

12

Other Approved Forms

REEB 16

Chapter Overview There are approved forms, other than the offer to purchase, that the licensee will use in transactions. Licensees will use the approved forms discussed in this chapter in many real estate transactions.

Important Terminology

- WB-24 Option to Purchase
- WB-25 Bill of Sale
- WB-40 Amendment to Offer to Purchase
- WB-41 Notice Relating to Offer to Purchase
- WB-42 Amendment to Listing Contract
- WB-44 Counter-Offer
- WB-45 Cancellation Agreement and Mutual Release
- WB-46 Multiple Counter-Proposal

WB-44 COUNTER-OFFER

The party drafting a counter-offer identifies the number of the counter-offer and the party drafting the counter-offer at the top of the form. Line 52 of the WB-44 reminds licensees of the correct way to number the counter-offer. "NOTE: Number this Counter-Offer sequentially, e.g. Counter-Offer No. 1 by Seller, Counter-Offer No.2 by Buyer, etc."

A counter-offer serves as a rejection of the offer and a submission of a new offer. The legal effect of writing and delivering a counter-offer is the same as rejecting the previous offer and presenting a new offer to the party who submitted the previous offer. Rather than rejecting an offer and drafting

a new offer, using counter-offers permits parties to avoid the unnecessary drafting of an offer with terms nearly identical to the previous offer. Using counter-offers permits the countering party to counter only the terms that vary from the original offer. All other terms remain unchanged from the original offer and are incorporated by reference.

Approved by Wisconsin Department of Regulation and Licensing.
11-1-09 (Optional Use Date) 3-1-10 (Mandatory Use Date)

WB-44 COUNTER-OFFER

Counter-Offer No. _____ by (Buyer/Seller) ~~STRIKE ONE~~

Lines 1-5

- 1 The Offer to Purchase dated _____ and signed by Buyer _____,
- 2 for purchase of real estate at _____
- 3 is rejected and the following Counter-Offer is hereby made. **All terms and conditions remain the same as stated in the**
- 4 **Offer to Purchase except the following: [CAUTION: This Counter-Offer does not include the terms or conditions in**
- 5 **any other Counter-Offer unless incorporated by reference.]**

The original offer to purchase date is inserted on line 1 on the first blank followed by the buyer's name(s). The address of the subject property is inserted on line 2. The blank lines from lines 6-29 provide the space to insert the desired terms.

Lines 30-36

30 Any warranties, covenants and representations made in this Counter-Offer survive the closing of this transaction.
 31 This Counter-Offer is binding upon Seller and Buyer only if a copy of the accepted Counter-Offer is delivered to the Party
 32 making the Counter-Offer on or before _____ (Time is of the
 33 Essence). Delivery of the accepted Counter-Offer may be made in any manner specified in the Offer to Purchase, unless
 34 otherwise provided in this Counter-Offer.
 35 **NOTE: The Party making this Counter-Offer may withdraw the Counter-Offer prior to acceptance and delivery as**
 36 **provided at lines 31 to 34.**

The counter-offer has the same acceptance and delivery requirements as stated in the offer to purchase. Acceptance happens when all parties have signed the offer. Binding acceptance occurs when the counter-offer is delivered back to the party by the date specified on line 32. A counter-offer, just like an offer, may be verbally withdrawn prior to binding acceptance.

Lines 37-47

37 This Counter-Offer was drafted by _____ on _____
 38 _____ Licensee and Firm ▲ _____ Date ▲
 39 _____
 40 Signature of Party Making Counter-Offer ▲ Date ▲ Signature of Party Making Counter-Offer ▲ Date ▲
 41 Print name▶ Print name▶
 42 _____
 43 Signature of Party Accepting Counter-Offer ▲ Date ▲ Signature of Party Accepting Counter-Offer ▲ Date ▲
 44 Print name▶ Print name▶
 45 This Counter-Offer was presented by _____ on _____
 46 _____ Licensee and Firm ▲ _____ Date ▲
 47 This Counter-Offer is (rejected) (countered) STRIKE ONE (Party's Initials) _____ (Party's Initials) _____

Line 37 is for licensee identification and the date of drafting. Line 39 is for the signature of the party making the counter-offer and the date. The party accepting the counter-offer signs and dates the counter-offer on line 42. The licensee presenting the counter-offer fills out line 45. The party who receives the counter-offer accepts the counter-offer, counters it, or rejects. To accept a counter offer, a party signs on line 42. If the party wishes to reject the counter-offer or counter back, the party strikes the inapplicable language and initials the choice.

Lines 48-52

48 **NOTE: Provisions from a previous Counter-Offer may be included by reproduction of the entire provision or**
 49 **incorporation by reference. Provisions incorporated by reference may be indicated in the subsequent Counter-Offer**
 50 **by specifying the number of the provision or the lines containing the provision. In transactions involving more than**
 51 **one Counter-Offer, the Counter-Offer referred to should be clearly specified.**
 52 **NOTE: Number this Counter-Offer sequentially, e.g. Counter-Offer No. 1 by Seller, Counter-Offer No. 2 by Buyer, etc.**

The final terms of an offer involving counter-offers are the terms in the original offer and the final counter-offer. The contract does not include terms of intervening counter-offers unless those terms are explicitly included in the final counter-offer or included by reference to the number of the counter-offer with the desired terms. There is not a limit on the number of counter-offers parties can use in a transaction. Licensees must be careful to make sure the final terms of the transaction include any desirable terms of intervening counter-offers that the parties intended to be included in the final terms.

