

# INSTRUCTION SHEET

Read the following case studies for both the buyer and seller and complete the appropriate forms and documents as if you were navigating the transaction.

You will need to understand which forms are to be completed on the selling side and which forms are to be completed on the buying side.

Once you complete the forms, you will also need to complete an online quiz. The quiz will consist of 20 questions total – 10 relating to the seller case study and 10 relating to the buyer case study.

You must score at least 75% on the quiz to pass and be eligible to sit for your comprehensive final exam to pass the pre-licensing program. You may re-take the quiz as many times as necessary to pass (if you exceed 10 attempts, you will need to contact KREEF).

All of the information needed to complete these tasks is contained in the case studies with a few quiz questions having been studied in the course.

If you have questions, please contact KREEF at 800.264.2185 or email [kreef@kar.com](mailto:kreef@kar.com).

## To access the quiz:

- Visit <http://bit.ly/kreefprelicense> (case sensitive)
- Enter your information (notice there is no way for the site to contact you – this information is used only to create your account)
- You will need to search for the quiz (in green) with keyword “KREEF”
- When found, check next to the quiz on the left and click register
- You can then click the “My Classes” link on the page or click the “Classes” tab at the top
- Click the “Untaken Quizzes” link to get started (this will change to “Started Quizzes” if you start, complete or need to retake the quiz)
- You can review the questions after you complete the quiz successfully

## Seller Case Study

Steve and Stephanie Whalen have decided to sell their primary residence, which they have owned since April 16, 1966, in Lakeside Subdivision at 1238 Perch Street, Ocean County in Walleye, Kentucky 41222.

They called Pete Fisherman (502) 444-7777 of Catchum Realty, 9876 Rod Way, Walleye, Kentucky 41222 to list their home. Pete cooperates with all brokers and places no limitations.

Pete has agreed to market the property for \$165,500. The broker fee is 8% and will share 4% with a cross-sale broker. He will take the listing for a 90 day period beginning at 5:45 p.m. on January 20, 2014.

Details of the property are as follows: 9 Rooms, 2400 sq ft, block foundation, brick, 2 story, 1 car attached garage, 2 ½ baths, built in 1966, on a ¼ acre lot.

- Living room
- Dining room
- Eat-in kitchen
- Family room
- 1<sup>st</sup> Floor laundry room
- 200 Amp electric/220
- New storm windows
- Public water & sewer
- Range, dishwasher, exhaust fan remain
- 4 bedrooms (up)
- 2 closets 1<sup>st</sup> floor
- 5 closets 2<sup>nd</sup> floor
- Central air (new 1998)
- Gas FA furnace (new 1998)
- 40 Gallon electric water heater
- Shingle roof (new 2000)
- ½ bath downstairs
- City tax 0.45
- County tax .98

- Steve & Stephanie owe \$91,000 on their conventional loan.
- Friendly bank holds the note
- PITI \$524.13
- Sellers will not hold financing, sellers will give possession with deed
- Deed Book #1234 / Page #56
- Waterway School District:
  - Elementary, Middle and High School – Trout Schools
  - Parochial – Bass School

Revised October 2012

THIS FORM HAS BEEN APPROVED BY THE  
KENTUCKY REAL ESTATE COMMISSION FOR  
RESIDENTIAL REAL ESTATE TRANSACTIONS.

**(THIS IS A LEGALLY BINDING CONTRACT. IF YOU DO NOT FULLY  
UNDERSTAND THE TERMS OF THIS CONTRACT, CONTACT AN ATTORNEY.)**

**(Note that all changes to this contract must be initialed, dated, and timed to comply with state license law.)**

**RESIDENTIAL REAL ESTATE  
EXCLUSIVE RIGHT TO SELL AGENCY CONTRACT**

\_\_\_\_\_  
Real Estate Company

\_\_\_\_\_  
Date

(1) The term "Broker" as used in this contract shall refer to \_\_\_\_\_ (firm name)

with the Principal Broker being \_\_\_\_\_

\_\_\_\_\_ (address).

The term "Seller" as used in this contract refers to all owners of said property, being: (names and addresses)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(2) In consideration of Broker's agreement to list the below-described property for sale, to use his or her best efforts to find a purchaser, and to perform the additional duties set forth in paragraph 6 below, the Seller hereby grants to the Broker the exclusive right to sell the property located at: (full address)\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

for the gross price of \$\_\_\_\_\_ (or any lesser amount that the Seller agrees to accept) on the following terms and conditions: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

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(3) This contract shall begin at \_\_\_\_\_ on \_\_\_\_\_ and it shall terminate at midnight on \_\_\_\_\_.

(4) The Seller warrants that he or she is the owner of the property and is authorized to execute this agreement. Seller further agrees to cooperate with Broker in every way possible to bring about a sale of said property and to refer to Broker all inquiries of other brokers, agents and other persons interested in said property. Seller further agrees that all negotiations or dealings shall be with and through the Broker, and the Broker may list this property with cooperating brokers. Seller further agrees that Broker shall have no responsibility with respect to the condition of the property, its management or care.

(5) Seller authorizes Broker to place a "For Sale" sign on the property, to remove all other signs, and to otherwise advertise said property for sale.

(6) The Broker agrees to make a careful inspection of the property, to secure and compile written information with respect thereto and to make an earnest and continued effort to sell said property at the terms hereinabove set forth. Broker further agrees to promote and advertise said property for sale in the manner that in the judgment of Broker will aid in securing prospects for the Seller's property. Broker further agrees to take prospective buyers through said property at convenient times and from time to time advise Seller as to sale conditions upon Seller's request.

(7) TERMINATION:

(a) Neither Broker nor Seller may terminate this contract prior to the termination date set forth above, unless both Broker and Seller agree to the termination in writing or pursuant to the provisions of 7(b).

(b) Unless otherwise agreed in writing, Seller cannot revoke this contract until its termination date without liability for Broker's expenses incurred in promoting the property. Unless otherwise agreed in writing, the premature termination of this contract by Seller shall not operate to eliminate a commission, which accrues to the Broker under Paragraphs 8 and 9 of this agreement.

(c) This contract will be automatically terminated upon the (1) death of the Seller, (2) condemnation or destruction of property, (3) involuntary sale, by foreclosure or otherwise, of property, (4) bankruptcy of either party, or (5) abandonment of the agency by the Broker (in which event Broker may be liable for damages).

(8) COMPENSATION: If said property is sold pursuant to a contract entered into during the term of this agreement by Broker, or as provided in paragraph 9 of this agreement, by Seller or by any other person, Seller agrees to pay Broker a commission of \_\_\_\_\_ % of the sales price or a flat fee of \$ \_\_\_\_\_. Broker will offer \_\_\_\_\_% of the commission to a Broker representing the Buyer(s).

