion that the seller attach a copy of the budget for easy reference, presuming that the budget will show not only all aspects of the unit owner assessments, but will also be helpful to the buyer by providing an early look into the financial workings of the condominium.

The final revision to the form occurs in the Executive Summary section on lines 31-33. This section says that a copy of the executive summary is attached to the Condominium Addendum to Real Estate Condition Report unless the condominium unit being sold is in a small condominium that has elected abbreviated disclosure material requirements pursuant to Wis. Stat. § 703.365(8).

Wis. Stat. § 703.365(1) says that the declaration for a small condominium may provide that any or all of Wis. Stat. § 703.365(2) to (8) or any parts of those subsections apply to the small

condominium. Unless any of those subsections are adopted, then Chapter 703 applies to the small condominium in the same manner and to the same extent as to other condominiums.

Wis. Stat. § 703.365(8) states, “DISCLOSURE REQUIREMENTS. The disclosure required for a small condominium under s. 703.33 is limited to the disclosure required under s. 703.33(1)(a) to (e), if applicable, and a copy of the condominium plat.” Under Wis. Stat. § 703.33(1), the executive summary is listed in subsection (h), so no executive summary is required if the small condominium has elected to adopt Wis. Stat. § 703.365(8) in its declaration. Wis. Stat. § 703.33(1)(h) does not apply under those circumstances. Wis. Stat. § 709.02(2)(d) provides that, “a copy of the executive summary required under § 703.33(1)(h)” be attached to the Condominium Addendum to the RECR, but an executive summary is not required under § 703.33(1)(h) for small condominiums electing abbreviated disclosure materials. It would make no sense to require an executive summary with the Condominium Addendum to Real Estate Condition Report for a small condominium if no executive summary is required with its disclosure materials.

As in the original version, there is a small box – just above the buyer’s signature lines on the WRA’s Condominium Addendum to Real Estate Condition Report form – that is to be checked if the buyer has already received the condominium disclosure materials at the time that receipt of the condominium addendum to the RECR is acknowledged. Often disclosure materials are not distributed to a potential buyer until after the offer is accepted because sellers may have only one copy of the typically voluminous disclosure materials or are reluctant to pay for multiple copies. Although it may seem early, it may be beneficial to give serious prospects their copy

of the disclosure materials early on along with the RECR because it will dramatically shorten the timeframe for rescission by the buyer. Sellers will appreciate knowing early whether a buyer is going to rescind the offer based upon the disclosure materials rather than enduring the prolonged uncertainty resulting from waiting to give the disclosure materials until the deadline 15 days before closing.

The updated Condominium Addendum to Real Estate Condition Report is available on ZipForm and for purchase in hard copy. This addendum is a one-page form, printed with a plain language explanation of some basic condominium terminology on the reverse side.

Addendum C to WB-14 Residential Condominium Offer to Purchase

The WRA developed an Addendum C to WB-4 Residential Condominium Listing Contract and WB-14 Residential Condominium Offer to Purchase in response to Wis. Stat. ch 703 condominium law revisions and updates enacted in 2004. The addition of the executive summary and the condominium addendum to the RECR, and the changes to procedures relating to a buyer’s rescission rights based upon receipt of the condominium disclosure materials, triggered the need to update a few of the narrative portions of the WB-4 “Residential Condominium Listing Contract” and WB-14 “Residential Condominium Offer to Purchase.” The WRA developed an addendum to supplement these transactional forms with pertinent information from these new legal developments.

When the WB-4 was updated, the information that was on Addendum C was incorporated into the 2009 listing so the Addendum C is no longer needed with the WB-4. Consequently the Addendum C has been revised to

apply only to the WB-14 Residential Condominium Offer to Purchase. A sample copy of this updated addendum appears on Pages 25-26 of this *Update*.

The revised Addendum C is available on ZipForm and for purchase in hard copy. This addendum is a one-page form, printed with a plain language explanation of some basic condominium terminology on the reverse side.

Condominium Hotline Questions and Answers

The following are some questions and answers from the WRA’s Legal Hotline regarding condominiums.

Do you still have to use the Addendum C with the new condominium listing? What about the Condominium Addendum to the Real Estate Condition Report?

It is no longer necessary to use the Addendum C with the new condominium listing contract (but it is still used with condominium offers to purchase). Addendum C was called the Addendum to WB-4 Residential Condominium Listing Contract and WB-14 Residential Condominium Offer to Purchase, but is being renamed the Addendum C to WB-14 Residential Condominium Offer to Purchase because the information that was in the addendum has been incorporated into the revised WB-4 Residential Condominium Listing Contract (mandatory-use date January 1, 2009).

On the other hand, the Condominium Addendum to the Real Estate Condition Report must still be used with the RECR – that is still required by the statutes. The Condominium Addendum to the Real Estate Condition Report containing some language updates and an updated Addendum C designed to be used just with the condominium offer are available from the WRA.

Do you have to provide an RECR or a condominium addendum to the RECR

to a buyer of a new construction condominium that has never been occupied?

Wis. Stat. § 709.01 provides, "Requirements for transfer. (1) Except as provided in sub. (2), all persons who transfer real property located in this state, including a condominium unit, as defined in s. 703.02 (15), and time-share property, as defined in s. 707.02 (32), but excluding property that has not been inhabited, that includes 1 to 4 dwelling units, as defined in s. 101.61 (1), by sale, exchange or land contract, unless the transfer is exempt from the real estate transfer fee under s. 77.25, shall comply with ss. 709.02 to 709.04 and 709.06."

There is no need to provide the RECR or condominium addendum required under § 709.02 when the property has never been occupied.

What does the listing agent need to disclose to agents when showing a unit in a condominium when more than 40 units owned by the declarant/developer are being foreclosed upon? There are concerns about who is paying the condominium association's common expenses, etc. Also, the declarant/developer is marketing the unsold units and offering \$10,000-\$20,000 bonuses and incentives, creating a substantive disadvantage.

If the listing agent knows or is aware of information suggesting the possibility of a material adverse fact, Wis. Admin. Code § RL 24.07(3) states that the listing agent will be practicing competently if he or she makes timely written disclosure of the information suggesting the material adverse fact to all parties to the transaction, recommends the parties obtain expert assistance to inspect or investigate for the possible material adverse fact and, if directed by the parties, drafts appropriate inspection or investigation contingencies. The duty to disclose has priority over any duty owed to the client. The foreclosure of the declarant/developer's unsold

units suggests that there may be financial difficulties within the association because the declarant/developer still has control over the association.

A potential seller owns a side-by-side condominium unit. She and the other unit owner are the only members of the condominium association. The other unit owner has put in a concrete patio, extended a divider fence between the units and planted shrubs without her consent and in violation of the condominium documents. Must this be disclosed to potential buyers and, if so, how? (She has not at this point taken any sort of legal action against him.)

In the WB-14 Residential Condominium Offer to purchase, on line 77, it indicates that any "material violations of environmental laws or other laws or agreements regulating the use of the Condominium" are "conditions affecting the Property or transaction," which the seller must disclose, according to lines 52-56, in either the RECR or in the offer. The seller would have to evaluate whether the other unit owner's behavior constitutes a material breach of the condominium rules and regulations.