WB-46 MULTIPLE COUNTER-PROPOSAL

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11-1-09 (Optional Use Date) 3-1-10 (Mandatory Use Date)

WB-46 MULTIPLE COUNTER-PROPOSAL

A seller uses the WB-46 Multiple Counter-Proposal as a way to propose transaction terms to prospective buyers. The multiple counter-proposal gives a seller a viable, legal method to negotiate with prospective buyers without committing to a particular buyer's offer.

A seller can use multiple counter-proposals to issue non-binding proposals to prospective buyers. The proposal is a statement of terms a seller wants a buyer to include in an offer. For example, a seller receives three good offers from three buyers. A seller can use multiple counter-proposals to negotiate with the buyers. A seller could issue one proposal suggesting a different purchase price, another requesting earnest money, and no proposal to the third buyer. A seller does not have to issue proposals to all buyers and can customize each proposal based on the buyer's specific offer. If any of the buyers agree to the seller's proposals, the buyer signs the proposal and returns it to the seller. The seller is not bound by any of the returned proposals. If a seller likes the terms of an offer coupled with a buyer's accepted proposal, the seller signs it and delivers it back to the buyer. There is now binding acceptance of the buyer's offer including the terms of the accepted proposal.

Lines 1-10

1 **A Multiple Counter-Proposal is being made by Seller to one or more other prospective buyers. The terms of this**
2 **Multiple Counter-Proposal may differ from the terms of multiple counter-proposals being submitted to other prospective**
3 **buyers. This Multiple Counter-Proposal is not binding on Seller or Buyer until Seller's binding acceptance per lines 45-47.**
4 **Seller or Buyer may withdraw their Multiple Counter-Proposal or accepted Multiple Counter-Proposal, at any time prior to**
5 **binding acceptance per lines 45-47.**
6 The Offer to Purchase dated _____ and signed by Buyer, _____, for
7 purchase of real estate at _____
8 is rejected and the following Multiple Counter-Proposal is made. **All terms and conditions remain the same as stated in the**
9 **Offer to Purchase except the following: [CAUTION: This Multiple Counter-Proposal does not include the terms or**
10 **conditions in any other counter-offer or multiple counter-proposal unless incorporated by reference.]**

The first line of the multiple counter-proposal indicates that the seller is making proposals to one or more other prospective buyers. If a seller is issuing a proposal to just one buyer, the seller must strike language implying that the seller issued proposals to other buyers. Absent the modification, a buyer could misunderstand the number of other buyers with which a seller is negotiating and a seller could be liable for misrepresentation. A seller might issue a counter-proposal to just one buyer out of a pool of offers. A seller may choose to use a counter-proposal even if the seller only has one offer because, unlike a counter-offer, a counter-proposal allows a seller to negotiate the terms of an offer without rejecting it.

Lines 1-5 explain that different buyers may receive different counter-proposals, the proposal is not binding on the seller until there is binding acceptance, and that parties can withdraw a proposal or an accepted proposal until there is binding acceptance. Each buyer receives an individual WB-46, even if the seller is proposing the same terms to all of the buyers. No buyer will know the terms of another buyer's proposal. Like offers to purchase, the terms of a counter-proposal are confidential.

The seller identifies the offer about which the proposal is being made on lines 6-7 by the offer's date, the buyer who made the offer, and the property address. Like counter-offers, the multiple counter-proposal does not include terms and conditions of any previous proposal unless the drafter incorporates those terms by reference. A seller uses lines 11-20 to describe the proposal.

Lines 21-29

21	Any warranties, covenants and representations made in this Multiple Counter-Proposal survive the closing of this transaction. This		
22	Multiple Counter-Proposal by Seller will expire and be null and void unless a copy of the approved Multiple Counter-Proposal (see		
23	lines 31-33) is delivered to Seller in any manner authorized in the Offer to Purchase on or before _____ (Time is of the		
24	Essence). This Multiple Counter-Proposal was drafted on _____ by _____.		
25	Date	Licensee and Firm ▲	
26	(X) _____		
27	Seller's Signature ▲ Print Name Here ▶	Date ▲	
28	(x) _____		
29	Seller's Signature ▲ Print Name Here ▶	Date ▲	

A seller includes a deadline for a buyer to accept the proposal on line 23 and the drafting licensee includes identifying information on line 24. Lines 26-29 are for seller identification and the date of the proposal. Time is of the essence unless the language is stricken.