(9) Broker will provide owner with a list of names of all persons with whom Broker or any other person negotiated concerning the above-described property during the period of this listing no later than \_\_\_\_\_ working days subsequent to the termination date of this agreement. If this property is sold to any person named in this list prior to the relisting of this property, without the services of another Broker, and within \_\_\_\_\_ days of the termination date of this contract, Seller agrees to pay Broker a commission of \_\_\_\_\_ %.

(10) TITLE: In the event of sale, Seller agrees to convey to buyer by deed of General Warranty, a marketable, fee simple title, such as any title company will insure, excepting easements and restrictions of record.

(11) Broker and Seller acknowledge this property is offered to all persons without respect to race, color, sex, religion, national origin, handicap/disabilities, or familial status or any other class as protected by law.

(12) Seller states that the information provided in Paragraph 14 below is true and correct to the best of Seller's knowledge. Seller understands that Broker and Broker's Sales Associates will rely on this information in

promoting said property and agrees to hold the Broker and agents harmless for any liability they may incur for utilizing this information in the authorized promotion of Seller's property.

(13) In the event the seller has commenced negotiations with a potential buyer on the effective date of this listing contract, the seller reserves the right to revise the effective date, not to exceed \_\_\_\_\_ days greater than the original effective date.

(14) ESCROW DEPOSITS: Broker is authorized to accept deposits on contracts obtained pursuant to this agreement and to deposit same in his or her escrow account; said deposit to be released by Broker at closing or when otherwise authorized under Kentucky Law [KRS 324.111(4) or (6)].

(15)

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Street Address List Price

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City and/or County Subdivision

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Type of Construction Rooms: 1st floor/2nd floor/3rd floor

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Approx. sq. ft. Approx. Land Size

---

Total No. Bedrooms: 1st floor/2nd Floor Closets: 1st floor/2nd floor

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Storm Windows Present City Tax State and County Tax

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Laundry Fireplace Foundation Roof Sep. Dining Room

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Garage/Carport No. Baths 1st floor/2nd floor

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Family Room/Den-Library Basement area-Fin./Unfin.

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Approx. age Central A/C No. A/C units Eat-in Kitchen

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Elec. 220 Gas

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Heating: Fuel/Type Water Heater: Fuel/Cap. Water

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Encumbr. Payable to Type Loan Mo. Payment: PI/PITI

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Deed Book Page No. Sewer Vacant

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Schools: Elem. Middle High Parochial

(16)(a) Broker shall cooperate with all licensed brokers and agents in securing prospective purchasers, to the extent that such cooperation does not violate Broker's fiduciary duties to Seller, and shall allow other agents to be present at any showings of the property. \_\_\_\_\_ yes \_\_\_\_\_ no \_\_\_\_\_

SELLER'S INITIALS

or

(b) State the limitations on showings and Broker's cooperation with other licensed brokers and agents: \_\_\_\_\_

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(17) Additional Terms: \_\_\_\_\_

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\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date of Signing                      Time of Signing

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date of Signing                      Time of Signing

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date of Signing                      Time of Signing

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Principal Broker

\_\_\_\_\_  
Date of Signing                      Time of Signing

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Authorized Agent

\_\_\_\_\_  
Date of Signing                      Time of Signing

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

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This contract has been approved by the Kentucky Real Estate Commission only as to form. No representation is made as to the legal validity or adequacy of any provision of this contract for any specific transaction.



**Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards**

**Lead Warning Statement**

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

**Seller's Disclosure**

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
  - (i) \_\_\_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).  
\_\_\_\_\_
  - (ii) \_\_\_\_\_ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the seller (check (i) or (ii) below):
  - (i) \_\_\_\_\_ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).  
\_\_\_\_\_
  - (ii) \_\_\_\_\_ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Purchaser's Acknowledgment (initial)**

- (c) \_\_\_\_\_ Purchaser has received copies of all information listed above.
- (d) \_\_\_\_\_ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.
- (e) Purchaser has (check (i) or (ii) below):
  - (i) \_\_\_\_\_ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
  - (ii) \_\_\_\_\_ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

**Agent's Acknowledgment (initial)**

- (f) \_\_\_\_\_ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____	_____	_____	_____
Seller	Date	Seller	Date
_____	_____	_____	_____
Purchaser	Date	Purchaser	Date
_____	_____	_____	_____
Agent	Date	Agent	Date

## SELLER DISCLOSURE OF PROPERTY CONDITION

The information in this form is based upon the undersigned's observation and knowledge about the property during the period beginning on the date of his or her purchase of it on:

\_\_\_\_\_ and ending on \_\_\_\_\_  
 (date of purchase) (date of this form)

PROPERTY ADDRESS: \_\_\_\_\_

This form applies to sales and purchases of residential real estate. This form is not required for:

1. Residential purchases of new homes if a warranty is offered;
2. Sales of real estate at auction; or
3. A court supervised foreclosure.

**PURPOSE OF STATEMENT:** Completion of this form shall satisfy the requirements of KRS 324.360 which mandates the seller's disclosure of information about the property he is about to sell. This disclosure is based solely on the seller's observation and knowledge of the property's condition and the improvements thereon. This statement shall not be a warranty by the seller or seller's agent and shall not be intended as a substitute for an inspection or warranty the purchaser may wish to obtain. This is a statement of the conditions and information concerning the property known by the seller. Unless otherwise advised, the seller does not possess any expertise in construction, architectural, engineering, or any other specific areas related to the construction or condition of the improvements on the property. Other than having lived at or owning the property, the seller possesses no greater knowledge than that which could be obtained upon a careful inspection of the property by the potential buyer. Unless otherwise advised, the seller has not conducted any inspection of generally-inaccessible areas such as the foundation or roof. It is not a warranty of any kind by the seller or by any agent representing any seller in this transaction. It is not a substitute for any inspections. Purchaser is encouraged to obtain his or her own professional inspections.

**INSTRUCTIONS TO THE SELLER:** (1) Complete all numbered items. (2) Report all known conditions affecting the property. (3) Attach additional pages, if necessary, with your signature and the date and time of signing. (4) Complete this form yourself or sign the authorization at the end of this form to authorize the licensee to complete this form on your behalf in accordance with KRS 324.360(9).

(5) If some items do not apply to your property, write "not applicable." (6) If you do not know the answer to a question, write "unknown."

**SELLER'S DISCLOSURE:** As seller, I/we disclose the following information regarding the property. This information is true and accurate to the best of my/our knowledge as of the date signed. Seller authorizes the agent to provide a copy of this statement to a person or entity in connection with actual or anticipated sale of the property or as otherwise provided by law. The following are not the representations of the agent.

Please answer all questions. If the answer is yes, please explain. If additional space is needed, use the reverse side or make attachments.