The listing agent for a condominium unit received an executive summary that appears to have been drafted and typed, not in accordance with the form on the WRA Web site. What must be included in an executive summary?

Wis. Stat. § 703.33(1)(h) provides that the condominium disclosure materials that must be given to a unit purchaser, not later than 15 days prior to the closing of the sale, will include:

(h) An executive summary setting forth in clear plain language the following information or location within the disclosure materials where the information may be found:

1. **Condominium identification.** The name of the condominium.
2. **Expansion plans.** A description of

the declarant's expansion plan for the condominium and deadline for implementation and the identity of the condominium management during the expansion period.

3. **Governance.** The name and address of the condominium association; whether the association is self-managed or has hired or retained management; and the name, address and telephone number of the individual or individuals who may be contacted regarding the condominium in general.
4. **Special amenities.** A description of any special amenities, such as an athletic club or golf course, and a statement of the obligation of a unit owner to join or support the amenity.
5. **Maintenance and repair of units.** A description of an owner's responsibilities for the repair and maintenance of the unit.
6. **Maintenance, repair, and replacement of common elements.** The identity of the person responsible for the maintenance, repair and replacement of common elements and limited common elements and whether repairs or replacements will be funded from unit owner assessments, reserve funds, or both.
7. **Rental of units.** Whether unit owners may rent their units and any restrictions on rentals.
8. **Unit alterations.** A description of any rules, restrictions or procedures governing a unit owner's authority to alter the unit or use or enclose limited common elements.
9. **Parking.** A description of the availability, restrictions and costs of parking.
10. **Pets.** A description of rules relating to unit owners' pets.
11. **Reserves.** Whether the association maintains reserves for repairs and replacement of common elements beyond routine maintenance and, if so, whether a statutory

reserve account under s. 703.163 is maintained.

11. Fees on new units. A description of any provisions exempting the declarant or modifying the declarant's obligation to pay assessments on the declarant's unsold units during the period of the declarant's control, and any other provisions in the declaration, bylaws or budget addressing the levying and payment of assessments on units during the period of the declarant's control.

11. Amendments. An indication that a unit purchaser's rights and responsibilities may be altered by an amendment of the declaration or bylaws, and a description of the amendment process and requirements.

12. Other restrictions or features. At the option of the declarant or association, a description of other restrictions or features of the condominium.

How should a REALTOR® proceed when a condominium association refuses to prepare an executive summary?

The executive summary gives buyers a user-friendly summary of or index to the important information contained within the disclosure documents. The executive summary is placed in the condominium disclosure materials directly following the index, and a copy generally must be attached to the Condominium Addendum to the Real Estate Condition Report.

The declarant or the association (whichever is in control) is responsible for preparing the executive summary and revising it when a change in the underlying disclosure materials necessitates a corresponding revision. Associations that do not have an executive summary prepared may delay the sales process. The Executive Summary form on the WRA Web site (www.wra.org/condolaw) may be used by association directors, officers or attorneys, but a REALTOR® or seller should never complete the executive

summary – the potential liability for making a mistake and overstepping the association's role is too great.

The REALTOR® or seller should furnish a copy of the WRA Executive Summary form to all association directors and explain that it is critical that they complete it. If the association refuses to complete an executive summary, unit owners will be put at risk of losing good buyers or even being unable to successfully sell their condominium units.

The broker recently listed a townhouse that is in a condominium association. When does the executive summary need to be provided to a potential buyer? Are there any penalties if it is not provided? The association is charging \$165 for the documents. If three properties are listed at the same time and at the same place, could the three sellers order one set, make copies and split the cost between them?

Although the executive summary may be provided at any time, according to Wis. Stat. § 703.33, the latest time would be with the condominium disclosure documents. The RECR law also calls for the seller to attach the executive summary to the RECR. If the seller fails to provide the executive summary with the condominium disclosure documents, the buyer may rescind pursuant to Wis. Stat. § 703.33(3c) and § 703.33(4).

Regarding the cost of documents, Wis. Stat. § 703.20(2) provides as follows, “(2) DISCLOSURE INFORMATION. Within 10 days after a request by a seller other than the declarant, an association shall furnish the information necessary for the seller to comply with s. 703.33. The seller shall pay the association the actual costs of furnishing the information.” Whether the fee charged represents actual costs is a question that the sellers may raise with the association. The statute does not prevent multiple sellers obtaining one set of documents and copying for multiple transactions.

A new condominium is being built. One of the units is sold and the buyer wants to know when the developer is going to turn over the covenants to the neighborhood association.

The buyer was apparently referring to declarant control. Declarant control means that the developer or declarant has reserved the power to appoint and remove the officers of the condominium association, and to generally exercise the powers and responsibilities otherwise exercised by the association. This allows the declarant to ensure that the association runs smoothly until the project is up and running.

This declarant control is limited by Wis. Stat. § 703.15(2)(c) and (d). A declarant may control the Association for up to three years or until units with a total of 75 percent of the percentage interests have been sold, whichever happens first. In expandable condominiums, this period is extended to the earlier of 10 years or the conveyance of 75 percent of the percentage interests. Other limitations are also imposed on the number of directors the declarant can elect, based on a sliding scale of the total amount of percentage interests that have been conveyed to unit buyers. The buyer, accordingly, should refer to the condominium declaration and bylaws to see when declarant control will end in the particular condominium.

The buyer of a condominium unit has put up an exterior screen door. The buyer received a curt letter from the agent for the complex telling the buyer to remove this door. Can the association make this person remove the door?

Wis. Stat. § 703.15(3)(b)7 states that an association has the authority to “grant or withhold approval of any action by a unit owner or other person which would change the exterior appearance of the unit or of any other portion of the condominium.” This is generally done to ensure a uniform exterior appearance.

The buyer should check his condominium documents to see what the rules are for screen doors in the condominium and what enforcement powers that association possesses.

Is it possible to sell condominium units before having the bylaws in place?

An offer to purchase may be entered into before the condominium declaration and plat have been recorded. This is what officially creates the condominium, and no condominium deed may be recorded before these condominium instruments have been recorded. Thus, the declaration and plat must be recorded no later than at the first unit closing, and the offer should be contingent on such recording.

The seller must provide the unit buyer with a complete set of the condominium disclosure materials at least 15 days prior to closing as required by Wis. Stat. § 703.33. Accordingly, the condominium documents such as the declaration, bylaws, budget, etc., must arguably be finalized at least 15 days prior to closing.

A broker has a condominium unit listed that was previously listed by another company. This company had an accepted offer, but the buyer backed out and the seller sued the first company for damages. The seller is adamant about language in the offer to purchase and Wis. Stat. § 703.33 relating to the condominium disclosure materials. The new listing agent is afraid this seller will possibly sue her too. How should she proceed?

In the case described by the seller, the buyer apparently was able to rescind the offer more than five business days after receiving the disclosure materials because the buyer's attorney argued the materials were incomplete and, thus, not ever completely received. This was based on the fact that the materials lacked a cover sheet, index and table of contents as required by Wis. Stat. § 703.33(2).