Lines 30-43 Approval by Buyer

30	APPROVAL BY BUYER		
31	This Multiple Counter-Proposal by Seller is approved by Buyer. Approval of this Multiple Counter-Proposal is not binding on Buyer		
32	or Seller until binding acceptance of this approved Multiple Counter-Proposal by Seller (per lines 45-47) on or before		
33	_____, _____ (Time is of the Essence). NOTE: If the above Multiple Counter-Proposal by		
34	Seller is not approved by Buyer in its entirety, do not use this form for a counter-offer by Buyer. Instead, submit a Counter-		
35	Offer (WB-44) or a new offer to purchase.		
36	(X) _____		
37	Buyer's Signature ▲ Print Name Here ▶	Date ▲	
38	(x) _____		
39	Buyer's Signature ▲ Print Name Here ▶	Date ▲	
40	This Multiple Counter-Proposal is (rejected) (countered) STRIKE ONE (Buyer's Initials) _____		
41	This Multiple Counter-Proposal was presented to Buyer by _____		
42	_____ on _____, at _____		
43	Licensee and Firm ▲	Date ▲	a.m./p.m. ▲

If a seller issues a counter-proposal to some or all of the prospective buyers, the buyers can accept, reject, or counter-offer their individual proposals. The seller-issued proposals are not binding on either party until binding acceptance, which must occur before the date listed on line 33. Time is of the essence unless it is stricken. Lines 33-35 instruct a buyer to use a WB-44 Counter-Offer or a new offer if the buyer wants to suggest terms other than those presented by the seller in the proposal. A buyer should not use the WB-46 Multiple Counter-Proposal for negotiating with a seller. If a buyer agrees to all of the seller's terms included in the proposal, the buyer signs and dates the proposal. Lines 36-39 are for buyer identification, signatures, and dates. If a buyer wants to reject or counter the proposal, the buyer indicates this on line 40 by striking the inapplicable choice and initialling. Lines 41-43 are for identifying the presenting licensee and the time and date of presentation.

Lines 44-53 Acceptance by Seller

44	ACCEPTANCE BY SELLER			
45	By signing below, Seller accepts Buyer's approved Multiple Counter-Proposal. The terms of this Multiple Counter-Proposal shall be			
46	binding on Seller and Buyer if Seller delivers a copy of the accepted Multiple Counter-Proposal to Buyer in any manner authorized			
47	in the Offer to Purchase on or before the deadline stated at line 33. NOTE: Seller should not sign below if there is an existing			
48	accepted offer unless this Multiple Counter-Proposal provides for a secondary offer.			
49	(x) _____	(x) _____		
50	Seller's Signature ▲	Date ▲	Seller's Signature ▲	Date ▲
51	The accepted Multiple Counter-Proposal was presented to Seller by _____			
52	_____ on _____, at _____			
53	Licensee and Firm ▲	Date ▲	a.m./p.m. ▲	

If a buyer accepts a seller's proposal and returns it to the seller, the seller then decides which, if any, of the returned proposals to accept. Lines 45-47 state that by signing the proposal, the seller accepts the buyer's approved proposal and, to achieve binding acceptance, the seller must deliver a copy of the accepted proposal back to the buyer in a manner authorized by the buyer's offer before the date included on line 33 of the buyer's approval section. Lines 47-48 caution the seller not to sign and deliver an accepted proposal to a buyer if seller has accepted an offer unless the proposal relates to a secondary offer. If a seller has an accepted offer from one buyer and delivered an accepted proposal to another buyer without identifying one of the offers as secondary, a seller would have two binding contracts for the sale of the seller's property. Lines 51-53 are for licensee identification and documenting the time and date that the licensee presented the proposal to the seller.

WB-42 AMENDMENT TO LISTING CONTRACT

<p>Approved by Wisconsin Department of Regulation and Licensing 11-1-09 (Optional Use Date) 3-1-10 (Mandatory Use Date)</p> <div style="text-align: center; border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> WB-42 AMENDMENT TO LISTING CONTRACT </div>

A seller or a broker would use the WB-42 Amendment to Listing Contract to amend the terms of the original listing contract. For example, a seller has listed a property for \$200,000. The broker advertises according to the terms of the listing contract but the property fails to attract any offers. A seller decides to lower the listing price in an effort to generate more interest in the property. Rather than drafting a new listing contract, the seller and the broker would use the WB-42 Amendment to Listing Contract. A seller and broker could also use this form if a seller decided not to sell the property and terminate the listing early, if the parties agreed to a different commission arrangement, or if the parties wanted to extend the listing beyond the expiration date.

Lines 1-11

1 It is agreed that the Listing Contract dated _____, _____, between the undersigned,
 2 for sale of the property known as (Street Address/Description) _____
 3 in the _____ of _____, County of
 4 _____, Wisconsin is amended as follows:
 5 The list price is changed from \$ _____ to \$ _____ .
 6 The expiration date of the contract is changed from midnight _____, _____ to
 7 midnight _____, _____ .
 8 The following items are (added to)(deleted from) STRIKE ONE the list of property to be included in the list
 9 price: _____
 10 _____ .
 11 Other: _____





The drafting party identifies the original listing contract by date on line 1 and the listed property on lines 2-4. Lines 5-10 contain preprinted terms for amending the list price, contract expiration date, and included and excluded items. Revisions to included and excluded items will not dictate what is included or excluded in a final transaction because the offer to purchase controls what items will be included or excluded from a transaction.







Lines 11-22 provide space for parties to address any other amendments to the listing contract such as changes to marketing plans or commission arrangements.

