WB-24 OPTION TO PURCHASE

LICENSEE DRAFTING THIS OPTION ON ____________________ [DATE] IS (AGENT OF BUYER) (AGENT OF SELLER/LISTING FIRM) (AGENT OF BUYER AND SELLER) STRIKE THOSE NOT APPLICABLE

The Seller (Optionor), ______________________________, hereby grants to the Buyer (Optionee), ______________________________, an option to purchase (Option) the Property known as [Street Address] ______________________________ in the ____________ of ____________, County of ____________, Wisconsin, on the following terms:

DEADLINE FOR GRANT OF OPTION This Option is void unless a copy of the Option, or separate but identical copies, is/are signed by all Sellers and delivered to Buyer on or before ____________ (Time is of the Essence).

OPTION TERMS

■ INITIAL OPTION FEE: An option fee of $____________ will be paid by Buyer to Seller within ______ days of the later of: (i) the granting of this Option, or (ii) the deadline for execution of a lease if line 71 of this Option is checked.

■ EXERCISE DEADLINE: This Option may only be exercised if Buyer delivers written notice to Seller no later than midnight on ______________________ unless extended per lines 18-19.

■ EXERCISE: To exercise this Option, Buyer must sign and deliver (i) the notice at lines 546-557, or (ii) any other written notice which states that Buyer exercises this Option. If the Option is exercised, $____________ of the option fee and $____________ of the option extension fee, if any, shall be a credit against the purchase price at closing.

■ EXTENDED OPTION TERM: The Deadline to exercise this Option shall be extended until midnight on ____________, upon payment of an option extension fee of $____________ to Seller on or before ____________.

■ OPTION FEES: Unless otherwise provided in this Option, the option fee and the option extension fee shall be nonrefundable.

CAUTION: If the option fees are to be paid into the listing firm's trust account or to a third party, specify in additional provisions at lines 448-469 or in a separate agreement attached per lines 470-477. An escrow agreement should be drafted by the Parties or an attorney.

TERMS OF PURCHASE If this Option is exercised per the terms of this Option the following shall be the terms of purchase:

■ PURCHASE PRICE: ______________________________ Dollars ($ ____________) will be paid in cash or equivalent at closing unless otherwise agreed in writing.

■ INCLUDED IN PURCHASE PRICE: Included in the purchase price is the Property, all Fixtures on the Property as of the date on line 1 of this Option (unless excluded at lines 33-34), and the following additional items: ______________________________.

NOTE: The terms of this Option, not the listing contract or marketing materials, determine what items are included or not included.

■ NOT INCLUDED IN PURCHASE PRICE: Not included in purchase price is Seller's personal property (unless included at lines 28-29) and the following: ______________________________.

CAUTION: Identify trade fixtures owned by tenant, if applicable, and Fixtures that are on the Property (see lines 38-47) to be excluded by Seller or that are rented (e.g., water softeners or other water treatment systems, LP tanks, etc.) and will continue to be owned by the lessor.

■ FIXTURE: "Fixture" is defined as an item of property which is physically attached to or so closely associated with land, buildings or improvements so as to be treated as part of the real estate, including, without limitation, physically attached items not easily removable without damage to the premises, items specifically adapted to the premises and items customarily treated as fixtures, including, but not limited to, all: garden bulbs; plants; shrubs and trees; screen and storm doors and windows; electric lighting fixtures; window shades; curtain and traverse rods; blinds and shutters and available remote(s); central heating and cooling units and attached equipment; water heaters, water softeners and treatment systems; sump pumps; attached or fitted floor coverings; awnings; attached antennas and satellite dishes (but not the component parts); audio/visual wall mounting brackets (but not the audio/visual equipment); garage door opener and available remote(s); installed security systems; central vacuum systems and accessories; in-ground sprinkler systems and component parts; built-in appliances; ceiling fans and any remote(s) if required for operating; fences; in-ground pet containment systems including receiver components; storage buildings on permanent foundations and docks/piers on permanent foundations.

CAUTION: Exclude any Fixtures to be retained by Seller or that are rented (e.g., water softeners or other water treatment systems, LP tanks, etc.) on lines 32-34 or at lines 448-469 or in an addendum per lines 470-477).

CAUTION: Consider an agreement which addresses responsibility for clearing the Property of personal property and debris, if applicable.

TIME IS OF THE ESSENCE "Time is of the Essence" as to: (1) payment of option fees; (2) payment of extension fees; (3) Seller's grant of this Option; (4) Buyer's exercise of this Option; (5) occupancy; (6) date of closing; STRIKE AS APPLICABLE and all other dates and Deadlines in this Option except: ______________________________. If "Time is of the Essence" applies to a date or Deadline, failure to perform by the exact date or Deadline is a breach of contract. If "Time is of the Essence" does not apply to a date or Deadline, then performance within a reasonable time of the date or Deadline is allowed before a breach occurs.

RECORDING OF OPTION Buyer (may) (may not) STRIKE ONE record this Option at Buyer's expense. Buyer (may) (may not) STRIKE ONE ("may" if neither is stricken) record a separate instrument evidencing this Option at Buyer's expense. If recording this Option or a separate instrument evidencing this Option, the parties agree to provide the applicable legal description and authenticated or acknowledged signatures as may be required.

CAUTION: Failure to record may give persons with subsequent interests in the Property priority over this Option.

LEASED PROPERTY If Property is currently leased and lease(s) extend beyond closing, Seller shall assign Seller's rights under the lease(s) and transfer all security deposits and prepaid rents thereunder to Buyer at closing. The terms of the (written) (oral) STRIKE ONE lease(s), if any, are ____

____.

Insert additional terms, if any, at lines at lines 448-469 or in an addendum per lines 470-477.

LEASE-OPTION PROVISIONS CHECK BOX ON LINE 71 OR 72, IF APPLICABLE:

- ☐ Concurrent with the granting of the Option, Seller and Buyer have entered into a written lease for the Property.
- ☐ This Option is contingent upon Seller and Buyer, within ___________ days from the granting of this Option, entering into a written lease for the Property with minimum terms which shall include: term from ___________ to ______________ and an initial rent of _________________ per month or this Option shall be null and void.

CHECK ANY OF THE FOLLOWING THAT APPLY, IF LINE 71 OR 72 WAS CHECKED ABOVE:

- ☐ In the event that this Option is timely exercised, $_______________ of each monthly rent payment of $__________________ shall be applied to the purchase price while the balance shall be deemed solely rent that is retained by Seller.

  NOTE: Lenders may not recognize a credit for rent paid under a lease.
- ☐ Buyer may not exercise this Option unless Buyer is current with all rent.
- ☐ Any material breach of the lease by Buyer shall also constitute a default under this Option.
- ☐ ____.

PROPERTY CONDITION REPRESENTATIONS Seller represents to Buyer that, as of the date Seller grants this Option, Seller has no notice or knowledge of any Defects (lines 269-271) other than those identified in Seller's disclosure report dated ____________________ and, if applicable, Real Estate Condition Report dated _____________________, and, if applicable, Vacant Land Disclosure Report dated _________________, which was/were received by Buyer prior to Buyer signing this Option and which is/are made a part of this Option by reference COMPLETE DATES OR STRIKE AS APPLICABLE and ____

____

__________ INSERT CONDITIONS NOT ALREADY INCLUDED IN THE DISCLOSURE OR CONDITION REPORT(S)

CAUTION: Wisconsin law requires owners of property that includes one-to-four dwelling units to provide Buyers with a Real Estate Condition Report as provided in Wis. Stat. § 709.03. If the Property does not include any buildings, a Vacant Land Disclosure Report containing the disclosures provided in Wis. Stat. § 709.033 may be required. Excluded from these requirements are sales of property with 1-4 dwelling units that has never been inhabited, sales exempt from the real estate transfer fee, and sales by certain court-appointed fiduciaries, for example, personal representatives who have never occupied the Property. The law provides: "§ 709.02 Disclosure . . . the owner of the property shall furnish, not later than 10 days after acceptance of a contract of sale or option contract, to the prospective buyer of the property a completed copy of the report . . . A prospective buyer who does not receive a report within the 10 days may, within two business days after the end of that 10-day period, rescind the … option contract by delivering a written notice of rescission to the owner or the owner's agent." Buyer may also have certain rescission rights if a Real Estate Condition Report or Vacant Land Disclosure Report disclosing defects is furnished before expiration of the 10 days, but after the Option is submitted to Seller. Buyer should review the report form or consult with an attorney for additional information regarding rescission rights.