Such an argument might be successful for the buyer's attorneys. Consequently, the listing agent may wish to be careful that disclosure materials meet the Wis. Stat. § 703.33(2) format. Note that the WB-4 listing contract indicates that the seller will provide documents that are correct and complete. If the materials the listing agent has received from the association are not in the appropriate format, the listing agent may wish to bring this fact to the attention of the seller. It is arguably not the listing agent's responsibility to put the documents into proper form – this would be up to the seller, the seller's attorney or the association.

WB-4 RESIDENTIAL CONDOMINIUM LISTING CONTRACT - EXCLUSIVE RIGHT TO SELL Page 1 of 6, WB-4

1 SELLER GIVES BROKER THE EXCLUSIVE RIGHT TO SELL THE PROPERTY ON THE FOLLOWING TERMS:

2 ■ **PROPERTY DESCRIPTION:** The street address of the Unit is: _____
3 _____ in the _____ of _____, County
4 of _____, Wisconsin, particularly described as Unit: _____ (Building _____)
5 of _____ Condominium; Seller's interest in the common
6 elements appurtenant to the Unit, together with and subject to the rights, interests, obligations and limitations as set
7 forth in the declaration and condominium plat (and all amendments to them) creating the Condominium, which
8 altogether constitute the Property. Insert additional description, if any, at lines 309-322 or attach as an addendum per
9 lines 323-328.

10 ■ **LIST PRICE:** _____ Dollars (\$ _____).

11 ■ **INCLUDED IN LIST PRICE:** Seller is including in the list price the Property, Seller's interests in any common surplus
12 and reserves of the Condominium allocated to the Property, Fixtures not excluded on lines 16-19, and the following
13 items: _____
14 _____.

15 ■ **NOT INCLUDED IN LIST PRICE:** CAUTION: Identify Fixtures to be excluded by Seller or which are rented and will
16 continue to be owned by the lessor. (See lines 266-277): _____
17 _____
18 _____
19 _____.

20 ■ **STORAGE UNIT:** A storage unit (is) (is not) ~~STRIKE ONE~~ included in the List Price; Unit number: _____.

21 ■ **LIMITED COMMON ELEMENTS:** The limited common elements assigned to the Unit include: _____
22 _____ See condominium declaration for complete list.

23 ■ **PARKING:** The parking for the Property is _____. The parking fee is \$ _____.

24 ■ **ASSOCIATION FEE:** The association fee for the Property is \$ _____ per _____.

25 ■ **RIGHT OF FIRST REFUSAL:** The condominium association (does) (does not) ~~STRIKE ONE~~ have a right of first
26 refusal on the Property.

27 ■ **MARKETING:** Seller authorizes and Broker agrees to use reasonable efforts to procure a buyer for the Property.
28 Seller agrees that Broker may market Seller's personal property identified on lines 13-14 during the term of this Listing.
29 Broker's marketing may include: _____
30 _____.

31 Broker may advertise the following special financing and incentives offered by Seller: _____
32 _____ Seller has a duty to cooperate with Broker's marketing
33 efforts. See lines 88-106 regarding Broker's role as marketing agent and Seller's duty to notify Broker of any potential
34 buyer known to Seller. Seller agrees that Broker may market other properties during the term of this Listing.

35 ■ **OCCUPANCY:** Unless otherwise provided, Seller agrees to give buyer occupancy of the Unit and any limited
36 common elements at time of closing and to have the Unit in broom swept condition and free of all debris and personal
37 property except for personal property belonging to current tenants, sold to buyer or left with buyer's consent.

38 ■ **COOPERATION, ACCESS TO PROPERTY OR OFFER PRESENTATION:** The parties agree that Broker will work
39 and cooperate with other brokers in marketing the Property, including brokers from other firms acting as subagents
40 (agents from other companies engaged by Broker - See lines 194-197) and brokers representing buyers. Cooperation
41 includes providing access to the Property for showing purposes and presenting offers and other proposals from these
42 brokers to Seller. Note any brokers with whom Broker shall not cooperate, any brokers or buyers who shall not be
43 allowed to attend showings, and the specific terms of offers which should not be submitted to Seller: _____
44 _____.

45 CAUTION: Limiting Broker's cooperation with other brokers may reduce the marketability of the Property.

46 ■ **EXCLUSIONS:** All persons who may acquire an interest in the Property as a Protected Buyer under a prior listing
47 contract are excluded from this Listing to the extent of the prior broker's legal rights, unless otherwise agreed to in
48 writing. Within seven days of the date of this Listing, Seller agrees to deliver to Broker a written list of all such
49 prospective buyers. The following other buyers are excluded from this Listing until _____ ~~INSERT DATE~~:
50 _____ These other buyers are no longer
51 excluded from this Listing after the specified date unless, on or before the specified date, Seller has either accepted an
52 offer from the buyer or sold the Property to the buyer.

53 ■ **COMPENSATION TO OTHERS:** Broker offers the following commission to cooperating brokers: _____
54 _____ (Exceptions if any): _____.

55 ■ **COMMISSION:** Broker's commission shall be _____.

56 Seller shall pay Broker's commission, which shall be earned, if, during the term of this Listing:

- 57 1) Seller sells or accepts an offer which creates an enforceable contract for the sale of all or any part of the Property;
- 58 2) Seller grants an option to purchase all or any part of the Property which is subsequently exercised;
- 59 3) Seller exchanges or enters into a binding exchange agreement on all or any part of the Property;
- 60 4) A transaction occurs which causes an effective change in ownership or control of all or any part of the Property; or
- 61 5) A buyer is procured for the Property by Broker, by Seller, or by any other person, at no less than the price and on
- 62 substantially the same terms set forth in this Listing and in the standard provisions of the current WB-14
- 63 RESIDENTIAL CONDOMINIUM OFFER TO PURCHASE, even if Seller does not accept this buyer's offer. (See
- 64 lines 282-285 regarding procurement.)

65 A percentage commission, if applicable, shall be calculated based on the purchase price if commission is earned
66 under 1) or 2) above, or calculated based on the list price under 3), 4) or 5). A percentage commission shall be
67 calculated on the fair market value of the Property exchanged under 3) if the exchange involves less than the entire
68 Property or on the fair market value of the Property to which an effective change in ownership or control takes place,
69 under 4) if the transaction involves less than the entire Property. Once earned, Broker's commission is due and
70 payable in full at the earlier of closing or the date set for closing, unless otherwise agreed in writing. Broker's
71 commission shall be earned if, during the term of the Listing, one owner of the Property sells, conveys, exchanges or
72 options an interest in all or any part of the Property to another owner, except by divorce judgment.

73 NOTE: A sale, option, exchange or procurement of a buyer for a portion of the Property does not terminate the Listing
74 as to any remaining Property.

75 ■ **EXTENSION OF LISTING:** The Listing term is extended for a period of one year as to any Protected Buyer. Upon
76 receipt of a written request from Seller or a broker who has listed the Property, Broker agrees to promptly deliver to
77 Seller a written list of those buyers known by Broker to whom the extension period applies. Should this Listing be
78 terminated by Seller prior to the expiration of the term stated in this Listing, this Listing shall be extended for Protected
79 Buyers, on the same terms, for one year after the Listing is terminated.