Lines 23-32

23 ALL OTHER TERMS OF THIS CONTRACT AND ANY PRIOR AMENDMENTS REMAIN UNCHANGED.

24 **CAUTION: Agents (salespersons) for Broker (firm) do not have the authority to enter into a mutual**
 25 **agreement to terminate a listing contract, amend the commission amount or shorten the term of a**
 26 **listing contract, without the written consent of the Agent(s)' supervising broker.**

27 _____ (x) _____
 28 Broker/Firm  Seller's Signature  Date 
 29 _____ Print name 

30 (x) _____ (x) _____
 31 By  _____ Date  Seller's Signature  Date 
 32 Print name  _____ Print name 

Line 23 states that all other terms of the listing contract and any prior amendments remain unchanged. The caution on lines 24-26 reminds the seller that a salesperson has only limited authority to amend the listing contract and amendments to terminate the contract, change the commission amount, or shorten the term require written consent of the employing broker. If the seller and the broker agree to the amendments, they indicate by signing in the spaces provided on lines 27 and 30.

WB-40 AMENDMENT TO OFFER TO PURCHASE

Approved by the Wisconsin Department of Regulation and Licensing
 11-1-09 (Optional Use Date) 3-1-10 (Mandatory Use Date)

WB-40 AMENDMENT TO OFFER TO PURCHASE

**Caution: Use A WB-40 Amendment If Both Parties Will Be Agreeing To Modify The Terms Of The Offer.
 Use A WB-41 Notice If A Party Is Giving A Notice Which Does Not Require The Other Party's Agreement.**

Parties can use the WB-40 Amendment when both parties mutually agree to change one or more of the terms of an accepted offer. For example, if parties want to change the price, closing date, extend a deadline, or document new terms or conditions, the parties can use a WB-40 Amendment to negotiate and document the changes to the accepted offer.

An amendment is not a counter-offer. Parties use counter-offers when negotiating terms of an offer to purchase. Parties use amendments when negotiating terms of an offer to purchase with binding acceptance. An offer to purchase becomes a contract for sale after binding acceptance.

The top of the form contains a caution to the parties regarding the difference between offering an amendment to another party and issuing a notice to another party. The WB-41 Notice Relating to the Offer to Purchase is discussed later in the materials. When a party wants to modify terms of an accepted offer to purchase, the party drafts an amendment and offers it to the other party. If the other party agrees to the changes, the party signs the amendment changing the terms of the accepted offer. If the other party does not agree to the proposed changes, the other party does not sign the amendment and the original terms of the offer to purchase control the transaction. For example, a home inspection reveals defects in a property's basement walls. A buyer submits an amendment reducing the purchase price by \$5,000. If the seller agrees to the amendment, the seller signs and returns the amendment to the buyer and the purchase price is amended. All other terms of the offer stay the same. If the seller does not agree to the amendment, the seller does not have to do anything. In this case, the seller might offer a different amendment to the buyer reducing the offer price by less or offering to repair the defective walls in the basement.

Lines 1-3

1 Buyer and Seller agree to amend the Offer dated _____, _____, and accepted _____, _____, for
 2 the purchase and sale of real estate at _____
 3 _____ as follows:

The first lines of the form identify the offer that the party is proposing to amend. The offer is identified by date of the offer, date of acceptance, and the property's address.

Lines 4-8

4 Closing date is changed from _____, _____, to _____, _____.
 5 Purchase price is changed from \$ _____ to \$ _____.
 6 Occupancy date is changed from _____, _____, to _____, _____.
 7 Occupancy charge is changed from \$ _____ to \$ _____.
 8 Other: _____

Lines 4-7 contain pre-printed terms for amending the closing date, purchase price, occupancy date, and occupancy charge. Parties use lines 8-22 to propose any other amendments to the offer.

Lines 23-29

23 ALL OTHER TERMS OF THE OFFER TO PURCHASE AND ANY PRIOR AMENDMENTS REMAIN THE SAME.
 24 This Amendment is binding upon Seller and Buyer only if a copy of the accepted Amendment is delivered to the
 25 Party offering the Amendment on or before _____ (Time is of the Essence).
 26 Delivery of the accepted Amendment may be made in any manner specified in the Offer to Purchase, unless
 27 otherwise provided in this Amendment.
 28 **NOTE: The Party offering this Amendment may withdraw the offered Amendment prior to acceptance and**
 29 **delivery as provided at lines 24-27.**

Lines 24-25 of the amendment specify the process by which the amendment will become binding on the parties. The party proposing the amendment delivers it to the other party, who then signs and delivers it back to the proposing party by the date indicated on line 25. Time is of the essence unless the party drafting the document strikes the language. A party can deliver the amendment by any method authorized by the offer. A party offering an amendment can withdraw it before acceptance and delivery. Once the amendment is delivered back to the offering party, it is binding and the terms of the original offer now include the amended terms.