Seller agrees to notify Buyer in writing of any Defect which Seller becomes aware of after Seller's granting of, but prior to Buyer's exercise of this Option, which is materially inconsistent with the above representations. For purposes of this provision (lines 104-106), Defect does not include structural, mechanical or other conditions of which the Buyer has actual knowledge or written notice or which Buyer discovers prior to the exercise of this Option.

BUYER DUE DILIGENCE Prior to the granting or exercising of this Option, Buyer may wish to perform certain authorized inspections, investigations and testing of the Property. Buyer shall provide for any specific inspections, investigations or tests Buyer intends to perform as part of Buyer's due diligence items on lines 137-140, 448-469, or attached as an addendum per lines 470-477. In addition, Buyer may need to obtain and review documents relevant to financing approval, appraisals, or perform general due diligence activities for the transaction, including but not limited to: business records, condominium documents, maps or other information, municipal and zoning ordinances, recorded building and use restrictions, covenants and easements of record, as they may prohibit or restrict certain uses and improvements for the Property. Buyer may also need to obtain or verify certain permits, zoning variances, other governmental or private approvals, environmental audits and subsoil tests, required road improvements, utility hook-up and installation costs, or other development related costs and fees, in order to fully determine the feasibility of any proposed or planned development of the Property. Seller agrees to cooperate with Buyer as necessary to complete any due diligence items or any authorized investigations, testing and inspections as provided for in this Option, without cost to Seller, unless otherwise agreed by the Parties in writing.

INSPECTIONS AND TESTING Buyer may only conduct inspections or tests if specific authorizations are included in this Option. An "inspection" is defined as an observation of the Property which does not include an appraisal or testing of the Property, other than testing for leaking carbon monoxide, or testing for leaking LP gas or natural gas used as a fuel source, which are hereby authorized. A "test" is defined as the taking of samples of materials such as soils, water, air or building materials from the Property and the laboratory or other analysis of these materials. Seller agrees to allow Buyer's inspectors, testers, appraisers and qualified third parties reasonable access to the Property upon advance notice, if necessary to perform the activities authorized in this Option. Buyer or licensees or both may be present at all inspections and testing. Except as otherwise provided, Seller's authorization for inspections does not authorize Buyer to conduct testing of the Property. Buyer agrees to promptly restore the Property to its original condition after Buyer's inspections and testing are completed unless otherwise agreed to with Seller. Buyer agrees to promptly provide copies of all inspection and testing reports to Seller. Seller acknowledges that certain inspections or tests may detect environmental pollution which may be required to be reported to the Wisconsin Department of Natural Resources.

AUTHORIZATION FOR APPRAISAL, INSPECTIONS AND TESTS Buyer is authorized to have the Property appraised by a Wisconsin licensed or certified appraiser and to conduct the following inspections and tests (see lines 121-131) prior to Buyer's exercise of this Option. Any inspection(s) and test(s) shall be performed by a qualified independent inspector or expert, or an independent qualified third party. Inspections and testing shall be conducted pursuant to government or industry protocols and standards, as applicable.

List inspections (e.g., home, roof, foundation, septic) here: ______________________________

____

List tests (e.g., radon, lead-based paint, well water) here: ______________________________

____

Describe additional inspections and tests, if any, at lines 448-469 or attach as an addendum per lines 470-477.

NOTE: Any testing authorizations should specify the areas of the Property to be tested, the purpose of the test, (e.g., to determine if environmental contamination is present), any limitations on Buyer's testing and any other material terms.

CLOSING This transaction is to be closed (within ____________________ days after the exercise of this Option) (no later than ______________________) STRIKE AND COMPLETE AS APPLICABLE at the place selected by Seller, unless otherwise agreed by the Parties in writing. If the date for closing falls on Saturday, Sunday, or a federal or a state holiday, the closing date shall be the next Business Day.

CAUTION: To reduce the risk of wire transfer fraud, any wiring instructions received should be independently verified by phone or in person with the title company, financial institution, or entity directing the transfer. The real estate licensees in this transaction are not responsible for the transmission or forwarding of any wiring or money transfer instructions.

CLOSING PRORATIONS The following items, if applicable, shall be prorated at closing, based upon date of closing values: real estate taxes, rents, prepaid insurance (if assumed), private and municipal charges, property owners or homeowners association assessments, fuel and ______________________________

____.

CAUTION: Provide basis for utility charges, fuel or other prorations if date of closing value will not be used.

Any income, taxes or expenses shall accrue to Seller, and be prorated at closing, through the day prior to closing.

Real estate taxes shall be prorated at closing based on CHECK BOX FOR APPLICABLE PRORATION FORMULA:

- ☐ The net general real estate taxes for the preceding year, or the current year if available (Net general real estate taxes are defined as general property taxes after state tax credits and lottery credits are deducted). NOTE: THIS CHOICE APPLIES IF NO BOX IS CHECKED.
- ☐ Current assessment times current mill rate (current means as of the date of closing)
- ☐ Sale price, multiplied by the municipality area-wide percent of fair market value used by the assessor in the prior year, or current year if known, multiplied by current mill rate (current means as of the date of closing).
- ☐ ____.

CAUTION: Buyer is informed that the actual real estate taxes for the year of closing and subsequent years may be substantially different than the amount used for proration especially in transactions involving new construction, extensive rehabilitation, remodeling or area-wide re-assessment. Buyer is encouraged to contact the local assessor regarding possible tax changes.

☐ **POST- CLOSING RE-PRORATION:** Buyer and Seller agree to re-prorate the real estate taxes, through the day prior to closing based upon the taxes on the actual tax bill for the year of closing, with Buyer and Seller each owing his or her pro-rata share. Buyer shall, within 5 days of receipt, forward a copy of the bill to the forwarding address Seller agrees to provide at closing. The Parties shall re-prorate within 30 days of Buyer's receipt of the actual tax bill. Buyer and Seller agree this is a post-closing obligation and is the responsibility of the Parties to complete, not the responsibility of the real estate Firms in this transaction.

TITLE EVIDENCE

■ <u>CONVEYANCE OF TITLE</u>: **Upon payment of the purchase price, Seller shall convey the Property by warranty deed (or condominium deed if Property is a condominium unit, trustee's deed if Seller is a trust, personal representative's deed if Seller is an estate or other conveyance as provided herein),** free and clear of all liens and encumbrances, except: municipal and zoning ordinances and agreements entered under them, recorded easements for the distribution of utility and municipal services, recorded building and use restrictions and covenants, present uses of the Property in violation of the foregoing disclosed in Seller's Real Estate Condition Report and in this Option, general taxes levied in the year of closing and ____
____
____ (insert other allowable exceptions from title, if any), which constitutes merchantable title for purposes of this transaction. Seller, at Seller's cost, shall complete and execute the documents necessary to provide a recordable conveyance and pay the Wisconsin Real Estate Transfer Fee.

WARNING: Municipal and zoning ordinances, recorded building and use restrictions, covenants and easements may prohibit certain improvements or uses and therefore should be reviewed, particularly if Buyer contemplates making improvements to Property or a use other than the current use.

■ <u>SELLER CHANGES PROHIBITED</u>: The Parties agree that Seller shall not rezone the Property or create any additional liens or encumbrances on title after Seller grants this Option without Buyer's prior written consent except for liens and encumbrances that will be removed at closing.

TITLE UPON GRANTING OF OPTION

If the box at line 198 is not checked, no title insurance commitment shall be provided by Seller upon the granting of this Option.

☐ A title insurance commitment shall be delivered to Buyer or Buyer's attorney not more than ______ days ("15" if left blank) after Seller grants this Option showing title to the Property as of a date no more than 15 days before delivery of such title evidence to be merchantable per lines 178-187, subject only to liens which will be paid out of the proceeds of closing and standard title insurance requirements and exceptions. (Seller) (Buyer) STRIKE ONE ("Buyer" if neither is stricken) shall pay for this title evidence.

■ <u>TITLE NOT ACCEPTABLE UPON GRANTING OF OPTION</u>: If the title insurance commitment delivered after the granting of this Option is not acceptable, Buyer shall notify Seller in writing of Buyer's objections to title within ______ days ("15" if left blank) after delivery of the title insurance commitment to Buyer or Buyer's attorney. Seller shall have ______ days ("15" if left blank) from Buyer's delivery of the notice stating title objections, to deliver notice to Buyer stating Seller's election to remove or not to remove the objections by time of closing. If Seller elects not to remove said objections, or no election is made by Seller by the deadline at line 205, Buyer shall have (5) days to deliver written notice to Seller terminating this Option and Buyer's option fee (shall) (shall not) STRIKE ONE be returned ("shall" if neither is stricken) to Buyer. If Buyer does not deliver timely written notice terminating this Option, Buyer's title objections made under the provisions of lines 203-205 are waived and the title evidence delivered to Buyer herein is deemed acceptable.