80 ■ **TERMINATION OF LISTING:** Neither Seller nor Broker has the legal right to unilaterally terminate this Listing absent
81 a material breach of contract by the other party. Seller understands that the parties to the Listing are Seller and the
82 Broker (firm). Agents (salespersons) for Broker (firm) do not have the authority to enter into a mutual agreement to
83 terminate the Listing, amend the commission amount or shorten the term of this Listing, without the written consent of
84 the agent(s)' supervising broker. Seller and Broker agree that any termination of this Listing by either party before the
85 date stated on line 333 shall be indicated to the other party in writing and shall not be effective until delivered to the
86 other Party in accordance with lines 260-265. CAUTION: Early termination of this Listing may be a breach of contract,
87 causing the terminating party to potentially be liable for damages.

88 ■ **SELLER COOPERATION WITH MARKETING EFFORTS:** Seller agrees to cooperate with Broker in Broker's
89 marketing efforts and to provide Broker with all records, documents and other material in Seller's possession or control
90 which are required in connection with the sale, including, but not limited to, copies of the condominium association's
91 condominium disclosure materials as described in lines 107-136. The Buyer may also request the following:

- 92 1) the condominium association's financial statements for the last two years,
- 93 2) the minutes of the last unit owner's meetings,
- 94 3) the minutes of condominium board meetings during the 12 months prior to acceptance,
- 95 4) information about contemplated or pending condominium special assessments,
- 96 5) copies of the association's certificate of insurance,
- 97 6) a statement from the association indicating the balance of reserve accounts controlled by the association,
- 98 7) a statement from the association of the amount of any unpaid assessments on the unit (per Wis. Stat. § 703.165)
- 99 and;
- 100 8) the declaration and bylaws of the master association, if any, so Seller should be prepared to also provide these
- 101 items.

102 Seller authorizes Broker to do those acts reasonably necessary to effect a sale and Seller agrees to cooperate fully
103 with these efforts which may include obtaining condominium disclosure materials at Seller's expense (see Wis. Stat. §
104 703.20(2)), use of a multiple listing service, Internet advertising or a lockbox system on Property. Seller shall promptly
105 notify Broker in writing of any potential purchasers with whom Seller negotiates during the term of this Listing and shall
106 promptly refer all persons making inquiries concerning the Property to Broker.

107 ■ **CONDOMINIUM DISCLOSURE MATERIALS:** Seller agrees to provide buyer with complete, current and accurate
108 copies of the condominium disclosure materials required by Wis. Stat. § 703.33. The condominium disclosure
109 materials are required to be delivered to buyer no later than 15 days prior to closing. The condominium disclosure
110 materials include a copy of the following and any amendments to any of these (except as limited for small
111 condominiums per Wis. Stat. § 703.365):

- 112 a) proposed or existing declaration, bylaws and any rules or regulations, and an index of the contents,
- 113 b) proposed or existing articles of incorporation of the association, if it is or is to be incorporated,
- 114 c) proposed or existing management contract, employment contract or other contract affecting the use,
- 115 maintenance or access of all or part of the condominium,
- 116 d) projected annual operating budget for the condominium including reasonable details concerning the estimated
- 117 monthly payments by the purchaser for assessments and other monthly charges,
- 118 e) leases to which unit owners or the association will be a party,
- 119 f) general description of any contemplated expansion of condominium including each stage of expansion and the
- 120 maximum number of units that can be added to the condominium,
- 121 g) unit floor plan showing location of common elements and other facilities available to unit owners,

122 h) the executive summary.

123 If the condominium was an occupied structure prior to the recording of the condominium declaration, it is a "conversion
124 condominium," and the "condominium disclosure materials" for a conversion condominium with five or more units also
125 include:

- 126 1) a declarant's statement based on an independent engineer's or architect's report describing the present condition
127 of structural, mechanical and electrical installations;
- 128 2) a statement of the useful life of the items covered in 1), unless a statement that no representations are being made
129 is provided, and
- 130 3) a list of notices of uncured code or other municipal violations, including an estimate of the costs of curing the
131 violations.

132 If the disclosure materials are delivered to Buyer and Buyer does not receive all of the disclosure documents, Buyer
133 may, within 5 business days of Buyer's receipt of the disclosure materials, either rescind the Offer or request any
134 missing documents. Seller has 5 business days following receipt of Buyer's request for missing documents to deliver
135 the requested documents. Buyer may rescind the sale within 5 business days of the earlier of Buyer's receipt of
136 requested missing documents or the deadline for Seller's delivery of the documents [Wis. Stat. § 703.33(4)(b)].

137 ■ **LEASED PROPERTY:** If Property is currently leased and lease(s) will extend beyond closing, Seller shall assign
138 Seller's rights under the lease(s) and transfer all security deposits and prepaid rents (subject to agreed upon prorations)
139 thereunder to buyer at closing. Seller acknowledges that Seller remains liable under the lease(s) unless released by
140 tenant(s). CAUTION: Seller should consider obtaining an indemnification agreement from buyer for liabilities under the
141 lease(s) unless released by tenants.

142 ■ **BROKER DISCLOSURE TO CLIENTS:**

143 **UNDER WISCONSIN LAW, A BROKER OWES CERTAIN DUTIES TO ALL PARTIES TO A TRANSACTION:**

- 144 (a) The duty to provide brokerage services to you fairly and honestly.
- 145 (b) The duty to exercise reasonable skill and care in providing brokerage services to you.
- 146 (c) The duty to provide you with accurate information about market conditions within a reasonable time if you request
147 it, unless disclosure of the information is prohibited by law.
- 148 (d) The duty to disclose to you in writing certain material adverse facts about a property, unless disclosure of the
149 information is prohibited by law. (See Lines 278-281)
- 150 (e) The duty to protect your confidentiality. Unless the law requires it, the broker will not disclose your confidential
151 information or the confidential information of other parties. (See Lines 203-221)
- 152 (f) The duty to safeguard trust funds and other property the broker holds.
- 153 (g) The duty, when negotiating, to present contract proposals in an objective and unbiased manner and disclose the
154 advantages and disadvantages of the proposals.

155 ■ **BECAUSE YOU HAVE ENTERED INTO AN AGENCY AGREEMENT WITH A BROKER, YOU ARE THE
156 BROKER'S CLIENT. A BROKER OWES ADDITIONAL DUTIES TO A CLIENT:**

- 157 (a) The broker will provide, at your request, information and advice on real estate matters that affect your transaction,
158 unless you release the broker from this duty.
- 159 (b) The broker must provide you with all material facts affecting the transaction, not just adverse facts.
- 160 (c) The broker will fulfill the broker's obligations under the agency agreement and fulfill your lawful requests that are within
161 the scope of the agency agreement.
- 162 (d) The broker will negotiate for you, unless you release the broker from this duty.
- 163 (e) The broker will not place the broker's interests ahead of your interests. The broker will not, unless required by law, give
164 information or advice to other parties who are not the broker's clients, if giving the information or advice is contrary to your
165 interests.
- 166 (f) If you become involved in a transaction in which another party is also the broker's client (a "multiple representation
167 relationship"), different duties may apply.

168 ■ **MULTIPLE REPRESENTATION RELATIONSHIPS AND DESIGNATED AGENCY:**

169 ■ A multiple representation relationship exists if a broker has an agency agreement with more than one client who is a
170 party in the same transaction. In a multiple representation relationship, if all of the broker's clients in the transaction
171 consent, the broker may provide services to the clients through designated agency.