Lines 30-43

30 This Amendment was drafted by _____ on _____
 31 Licensee and Firm ▲ Date ▲

32 This Amendment was delivered by _____ on _____
 33 Licensee and Firm ▲ Date ▲

34 This Amendment was presented by _____ on _____
 35 Licensee and Firm ▲ Date ▲

36 (x) _____ (x) _____
 37 Buyer's Signature ▲ Date ▲ Seller's Signature ▲ Date ▲
 38 Print name ▶ Print name ▶

39 (x) _____ (x) _____
 40 Buyer's Signature ▲ Date ▲ Seller's Signature ▲ Date ▲
 41 Print name ▶ Print name ▶

42 This Amendment was rejected by _____ on _____
 43 Party Name ▲ Date ▲

Licensees identify themselves as the drafting, delivering, or presenting licensee on lines 30-35. The drafting, delivering, or presenting licensee can be the same person or they may be different. The respective parties sign the amendment if they agree to modify the terms. If the buyer is the drafting party, the buyer would sign it before presenting it to the seller and then if a seller agreed, the seller would sign and deliver it back to the buyer. In the case of the seller drafting the amendment, the seller signs first and then the buyer signs if the buyer agrees with the amended terms. To reject a proposed amendment, a party can do nothing and let the deadline indicated on line 25 pass or the party could indicate rejection by signing on line 42.

WB-41 NOTICE RELATING TO OFFER TO PURCHASE

Approved by the Wisconsin Department of Regulation and Licensing
 11-1-09 (Optional Use Date) 3-1-10 (Mandatory Use Date)

WB-41 NOTICE RELATING TO OFFER TO PURCHASE

**Caution: Use A WB-41 Notice If A Party Is Giving A Notice Which Does Not Require The Other Party's Agreement.
 Use A WB-40 Amendment If Both Parties Will Be Agreeing To Modify The Terms Of The Offer.**

A party can use the WB-41 Notice when unilaterally giving notice to the other party about a matter relating to an accepted offer to purchase. For example, a party uses a WB-41 to give notice that a party's attorney has approved the offer, an inspection report revealed defects, a secondary offer is being made primary, or to notify the other party that a contingency is satisfied. Unlike with an amendment, when a party is giving notice about a matter relating to an accepted offer, the other party does not need to approve it. Only the party giving the notice completes and signs the form. The same caution found at the top of the WB-40 Amendment to Offer to Purchase is included on the WB-41. This caution is to remind parties and licensees of the difference between offering an amendment and issuing a notice.

Lines 1-3

1 This Notice by (Seller)(Buyer) STRIKE ONE relates to the Offer to Purchase dated _____, _____,
 2 and accepted _____, _____, for the purchase and sale of real estate at _____
 3 _____

The first lines of the form identify if the buyer or the seller is issuing the notice and the offer to which the notice relates. The offer is identified by date of the offer, date of acceptance, and the property's address.

Lines 4-10

4 The following are no longer contingencies or conditions of the Offer to Purchase (Note: Attach supporting
 5 documents, if required): _____
 6 _____
 7 _____
 8 _____
 9 _____
 10 Notice is given that: _____

The issuing party uses lines 4-9 to identify waived or satisfied contingencies and lines 10-29 to give notice about any other matter related to the offer to purchase.

Lines 32-42

32 **Withdrawal Warning: Once delivered, a Notice cannot be withdrawn by the Party delivering the Notice**
 33 **without the consent of the Party receiving the Notice.**

34 (x) _____ (x) _____
 35 Signature of Party Giving Notice Date Signature of Party Giving Notice Date
 36 Print name ▶ Print name ▶

37 This Notice was delivered by _____ on _____
 38 Licensee and Firm ▶ Date ▶

39 at _____ a.m./p.m. STRIKE ONE using the following method of delivery: U.S. Mail, commercial delivery,
 40 e-mail, fax, personal delivery, other _____ CHECK AS APPLICABLE .

41 This Notice was presented by _____ on _____
 42 Licensee and Firm ▶ Date ▶

The licensee drafting the notice includes the licensee's information and the date of drafting on line 31. Lines 32-33 provide a warning to the issuing party that "Once delivered, a notice cannot be withdrawn by the Party delivering the Notice without the consent of the Party receiving the Notice." On lines 35-37, the issuing party signs and dates the form. The document does not identify the issuing party as buyer or seller because the document can be used in situations that may not involve a buyer and a seller. For example, when a party wants to terminate a listing contract before it expires, the party must do so in writing

and could use the WB-41 to issue that notice. Lines 38–43 identify the person delivering the notice, the method of delivery, and the time of delivery. This information can be helpful if there is a dispute about when a party delivered a notice and any subsequent time lines triggered by the notice. For example, if a seller is giving a “bump” notice to a buyer, the buyer’s deadline to waive the closing of buyer’s property contingency does not begin until the buyer’s actual receipt of the notice. In this case, a seller might want to use personal delivery to ensure actual receipt. The licensee would use lines 37-42 to document the delivery to the buyer.

WB-45 CANCELLATION AGREEMENT AND MUTUAL RELEASE

Approved by Wisconsin Department of Regulation and Licensing
 3-1-00 (Optional Use Date)
 7-1-00 (Mandatory Use Date)

WB-45 Cancellation Agreement & Mutual Release

Parties use this form to terminate a real estate contract when the parties mutually agree to terminate the original agreement. When parties sign a cancellation and mutual release agreement, parties forfeit any rights arising from the underlying contract including a right to sue for specific performance or for damages. Canceling the sale contract has the legal effect of rescinding it and restoring parties to their positions before they signed the contract. Parties can use a cancellation agreement and mutual release to rescind any bilateral contract including exchange agreements, leases, purchase agreements, and even agency agreements such as listing contracts.