TITLE UPON EXERCISE OF OPTION

■ <u>TITLE EVIDENCE</u>: Seller shall give evidence of title in the form of an owner's policy of title insurance in the amount of the purchase price on a current ALTA form issued by an insurer licensed to write title insurance in Wisconsin. Seller shall pay all costs of providing title evidence to Buyer. Buyer shall pay the costs of providing the title evidence required by Buyer's lender and recording the deed or other conveyance.

■ <u>GAP ENDORSEMENT</u>: Seller shall provide a "gap" endorsement or equivalent gap coverage at (Seller's) (Buyer's) STRIKE ONE ("Seller's" if neither is stricken) cost to provide coverage for any liens or encumbrances first filed or recorded after the commitment date of the title insurance commitment and before the deed is recorded, subject to the title insurance policy conditions, exclusions and exceptions, provided the title company will issue the coverage. If a gap endorsement or equivalent gap coverage is not available, Buyer may give written notice that title is not acceptable for closing (see lines 229-230).

■ <u>DELIVERY OF MERCHANTABLE TITLE</u>: If Buyer exercises this Option, the required title insurance commitment shall be delivered to Buyer's attorney or Buyer not less than ______ days ("15" if left blank) after exercise of the Option showing title to the Property as of a date no more than 15 days before delivery of such title evidence to be merchantable per lines 178-187, subject only to liens which will be paid out of the proceeds of closing, any title evidence disclosed and deemed acceptable to Buyer under the provisions at lines 203-211 unless otherwise agreed by parties, and standard title insurance requirements and exceptions.

■ <u>TITLE NOT ACCEPTABLE FOR CLOSING</u>: If title is not acceptable for closing, Buyer shall notify Seller in writing of Buyer's objections to title by the time set for closing. Seller shall have ______ days ("15" if left blank), from Buyer's delivery of the notice stating title objections, to deliver notice to Buyer stating Seller's election to remove the objections and the time for closing shall be extended as necessary for this purpose. If Seller is unable to remove said objections, Buyer shall have 5 days from receipt of notice thereof to deliver written notice waiving the objections, and the time for closing shall be extended accordingly. If Buyer does not waive the objections, Buyer may deliver written notice to Seller terminating this Option and Buyer's option fee (shall) (shall not) STRIKE ONE be returned ("shall not" if neither is stricken) to Buyer. Buyer may not object to title matters deemed acceptable under the provisions at lines 203-211 (if applicable).

If Seller does not remove title matters agreed upon under the provisions at lines 203-207 (if applicable) by time of closing, or if there are any prohibited changes at lines 192-194, Buyer shall retain all remedies for a Default, if any, by Seller under this Option as stated at lines 320-322.

Providing title evidence acceptable for closing does not extinguish Seller's obligations to give merchantable title to Buyer.

■ <u>SPECIAL ASSESSMENTS/OTHER EXPENSES</u>: Special assessments, if any, levied or for work actually commenced prior to the date this Option is exercised shall be paid by Seller no later than closing. All other special assessments shall be paid by Buyer. "Levied" means the local municipal governing body has adopted and published a final resolution describing the planned improvements and the assessment of benefits.

CAUTION: Consider a special agreement if area assessments, property owners association assessments, special charges for current services under Wis. Stat. § 66.0627 or other expenses are contemplated. "Other expenses" are one-time charges or ongoing use fees for public improvements (other than those resulting in special assessments) relating to curb, gutter, street, sidewalk, municipal water, sanitary and storm water and storm sewer (including all sewer mains and hook-up/connection and interceptor charges), parks, street lighting and street trees, and impact fees for other public facilities, as defined in Wis. Stat. § 66.0617(1)(f).

DEFINITIONS

■ <u>ACTUAL RECEIPT</u>: "Actual Receipt" means that a Party, not the Party's recipient for delivery, if any, has the document or written notice physically in the Party's possession, regardless of the method of delivery. If the document or written notice is electronically delivered, Actual Receipt shall occur when the Party opens the electronic transmission.

■ <u>BUSINESS DAY</u>: "Business Day" means a calendar day other than Saturday, Sunday, any legal public holiday under Wisconsin or Federal law, and any other day designated by the President such that the postal service does not receive registered mail or make regular deliveries on that day.

■ <u>BUYER CLIENT</u>: A "Buyer Client" is a buyer who has an agency agreement with a firm for brokerage services and who receives client level services.

■ <u>BUYER CUSTOMER</u>: A "Buyer Customer" is a buyer who is provided brokerage services by a firm and any licensee associated with the firm, but who is not a client and who does not receive client level services.

■ <u>DEADLINES</u>: "Deadlines" expressed as a number of "days" from an event, such as acceptance, are calculated by excluding the day the event occurred and by counting subsequent calendar days. The Deadline expires at Midnight on the last day. Additionally, Deadlines expressed as a specific number of Business Days are calculated in the same manner except that only Business Days are counted while other days are excluded. Deadlines expressed as a specific number of "hours" from the occurrence of an event, such as receipt of a notice, are calculated from the exact time of the event, and by counting 24 hours per calendar day. Deadlines expressed as a specific day of the calendar year or as the day of a specific event, such as closing, expire at Midnight of that day. "Midnight" is defined as 11:59 p.m. Central Time.

■ <u>DEFECT</u>: "Defect" means a condition that would have a significant adverse effect on the value of the Property; that would significantly impair the health or safety of future occupants of the Property; or that if not repaired, removed or replaced would significantly shorten or adversely affect the expected normal life of the premises or adversely affect the use of the Property.

■ <u>FIRM</u>: "Firm" means a licensed sole proprietor broker or a licensed broker business entity.

■ <u>OFFER OF COMPENSATION</u>: An "Offer of Compensation" means an amount of compensation, offered as an incentive by Seller, to firms working with a Buyer Client or Buyer Customer, subject to any terms set by Seller as performance standards for entitlement to receive the Offer of Compensation, if any.

■ <u>PARTY</u>: "Party" means the Buyer or the Seller; "Parties" refers to both Buyer and Seller.

■ <u>PROPERTY</u>: Unless otherwise stated, "Property" means the real estate described at lines 5-7.

INCLUSION OF OPTIONAL PROVISIONS Terms of this Options that are preceded by an OPEN BOX (☐) are part of this Option ONLY if the box is marked such as with an "X". They are not part of this option if marked "N/A" or are left blank.

PROPERTY DIMENSIONS AND SURVEYS Buyer acknowledges that any land, building or room dimensions, or total acreage or building square footage figures, provided to Buyer by Seller or by a broker, may be approximate because of rounding, formulas used or other reasons, unless verified by survey or other means.

CAUTION: Buyer should verify total square footage formula, total square footage/acreage figures, and land, building or room dimensions, if material.

BUYER'S WALK-THROUGHS Within 3 days of the earlier of: (i) the Deadline for Buyer's exercise of this Option; or (ii) the Buyer's exercise of this Option; and again within 3 days prior to closing, at a reasonable time pre-approved by Seller or Seller's agent, Buyer shall have the right to walk through the Property to determine that there has been no significant change in the condition of the Property, except for ordinary wear and tear and changes agreed upon by the Parties, and that any Defects Seller has agreed to cure have been repaired in the manner agreed to by the Parties.

MAINTENANCE Seller shall maintain the Property and all personal property included in the purchase price until the earlier of closing or Buyer's occupancy, in materially the same condition it was in as of the date Buyer exercises this Option, except for ordinary wear and tear and changes agreed upon by Parties.

PROPERTY DAMAGE BETWEEN EXERCISE OF OPTION AND CLOSING If, prior to closing, the Property is damaged in an amount of not more than five percent of the purchase price, other than normal wear and tear, Seller shall promptly notify Buyer in writing, and will be obligated to restore the Property to materially the same condition that it was on the day this Option was exercised. Seller shall provide Buyer with copies of all required permits and lien waivers for the lienable repairs no later than closing. If the amount of damage exceeds five percent of the purchase price, Seller shall promptly notify Buyer in writing of the damage and this Option may be canceled at the option of Buyer. Should Buyer elect to carry out this Option despite such damage, Buyer shall be entitled to the insurance proceeds, if any, relating to the damage to the Property, plus a credit towards the purchase price equal to the amount of Seller's deductible on such policy, if any. However, if this sale is financed by a land contract or a mortgage to Seller, any insurance proceeds shall be held in trust for the sole purpose of restoring the Property.