172 ■ Designated agency means that different salespersons employed by the broker will negotiate on behalf of you and the
173 other client or clients in the transaction, and the broker's duties will remain the same. Each salesperson will provide
174 information, opinions, and advice to the client for whom the salesperson is negotiating, to assist the client in the
175 negotiations. Each client will be able to receive information, opinions, and advice that will assist the client, even if the
176 information, opinions, or advice gives the client advantages in the negotiations over the broker's other clients. A
177 salesperson will not reveal any of your confidential information to another party unless required to do so by law.

178 ■ If a designated agency relationship is not in effect you may authorize or reject a multiple representation relationship.
179 If you authorize a multiple representation relationship the broker may provide brokerage services to more than one
180 client in a transaction but neither the broker nor any of the broker's salespersons may assist any client with
181 information, opinions, and advice which may favor the interests of one client over any other client. If you do not
182 consent to a multiple representation relationship the broker will not be allowed to provide brokerage services to more
183 than one client in the transaction.

184 **INITIAL ONLY ONE OF THE THREE LINES BELOW:**

185 _____ | consent to designated agency.

186 _____ | consent to multiple representation relationships, but I do not consent to designated agency.

187 _____ | reject multiple representation relationships.

188 **NOTE: YOU MAY WITHDRAW YOUR CONSENT TO DESIGNATED AGENCY OR TO MULTIPLE**
189 **REPRESENTATION RELATIONSHIPS BY WRITTEN NOTICE TO THE BROKER AT ANY TIME. YOUR BROKER IS**
190 **REQUIRED TO DISCLOSE TO YOU IN YOUR AGENCY AGREEMENT THE COMMISSION OR FEES THAT YOU**
191 **MAY OWE TO YOUR BROKER. IF YOU HAVE ANY QUESTIONS ABOUT THE COMMISSION OR FEES THAT YOU**
192 **MAY OWE BASED UPON THE TYPE OF AGENCY RELATIONSHIP YOU SELECT WITH YOUR BROKER YOU**
193 **SHOULD ASK YOUR BROKER BEFORE SIGNING THE AGENCY AGREEMENT.**

194 ■ **SUBAGENCY:** The broker may, with your authorization in the agency agreement, engage other brokers who assist
195 your broker by providing brokerage services for your benefit. A subagent will not put the subagent's own interests
196 ahead of your interests. A subagent will not, unless required by law, provide advice or opinions to other parties if doing
197 so is contrary to your interests.

198 **PLEASE REVIEW THIS INFORMATION CAREFULLY. A broker or salesperson can answer your questions about**
199 **brokerage services, but if you need legal advice, tax advice, or a professional home inspection, contact an**
200 **attorney, tax advisor, or home inspector. This disclosure is required by section 452.135 of the Wisconsin**
201 **statutes and is for information only. It is a plain language summary of a broker's duties to you under section**
202 **452.133 (2) of the Wisconsin statutes.**

203 ■ **CONFIDENTIALITY NOTICE TO CLIENTS:** Broker will keep confidential any information given to Broker in
204 confidence, or any information obtained by Broker that he or she knows a reasonable person would want to be kept
205 confidential, unless the information must be disclosed by law or you authorize Broker to disclose particular information.
206 Broker shall continue to keep the information confidential after Broker is no longer providing brokerage services to you.
207 The following information is required to be disclosed by law:

208 1) Material adverse facts, as defined in section 452.01 (5g) of the Wisconsin statutes (lines 278-281).

209 2) Any facts known by the Broker that contradict any information included in a written inspection report on the
210 property or real estate that is the subject of the transaction.

211 To ensure that the Broker is aware of what specific information you consider confidential, you may list that information
212 below (see lines 214-217). At a later time, you may also provide the Broker with other information you consider to be
213 confidential.

214 **CONFIDENTIAL INFORMATION:** _____

215 _____

216 _____

217 _____

218 **NON-CONFIDENTIAL INFORMATION** (The following may be disclosed by Broker): _____

219 _____

220 _____

221 _____

222 ■ **REAL ESTATE CONDITION REPORT:** Wisconsin Administrative Code Chapter RL 24 requires listing brokers to
223 make inquiries of the Seller on the condition of the Property and to request that Seller provide a written response to
224 Broker's inquiry. Seller agrees to complete a real estate condition report to the best of Seller's knowledge. Seller
225 agrees to amend the report should Seller learn of any defect(s) after completion of the report but before acceptance of
226 a buyer's offer to purchase. Seller authorizes Broker to distribute the report to all interested parties and their agents
227 inquiring about the Property and acknowledges that Broker has a duty to disclose all material adverse facts as required
228 by law. Wis. Stat. § 709.03 provides that when the Property is a condominium unit, the property to which the real
229 estate condition report applies is the condominium unit, the common elements of the condominium and any limited
230 common elements that may be used only by the owner of the condominium unit being transferred. Wis. Stat. §
231 709.02(2) requires that Seller also furnish a condominium addendum to the Real Estate Condition Report and a copy
232 of the executive summary along with the Real Estate Condition Report. Note: Small condominiums may not all be
233 required to have an executive summary per Wis. Stat. § 703.365 (1) (b) and (8).

234 ■ **SELLER REPRESENTATIONS REGARDING DEFECTS:** Seller represents to Broker that as of the date of this
235 Listing, if a real estate condition report or other form of written response to Broker's inquiry regarding the condition of the
236 Property has been made by the Seller, the Seller has no notice or knowledge of any defects affecting the Property other
237 than those noted on Seller's real estate condition report or written response.

238 **WARNING: IF SELLER REPRESENTATIONS ARE INCORRECT OR INCOMPLETE, SELLER MAY BE LIABLE FOR**
239 **DAMAGES AND COSTS.**

240 ■ **OPEN HOUSE AND SHOWING RESPONSIBILITIES:** Seller is aware that there is a potential risk of injury, damage
241 and/or theft involving persons attending an "individual showing" or an "open house." Seller accepts responsibility for
242 preparing the Property to minimize the likelihood of injury, damage and/or loss of personal property. Seller agrees to
243 hold Broker harmless for any losses or liability resulting from personal injury, property damage, or theft occurring
244 during "individual showings" or "open houses" other than those caused by Broker's negligence or intentional
245 wrongdoing. Seller acknowledges that individual showings and open houses may be conducted by licensees other
246 than Broker, that appraisers and inspectors may conduct appraisals and inspections without being accompanied by
247 Broker or other licensees, and that buyers or licensees may be present at all inspections and testing and may
248 photograph or videotape Property unless otherwise provided for in additional provisions at lines 309-322 or in an
249 addendum per lines 323-328.

250 ■ DEFINITIONS:

251 **ADVERSE FACT:** An "adverse fact" means any of the following:

252 (a) A condition or occurrence that is generally recognized by a competent licensee as doing any of the following:

- 253 1) significantly and adversely affecting the value of the Property;
- 254 2) significantly reducing the structural integrity of improvements to real estate; or
- 255 3) presenting a significant health risk to occupants of the Property.

256 (b) Information that indicates that a party to a transaction is not able to or does not intend to meet his or her

257 obligations under a contract or agreement made concerning the transaction.

258 **DEADLINES – DAYS:** Deadlines expressed as a number of "days" from an event are calculated by excluding the day the

259 event occurred and by counting subsequent calendar days.