	YES	NO	UNKNOWN
<b>1. HOUSE SYSTEMS</b>			
Any past or current problems affecting:			
(a) Plumbing .....	___	___	___
(b) Electrical system .....	___	___	___
(c) Appliances .....	___	___	___
(d) Floors and walls .....	___	___	___
(e) Doors and windows .....	___	___	___
(f) Ceiling and attic fans .....	___	___	___
(g) Security system .....	___	___	___
(h) Sump pump .....	___	___	___
(i) Chimneys, fireplaces, inserts .....	___	___	___
(j) Pool, hot tubs, sauna .....	___	___	___
(k) Sprinkler system .....	___	___	___
(l) Heating.....age _____ .....	___	___	___
(m) Cooling/air conditioning.....age _____ .....	___	___	___
Explain: _____			
<b>2. FOUNDATION/STRUCTURE/BASEMENT</b>			
(a) Any defects or problems, current or past, to the foundation or slab? .....	___	___	___
(b) Any defects or problems, current or past, to the structure or exterior veneer? .....	___	___	___
Explain: _____			
(c) Has the basement leaked at anytime since you have owned or lived in the property?	___	___	___
(d) When was the last time the basement leaked? _____	___	___	___
(e) Have you ever had any repairs done to the basement? .....	___	___	___
(f) If you have had repairs done to the basement relative to leaking, when was the repair performed? _____	___	___	___
Explain: _____			
(g) If the basement presently leaks, how often does it leak? (e.g., every time it rains, only after an extremely heavy rain, etc.) _____	___	___	___

Initials (Buyer) \_\_\_\_\_ Date/Time \_\_\_\_\_

Initials (Seller) \_\_\_\_\_ Date/Time \_\_\_\_\_

YES NO UNKNOWN

- (h) Have you experienced, or are you aware of, any water or drainage problems with  
 Regard to the crawl space?.....
- 3. ROOF**
- (a) Age of the roof ? \_\_\_\_\_
- (b) 1. Has the roof leaked at any time since you have owned or lived in the property?  
 2. When was the last time the roof leaked? \_\_\_\_\_
- (c) 1. Have you ever had any repairs done to the roof? .....  
 2. If you have ever had the roof repaired, when was the repair performed? \_\_\_\_\_
- (d) 1. Have you ever had the roof replaced?.....  
 2. If you have had the roof replaced, when was the replacement performed? \_\_\_\_\_
- (e) If the roof presently leaks, how often does it leak? (e.g., every time it  
 rains, only after an extremely heavy rain, etc.) \_\_\_\_\_
- (f) 1. Have you ever had roof repairs that involved placing shingles on the roof instead  
 of replacing the entire roof? .....  
 2. If you have ever had roof repairs that involved placing shingles on the roof  
 instead of replacing the entire roof, when was the repair performed? \_\_\_\_\_
- 4. LAND/DRAINAGE**
- (a) Any soil stability problems?.....
- (b) Has the property ever had a drainage, flooding, or grading problem?.....
- (c) Is the property in a flood plain zone?.....
- (d) Is there a retention/detention basin, pond, lake, creek, spring, or  
 water shed on or adjoining this property? .....  
 Explain: \_\_\_\_\_
- 5. BOUNDARIES**
- (a) Have you ever had a staked or pinned survey of the property?.....
- (b) Do you know the boundaries?.....
- (c) Are the boundaries marked in any way?.....
- (d) Are there any encroachments or unrecorded easements relating to the property of  
 which you are aware? .....  
 Explain: \_\_\_\_\_
- 6. WATER**
- (a) 1. Source of water supply \_\_\_\_\_  
 2. Are you aware of below normal water supply or water pressure? .....
- (b) Is there a water purification system or softener remaining with the house?.....
- (c) Has your water ever been tested? If yes, give results  
 Explain: \_\_\_\_\_
- 7. SEWER SYSTEM**
- (a) Property is serviced by:
  - 1. Category I. Public Municipal Treatment Facility;.....
  - 2. Category II. Private Treatment Facility;.....
  - 3. Category III. Subdivision Package Plant;.....
  - 4. Category IV. Single Home Aerobic Treatment System (AKA: "Home Package Plant")
  - 5. Category V. Septic Tank with drain field, lagoon, wetland, or other onsite dispersal;
  - 6. Category VI. Septic Tank with dispersal to an offsite, multi-property cluster treatment  
 system;.....
  - 7. Category VII. No Treatment/Unknown.....
- (b) For properties with Category IV, V, or VI systems:  
 Date of last inspection (sewer): \_\_\_\_\_  
 Date of last inspection (septic): \_\_\_\_\_ Date last cleaned (septic): \_\_\_\_\_
- (c) Are you aware of any problems with the sewer system?.....  
 Explain: \_\_\_\_\_
- 8. CONSTRUCTION/REMODELING**
- (a) Have there been any additions, structural modifications, or other alterations made?.....
- (b) Were all necessary permits and government approvals obtained?.....  
 Explain: \_\_\_\_\_
- 9. HOMEOWNER'S ASSOCIATION**
- (a) 1. Is the property subject to rules or regulations of a homeowner's association?.....  
 2. If yes, what is the yearly assessment? \$ \_\_\_\_\_

Initials (Buyer) \_\_\_\_\_ Date/Time \_\_\_\_\_

Initials (Seller) \_\_\_\_\_ Date/Time \_\_\_\_\_

YES NO UNKNOWN

- (b) Are you aware of any condition which may result in an increase in taxes or assessments?.....
- (c) Are any features of the property shared in common with adjoining landowners, such as walls, fences, driveways, etc.?.....  
Explain: \_\_\_\_\_

**10. MISCELLANEOUS**

- (a) Was this house built before 1978? .....
- (b) Are you aware of any use of ureaformaldehyde, asbestos materials, or lead based paint in or on this home?.....
- (c) 1. Are you aware of any testing for radon gas?.....  
2. Results, if tested \_\_\_\_\_
- (d) Are you aware of any underground storage tanks, old septic tanks, field lines, cisterns or abandoned wells on the property?.....
- (e) Are you aware of any present or past wood infestation (i.e. termites, bores, carpenter ants, fungi, etc.)?.....
- (f) Are you aware of any damage due to wood infestation?.....
- (g) 1. Have the house or other improvements ever been treated for wood infestation?  
2. If yes, when, by whom, and any warranties? \_\_\_\_\_
- (h) Are you aware of any existing or threatened legal action affecting this property?.....
- (i) Are there any assessments other than property assessments that apply to this property (i.e. sewer assessments)?.....
- (j) Are you aware of any violations of local, state, or federal laws, codes, or ordinances relating to this property?.....
- (k) Are you aware of any other conditions which are defective with regard to this property?.....
- (l) Are there any environmental hazards known to seller?.....
- (m) Are there any warranties to be passed on?.....
- (n) Has this house ever been damaged by fire or other disaster (i.e., tornado, hail, etc.)?  
If yes, please explain: \_\_\_\_\_
- (o) Are you aware of the existence of mold or other fungi in the property?.....
- (p) Has this house ever had pets living in it? .....  
If yes, Explain \_\_\_\_\_
- (q) Is the property in a historic district?.....