DISTRIBUTION OF INFORMATION Buyer and Seller authorize the agents of Buyer and Seller to: (i) distribute copies of the Option to Buyer's lender, appraisers, title insurance companies and any other settlement service providers for the transaction as defined by the Real Estate Settlement Procedures Act (RESPA); (ii) report sales and financing concession data to multiple listing service sold databases; (iii) provide active listing, pending sale, closed sale and financing concession information and data, and related information regarding seller contributions, incentives or assistance, and third party gifts, to appraisers researching comparable sales, market conditions and listings, upon inquiry; and (iv) distribute copies of this Option to the seller, or seller’s agent, of another property that Seller intends on purchasing.

OCCUPANCY Occupancy of the entire Property shall be given to Buyer at time of closing unless otherwise provided in this Option at lines 448-469 or in an addendum attached per lines 470-477. At time of Buyer's occupancy, Property shall be in broom swept condition and free of all debris and personal property except for personal property belonging to current tenants, or that sold to Buyer or left with Buyer's consent. Occupancy shall be given subject to tenant's rights, if any.

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

If Buyer defaults, Seller may:
(1) sue for specific performance if Buyer has exercised this Option; or
(2) terminate the Option and may sue for actual damages.

If Seller defaults, Buyer may:
(1) sue for specific performance; or
(2) terminate the Option and may sue for actual damages.

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

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

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

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

CONDOMINIUM UNITS

CAUTION: If this Option involves a condominium unit, Buyer should obtain and review the condominium disclosure documents before entering into this Option. See lines 108-119.

If the Property is a residential condominium unit, Seller must comply with the following:

■ CONDOMINIUM DISCLOSURE MATERIALS: Seller agrees to deliver to Buyer, within 10 days of Buyer exercising this Option, current and accurate copies of the condominium disclosure materials required by Wis. Stat. § 703.33. The condominium disclosure materials include a copy of the following and any amendments to any of these [except as may be limited for small condominiums with no more than 12 units per Wis. Stat. § 703.365(1)(b) and (8)]: (a) proposed or existing declaration, bylaws and any rules or regulations, and an index of the contents; (b) proposed or existing articles of incorporation of the association, if it is or is to be incorporated; (c) proposed or existing management contract, employment contract or other contract affecting the use, maintenance or access of all or part of the condominium; (d) projected annual operating budget for the condominium including reasonable details concerning the estimated monthly payments by the purchaser for assessments and other monthly charges; (e) leases to which unit owners or the association will be a party; (f) general description of any contemplated expansion of condominium including each stage of expansion and the maximum number of units that can be added to the condominium; (g) unit floor plan showing location of common elements and other facilities available to unit owners; (h) the executive summary.

■ BUYER RESCISSION RIGHTS: As provided in Wis. Stat. § 703.33(4)(a), Buyer may, within 5 business days after receipt of all the required disclosure documents or following notice of any material changes in the required disclosure documents, rescind this Option by written notice delivered to Seller. If the disclosure materials are delivered to Buyer and Buyer does not receive all of the disclosure documents, Buyer may, within 5 business days after Buyer’s receipt of the disclosure materials, either rescind the Option or request any missing documents. Seller has 5 business days after receipt of Buyer’s request for missing documents to deliver the requested documents. Buyer may rescind the sale within 5 business days after the earlier of Buyer's receipt of requested missing documents or the deadline for Seller's delivery of the documents [Wis. Stat. § 703.33(4)(b)]. Any document delivered to Buyer may not be changed or amended following delivery if the change or amendment would materially affect the rights of Buyer without first obtaining approval of Buyer. A copy of any such amendments shall be delivered promptly to Buyer.

The Parties agree that the 5 business days begin upon the earlier of: (1) Buyer's Actual Receipt of the disclosure materials, requested missing documents or material changes or (2) upon the deadline for Seller's delivery of the disclosure materials or the requested missing documents.

NOTE: BUYER SHOULD READ ALL DOCUMENTS CAREFULLY. LICENSEES MAY PROVIDE A GENERAL EXPLANATION OF THE DOCUMENTS BUT ARE PROHIBITED BY LAW FROM GIVING LEGAL ADVICE OR OPINIONS.

☐ **CONTINGENCY FOR ADDITIONAL CONDOMINIUM INFORMATION:** This Option is contingent upon Seller delivering to Buyer, at Seller's expense, within 10 days of Buyer exercising this Option the information listed below that exists as of the date on line 1 of this Option:

- The Condominium Association's financial statements for the last 2 two years.
- The minutes of the last 3 Unit owners' meetings.
- The minutes of Condominium board meetings during the 12 months prior to acceptance of this Option.
- Information about contemplated or pending Condominium special assessments.
- The Association's certificate of insurance.
- A statement from the Association indicating the balance of reserve accounts controlled by the Association.
- Any Common Element inspection reports (e.g. roof, swimming pool, elevator and parking garage inspections, etc.) held by the Association.
- Information regarding any pending litigation involving the Association.
- The Declaration, bylaws, budget and/or most recent financial statement of any master association or Additional Association the Unit may be part of.
- Other: ____.

(hereinafter collectively the "listed materials").

NOTE: Because not all of the listed materials may exist or be available from the Condominium Association, Seller may wish to verify availability prior to Seller's granting of this Option.

■ <u>BUYER RESCISSION RIGHTS</u>: Buyer may, within 5 business days after receipt of all the listed materials rescind this Option by written notice delivered to Seller. If the materials are delivered to Buyer and Buyer does not receive all of the listed materials, Buyer may, within 5 business days after Buyer's receipt of the materials, either rescind the Option or request any missing materials in writing. Seller has 5 business days after receipt of Buyer's request for missing listed materials to deliver the requested materials. Buyer may rescind the sale within 5 business days after the earlier of Buyer's receipt of requested missing materials or the deadline for Seller's delivery of the materials.

The Parties agree that the 5 business days begin upon the earlier of: (1) Buyer's Actual Receipt of the listed materials or requested missing materials or (2) upon the deadline for Seller's delivery of the listed materials or requested missing materials.

■ <u>OPTION FEES NOT A DEPOSIT</u>: The Parties agree that if this Option is for a residential condominium unit, the option fee and any option extension fee are not deposits subject to return under Wis. Stat. § 703.33(4)(c).

NOTICE ABOUT SEX OFFENDER REGISTRY You may obtain information about the sex offender registry and persons registered with the registry by contacting the Wisconsin Department of Corrections on the internet at http://www.doc.wi.gov or by telephone at (608) 240-5830.

FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT (FIRPTA) Section 1445 of the Internal Revenue Code (IRC) provides that a transferee (Buyer) of a United States real property interest must pay or withhold as a tax up to 15% of the total "Amount Realized" in the sale if the transferor (Seller) is a "Foreign Person" and no exception from FIRPTA withholding applies. A "Foreign Person" is a nonresident alien individual, foreign corporation, foreign partnership, foreign trust, or foreign estate. The "Amount Realized" is the sum of the cash paid, the fair market value of other property transferred, and the amount of any liability assumed by Buyer.

CAUTION: Under this law if Seller is a Foreign Person, and Buyer does not pay or withhold the tax amount, Buyer may be held directly liable by the U.S. Internal Revenue Service for the unpaid tax and a tax lien may be placed upon the Property.

Seller hereby represents that Seller is a non-Foreign Person, unless (1) Seller represents Seller is a Foreign Person in a condition report incorporated in this Option per lines 83-90, or (2) no later than 10 days after acceptance, Seller delivers notice to Buyer that Seller is a Foreign Person, in which cases the provisions on lines 412-414 apply.

IF SELLER IS A NON-FOREIGN PERSON. Seller shall, no later than closing, execute and deliver to Buyer, or a qualified substitute (attorney or title company as stated in IRC § 1445), a sworn certification under penalties of perjury of Seller's non-foreign status in accordance with IRC § 1445. If Seller fails to timely deliver certification of Seller's non-foreign status, Buyer shall: (1) withhold the amount required to be withheld pursuant to IRC § 1445; or, (2) declare Seller in default of this Option and proceed under lines 320-322.

IF SELLER IS A FOREIGN PERSON. If Seller has represented that Seller is a Foreign Person, Buyer shall withhold the amount required to be withheld pursuant to IRC § 1445 at closing unless the Parties have amended this Option regarding amounts to be withheld, any withholding exemption to be applied, or other resolution of this provision.

COMPLIANCE WITH FIRPTA. Buyer and Seller shall complete, execute, and deliver, on or before closing, any instrument, affidavit, or statement needed to comply with FIRPTA, including withholding forms. If withholding is required under IRC § 1445, and the net proceeds due Seller are not sufficient to satisfy the withholding required in this transaction, Seller shall deliver to Buyer, at closing, the additional funds necessary to satisfy the applicable withholding requirement. Seller also shall pay to Buyer an amount not to exceed $1,000 for actual costs associated with the filing and administration of forms, affidavits, and certificates necessary for FIRPTA withholding and any withholding agent fees.