260 **DELIVERY:** Delivery of documents or written notices related to this Listing may only be accomplished by:

- 261 1) giving the document or written notice personally to the party;
- 262 2) depositing the document or written notice postage or fees prepaid or charged to an account in the U.S. Mail or a
- 263 commercial delivery system, addressed to the party, at the party's address (See lines 339, 345 and 351.);
- 264 3) electronically transmitting the document or written notice to the party's fax number (See lines 341, 347 and 353.); or,
- 265 4) as otherwise agreed in additional provisions on lines 309-322 or in an addendum to this Listing.

266 **FIXTURES:** A "fixture" is an item of property which is physically attached to or so closely associated with land or

267 buildings so as to be treated as part of the real estate, including, without limitation, physically attached items not easily

268 removable without damage to the premises, items specifically adapted to the premises, and items customarily treated

269 as fixtures, including, but not limited to, all: garden bulbs; plants; shrubs and trees; screen and storm doors and

270 windows; electric lighting fixtures; window shades; curtain and traverse rods; blinds and shutters; central heating and

271 cooling units and attached equipment; water heaters and treatment systems; sump pumps; attached or fitted floor

272 coverings; awnings; attached antennas, garage door openers and remote controls; installed security systems; central

273 vacuum systems and accessories; in-ground sprinkler systems and component parts; built-in appliances; ceiling fans;

274 fences; storage buildings on permanent foundations and docks/piers on permanent foundations.

275 **CAUTION: Exclude any Fixtures to be retained by Seller or which are rented (e.g., water softener or other**

276 **water conditioning systems, home entertainment and satellite dish components, L.P. tanks, etc.) on lines 16-**

277 **19 and in the offer to purchase.**

278 **MATERIAL ADVERSE FACT:** A "material adverse fact" means an adverse fact that a party indicates is of such

279 significance, or that is generally recognized by a competent licensee as being of such significance to a reasonable

280 party, that it affects or would affect the party's decision to enter into a contract or agreement concerning a transaction

281 or affects or would affect the party's decision about the terms of such a contract or agreement.

282 **PROCURE:** A buyer is procured when, during the term of the Listing, an enforceable contract of sale is entered into

283 between the Seller and the buyer or when a ready, willing and able buyer submits to the Seller or the Listing Broker a written

284 offer at the price and on substantially the terms specified in this Listing. A buyer is ready, willing and able when the buyer

285 submitting the written offer has the ability to complete the buyer's obligations under the written offer. (See lines 61-64)

286 **PROPERTY:** Unless otherwise stated, "Property" means the real estate described at lines 2-9.

287 **PROTECTED BUYER:** Means a buyer who personally, or through any person acting for such buyer: 1) delivers to Seller or

288 Broker a written offer to purchase, exchange or option on the Property during the term of this Listing; 2) negotiates directly

289 with Seller by discussing with Seller the potential terms upon which buyer might acquire an interest in the Property; or 3)

290 attends an individual showing of the Property or discusses with Broker or cooperating brokers the potential terms upon

291 which buyer might acquire an interest in the Property, but only if Broker delivers the buyer's name to Seller, in writing, no

292 later than three days after the expiration of the Listing. The requirement in 3), to deliver the buyer's name to Seller in writing,

293 may be fulfilled as follows: a) If the Listing is effective only as to certain individuals who are identified in the Listing, by the

294 identification of the individuals in the Listing; or, b) if a buyer has requested that the buyer's identity remain confidential, by

295 delivery of a written notice identifying the broker with whom the buyer negotiated and the date(s) of any showings or other

296 negotiations.

297 **■ FAIR HOUSING: Seller and Broker agree that they will not discriminate against any prospective buyer on**

298 **account of race, color, sex, sexual orientation as defined in Wisconsin Statutes, Section 111.32 (13m),**

299 **disability, religion, national origin, marital status, lawful source of income, age, ancestry, familial status, or in**

300 **any other unlawful manner.**

301 **■ EARNEST MONEY:** If Broker holds trust funds in connection with the transaction, they shall be retained by Broker in

302 Broker's trust account. Broker may refuse to hold earnest money or other trust funds. Should Broker hold the earnest money,

303 Seller authorizes Broker to disburse the earnest money as directed in a written earnest money disbursement agreement

304 signed by or on behalf of all parties having an interest in the trust funds. If the transaction fails to close and the earnest

305 money is disbursed to Seller, then upon disbursement to Seller the earnest money shall be paid first to reimburse Broker for

306 cash advances made by Broker on behalf of Seller and one half of the balance, but not in excess of the agreed commission,

307 shall be paid to Broker as Broker's full commission in connection with said purchase transaction and the balance shall belong

308 to Seller. This payment to Broker shall not terminate this Listing.

309 ■ **ADDITIONAL PROVISIONS:** _____
 310 _____
 311 _____
 312 _____
 313 _____
 314 _____
 315 _____
 316 _____
 317 _____
 318 _____
 319 _____
 320 _____
 321 _____
 322 _____

323 ■ **ADDENDA:** The attached addenda _____
 324 _____
 325 _____
 326 _____
 327 _____

328 _____ is/are made part of this Listing.

329 ■ **NOTICE ABOUT SEX OFFENDER REGISTRY:** You may obtain information about the sex offender registry and
 330 persons registered with the registry by contacting the Wisconsin Department of Corrections on the Internet at
 331 <http://www.widocoffenders.org> or by telephone at (608)240-5830.

332 ■ **TERM OF THE CONTRACT:** From the _____ day of _____,
 333 up to and including midnight of the _____ day of _____.

334 ■ **READING/RECEIPT: BY SIGNING BELOW, SELLER ACKNOWLEDGES RECEIPT OF A COPY OF THIS**
 335 **LISTING CONTRACT AND THAT HE/SHE HAS READ ALL SIX PAGES AS WELL AS ANY ADDENDA AND ANY**
 336 **OTHER DOCUMENTS INCORPORATED INTO THE LISTING.**

337 (x) _____
 338 Seller's Signature ▲ _____ Print Name Here: ▲ _____ Date ▲ _____

339 _____
 340 Seller's Address ▲ _____ Seller's Phone # ▲ _____

341 _____
 342 Seller's Fax # ▲ _____ Seller's E-Mail Address ▲ _____

343 (x) _____
 344 Seller's Signature ▲ _____ Print Name Here: ▲ _____ Date ▲ _____

345 _____
 346 Seller's Address ▲ _____ Seller's Phone # ▲ _____

347 _____
 348 Seller's Fax # ▲ _____ Seller's E-Mail Address ▲ _____

349 (x) _____
 350 Agent for Broker ▲ _____ Print Name Here: ▲ _____ Broker/Firm Name ▲ _____ Date ▲ _____

351 _____
 352 Broker/Firm Address ▲ _____ Broker/Firm Phone # ▲ _____

353 _____
 354 Broker/Firm Fax # ▲ _____ Broker/Firm E-Mail Address ▲ _____

ADDENDUM C TO WB-14 RESIDENTIAL CONDOMINIUM OFFER TO PURCHASE

1 This Addendum to WB-14 Residential Condominium Offer to Purchase is intended to supplement this form to reflect the changes
2 made to Chapters 703 and 709 of the Wisconsin Statutes by 2003 Wisconsin Act 283.