**SPACE FOR ADDITIONAL INFORMATION**

The seller has owned this property since \_\_\_\_\_ (date) and makes these representations only since that date. Seller agrees to immediately notify Buyer of any changes which may become known to seller prior to closing.

Seller _____	Date _____	Seller _____	Date _____
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\*\*\*\*\*  
THE LICENSEE NAMED HERE ( \_\_\_\_\_ ) HAS BEEN REQUESTED BY THE OWNER TO COMPLETE THIS FORM AND HAS DONE SO. I HEREBY AGREE TO HOLD HARMLESS THE NAMED LICENSEE FOR ANY REPRESENTATION THAT APPEAR ON THIS FORM IN ACCORDANCE WITH KRS 324.360(9).

Seller: \_\_\_\_\_ Date \_\_\_\_\_  
THE SELLER REFUSES TO COMPLETE THIS FORM AND ACKNOWLEDGES THAT THE AGENT SHALL SO INFORM THE BUYER.

Seller: \_\_\_\_\_ Seller: \_\_\_\_\_  
Date: \_\_\_\_\_ Date: \_\_\_\_\_

THE SELLER HAS REFUSED TO COMPLETE THIS FORM AND HAS REFUSED TO ACKNOWLEDGE HIS FAILURE TO COMPLETE THE FORM

Broker/Agent: \_\_\_\_\_ Date: \_\_\_\_\_  
THE BUYER ACKNOWLEDGES RECEIPT OF THIS FORM.

Buyer _____	Date _____	Buyer _____	Date _____
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THE SELLER MAY DISCLOSE ADDITIONAL INFORMATION NOT REQUESTED OF THIS FORM AND MAY RESPOND TO ADDITIONAL INQUIRIES OF THE BUYER.

Initials (Buyer) \_\_\_\_\_ Date/Time \_\_\_\_\_

Initials (Seller) \_\_\_\_\_ Date/Time \_\_\_\_\_

# ANTICIPATED PROCEEDS FROM SALE OF:

\_\_\_\_\_  
(Property Address)

The attached "Offer to Purchase" on your real estate would provide a net figure to you, as shown below. All figures are approximate and are not guaranteed, but are based on our latest information on current market conditions and information received from local lending institutions.

**OFFERED PRICE:** \$ \_\_\_\_\_

**ADJUSTMENTS:**

KY Transfer Tax Stamps	_____
Deed Preparation	_____
Closing Fee	_____
Discount Points Estimated	_____
_____ % on Loan Amount	_____
Existing Mortgage payoff (approx.)	_____
Real Estate Brokerage	_____
Approximate Tax Pro-ration	_____
Approx. Interest Adjustment	_____
Transaction fee	_____
Termite Inspection if VA loan	_____
Buyers Closing Costs (if paid by sellers)	_____
FHA or VA fees	_____
Home Warranty	_____
Payoff Expense Fee	_____
Sewer	_____
Other	_____

Total Adjustments \$ \_\_\_\_\_

**TOTAL NET PROCEEDS:** \$ \_\_\_\_\_

NOTE: Pro-ration of taxes and interest adjustments on your existing mortgage may not be shown. These items cannot be accurately figured until date of closing is set; however, tax pro-ration is generally based on current tax assessment and seller is usually responsible for taxes from January 1 of current year to date of closing and purchaser is responsible for taxes from date of closing.

*(For Companies That Allow Designated Agency & Dual Agency – Model Policy)*

## **CONSUMER GUIDE**

### **TO AGENCY**

### **RELATIONSHIPS**

*Brokerage Name*

We are pleased you have selected (brokerage) to help you with your real estate needs. Whether you are selling, buying or leasing real estate, (brokerage) can provide you with expertise and assistance. Because this may be the largest financial transaction you will enter into, it is important to understand the role of the agents and brokers with whom you are working. Below is some information that explains the various services agents can offer and their options for working with you.

For more information on agency law in Kentucky, you may also contact the Kentucky Real Estate Commission at (502) 429-7250, or on its website at [www.krec.ky.gov](http://www.krec.ky.gov).

**Representing Property Owners (Sellers and Landlords):** When property owners choose to list their property for sale or lease with a real estate brokerage, they sign a listing agreement that authorizes the brokerage and the listing agent to represent their interests. When this occurs, the brokerage and listing agent must: follow the property owner's lawful instructions, be loyal to the property owner, promote the property owner's best interests, disclose material facts to the property owner, maintain confidential information, act with reasonable skill and care, and account for any money they handle in the transaction. In some circumstances, a listing broker may offer "subagency" to other brokerages that would also represent the property owner's interests and owe the property owner these same duties.

**Representing Buyers and Tenants:** When seeking to purchase real estate, buyers usually choose to work with a real estate agent. Tenants seeking to lease real estate also choose to work with a real estate agent. When buyers are represented by agents, the representation is referred to as buyer's agency. A brokerage and agent that agree to represent a buyer's or a tenant's interests in a transaction must: follow the buyer's or tenant's lawful instructions, be loyal to the buyer or tenant, promote the buyer's or tenant's best interests, disclose material facts to the buyer or tenant, maintain confidential information and account for any money they handle in the transaction.

**Dual Agency:** In some transactions, the same agent and brokerage that represent the property owner also represent the person who seeks to buy or lease his or her property. This is referred to as dual agency. When a brokerage and its agents become "dual agents," they must remain loyal to both parties in the transaction. They may not advocate the position of one client over the best interests of the other client or disclose any confidential information to the other party without written consent.

**Designated Agency:** On occasion, the buyer or tenant and the property owner (seller or landlord) will each be represented by two different agents from the same brokerage. In this case, the agents may each represent the best interest of their respective clients. Or, depending on company policy, the agents may act as dual agents. When either of the above occurs, the principal broker will always be a dual agent. As a dual agent, the principal broker cannot advocate for the position of one client over another. The principal broker will also protect the confidential information of both parties.

**Working With (brokerage):** (brokerage) does offer designated agency. Therefore, the potential exists for one agent to represent a buyer or tenant who wishes to purchase or lease property listed with another agent in our company. If this occurs, each agent will represent his or her own client, but (brokerage) and its principal broker will act as a dual agent.

This means the principal broker will not take any actions that will favor one side over the other. (brokerage) will still supervise both agents to assure that their respective clients are being fully represented and will protect the parties' confidential information.

In the event that both the buyer or tenant and the property owner are represented by the same agent, that agent and (brokerage) will act as a dual agent, but only if both parties agree. As a dual agent, the agent will treat both parties honestly, prepare and present offers at the direction of the parties, and help the parties fulfill the terms of any contract. They will not, however, disclose any confidential information that would place one party at an advantage over the other or advocate or negotiate to the detriment of either party.

If dual agency occurs, you will be asked to consent to that in writing. If you do not agree to your agent acting as a dual agent, you can ask that another agent in our company be assigned to represent you or you can seek representation from another brokerage.