Any representations made by Seller with respect to FIRPTA shall survive the closing and delivery of the deed.

Firms, Agents, and Title Companies are not responsible for determining FIRPTA status or whether any FIRPTA exemption applies. The Parties are advised to consult with their respective independent legal counsel and tax advisors regarding FIRPTA.

SELLER PAYMENT OF COMPENSATION TO DRAFTING FIRM

NOTE: Per Wis. Stat. § 452.19, for any transaction involving a property containing 1 to 4 residential dwelling units, any applicable Offer of Compensation to be paid by Seller is to be documented in the executed offer to purchase or option to purchase.

IF APPLICABLE, CHECK ONLY ONE OF THE TWO BELOW:

☐ **BUYER AGENT COMPENSATION (BUYER CLIENT):** Seller agrees to pay to Buyer's Firm the amount of ______________________________ (e.g., % of purchase price, dollar amount, etc.), toward Buyer's brokerage fees at closing. Payment made under this provision represents an economic adjustment only and does not create any agency relationship between Buyer's Firm and Seller, and the Parties agree Buyer's Firm is a direct and intended third party beneficiary of this contract. Payment by Seller to Buyer's Firm under this provision is in satisfaction of any Seller Offer of Compensation made to Buyer's Firm.

☐ **SELLER OFFER OF COMPENSATION (BUYER CUSTOMER):** Seller confirms making an Offer of Compensation to the firm working with the Buyer Customer and Seller agrees to pay to the firm working with the Buyer Customer the amount of ______________________________ (e.g., % of purchase price, dollar amount, etc.) as earned Offer of Compensation from Seller at closing. This provision may be used by a subagent or agent working with a Buyer Customer only in response to an Offer of Compensation and consistent with the duties owed by a subagent under Wis. Stat. Ch. 452. Payment by Seller to the firm working with Buyer Customer under this provision is in satisfaction of any Seller Offer of Compensation made to firm working with Buyer Customer.

ADDITIONAL PROVISIONS ______________________________

☐ **ADDENDA:** The attached ______________________________

______________________________ is/are made part of this Option.

DELIVERY OF DOCUMENTS AND WRITTEN NOTICES Unless otherwise stated in this Option, delivery of documents and written notices to a Party shall be effective only when accomplished by one of the authorized methods specified at lines 482-495.
(1) Personal: giving the document or written notice personally to the Party, or the Party's recipient for delivery if named at line 482 or 483.
Name of Seller's recipient for delivery, if any: ____
Name of Buyer's recipient for delivery, if any: ____
☐ (2) Fax: fax transmission of the document or written notice to the following number:
Seller: (________) ______________________________ Buyer: (_________) ______________________________
☐ (3) Commercial: depositing the document or written notice, fees prepaid or charged to an account, with a commercial delivery service, addressed either to the Party, or to the Party's recipient for delivery, for delivery to the Party's address at line 491-492.
☐ (4) U.S. Mail: depositing the document or written notice, postage prepaid, in the U.S. Mail, addressed either to the Party, or to the Party's recipient for delivery, for delivery to the Party's address.
Address for Seller: ____
Address for Buyer: ____
☐ (5) Email: electronically transmitting the document or written notice to the email address.
Email Address for Seller: ____
Email Address for Buyer: ____

PERSONAL DELIVERY/ACTUAL RECEIPT Personal delivery to, or Actual Receipt by, any named Buyer or Seller constitutes personal delivery to, or Actual Receipt by, all Buyers or Sellers.

IF GRANTED, THIS OPTION CAN CREATE A LEGALLY ENFORCEABLE CONTRACT. BOTH PARTIES SHOULD READ THIS OPTION AND ALL ATTACHMENTS CAREFULLY. THE FIRM AND ITS LICENSEES MAY PROVIDE A GENERAL EXPLANATION OF THE PROVISIONS OF THE OPTION BUT ARE PROHIBITED BY LAW FROM GIVING ADVICE OR OPINIONS CONCERNING YOUR LEGAL RIGHTS UNDER THIS OPTION OR HOW TITLE SHOULD BE TAKEN AT CLOSING IF THE OPTION IS EXERCISED. AN ATTORNEY SHOULD BE CONSULTED IF LEGAL ADVICE IS NEEDED.

This Offer was drafted by [Licensee and Firm] ____

WIRE FRAUD WARNING! Wire Fraud is a real and serious risk. Never trust wiring instructions sent via email. Funds wired to a fraudulent account are often impossible to recover.

Criminals are hacking emails and sending fake wiring instructions by impersonating a real estate agent, Firm, lender, title company, attorney or other source connected to your transaction. These communications are convincing and professional in appearance but are created to steal your money. The fake wiring instructions may even be mistakenly forwarded to you by a legitimate source.

DO NOT initiate ANY wire transfer until you confirm wiring instructions IN PERSON or by YOU calling a verified number of the entity involved in the transfer of funds. Never use contact information provided by any suspicious communication.

Real estate agents and Firms ARE NOT responsible for the transmission, forwarding, or verification of any wiring or money transfer instructions.

(x)____ ______________
Buyer's Signature ▲ Date ▲
Print Name Here ►

(x)____ ______________
Buyer's Signature ▲ Date ▲
Print Name Here ►

Buyer Entity Name (if any): ____

(x)____ ______________
Authorized Signature ▲ Date ▲
Print Name & Title Here ►

SELLER GRANTS THIS OPTION. THE WARRANTIES, REPRESENTATIONS AND COVENANTS MADE IN THIS OPTION SURVIVE CLOSING AND THE CONVEYANCE OF THE PROPERTY. SELLER AGREES TO CONVEY THE PROPERTY ON THE TERMS AND CONDITIONS AS SET FORTH HEREIN AND ACKNOWLEDGES RECEIPT OF A COPY OF THIS OPTION.

(x)____ ______________
Seller's Signature ▲ Date ▲
Print Name Here ►

(x)____ ______________
Seller's Signature ▲ Date ▲
Print Name Here ►

Seller Entity Name (if any): ____

(x)____ ______________
Authorized Signature ▲ Date ▲
Print Name & Title Here ►

This Option was presented to Seller by [Licensee and Firm] ______________________________

______________________________ on ______________________________ at ____________ a.m./p.m.

This Option is rejected ______________ ____________ This Option is countered ______________ ____________
Seller Initials ▲ Date ▲ Seller Initials ▲ Date ▲

NOTE: Parties wishing to counter this Option should draft a new WB-24 Option to Purchase or draft a WB-44 Counter-Offer to reference this Option.

NOTICE OF EXERCISE OF OPTION By signing below and delivering this notice (see lines 478-495) to Seller, Buyer hereby exercises this Option to Purchase.

(x)____ ______________
Buyer's Signature ▲ Date ▲
Print Name Here ►

(x)____ ______________
Buyer's Signature ▲ Date ▲
Print Name Here ►

Buyer Entity Name (if any): ____

(x)____ ______________
Authorized Signature ▲ Date ▲

Print Name & Title Here ►

WB-38 COMMERCIAL BUYER AGENCY/TENANT REPRESENTATION AGREEMENT

■ **EXCLUSIVE AUTHORITY TO ACT AS BUYER'S AGENT/TENANT'S REPRESENTATIVE:** Client (see lines 248-249) gives the Firm and its agents the exclusive right to act as Buyer's Agent and/or Tenant's Agent to Locate an Interest in Property and to Negotiate the Acquisition of an Interest in Property for Client, except as excluded under lines 20-29. Client agrees that during the term of this Agreement, Client will not enter into any other agreements to retain any other buyer's agent(s) or tenant's agent(s), except relative to any properties excluded on lines 20-29.

If Client has contact, or has had previous contact with an owner, a firm or its agents in locating and/or negotiating the acquisition of an Interest in Property and Client's contact with those parties results in the Firm not collecting full compensation under this Agreement from the owner or the owner's agent, Client shall be responsible to pay any uncollected amount.

■ **PURCHASE PRICE RANGE:** ____________________

■ **RENT RANGE:** ____________________

■ **SCOPE OF AGREEMENT:** The Firm's authority under this Agreement applies to Property except for Excluded Properties on lines 20-29, regardless of any purchase price or rent range or the search guidelines on lines 14-16.

■ **SEARCH GUIDELINES:** (Identify property type, function, location, approximate size, etc., as applicable): ____________________
____
____________________.

The parties understand that search guidelines, purchase price range and rent range, serve only to guide the Firm's initial efforts and shall not limit any compensation which may be earned if the Client acquires an Interest in Property, unless excluded on lines 20-22 and 24-26.