Lines 1-5

1 The UNDERSIGNED Parties agree that the _____ (Agreement)
 2 INSERT TYPE OF AGREEMENT e.g. CONTRACT OF SALE, LEASE, OPTION, etc. dated _____, for
 3 property located at _____, in the _____ of
 4 _____, State of _____, be canceled and the Parties hereby release all of their
 5 right, title, and interest in and to the Agreement, and any and all claims arising out of the transaction.

The type of agreement the parties mutually agree to cancel and release is listed on line 1, followed by the date of the agreement, and the property location. Lines 4-5 state that the parties agree to cancel the contract and release all of their rights, title, and interest in and to the agreement, and any and all claims that may arise out of the transaction. If both parties sign this form, they release each other from the agreement and rescind the contract. By agreeing to rescind the contract, the parties agree to act as though the agreement never existed and a party cannot sue the other party based on the agreement.

Lines 6-11

6 The Parties hereby authorize and direct the broker(s) to disburse the trust funds held on behalf of the Parties as follows:
 7 \$ _____ shall be disbursed to _____ at
 8 the following address _____,
 9 \$ _____ shall be disbursed to _____ at
 10 the following address _____,
 11 and the Parties hereby release the broker(s) from any and all liability for disbursing the trust funds as directed.

Lines 6-11 authorize and direct the broker to disburse the trust funds held on behalf of the parties as listed. By signing this form, parties are telling a broker that the parties have come to a written agreement authorizing a broker to disburse funds held in a trust account. A broker

cannot disburse trust funds if a transaction fails to close without a written disbursement agreement signed by the parties. The offer to purchase cannot serve as disbursement instructions to a broker. Parties use lines 7-11 to specifically allocate disbursements of funds held by a broker. Parties can structure disbursement in any manner that is agreed upon by the parties. If a broker is holding trust funds that parties want the broker to disburse, the parties indicate the amount, the recipients, and the recipients' addresses on lines 7-10. If parties agree to the terms of a cancellation agreement and mutual release, the parties agree to release the broker from liability for disbursing the trust funds as directed.

Lines 12-16

12 This Cancellation Agreement and Mutual Release shall be effective only if all Parties to the Agreement have signed an identical
 13 copy of this Cancellation Agreement and Mutual Release (including signatures on separate but identical copies of the Cancellation
 14 Agreement and Mutual Release), and if the fully-executed Cancellation Agreement and Mutual Release has been delivered to the
 15 Party proposing the Cancellation Agreement and Mutual Release on or before _____.
 16 Delivery may be made in any manner authorized in the Agreement.

Lines 12-16 remind parties that the form is effective only if all parties to the agreement sign an identical copy or separate but identical copies of the form, and if the fully-executed form is delivered to the party making the proposed cancellation agreement and mutual release on or before the date specified on line 15. Parties can achieve delivery to another party in any manner authorized in the agreement. This form lacks an automatic time is of the essence provision.

Lines 17-30

17	(X)		
18		Party's Signature ■ Print Name Here: ▶	Date ■
19	(X)		
20		Party's Signature ■ Print Name Here: ▶	Date ■
21	(X)		
22		Party's Signature ■ Print Name Here: ▶	Date ■
23	(X)		
24		Party's Signature ■ Print Name Here: ▶	Date ■
25	(X)		
26		Party's Signature ■ Print Name Here: ▶	Date ■
27	(X)		
28		Party's Signature ■ Print Name Here: ▶	Date ■
29	(X)		
30		Party's Signature ■ Print Name Here: ▶	Date ■

The parties sign the agreement, print their names, and date the form on lines 17-30. Parties can use this form to cancel offers to purchase and other agreements such as listing contracts so the signature the lines do not specifically state buyer and seller.

WB-24 OPTION TO PURCHASE

Approved by the Wisconsin Real Estate Examining Board
10-1-12 (Optional Use Date) 01-1-13 (Mandatory Use Date)

WISCONSIN REALTORS® ASSOCIATION
4801 Forest Run Road
Madison, Wisconsin 53704
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WB-24 OPTION TO PURCHASE

An option is a unilateral contract where a seller agrees to sell the property if a buyer decides to buy it. If a buyer exercises an option, the seller must sell the property. A buyer does not have to exercise the option. Parties can negotiate whether an option will be recorded and whether a party can assign the option rights. If a right is assignable, it means a party can transfer contractual rights to another party. For example, a seller could sell the property subject to the option or a buyer could assign the buyer's right to exercise the option to another party. The buyer (optionee) gives the seller (optionor) an option fee that can be applied to the purchase price if the option is exercised. If an option is not exercised, the optionor typically keeps the option fee.