As a buyer or a tenant, you may also choose to represent yourself on properties (brokerage) has listed. In that instance, (brokerage) will represent the property owner and you would represent your own best interests. Because the listing agent has a duty of full disclosure to the property owner, you should not share any information with the listing agent that you would not want the property owner to know.

**Working With Other Brokerages:** When (brokerage) lists property for sale, it also cooperates with, and offers compensation to, other brokerages that represent buyers.

As a property owner, you should understand that just because (brokerage) shares a fee with a brokerage representing the buyer or tenant, it does not mean that you will be represented by that brokerage. Instead, that company will be representing the buyer or tenant and (brokerage) will be representing your interests.

When acting as a buyer's agent or an agent representing a tenant, (brokerage) also accepts compensation offered by the listing broker. If the property is not listed with any broker, or the listing broker does not offer compensation, we will attempt to negotiate for a property owner-paid fee.

**Fair Housing Statement**

It is illegal, pursuant to the Kentucky Fair Housing Law and Federal Fair Housing Law, to refuse to sell, transfer, assign, rent, lease, sublease or finance housing accommodations, refuse to negotiate for the sale or rental of housing accommodations, or otherwise deny or make unavailable housing accommodations because of race, color, religion, sex, familial status, disability, national origin, sexual orientation (in some counties) or gender identity (in some counties) or to so discriminate in advertising the sale or rental of housing, in the financing of housing, or in the providing of real estate brokerage services. It is also illegal, for profit, to induce or attempt to induce a person to sell or rent a dwelling by representations regarding the entry into the neighborhood of a person or persons belonging to one of the protected classes.

We hope you find this information to be helpful to you as you begin your real estate transaction. When you are ready to enter into a transaction, you will be given an Agency Disclosure Statement that specifically identifies the role of the agents and brokerages. Please ask questions if there is anything you do not understand.

Because it is important that you have this information, Kentucky law requires that we ask you to sign below, acknowledging receipt of this pamphlet. Your signature will not obligate you to work with our company if you do not choose to do so.

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Signature Date



# Buyer Case Study

Sam and Sue Swimmer looked at 1238 Perch Street, Ocean County in Walleye, Kentucky 41222 with Dave Jones of Seaside Realty on February 2, 2014. They want to make an FHA offer of \$162,500 with \$500 escrow deposit. They will be doing the minimum downpayment for an FHA loan of 3.5%. They agree to apply for a 30 year, fixed loan for 6.25% interest within 5 days of acceptance of their offer. They have been told the P+I payment would be \$965.52 and total payment \$1252.64. Closing costs and pre-pays not to exceed 2.25%.

They have reviewed the “Disclosure of Property Condition” form and “Protect Your Family from Lead In Your Home” and have no objections or issues.

They will conduct inspections on property within 10 days from acceptance of contract.

Further details:

- Wrote offer at 2:00pm on February 3, 2014.
- This offer is open until 6:00pm on February 4, 2014 with the “time is of the essence for the entire contract.”
- Close on March 15, 2014.

Other costs:

Deed Preparation	\$125.00
Transaction fee to broker	\$150.00 (Sellers Cost)
Closing fee	\$400.00
Termite inspection	\$50.00
FHA or VA fee	\$85.00
Payoff expense	\$25.00

THE SELLERS ACCEPT THE OFFER AS SUBMITTED

**CONFIDENTIALITY AGREEMENT:**

\_\_\_\_\_ **By initialing here and accepting the presentation of this offer, the seller agrees not to reveal the terms and conditions of the offer to any other prospective buyer.**

**(If the seller refuses to agree to the confidentiality of the terms and conditions of this offer, the offer will become null and void and will not be presented.)**

THIS FORM HAS BEEN APPROVED BY THE  
KENTUCKY REAL ESTATE COMMISSION

\_\_\_\_\_  
Listing Real Estate Company

\_\_\_\_\_  
Address

\_\_\_\_\_  
Seller

\_\_\_\_\_  
\_\_\_\_\_  
Address

**REAL ESTATE PURCHASE OFFER/CONTRACT**

\_\_\_\_\_  
OFFERING PARTIES

\_\_\_\_\_  
(Real Estate Company)

\_\_\_\_\_  
AGENT WHO PREPARED THIS DOCUMENT

\_\_\_\_\_  
(Date)

The undersigned Buyer(s)/Seller(s) (whether one or more, hereinafter collectively referred to as “Buyer” and “Seller”) hereby offers to purchase from/agrees to sell the following described property, with all improvements and appurtenances including all attached lighting fixtures, drapery rods, curtain rods and brackets, windows shades, blinds, storm windows and storm doors, mail boxes, awnings, all bathroom mirrors (attached or free-hanging), wall-to-wall carpeting, all trees, shrubs, plantings, storage sheds, garage door openers, ceiling fans and the following appliances: \_\_\_\_\_ kitchen range \_\_\_\_\_ dishwasher \_\_\_\_\_ exhaust fan/hood \_\_\_\_\_ microwave oven; \_\_\_\_\_ disposal; and \_\_\_\_\_ all window treatments, alarm system and other personal property as listed here: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

ANY PERSONAL PROPERTY NOT SPECIFICALLY LISTED ABOVE SHALL NOT REMAIN WITH THE PROPERTY. BUYER(S) SHOULD NOT RELY UPON ITEMS OFFERED TO BE LEFT IN THE LISTING AGREEMENT OR ADVERTISING.

Thereunto belonging, known as \_\_\_\_\_ located at \_\_\_\_\_ (street address or general description and further described in Deed Book \_\_\_\_\_, Page \_\_\_\_\_, County of \_\_\_\_\_, State of Kentucky (hereinafter referred to as (the "Property").

- 1. **PURCHASE PRICE:** (I) (we) offer/will take, for the above property and upon the conditions above named, the purchase price of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) payable as follows:

\$ \_\_\_\_\_ Contract Deposit
\$ \_\_\_\_\_ Additional cash on closing
\$ \_\_\_\_\_ Cash by obtaining mortgage (2A)
\$ \_\_\_\_\_ Assumption of existing mortgage (2B)
\$ \_\_\_\_\_
\$ \_\_\_\_\_
\$ \_\_\_\_\_ TOTAL PURCHASE PRICE

This contract is contingent upon Buyer obtaining a loan upon the following terms and conditions unless payment is specified as all cash: A (fixed) (adjustable) \_\_\_\_\_ loan to be amortized over \_\_\_\_\_ years, with maximum interest of \_\_\_\_\_ % per annum, monthly payments of interest and principal of approximately \$ \_\_\_\_\_, for a total monthly payment of \$ \_\_\_\_\_.

Buyer/Seller agrees to pay origination fee/discount points not to exceed \_\_\_\_\_. Seller and Buyer understand that Seller will pay \$ \_\_\_\_\_ for FHA or VA processing of loan and Buyer cannot pay this fee.