■ **EXCLUDED PROPERTY TYPES:** (e.g. geographic, size, functional limitations, etc.): ____________________
____
____

■ **EXCLUDED PROPERTIES:** Client excludes the following properties (indicate if there is a date when the exclusion terminates): ____________________
____
____________________. If Client acquires an interest in any properties protected under a prior buyer agency or tenant representation agreement, Client may owe commission to both the prior firm and this Firm, unless those properties are excluded from this Agreement or unless otherwise agreed to in writing. Insert additional addresses or descriptions of excluded properties, or date limitations, if any, at lines 307-334 or attach as an addendum per lines 335-336.

COMPENSATION The Firm's compensation shall be as follows:

■ PAYMENT OF COMMISSION BY OWNER OR OWNER'S AGENT: The Firm is hereby authorized to seek payment of commission from the owner (e.g., seller or lessor) or the owner's agent (e.g., listing firm such as through compensation agreements) provided that all parties to the transaction give prior written consent. Client shall pay the Firm's compensation, reduced by any amounts the Firm receives from the owner or owner's agent.

There is no standard market commission rate. Commissions are not set by law and are fully negotiable. Commissions and types of service may vary based on the firm you hire.

NOTE: The Firm cannot receive compensation for brokerage services from any source that exceeds the amount or rate agreed to in this Agreement.

LEASE COMMISSION (See lines 185-208.)

PURCHASE COMMISSION (for purchase, option, exchange or an effective change in ownership or control): Client and the Firm agree the Firm's commission shall be ____________________
____________________.

NOTE: A Firm may not represent that the firm's services are free or available at no cost to their clients, unless they will receive no financial compensation from any source for those services.

■ PURCHASE COMMISSION EARNED: The Firm has earned the Firm's purchase commission if during the term of this Agreement (or any extension of it), Client or any Person Acting on Behalf of Client acquires an Interest in Property or enters into an enforceable contract to acquire an Interest in Property, at any terms and price acceptable to owner and Client, regardless of the purchase price range or Client's search guidelines.

■ PURCHASE COMMISSION DUE AND PAYABLE: Once earned, the Firm's purchase commission is due and payable at the earlier of closing or the date set for closing, even if the transaction does not close, unless otherwise agreed in writing.

■ COMMISSION CALCULATION: A percentage commission shall be calculated based on the following if earned above: (i) for a purchase or option, the total consideration in the transaction, or (ii) for an exchange or an effective change in ownership or control, the fair market value of the Property in the transaction.

■ OTHER PURCHASE COMPENSATION: ____ ____. [INSERT AMOUNTS AND TYPES OF OTHER COMPENSATION AND FEES, E.G. RETAINER, ADVANCE, HOURLY, ETC. AND INDICATE WHEN DUE AND PAYABLE.]

NOTE: The specific amount or rate of compensation must be objectively ascertainable (e.g., specific percentage of purchase price, flat dollar amount, hourly rate, etc.) Compensation may not be open-ended (e.g., buyer's firm compensation shall be whatever the seller is offering to the buyer).

FIRM'S DUTIES In consideration for Client's agreements, the Firm and its agents agree to use professional knowledge and skills, and reasonable efforts, within the scope of Wis. Stat. Ch. 452 and in accordance with applicable law, to assist Client to Locate an Interest in Property and Negotiate the Acquisition of an Interest in Property, as applicable.

COOPERATION Client agrees to cooperate with the Firm and its agents and to provide them accurate copies of all relevant records, documents and other materials in Client's possession or control which are required in connection with the purchase, option, rental, lease or exchange of Property. Client agrees to be reasonably available for showings of properties. Client authorizes the Firm and its agents to do those acts reasonably necessary to fulfill the Firm's responsibilities under this Agreement including retaining subagents. Client shall promptly notify the Firm in writing of the description of any Property Client locates. Client will inform other firms, agents, sellers, property owners, etc., that the Firm represents Client as Buyer's and/or Tenant's Agent for the purpose of acquiring Property and refer all such persons to the Firm. Client shall also notify the Firm of the identity of all persons making inquiries concerning Client's objectives stated in this Agreement.

EARNEST MONEY If the Firm holds trust funds in connection with the transaction, they shall be retained by the Firm in the Firm's trust account. The Firm may refuse to hold earnest money or other trust funds. Should the Firm hold the earnest money, the Firm shall hold and disburse earnest money funds in accordance with Wis. Stat. Ch. 452 and Wis. Admin. Code Ch. REEB 18. If the transaction fails to close and the earnest money is disbursed to Client, then upon disbursement to Client the earnest money shall be paid first to reimburse the Firm for cash advances made by the Firm on behalf of Client.

NON DISCRIMINATION **Client and the Firm and its agents agree that they will not discriminate based on race, color, sex, sexual orientation as defined in Wisconsin Statutes § 111.32(13m), disability, religion, national origin, marital status, lawful source of income, age, ancestry, family status, status as a victim of domestic abuse, sexual assault, or stalking, or in any other unlawful manner.**

DISPUTE RESOLUTION The Parties understand that if there is a dispute about this Agreement or an alleged breach, and the Parties cannot resolve the dispute by mutual agreement, the Parties may consider alternative dispute resolution instead of judicial resolution in court. Alternative dispute resolution may include mediation and binding arbitration. Should the Parties desire to submit any potential dispute to alternative dispute resolution, it is recommended that the Parties add such in Additional Provisions or in an Addendum.

NOTE: Wis. Stat. § 452.142 places a time limit on the commencement of legal actions arising out of this Agreement.

DISCLOSURE TO CLIENTS

Under Wisconsin law, a brokerage firm (hereinafter firm) and its brokers and salespersons (hereinafter agents) owe certain duties to all parties to a transaction:

(a) The duty to provide brokerage services to you fairly and honestly.
(b) The duty to exercise reasonable skill and care in providing brokerage services to you.
(c) The duty to provide you with accurate information about market conditions within a reasonable time if you request it, unless disclosure of the information is prohibited by law.
(d) The duty to disclose to you in writing certain Material Adverse Facts about a property, unless disclosure of the information is prohibited by law. (See lines 260-263.)
(e) The duty to protect your confidentiality. Unless the law requires it, the firm and its agents will not disclose your confidential information or the confidential information of other parties. (See lines 155-174.)
(f) The duty to safeguard trust funds and other property the firm or its agents holds.
(g) The duty, when negotiating, to present contract proposals in an objective and unbiased manner and disclose the advantages and disadvantages of the proposals.

BECAUSE YOU HAVE ENTERED INTO AN AGENCY AGREEMENT WITH A FIRM, YOU ARE THE FIRM'S CLIENT. A FIRM OWES ADDITIONAL DUTIES TO YOU AS A CLIENT OF THE FIRM:

(a) The firm or one of its agents will provide, at your request, information and advice on real estate matters that affect your transaction, unless you release the firm from this duty.

(b) The firm or one of its agents must provide you with all material facts affecting the transaction, not just Adverse Facts.
(c) The firm and its agents will fulfill the firm's obligations under the agency agreement and fulfill your lawful requests that are within the scope of the agency agreement.
(d) The firm and its agents will negotiate for you, unless you release them from this duty.
(e) The firm and its agents will not place their interests ahead of your interests. The firm and its agents will not, unless required by law, give information or advice to other parties who are not the firm's clients, if giving the information or advice is contrary to your interests.

If you become involved in a transaction in which another party is also the firm's client (a "multiple representation relationship"), different duties may apply.

MULTIPLE REPRESENTATION RELATIONSHIPS AND DESIGNATED AGENCY

■ A multiple representation relationship exists if a firm has an agency agreement with more than one client who is a party in the same transaction. If you and the firm's other clients in the transaction consent, the firm may provide services through designated agency, which is one type of multiple representation relationship.
■ Designated agency means that different agents with the firm will negotiate on behalf of you and the other client or clients in the transaction, and the firm's duties to you as a client will remain the same. Each agent will provide information, opinions, and advice to the client for whom the agent is negotiating, to assist the client in the negotiations. Each client will be able to receive information, opinions, and advice that will assist the client, even if the information, opinions, or advice gives the client advantages in the negotiations over the firm's other clients. An agent will not reveal any of your confidential information to another party unless required to do so by law.
■ If a designated agency relationship is not authorized by you or other clients in the transaction, you may still authorize or reject a different type of multiple representation relationship in which the firm may provide brokerage services to more than one client in a transaction but neither the firm nor any of its agents may assist any client with information, opinions, and advice which may favor the interests of one client over any other client. Under this neutral approach, the same agent may represent more than one client in a transaction.
■ If you do not consent to a multiple representation relationship the firm will not be allowed to provide brokerage services to more than one client in the transaction.