3 ■ **CONDOMINIUM DISCLOSURE MATERIALS.** Lines 81-94 of the WB-14 Residential Condominium Offer to Purchase are
4 supplemented with the following information:

5 The condominium disclosure materials also include an executive summary which highlights essential information about the
6 condominium for buyers. An executive summary may not be required as part of the disclosure materials for a "small condominium"
7 (up to 12 units), depending upon the elections made in the declaration (Wis. Stat. § 703.365).

8 If the disclosure materials are delivered to Buyer and Buyer does not receive all of the disclosure documents, Buyer may, within 5
9 business days of Buyer's receipt of the disclosure materials, either rescind the Offer or request any missing documents. Seller has 5
10 business days following receipt of Buyer's request for missing documents to deliver the requested documents. Buyer may rescind
11 the sale within 5 business days of the earlier of Buyer's receipt of requested missing documents or the deadline for Seller's delivery
12 of the documents [Wis. Stat. § 703.33(4)(b)].

13 ■ **REAL ESTATE CONDITION REPORT.** Lines 104-115 of the WB-14 Residential Condominium Offer to Purchase are
14 supplemented with the following information:

15 A condominium addendum to the Real Estate Condition Report must be furnished in compliance with Wis. Stat. § 709.02(2),
16 attached to the Real Estate Condition Report and delivered to the Buyer. A copy of the executive summary also must be included
17 with the condominium addendum to the Real Estate Condition Report unless this is a small condominium electing § 703.365(8)
18 disclosure requirements.

19 By initialing and dating below, each party acknowledges that they have read and acknowledge receipt of a copy of this Addendum.
20 (Seller's initials below shall not constitute the acceptance or other disposition of the Offer or this Addendum).

21 _____
22 (Buyer(s) Initials) (Date) (Seller(s) Initials) (Date)

23 RESIDENTIAL CONDOMINIUM CONCEPTS

24 In general terms, residential Condominiums take what otherwise might have been an apartment, townhouse or house, and permits
 25 individual sales of the separate dwelling Units. All of the dwelling Unit owners own the common areas together and collectively pay
 26 for the upkeep and other common expenses. A Condominium, however, is not like living in an apartment because the owner is
 27 usually responsible for the maintenance and repair of everything within the Unit - the property manager does not take care of it, as
 28 would be the case with a tenant. To understand Condominium ownership, an understanding of certain key concepts is needed.

29 ■ **Declaration:** The Declaration is a written document that creates a Condominium from one or more parcels of real estate. In the
 30 Declaration, the owner declares his or her property to now be a Condominium. The Declaration divides the property into several
 31 smaller parcels: Units, which are individually owned, and the Common Elements, which are owned in common by all of the Unit
 32 owners together. The Declaration sets out what percentage of ownership interest in the Common Elements is assigned to each
 33 Unit, and the number of votes that the owner of each Unit has in the Association.

34 ■ **Declarant:** The Declarant is the builder or developer who declares his or her property to be a Condominium by recording the
 35 Declaration and plat maps. The Declarant may reserve a period of "Declarant Control" that gives the Declarant time to finish
 36 construction of the Condominium project and/or to sell the Units. During this period, the Declarant exercises the powers and
 37 responsibilities of the Association through its exclusive right to appoint the directors to the Association board. As the Units are sold
 38 to purchasers, elections are held at different intervals and the Unit owners (other than the Declarant) elect an increasing number of
 39 the directors. Declarant Control lasts up to ten years in expandable Condominiums and up to three years in other Condominiums.

40 ■ **Unit:** A Unit is the part of the Condominium that is privately owned and used by the Unit owner. A Unit owner has exclusive
 41 ownership and possession of his or her Unit. The statutes define Unit in terms of cubicles of air, enclosed spaces located on one or
 42 more floors, and rooms. A Unit may also include structural parts of a building (walls, wood frame) or a Unit may be a whole
 43 building, a building plus the surrounding land, or just land (similar to a lot). Units may also include separate areas that are some
 44 distance apart. For example, a Unit may include a dwelling plus a storage area, patio or parking space. The boundaries of each Unit
 45 are defined in the Declaration, which may describe the perimeter walls, sometimes known as the "perimetric boundaries," the upper
 46 boundaries and the lower boundaries. Generally, everything within these boundaries will be part of the Unit. Therefore, each Unit's
 47 boundaries may impact the Unit owner's maintenance responsibilities, ability to make improvements or alterations, and insurance
 48 liability.

49 ■ **Common Elements:** Common Elements means everything else in the Condominium that is not a Unit. In a typical residential
 50 Condominium, the Common Elements may include the land, the exterior and common areas of buildings (entranceway, halls,
 51 elevator, meeting room, etc.), landscaping, roads, any outside parking areas, outdoor lighting, any recreational facilities (swimming
 52 pool, tennis courts, clubhouse, etc.) and all other common areas and amenities.

53 ■ **Limited Common Elements:** The Limited Common Elements are Common Elements that are identified in the Declaration or plat
 54 as reserved for the exclusive use of less than all of the Unit owners. Typically, a Limited Common Element will be reserved for the
 55 use of just one Unit. Basically, you don't own it individually, but you are the only one who may use it. This exclusive use, however,
 56 may be subject to restrictions stated in the Declaration, Bylaws or Condominium rules and regulations. Limited Common Elements
 57 may include features like a storage area, patio, balcony, garage parking space, or a boat slip.

58 ■ **Percentage Interests:** Every Unit owner shares in the ownership of the Common Elements with the other owners. Each Unit is
 59 allotted a portion of this ownership interest called the Percentage Interests. The Percentage Interests are stated in the Declaration
 60 and come automatically with the ownership of a Unit. The Percentage Interests often determine the share of common expenses that
 61 the Unit owner must pay for the repair and maintenance of the Common Elements and for the operation of the Association.
 62 Percentage Interests may be an equal percentage for all Units, in proportion to the square footage of the Units, based upon the
 63 location or value of the Units, or based upon some other formula stated in the Declaration.

64 ■ **Association:** The Association is the entity that the Unit owners use to act together as a group to manage and maintain the
 65 Condominium property and finances. This group will be either a nonstock, nonprofit corporation or an unincorporated Association.
 66 Every Unit owner is automatically a member of the Association and votes for the Association directors who, on behalf of the
 67 Association, manage and maintain the Common Elements, adopt budgets and set the amount of the fees or assessments paid by
 68 the Unit owners for the Association's common expenses. The Association directors typically are responsible for the maintenance of
 69 the Condominium property, including lawn and garden care, snow removal, painting, roofs, and amenities such as swimming pools
 70 and tennis courts. They are responsible for collecting assessment fees, maintaining books and records, overseeing reserve funds,
 71 preparing financial reports, and filing tax returns. The board of directors is responsible for enforcing the rules and providing
 72 disclosure materials for Unit sales. Some or all of these functions may be delegated to a Condominium manager or other
 73 professionals such as accountants.

74 ■ **Assessment Fees:** The Association sets a budget for all of the Condominium expenses and divides those expenses among the
 75 Unit owners. These fees are called "common assessments" or "condo maintenance fees" and typically are paid monthly. The
 76 Association may also create reserves for future maintenance and repairs.