Down payment shall be rendered at closing by cash, cashier's check or certified check, and shall be made payable to Buyer, to be endorsed at closing to closing

attorney. Buyer and Seller shall each pay their own costs as common to Kentucky legal practice unless specified differently here:

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**2. MORTGAGE OR ASSUMPTION OF MORTGAGE:** (Check applicable section)

\_\_\_ 2A. Buyer agrees to apply for and use Buyer's best efforts to obtain a \_\_\_\_\_ mortgage loan for a term not less than \_\_\_\_\_ years, with interest not to exceed \_\_\_\_\_ % per annum with payments, including principal and interest, not to exceed \$ \_\_\_\_\_ per month plus taxes and insurance, if applicable.

Buyer should pay all loan closing costs; points required by the lender shall be paid by the (Buyer) (Seller), in an amount not to exceed \_\_\_\_\_ points. If a loan commitment is not obtained in \_\_\_\_\_ days, this Contract shall be null and void at Seller's option.

\_\_\_ 2B. Buyer agrees to apply for and use Buyer's best efforts to assume and agree to pay an existing mortgage held by \_\_\_\_\_ with a current balance of approximately \$ \_\_\_\_\_ after the \_\_\_\_\_, 20\_\_ payment. The cash at closing and loan assumption balance may vary from the above according to the exact balance of the existing loan as determined by said mortgage company. Any excess in the escrow balance shall be the property of Seller and any deficiency in the escrow balance shall be the responsibility of the Seller. The present interest rate on the mortgage is \_ % , with monthly payments of \$ \_\_\_\_\_ including principal, interest, taxes and insurance. (Note: The lender may require adjustment

of interest rate, which may change the monthly payment.) Buyer shall pay any loan transfer fees. The monthly payments will be prorated as of the date of closing. If Buyer has not received approval to assume the existing mortgage within \_\_\_\_\_ days from the date hereof, this Contract shall be null and void at Seller's option.

\_\_\_\_ 2C. For VA, FHA, or Purchase Money (owner) financing, see special stipulations.

\_\_\_\_ 2D. Application for the loan specified above will be made within \_\_\_\_ days of acceptance of this Contract.

Notice:

Under the Real Estate Settlement Procedures Act (RESPA, 26 USC 2604 and 24 CFR 3500.b), the buyer is entitled to review a copy of the closing statement twenty-four hours in advance of closing.

3. **DEED:** At closing, upon the Purchase Price being paid as provided in Paragraph 1 hereof, an unencumbered marketable title to the Property shall be conveyed to Buyer by deed of general warranty with the usual covenants such as any national title company will insure, free and clear of all liens and encumbrances except (i) such liens and encumbrances as Buyer may specifically approve; (ii) restrictions imposed by the Planning and Zoning Commission; and (iii) easements of record and all restrictions as to the use and improvement of the Property of record, including but not limited to the following: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Should the title to the Property appear defective, Seller shall have \_\_\_\_ days after receipt of notice from Buyer of such defect or defects within which to remedy same at the cost of Seller.

4. **CLOSING COSTS:** Seller shall pay the transfer tax for the deed, and for preparation of the deed, and Buyer shall pay for the opinion of title, unless such title shall be defective and such defect is not remedied by Seller, in which case Seller shall reimburse Buyer for Buyer's actual cost incurred for such title opinion. Other closing costs shall be paid as follows: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. **PRORATIONS:** Rents, premiums of insurance acceptable to Buyer, interest and other expenses of the Property, if any, are to be prorated as of the date of closing. Security deposits or advance rents, if any, shall be credited to Buyer as of the date of closing. All real estate ad valorem taxes due and payable during the year of closing shall be prorated on a calendar year basis, regardless of the date upon which such taxes were assessed, or the date which may be set forth on any tax bill therefor. In the event ad valorem taxes for the year of closing are unavailable or unascertainable, then the ad valorem rate(s) for the preceding year and present year assessment shall be considered as a base for proration with right of Buyer or Seller to seek contribution from the other for the excess, as the case may be, once the taxes become ascertainable and payable.

6. **TERMITE INSPECTION:** Seller shall provide Buyer with a satisfactory certification from a reputable pest contract company certifying the improvements to be free from wood destroying organisms, infestation or damages therefrom in accordance with Paragraph 15 of this contract. Should the certification reveal such infestation or damages resulting from termites or wood destroying organisms, Seller shall pay for all treatment and repairs and, if not, Buyer may declare this contract null and void.

7. **CLOSING:** This transaction shall be closed on or before \_\_\_\_\_, 20 \_\_. In the event this transaction fails to close on or before the date set forth herein for any reason other than a default by Seller, Seller shall have the right, at Seller's option, to terminate this contract by giving written notice thereof to Buyer.

8. **CONTRACT DEPOSIT:** The contract deposit shall be placed into an escrow account of :

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The earnest money deposit shall only be removed from a real estate broker's escrow account upon performance (closing), written agreement of the parties, or a court order, in accordance with KRS 324.111(4). Unless otherwise specified in this paragraph, the Buyer shall retain the right to the deposit if Seller fails to accept this offer or if Seller fails to perform Seller's obligations under this contract. Seller shall retain right to the deposit if Buyer fails to perform Buyer's obligations under this contract. Buyer shall retain right to the good faith deposit if Buyer fails to qualify for financing. Seller shall be entitled to said deposit upon default by Buyer, including Buyer's failure to timely seek financing as described in paragraph 2 or to comply with any other material obligation imposed under this agreement.

9. **POSSESSION:** Possession of the Property shall be given as specified below:

\_\_\_ (a) Physical possession of the Property shall be delivered to Buyer on the date of closing.

\_\_\_ (b) Physical possession of the Property shall be delivered to Buyer after the date of closing, but no later than \_\_\_\_\_, 20 \_\_\_. If Seller holds over in possession of the Property after the date of closing, Seller shall pay Buyer \$ \_\_\_\_\_ per day from the date of closing to the date possession is delivered to Buyer.

\_\_\_ (c) The Property, or a portion thereof, is subject to a lease (the "lease"). All leases pertaining to this Property shall be attached to and incorporated into this Contract. All rights of Seller as landlord under the lease(s) shall be transferred to Buyer upon the date of closing.

10. **RISK OF LOSS OR DAMAGE:** All risk of loss or damage to the Property by fire, windstorm, casualty, or other cause shall remain with Seller until date of closing. If the Property is destroyed or materially damaged by any of the aforementioned, this Contract shall be null and void at the option of Buyer and the earnest money returned to Buyer.