CHECK ONLY ONE OF THE THREE BELOW:

☐ The same firm may represent me and the other party as long as the same agent is not representing us both. (multiple representation relationship with designated agency)

☐ The same firm may represent me and the other party, but the firm must remain neutral regardless if one or more different agents are involved. (multiple representation relationship without designated agency)

☐ The same firm cannot represent both me and the other party in the same transaction. (I reject multiple representation relationships)

NOTE: All clients who are parties to this agency agreement consent to the selection checked above. You may modify this selection by written notice to the firm at any time. Your firm is required to disclose to you in your agency agreement the commission or fees that you may owe to your firm. If you have any questions about the commission or fees that you may owe based upon the type of agency relationship you select with your firm, you should ask your firm before signing the agency agreement.

SUBAGENCY

Your firm may, with your authorization in the agency agreement, engage other firms (subagent firms) to assist your firm by providing brokerage services for your benefit. A subagent firm and the agents with the subagent firm will not put their own interests ahead of your interests. A subagent firm will not, unless required by law, provide advice or opinions to other parties if doing so is contrary to your interests.

PLEASE REVIEW THIS INFORMATION CAREFULLY. An agent can answer your questions about brokerage services, but if you need legal advice, tax advice, or a professional home inspection, contact an attorney, tax advisor, or home inspector.

This disclosure is required by section 452.135 of the Wisconsin statutes and is for information only. It is a plain language summary of the duties owed to you under section 452.133(2) of the Wisconsin statutes.

■ **CONFIDENTIALITY NOTICE TO CLIENTS:** The Firm and its agents will keep confidential any information given to the Firm or its agents in confidence, or any information obtained by the Firm and its agents that a reasonable person would want to be kept confidential, unless the information must be disclosed by law or you authorize the Firm to disclose particular information. The Firm and its agents shall continue to keep the information confidential after the Firm is no longer providing brokerage services to you.

The following information is required to be disclosed by law:

1) Material Adverse Facts, as defined in section 452.01 (5g) of the Wisconsin statutes (see lines 260-263).
2) Any facts known by the Firm and its agents that contradict any information included in a written inspection report on the property or real estate that is the subject of the transaction.

To ensure that the Firm and its agents are aware of what specific information you consider confidential, you may list that information below (see lines 167-169). At a later time, you may also provide the Firm with other information you consider to be confidential.

CONFIDENTIAL INFORMATION: ____
____
____.

NON-CONFIDENTIAL INFORMATION: The Firm and its agents have permission to disclose Client's identity and financial qualification information to an owner, owner's agents and other third parties without prior consent from Client, unless otherwise provided on lines 167-169. The Firm and its agents may also disclose the following: ______________
____
____.

NON-EXCLUSIVE RELATIONSHIP Client acknowledges and agrees that the Firm and its agents may act for other buyers or tenants in connection with the location of properties and may negotiate on behalf of such buyers or tenants with the owner or owner's agent. In the event that the Firm or its agents undertake to represent and act for other buyers or tenants, the Firm and its agents shall not disclose to Client, or any other buyer or tenant, any confidential information of any buyer or tenant, unless required by law.

PROPERTY DIMENSIONS Client acknowledges that real property dimensions, total square footage and total acreage information provided to Client may be approximate due to rounding and may vary due to different formulas which can be used to calculate these figures. Unless otherwise indicated, property dimension figures have not been verified by survey. **CAUTION: Client should verify any property dimension or total square footage/acreage calculation which is material to Client.**

LEASE COMMISSION: Client and the Firm agree the Firm's commission shall be ______________________________
____
____.

NOTE: A Firm may not represent that the firm's services are free or available at no cost to their clients, unless they will receive no financial compensation from any source for those services

■ <u>LEASE COMMISSION EARNED</u>: The Firm has earned the Firm's lease commission if during the term of this Agreement (or any extension of it), Client or any Person Acting on Behalf of Client acquires an Interest in Property, for example, by executing and consummating a Lease at terms and rent acceptable to owner and Client, regardless of the rent range or Client's search guidelines.

■ <u>LEASE COMMISSION DUE AND PAYABLE</u>: Once earned, the Firm's commission is due and payable one-half upon execution of the Lease and one-half upon occupancy, unless stated otherwise:______________________________
____
____.

■ OTHER LEASE COMPENSATION: ____
____.[INSERT AMOUNTS AND TYPES OF OTHER COMPENSATION AND FEES, E.G. RETAINER, ADVANCE, HOURLY, ETC. AND INDICATE WHEN DUE AND PAYABLE.]

NOTE: The specific amount or rate of compensation must be objectively ascertainable (e.g., specific percentage of purchase price, flat dollar amount, hourly rate, etc.) Compensation may not be open-ended (e.g., buyer's firm compensation shall be whatever the seller is offering to the buyer).

There is no standard market commission rate. Commissions are not set by law and are fully negotiable. Commissions and types of service may vary based on the firm you hire.

NOTE: The Firm cannot receive compensation for brokerage services from any source that exceeds the amount or rate agreed to in this Agreement.

LIEN NOTICE: The Firm has the authority under section 779.32 of the Wisconsin Statutes to file a lien for commissions or compensation earned but not paid when due against the commercial real estate, or the interest in the commercial real estate, if any, that is the subject of this Agreement. "Commercial real estate" includes all real estate except (a) real property containing 8 or fewer dwelling units, (b) real property that is zoned for residential purposes and that does not contain any buildings or structures, and (c) real property that is zoned for agricultural purposes.

DELIVERY OF DOCUMENTS AND WRITTEN NOTICES Unless otherwise stated in this Agreement, delivery of documents and written notices to a party shall be effective only when accomplished by one of the methods specified at lines 218-237.

(1) Personal Delivery: giving the document or written notice personally to the party, or the party's recipient for delivery if named at line 220 or 221.

Client's recipient for delivery (optional): ____________________

Firm's recipient for delivery (optional): ____________________

☐ (2) Fax: fax transmission of the document or written notice to the following telephone number:

Client: (______) ____________________ Firm: (______) ____________________

☐ (3) Commercial Delivery: depositing the document or written notice fees prepaid or charged to an account with a commercial delivery service, addressed either to the party, or to the party's recipient for delivery if named at line 220 or 221, for delivery to the party's delivery address at line 230 or 231.

☐ (4) U.S. Mail: depositing the document or written notice postage prepaid in the U.S. Mail, addressed either to the party, or to the party's recipient for delivery if named at line 220 or 221, for delivery to the party's delivery address at line 230 or 231.

Delivery address for Client: ____________________

Delivery address for Firm: ____________________

☐ (5) Email: electronically transmitting the document or written notice to the party's email address, if given below at line 236 or 237. If this is a consumer transaction where the property being purchased or the sale proceeds are used primarily for personal, family or household purposes, each consumer providing an email address below has first consented electronically as required under federal law.

Email address for Client: ____________________

Email address for Firm: ____________________

DEFINITIONS As used in this Agreement, the following definitions apply:

■ ADVERSE FACT: An "Adverse Fact" means any of the following:

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

1) Significantly and adversely affecting the value of the Property;
2) Significantly reducing the structural integrity of improvements to real estate; or
3) Presenting a significant health risk to occupants of the Property.

(b) Information that indicates that a party to a transaction is not able to or does not intend to meet his or her obligations under a contract or agreement made concerning the transaction.

■ ASSETS: "Assets" means fixtures, goodwill, stock-in-trade, trade fixtures, accounts receivable and any other personal property.

■ CLIENT: "Client" means the party executing this Agreement and seeking to acquire an interest in real estate or a business by purchase, Lease, rental, option, exchange or any other manner.

■ DEADLINES-DAYS: Deadlines expressed as a number of "days" from an event, such as acceptance, are calculated by excluding the day the event occurred and by counting subsequent calendar days.

■ FIRM: "Firm" means a licensed sole proprietor broker or a licensed broker business entity.

■ INTEREST IN PROPERTY: "Interest in Property" means a purchase, leasehold, option, exchange or other acquisition of Property unless specifically excluded at lines 20-29, in additional provisions (lines 307-334) or elsewhere in this Agreement.

■ LEASE: "Lease" means any agreement as defined in Wis. Stat. § 704.01(1) or (3m), either written or oral, between an owner and a tenant, for the lease or rental of specific premises, in which the owner and tenant agree on the essential terms of the leasehold or tenancy.

■ LOCATE AN INTEREST IN PROPERTY: "Locate an Interest in Property" means to, with the cooperation of Client, identify, evaluate, and determine the availability of the Interest in Property sought by Client.