CONDOMINIUM ADDENDUM TO REAL ESTATE CONDITION REPORT

1 THIS CONDOMINIUM ADDENDUM TO REAL ESTATE CONDITION REPORT (REPORT) IS AN ADDENDUM TO THE REAL ESTATE
2 CONDITION REPORT DATED _____ CONCERNING THE PROPERTY LOCATED AT
3 _____
4 _____ (STREET ADDRESS), IN THE (CITY) (VILLAGE) (TOWN) **STRIKE TWO**
5 OF _____, COUNTY OF _____, STATE OF WISCONSIN.

6 This Report is given in compliance with Wis. Stat. § 709.02(2) and is not a substitute for a professional review of the condominium
7 documents and disclosure materials.

8 I. CONDOMINIUM IDENTIFICATION and SELLER CONTACT INFORMATION

9 Name of Condominium: _____
10 Unit Number: _____
11 This Condominium was created by the recording of the condominium instruments with the Office of the Register of Deeds on
12 _____ (insert date).

13 The contact information for the (Unit Owner) (Unit Owner's agent/listing broker) **STRIKE ONE** is as follows:

14 Name: _____
15 Address: _____
16 Phone Number(s): _____
17 E-mail address (optional): _____

18 II. CONDOMINIUM ASSOCIATION INFORMATION

19 Name of the Condominium Association: _____
20 Address of the Condominium Association: _____
21 This Condominium Association is self-managed has hired or retained management **CHECK ONE** .
22 Contact Information (Association representative who can address the sale or the condominium in general):
23 Name: _____
24 Address: _____
25 Phone Number(s): _____
26 E-mail address (optional): _____

27 III. CONDOMINIUM ASSESSMENTS, FEES and CHARGES

28 The Unit Owner is responsible for the following current condominium assessments, fees, special assessments and other charges
29 (itemize)(Optional: attach a copy of the current budget for easy reference.): _____
30 _____ Have all current charges been paid? Yes No **CHECK ONE**

31 IV. EXECUTIVE SUMMARY

32 A copy of the Executive Summary is attached unless this is a small condominium electing Wis. Stat. § 703.365(8) disclosure
33 requirements. Check with the Condominium Association to be sure that it is the most current version.

34 The information in this Report is true, correct and current to the best of the Unit Owner's knowledge.

35 Unit _____	Unit _____
36 Owner _____ Date _____	Owner _____ Date _____
37 Print Name Here ►	Print Name Here ►

38 Buyer acknowledges receipt of a copy of this Report. Check if condominium disclosure materials have been received.

39 Buyer _____ Date _____	Buyer _____ Date _____
40 Print Name Here ►	Print Name Here ►

41 RESIDENTIAL CONDOMINIUM CONCEPTS

42 In general terms, residential Condominiums take what otherwise might have been an apartment, townhouse or house, and permits
43 individual sales of the separate dwelling Units. All of the dwelling Unit owners own the common areas together and collectively pay
44 for the upkeep and other common expenses. A Condominium, however, is not like living in an apartment because the owner is
45 usually responsible for the maintenance and repair of everything within the Unit - the property manager does not take care of it, as
46 would be the case with a tenant. To understand Condominium ownership, an understanding of certain key concepts is needed.

47 ■ **Declaration:** The Declaration is a written document that creates a Condominium from one or more parcels of real estate. In the
48 Declaration, the owner declares his or her property to now be a Condominium. The Declaration divides the property into several
49 smaller parcels: Units, which are individually owned, and the Common Elements, which are owned in common by all of the Unit
50 owners together. The Declaration sets out what percentage of ownership interest in the Common Elements is assigned to each
51 Unit, and the number of votes that the owner of each Unit has in the Association.

52 ■ **Declarant:** The Declarant is the builder or developer who declares his or her property to be a Condominium by recording the
53 Declaration and plat maps. The Declarant may reserve a period of "Declarant Control" that gives the Declarant time to finish
54 construction of the Condominium project and/or to sell the Units. During this period, the Declarant exercises the powers and
55 responsibilities of the Association through its exclusive right to appoint the directors to the Association board. As the Units are sold
56 to purchasers, elections are held at different intervals and the Unit owners (other than the Declarant) elect an increasing number of
57 the directors. Declarant Control lasts up to ten years in expandable Condominiums and up to three years in other Condominiums.

58 ■ **Unit:** A Unit is the part of the Condominium that is privately owned and used by the Unit owner. A Unit owner has exclusive
59 ownership and possession of his or her Unit. The statutes define Unit in terms of cubicles of air, enclosed spaces located on one or
60 more floors, and rooms. A Unit may also include structural parts of a building (walls, wood frame) or a Unit may be a whole
61 building, a building plus the surrounding land, or just land (similar to a lot). Units may also include separate areas that are some
62 distance apart. For example, a Unit may include a dwelling plus a storage area, patio or parking space. The boundaries of each Unit
63 are defined in the Declaration, which may describe the perimeter walls, sometimes known as the "perimetric boundaries," the upper
64 boundaries and the lower boundaries. Generally, everything within these boundaries will be part of the Unit. Therefore, each Unit's
65 boundaries may impact the Unit owner's maintenance responsibilities, ability to make improvements or alterations, and insurance
66 liability.

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69 elevator, meeting room, etc.), landscaping, roads, any outside parking areas, outdoor lighting, any recreational facilities (swimming
70 pool, tennis courts, clubhouse, etc.) and all other common areas and amenities.

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72 as reserved for the exclusive use of less than all of the Unit owners. Typically, a Limited Common Element will be reserved for the
73 use of just one Unit. Basically, you don't own it individually, but you are the only one who may use it. This exclusive use, however,
74 may be subject to restrictions stated in the Declaration, Bylaws or Condominium rules and regulations. Limited Common Elements
75 may include features like a storage area, patio, balcony, garage parking space, or a boat slip.

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77 allotted a portion of this ownership interest called the Percentage Interests. The Percentage Interests are stated in the Declaration
78 and come automatically with the ownership of a Unit. The Percentage Interests often determine the share of common expenses that
79 the Unit owner must pay for the repair and maintenance of the Common Elements and for the operation of the Association.
80 Percentage Interests may be an equal percentage for all Units, in proportion to the square footage of the Units, based upon the
81 location or value of the Units, or based upon some other formula stated in the Declaration.

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84 Every Unit owner is automatically a member of the Association and votes for the Association directors who, on behalf of the
85 Association, manage and maintain the Common Elements, adopt budgets and set the amount of the fees or assessments paid by
86 the Unit owners for the Association's common expenses. The Association directors typically are responsible for the maintenance of
87 the Condominium property, including lawn and garden care, snow removal, painting, roofs, and amenities such as swimming pools
88 and tennis courts. They are responsible for collecting assessment fees, maintaining books and records, overseeing reserve funds,
89 preparing financial reports, and filing tax returns. The board of directors is responsible for enforcing the rules and providing
90 disclosure materials for Unit sales. Some or all of these functions may be delegated to a Condominium manager or other
91 professionals such as accountants.

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93 Unit owners. These fees are called "common assessments" or "condo maintenance fees" and typically are paid monthly. The
94 Association may also create reserves for future maintenance and repairs.

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