11. **MAINTENANCE:** Until physical possession is delivered to Buyer, Seller agrees to maintain any heating, cooling, plumbing, electrical systems, and any built-in appliances and equipment in normal operating condition capable of continued service, and keep the roof water-tight and to maintain the grounds. Seller further warrants that there presently exists no latent defects known to Seller which would materially impair the fitness of the Property for its intended use, except \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. **SELLER DISCLOSURE OF PROPERTY CONDITION FORM:**

a. Buyer hereby acknowledges receipt of a Seller's Disclosure of Property Condition Form as mandated by the Kentucky Real Estate Commission (201 KAR 11:350). Seller represents all information in the form is accurate. Seller and Buyer are aware that the form must be utilized in all sales and purchases involving residential real estate if any person licensed by the Kentucky Real Estate Commission receives compensation pursuant to the sale or purchase unless one of the three exceptions listed in 13(b) exist. Seller and Buyer are aware that a delivery of the form is the responsibility of the broker or sales associate who anticipates being compensated in this transaction.

b. This transaction is either (circle one):

1. Residential purchase of a new home and a warranty is offered;
2. Sale of real estate at auction;
3. Sold pursuant to a court-supervised foreclosure;

and therefore the Seller's Disclosure of Property Condition Form is not being utilized pursuant to KRS 324.360(4).

13. **AGENCY DISCLOSURE:** Buyers and Sellers acknowledge receipt of the Agency Disclosure Statements as required by 201 KAR 11:400. \_\_\_\_\_

Initials

14. **LEAD-BASED PAINT DISCLOSURE:** Federal law requires Seller to provide to Buyer copies of any existing records or prior test results pertaining to lead-based paint or lead-based paint hazards on property built before 1978 and a copy of the pamphlet PROTECT YOUR FAMILY FROM LEAD IN YOUR HOME. Buyer shall have ten (10) calendar days to conduct any risk assessments or inspections of the property for lead-based paint or lead-based paint hazards if this property was built before 1978. This contract is contingent upon Buyer’s satisfactory inspection of the home for lead-based paint or lead-based paint hazards unless inspection is waived.

Please check one of the following:

- The Property was not built before 1978, therefore lead-based paint requirements are not applicable.
- The Property was built before 1978. However, Buyer waives the right to conduct a risk assessment or inspection of the property for lead-based paint and /or hazards of lead-based paint.
- Seller has delivered copies of prior lead-based paint test results and reports and Buyers acknowledge receipt of same.
- Buyer desires to conduct a risk assessment or inspection of the property to determine the presence of lead-based paint and lead-based paint hazards. Buyer shall have until \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, at \_\_\_\_\_ a.m./p.m. to conduct the inspection. This date is ten calendar days following completion of this contract or other agreed date.
- Buyer acknowledges receipt of pamphlet PROTECT YOUR FAMILY FROM LEAD IN YOUR HOME.

_____	_____	_____	_____
Initials	Date	Time	

This contract is contingent upon Buyer’s inspection by the above date. If Buyer fails to

have the Property inspected by the above date, the contingency will no longer exist. If Buyer performs an inspection that uncovers deficiencies, Buyer shall submit all copies of reports and a separate list of deficiencies and required corrections as a contract addendum within \_\_\_\_\_ calendar days of Buyer's receipt of inspection/assessment reports.

Seller shall provide Buyer with a certification that the requested corrections have been made by the date listed in the preceding paragraph, but in no event later than closing date.

Seller may elect not to make requested corrections or make a counteroffer to Buyer.

Buyer shall have \_\_\_\_\_ calendar days to respond to the counteroffer or choose to remove the contingency by way of contractual addendum from the contract, if Seller fails to make the requested corrections. Buyer's failure to submit a contractual addendum or respond to Seller's counteroffer shall render this contract void. Buyer's addendum shall state acceptance of the property in "as-is" condition as it relates to lead-based paint and/or lead based paint hazards.

15. **INSPECTIONS OF PROPERTY:** Buyer or his chosen representative(s) shall have \_\_\_\_\_ days following acceptance of this contract to have the property inspected and surveyed. Seller shall permit Buyer to enter the property during normal business hours to perform all inspections following reasonable notice, which for purposes of this contract, shall be deemed to be 48 hours' notice. Inspections shall include insect inspections and verification of square footage. Buyer shall provide Seller with a copy of the written inspection reports which are applicable to requests for correction, repairs, and replacements of specific items in the report (which are unacceptable to the Buyer) along with a Release of Contingency, if the subject repairs or replacements of specific items in the report (which are unacceptable to Buyer) occur.

Seller shall respond to Buyer's request for correction or repair within \_\_\_\_\_ calendar days of Buyer's notification to agent. If the inspection discloses a substantial defect affecting

the property and Seller is unable or unwilling to remedy the defect, this contract may be terminated by Buyer. Notice of termination of this contract must be delivered within \_\_\_\_\_ calendar days following Seller's Response to Buyer's request for repair. Additional requests shall carry a specific expiration date and time. An agreement by Seller to make all repairs requested by Buyer and actual repair of the defects by Seller before closing shall render this contract as remaining in full force and effect and not "terminable" by Buyer under item #15 of this contract.

16. **BROKER REPRESENTATIONS:** The parties agree that no real estate broker, salesperson, nor agent of either, has made any representation as to the nature or condition of the Property, its size, construction or material used, nor any of the fixtures, appliances, appurtenances, or amenities.
17. **ENTIRE AGREEMENT:** Buyer and Seller have read the entire contents of this contract, agree that all terms and conditions pertinent hereto are included in this writing, and agree that no verbal agreements or understandings of any kind shall be binding upon the parties.
18. **TIME:** Time is of the essence in this entire contract. \_\_\_\_\_ / \_\_\_\_\_  
Yes No
19. **SURVIVAL:** If the parties to this contract desire that any term of this agreement survive the closing and transfer of deed to Buyer, an agreement must be executed prior to closing acknowledging such an intent.
20. **REFERRAL FEES:** Any referral fees received by a licensee from any person (other than a real estate licensee) in return for directing a client or a customer to that person who provides any goods, service, insurance, or financing related to this transaction are listed below:

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- 21. Special stipulations set forth in attachments to this contract are incorporated into this contract.
- 22.  **BACK-UP OFFER:** If the preceding box is marked, “this offer is submitted as a back-up offer, which means that the property is subject to a previously accepted offer, which has priority over this offer” (pursuant to 201 KAR 11:250, Section 3(b)).
- 23. **DISPUTE RESOLUTION:** If any disputes arise under this agreement, the parties and the agents/brokers involved agree to resolve these disputes through mediation. If the mediation is unsuccessful, then the parties agree to resolve their disputes through arbitration in the state of Kentucky. Any disputes involving an amount under \$1500.00 will be resolved through Small Claims Court. This provision shall survive the closing.
- 24. **ACCEPTANCE:** This offer shall expire at \_\_\_\_\_ a.m./p.m., on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. If accepted within such time, this contract shall be in full force and effect.