Lines 1-7

1 LICENSEE DRAFTING THIS OPTION ON _____ [DATE] IS (AGENT OF BUYER)
 2 (AGENT OF SELLER/LISTING BROKER) (AGENT OF BUYER AND SELLER) ~~STRIKE THOSE NOT APPLICABLE~~
 3 The Seller (Optionor), _____, hereby grants to
 4 the Buyer (Optionee), _____,
 5 an option to purchase (Option) the Property known as [Street Address] _____,
 6 _____ in the _____
 7 of _____, County of _____, Wisconsin, on the following terms:

A broker uses lines 1-2 of the option to describe the agency relationship between the broker and the party for whom the broker is drafting the option. The drafting broker dates the option and strikes the agency choices that do not apply. The seller's name is placed on line 3 followed by the buyer's name and the property address.

Lines 8-21

8 ~~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
 9 Sellers and delivered to Buyer on or before _____ (Time is of the Essence).
 10 **OPTION TERMS**
 11 ■ INITIAL OPTION TERM: A nonrefundable option fee of \$ _____ will be paid by Buyer to Seller within _____ days
 12 of the later of: (i) the granting of this Option, or (ii) the deadline for execution of a lease if line 141 of this Option is checked. This Option may only be
 13 exercised if Buyer delivers written notice to Seller no later than midnight _____ unless extended below.
 14 ■ EXTENDED OPTION TERM: The Deadline to exercise this Option shall be extended until midnight _____, upon
 15 payment of \$ _____ to Seller on or before _____, as an option
 16 extension fee which shall not be refundable.
 17 ■ EXERCISE: To exercise this Option, Buyer must sign and deliver (i) the notice at lines 355-361, or (ii) any other written notice which states that
 18 Buyer exercises this Option. If the Option is exercised, \$ _____ of the option fee and \$ _____ of the
 19 option extension fee, if any, shall be a credit against the purchase price at closing.
 20 **CAUTION: If the option fees are to be paid into listing broker's trust account or to a third party, specify in additional provisions at lines 256-268**
 21 **or 326-330 or in a separate agreement attached per line 325.**

Lines 8-9 contain the deadline for the seller to grant the option and deliver it to the buyer. Time is of the essence unless the buyer strikes it from line 8. The terms of the option are listed on lines 10-19, with the option fee on line 11. An option fee is usually not refundable if the option is not exercised. If the buyer exercises the option, the option terms specify how the option fee will be credited toward the purchase price of the property. Line 13 states the deadline by which the buyer must exercise the option by delivering written notice to the seller. Lines 14-16 are terms for an extension of the option. Lines 17-19 are the instructions for exercising the option and how any option fees will be credited towards the purchase price. Lines 20-21 instruct the parties to document how option fees will be held.

Lines 22-32

22 **TERMS OF PURCHASE:** If this Option is exercised per the terms of this Option, the following shall be the terms of purchase:
 23 ■ PURCHASE PRICE: _____ Dollars
 24 (\$ _____) will be paid in cash or equivalent at closing unless otherwise provided below.
 25 ■ INCLUDED IN PURCHASE PRICE: Seller is including in the purchase price the Property, all Fixtures on the Property on the date of this Option
 26 not excluded at lines 28-29, and the following additional items: _____
 27 _____
 28 ■ NOT INCLUDED IN PURCHASE PRICE: _____
 29 _____
 30 **CAUTION: Identify trade fixtures owned by tenant, if applicable, and Fixtures that are on the Property (see lines 75-82) to be excluded by**
 31 **Seller or which are rented and will continue to be owned by the lessor.**
 32 **NOTE: The terms of this Option, not the listing contract or marketing materials, determine what items are included/excluded.**

A buyer states the terms on which the property will be purchased if the buyer exercises the option. Like the offers to purchase, this section addresses included and excluded items.

Lines 139-149

139 **LEASE-OPTION PROVISIONS** [CHECK BOX ON LINE 140 OR 141, IF APPLICABLE]:
 140 Concurrent with the granting of the Option, Seller and Buyer have entered into a written lease for the Property.
 141 This Option is contingent upon Seller and Buyer, within _____ days from the granting of this Option, entering into a written lease
 142 for the Property with minimum terms which shall include: term from _____ to _____ and
 143 an initial rent of \$ _____ per month or this Option shall be null and void.
 144 [CHECK ANY OF THE FOLLOWING THAT APPLY, IF LINE 140 OR 141 WAS CHECKED ABOVE]:
 145 In the event that this Option is timely exercised, \$ _____ of each monthly rent payment of \$ _____
 146 shall be applied to the purchase price while the balance shall be deemed solely rent that is retained by Seller.
 147 **NOTE: Lenders may not recognize a credit for rent paid under a lease.**
 148 Buyer may not exercise this Option unless Buyer is current with all rent.
 149 Any material breach of the lease by Buyer shall also constitute a default under this Option.

A buyer can use the WB-24 to create a lease-with-option arrangement with the seller. A lease with an option can create a rent-to-own arrangement between the parties where a buyer can negotiate that a portion or all rental payments will be applied to a property's purchase price if the buyer exercises the option. The parties can enter into a written lease at the same time as the option or within a number of days of the seller granting the option.

Line 169

169 **ZONING** Seller represents that the property is zoned _____.