■ MATERIAL ADVERSE FACT: A "Material Adverse Fact" means an Adverse Fact that a party indicates is of such significance, or that is generally recognized by a competent licensee as being of such significance to a reasonable party, that it affects or would affect the party's decision to enter into a contract or agreement concerning a transaction or affects or would affect the party's decision about the terms of such a contract or agreement.

■ NEGOTIATE THE ACQUISITION OF AN INTEREST IN PROPERTY: "Negotiate the Acquisition of an Interest in Property" means to assist a Client, within the scope of this Agreement, to ascertain terms and conditions upon which an Interest in Property may be acquired, facilitate or participate in the discussions of the terms of a potential contract, complete appropriate contractual forms, present either party's contractual proposal with an explanation of the proposal's advantages and disadvantages, and/or otherwise assist Client in reaching an agreement to acquire the Interest in Property sought by Client.

■ PERSON ACTING ON BEHALF OF CLIENT: "Person Acting on Behalf of Client" means any person joined in interest with Client, or otherwise acting on behalf of Client, including but not limited to Client's immediate family, agents, employees, directors, managers, members, officers, owners, partners, incorporators and organizers, as well as any and all corporations, partnerships, limited liability companies, trusts or other entities controlled by, affiliated with or owned by Client in whole or in part whether created before or after expiration of this Agreement.

■ PROPERTY: "Property" means real property located within the state of Wisconsin and Assets.

■ PROTECTED PROPERTY: "Protected Property" means any Property that during the term of this Agreement is:

1) The subject of a written proposal by Client, or any Person Acting on Behalf of Client, submitted to the Property owner or owner's agent;
2) Viewed by Client, or any Person Acting on Behalf of Client, with the owner or owner's agent, or directly negotiated for by Client, or any Person Acting on Behalf of Client. Direct negotiation means communicating with the owner or owner's agent regarding any potential terms on which Client might acquire an Interest in Property; or
3) Located or negotiated for by the Firm or its agents, but only if the Firm or its agents deliver the description of the Property to Client, in writing, no later than three days after the earlier of expiration or termination (lines 288-296) of this Agreement. No written notice shall be required if the Client viewed the Property with the Firm or its agents.

NOTICE ABOUT SEX OFFENDER REGISTRY Clients may obtain information about the sex offender registry and persons registered with that registry by contacting the Wisconsin Department of Corrections on the Internet at http://www.doc.wi.gov or by telephone at (608) 240-5830.

TERMINATION OF AGREEMENT Neither Client nor the Firm has the legal right to unilaterally terminate this Agreement absent a material breach of contract by the other party. Client understands that the parties to this Agreement are Client and the Firm. Agents for the Firm do not have the authority to enter into a mutual agreement to terminate this Agreement, amend the compensation terms or shorten the term of this Agreement, without the written consent of the agent(s)' supervising broker. Client and the Firm agree that any termination of this Agreement by either party before the date stated on line 304 shall be effective by Client only if stated in writing and delivered to the Firm in accordance with lines 215-237 and effective by the Firm only if stated in writing by the supervising broker and delivered to Client in accordance with lines 215-237.
CAUTION: Early termination of this Agreement may be a breach of contract, causing the terminating party to potentially be liable for damages.

EXTENSION OF AGREEMENT TERM The Agreement term is extended for a period of one year as to any Protected Property under this Agreement. Upon receipt of a written request from Client or a firm that has a new buyer agency or tenant representation agreement with Client, the Firm agrees to promptly deliver to Client a written list of those Protected Properties known by the Firm and its agents to which the extension period applies. Should this Agreement be terminated by Client prior to the expiration of the term stated in this Agreement, this Agreement shall be extended for Protected Properties, on the same terms, for one year after the Agreement is terminated (lines 288-296).

TERM OF THE AGREEMENT From the ____________________ day of ___________________________, __________ up to and including midnight of the __________________________ day of ___________________________, __________. Notwithstanding lines 303-304 the Firm and Client agree that this Agreement (shall) (shall not) STRIKE ONE ("shall" if neither is stricken) end when Client acquires an Interest in Property.

ADDITIONAL PROVISIONS ____

ADDENDA The attached ____ ____ is/are made a part of this Agreement.

WIRE FRAUD WARNING! Wire Fraud is a real and serious risk. Never trust wiring instructions sent via email. Funds wired to a fraudulent account are often impossible to recover.

Criminals are hacking emails and sending fake wiring instructions by impersonating a real estate agent, Firm, lender, title company, attorney or other source connected to your transaction. These communications are convincing and professional in appearance but are created to steal your money. The fake wiring instructions may even be mistakenly forwarded to you by a legitimate source.

DO NOT initiate ANY wire transfer until you confirm wiring instructions IN PERSON or by YOU calling a verified number of the entity involved in the transfer of funds. Never use contact information provided by any suspicious communication.

Real estate agents and Firms ARE NOT responsible for the transmission, forwarding, or verification of any wiring or money transfer instructions.

■ BY SIGNING BELOW, CLIENT ACKNOWLEDGES RECEIPT OF A COPY OF THIS AGREEMENT AND THAT HE/SHE HAS READ ALL 7 PAGES AS WELL AS ANY ADDENDA AND ANY OTHER DOCUMENTS INCORPORATED INTO THIS AGREEMENT.

Client Entity Name (if any): ______________________________

(x)______________________________ ______________
Authorized Signature ▲ Date ▲
Print Name & Title Here ►

Client Entity Name (if any): ______________________________

(x)______________________________ ______________
Authorized Signature ▲ Date ▲
Print Name & Title Here ►

(x)______________________________ ______________
Buyer's Signature ▲ Date ▲
Print Name Here ►

(x)______________________________ ______________
Buyers's Signature ▲ Date ▲
Print Name Here ►

(x)______________________________ ______________
Buyer's Signature ▲ Date ▲
Print Name Here ►

(x)______________________________ ______________
Buyer's Signature ▲ Date ▲
Print Name Here ►

____
Firm Name ▲

(x)______________________________ ______________
Agent’s Signature ▲ Date ▲
Print Name Here ►

Memo

To: WI DSPS Real Estate Examining Board

From: Sonya Mays, DSPS Real Estate Contractual Forms Advisory Council

Date: July 27, 2026

Re: WB Forms Update Relating to the 2025 WI Act 69

On July 23, 2026, the Real Estate Contractual Forms Advisory Council met to discuss and review continued proposed revisions to the WB Forms relating to the 2025 Wisconsin Act 69 law that will become effective as of January 1, 2027.

In addition to the eighteen (18) WB forms that are under final review and revisions by the Council, they are also revising a newly created Form WB-55 Public Marketing Opt Out Agreement and a consumer brochure to address residential property public marketing, in relation to the 2025 Wisconsin Act 69 requirements.

There was general consensus and agreement that the following WB Forms would be tabled until the Council's next meeting as these two (2) forms relate to rental/leasing and tenant representation and there is no direct requirement for compensation to landlords, rental property owners or tenant representatives under WI Act 69:

- WB-37 Listing Contract for Rent
- WB-39 Tenant Representation Agreement

The following motion was passed unanimously by the Council at the July 23 meeting:

--Recommend approval and final revisions of the following WB Forms:

1) WB-1 – Residential Listing Contract - Exclusive Right to Sell
2) WB-2 – Farm Listing Contract – Exclusive Right to Sell
3) WB-3 – Vacant Land Listing Contract – Exclusive Right to Sell
4) WB-4 – Residential Condominium Listing Contract – Exclusive Right to Sell
5) WB-11 – Residential Offer to Purchase
6) WB-12 – Farm Offer to Purchase
7) WB-13 – Vacant Land Offer to Purchase
8) WB-14 – Residential Condominium Offer to Purchase
9) WB-24 – Option to Purchase
10) WB-36 – Buyer Agency Agreement

11) WB-38 – Commercial Buyer Agency/Tenant Representation Agreement
12) WB-55 – Public Marketing Opt Out Agreement

The Council is seeking the Board's approval to proceed with these forms as revised, including the consumer brochure on public marketing, to be posted on the Forms Library page.

A list of all nineteen (19) WB Forms and consumer brochure under final review and revision are as follows:

WB-1, WB-2, WB-3, WB-4, WB-11, WB-12, WB-13, WB-14, WB-24, WB-37

WB-5, WB-6, WB-15, WB-16, WB-17, WB-36, WB-38, WB-39, WB-55, Consumer Brochure

The proposed Optional Use Date for all revised WB forms is October 1, 2026.

The proposed Mandatory Use Date for all revised WB Forms is January 1, 2027.