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BUYER (type or print as to appear on Deed)

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BUYER (signature)	DATE OF SIGNING	TIME OF SIGNING
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---

BUYER (signature)	DATE OF SIGNING	TIME OF SIGNING
-------------------	-----------------	-----------------

**ACCEPTANCE**

I (we) hereby (accept) (reject) Buyer’s offer.

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SELLER (signature)	DATE OF SIGNING	TIME OF SIGNING
--------------------	-----------------	-----------------

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SELLER (signature)	DATE OF SIGNING	TIME OF SIGNING
--------------------	-----------------	-----------------

I (we) hereby reject Buyer's offer, however, I(we) counteroffer on the same terms set forth above, with the following additions and /or changes:

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This counteroffer expires at \_\_\_\_ .m. on the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

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SELLER (signature)	DATE OF SIGNING	TIME OF SIGNING
--------------------	-----------------	-----------------

---

SELLER (signature)	DATE OF SIGNING	TIME OF SIGNING
--------------------	-----------------	-----------------

I (we) hereby (accept) (reject) Seller's counteroffer.

---

BUYER (signature)	DATE OF SIGNING	TIME OF SIGNING
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BUYER (signature)	DATE OF SIGNING	TIME OF SIGNING
-------------------	-----------------	-----------------

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LISTING AGENT (signature)	DATE OF SIGNING	TIME OF SIGNING
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BUYER'S AGENT (signature)	DATE OF SIGNING	TIME OF SIGNING
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*To be completed when drafting an offer.*  
**AGENCY DISCLOSURE STATEMENT -- BUYER**

The real estate agent who is providing you with this form is required to do so by Kentucky law. The purpose of this form is to confirm that you have been advised of the role of the agent(s) in the transaction proposed below.

Buyer(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

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**I. TRANSACTION INVOLVING TWO AGENTS IN TWO DIFFERENT BROKERAGES**

The Buyer(s) is represented by \_\_\_\_\_  
AGENT  
\_\_\_\_\_  
NAME OF BROKERAGE AND PRINCIPAL BROKER'S NAME

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**II. TRANSACTION INVOLVING TWO AGENTS IN THE SAME BROKERAGE**

If two agents in the same real estate brokerage represent both the Seller and the Buyer, check the following relationship that will apply:

**Designated Agency:**

- Agent(s) \_\_\_\_\_ of \_\_\_\_\_ represents the Buyer and another Agent(s) in the same firm represents the Seller. The principal broker and managers will be "dual agents," which is explained on the back of this form. As dual agents, they will remain loyal to both parties in the transaction, and they will protect all parties' confidential information; OR

**Dual Agency:**

- Every agent in the brokerage represents every "client" of the brokerage. Therefore, Agent(s) \_\_\_\_\_ and \_\_\_\_\_ will be working for both the Seller and Buyer as "dual agents". Dual agency is explained on the back of this form. As a dual agent, they will remain loyal to both parties in the transaction, and they will protect all parties' confidential information. To the best of the Agent's knowledge, neither the agent(s) nor the principal broker acting as a dual agent in this transaction has a **PERSONAL, FAMILY, or BUSINESS** relationship with either the Seller or Buyer. *If such a relationship does exist, please explain:*  
\_\_\_\_\_  
\_\_\_\_\_

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**III. TRANSACTION INVOLVING ONLY ONE REAL ESTATE AGENT**

**(Mark the appropriate box.)**

Agent \_\_\_\_\_ and the brokerage \_\_\_\_\_ will

- be a "dual agent" representing both parties in this transaction. Dual agency is explained on the back of this form. As dual agents they will remain loyal to both parties, and they will protect all parties' confidential information. To the best of the agent's knowledge, neither the agent(s) nor the brokerage acting as a dual agent in this transaction has a **PERSONAL, FAMILY, or BUSINESS** relationship with either the Buyer or Seller. *If such a relationship does exist, please explain:* \_\_\_\_\_; OR
- represent only the (check one)  **Buyer** or  **Seller** or  **neither** in this transaction as a client. The other party(ies) is not represented and agrees to represent his/her own best interest. Any information provided the agent may be disclosed to the agent's client.

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**CONSENT**

I (we) consent to the above relationships as we enter into this real estate transaction. If there is a dual agency or designated agency in this transaction, I (we) acknowledge reading the information regarding dual agency or designated agency explained on the back of this form.

BUYER(S) \_\_\_\_\_ DATE/TIME \_\_\_\_\_

BUYER(S) \_\_\_\_\_ DATE/TIME \_\_\_\_\_

## DUAL AGENCY

Kentucky law permits a real estate agent and brokerage to represent both the Seller and Buyer in a real estate transaction as long as this is disclosed to both parties and they both agree. This is known as dual agency. As a dual agent, a real estate agent and brokerage represent two clients whose interests are, or at times could be, different or adverse. For this reason, the dual agent(s) may not be able to advocate on behalf of the client to the same extent the agent may have if the agent represented only one client.

### As a dual agent, the agent(s) and brokerage shall:

- Treat both clients honestly;
- Disclose latent (not readily observable) material defects to the purchaser, if known by the agent(s) or brokerage;
- Provide information regarding lenders, inspectors and other professionals, if requested;
- Provide market information available from a property listing service or public records, if requested;
- Prepare and present all offers and counteroffers at the direction of the parties;
- Assist both parties in completing the steps necessary to fulfill the terms of any contract, if requested.

### As a dual agent, the agent(s) and brokerage shall not:

- Disclose information that is confidential, or that would have an adverse effect on one party's position in the transaction, unless such disclosure is authorized by the client or required by law;
- Advocate or negotiate on behalf of either the Seller or Buyer;
- Suggest or recommend specific terms, including price, or disclose the terms or price a Buyer is willing to offer or that a Seller is willing to accept;
- Engage in conduct that is contrary to the instructions of either party or act in a biased manner on behalf of one party.

**Responsibilities of the Parties:** The duties of the agent and brokerage in a real estate transaction do not relieve the Seller and Buyer from the responsibility to protect their own interests. The Seller and Buyer are advised to carefully read all agreements to assure that they adequately express their understanding of the transaction. The agent and brokerage are qualified to advise on real estate matters. IF LEGAL OR TAX ADVICE IS DESIRED, YOU SHOULD CONSULT THE APPROPRIATE PROFESSIONAL.

**Consent:** By signing on the reverse side, you acknowledge that you have read and understand this form and are giving your voluntary, informed consent to the agency relationship disclosed. If you do not agree to the agent(s) and/or brokerage acting as a dual agent, you are not required to consent to this agreement.

## DESIGNATED AGENCY

If both Seller and Buyer consent, the broker responsible for a real estate office may designate agents to represent the Seller and the Buyer to the exclusion of all other agents associated with his office. The Buyer will become the client of the agent designated to represent him and the Seller will become the client of the agent designated to represent him. Designated agency allows two licensees in the same firm to represent different parties to a real estate transaction. The principal broker serves as a dual agent in a designated agency transaction. Consent of the client is always needed to create designated agency.

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