Line 169 allows the buyer to address the property's zoning by including the zoning classification as represented by the seller. A seller may not be aware of how the seller's property is zoned and parties can consult tax bills, local building inspectors, or city planners to determine a property's zoning classification. Zoning classifications and use vary from property to property. If a buyer intends to use the property for something other than its current use, a buyer may need to make an offer contingent on obtaining confirmation of zoning or receiving permission for the intended use.

Lines 209-213

209 **RECORDING OF OPTION** Buyer (may) (may not) ~~STRIKE ONE~~ record this Option at Buyer's expense.
 210 Buyer (may) (may not) ~~STRIKE ONE~~ ("may" if neither is stricken) record a separate instrument evidencing this Option at Buyer's expense. If this
 211 Option or a separate instrument evidencing this Option is to be recorded, insert legal description at lines 256-268 or 326-330 or attach as an
 212 addendum per line 325. If recording, the parties agree to provide authenticated or acknowledged signatures as may be required.
 213 **CAUTION: Failure to record may give persons with subsequent interests in the Property priority over this Option.**

This section addresses whether the buyer will record the option or record a separate document evidencing the option. In some situations, buyers may not want to record an option because it will give constructive notice that the buyer is acquiring options, which may

change the negotiating terms for subsequent attempts to acquire property or options on property. Line 213 cautions a buyer that failing to record can cause potential ownership disputes in the future.

Lines 314-324

314 **AUTHORIZATION FOR APPRAISAL, INSPECTIONS AND TESTS** Buyer is authorized to have the Property appraised by a Wisconsin licensed or certified
 315 appraiser and to conduct the following inspections and tests (see lines 304-313) prior to Buyer's exercise of this Option. Any inspection(s) and test(s) shall
 316 be performed by a qualified independent inspector or expert, or an independent qualified third party. Inspections and testing shall be conducted pursuant to
 317 government or industry protocols and standards, as applicable.
 318 List inspections (e.g., home, roof, foundation, septic) here: _____
 319 _____
 320 List tests (e.g., radon, lead-based paint, well water) here: _____
 321 _____
 322 Describe additional inspections and tests, if any, at lines 256-263 or 326-330 or attach as an addendum per line 325.
 323 **NOTE: Any testing authorizations should specify the areas of the Property to be tested, the purpose of the test, (e.g., to determine if**
 324 **environmental contamination is present), any limitations on Buyer's testing and any other material terms.**

Unlike the offer to purchase, inspections and testing are not addressed using pre-printed, optional contingencies in the option to purchase. A buyer lists inspections and tests here and by including additional provisions or addendum as necessary.

Lines 331-341

331 **IF GRANTED, THIS OPTION CAN CREATE A LEGALLY ENFORCEABLE CONTRACT. BOTH PARTIES SHOULD READ THIS OPTION AND ALL**
 332 **ATTACHMENTS CAREFULLY. BROKERS MAY PROVIDE A GENERAL EXPLANATION OF THE PROVISIONS OF THE OPTION BUT ARE**
 333 **PROHIBITED BY LAW FROM GIVING ADVICE OR OPINIONS CONCERNING YOUR LEGAL RIGHTS UNDER THIS OPTION OR HOW TITLE**
 334 **SHOULD BE TAKEN AT CLOSING IF THE OPTION IS EXERCISED. AN ATTORNEY SHOULD BE CONSULTED IF LEGAL ADVICE IS NEEDED.**
 335 This Option was drafted by [Licensee and Firm] _____
 336 _____ on _____.
 337 Buyer Entity Name (if any): _____
 338 (x) _____
 339 Buyer's/Authorized Signature ▲ Print Name/Title Here ► _____ Date ▲ _____
 340 (x) _____
 341 Buyer's/Authorized Signature ▲ Print Name/Title Here ► _____ Date ▲ _____
 342 **SELLER GRANTS THIS OPTION. THE WARRANTIES, REPRESENTATIONS AND COVENANTS MADE IN THIS OPTION SURVIVE**
 343 **CLOSING AND THE CONVEYANCE OF THE PROPERTY. SELLER AGREES TO CONVEY THE PROPERTY ON THE TERMS AND**
 344 **CONDITIONS AS SET FORTH HEREIN AND ACKNOWLEDGES RECEIPT OF A COPY OF THIS OPTION.**

If a seller grants an option to purchase to a buyer, the seller and the buyer have a legally enforceable contract. Lines 331-334 inform parties that licensees can present a general explanation of terms, but parties should consult attorneys if the parties need legal advice or opinions. The licensee drafting the option should date it and include the licensee's firm and name. A buyer then signs and prints the buyer's name on line 337 and dates the option.

Lines 342-354

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

345 Seller Entity Name (if any): _____

346 (x) _____

347 Seller's/Authorized Signature ▲ Print Name/Title Here ► _____ Date ▲ _____

348 (x) _____

349 Seller's/Authorized Signature ▲ Print Name/Title Here ► _____ Date ▲ _____

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

351 _____ on _____ at _____ a.m./p.m.

352 This Option is rejected _____ This Option is countered _____

353 Seller Initials ▲ Date ▲ Seller Initials ▲ Date ▲

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

If a seller grants an option, the seller is accepting the terms of the buyer's option to purchase. If the seller does not accept the terms, the seller may counter or reject the option to purchase on line 352.

Lines 355-361

355 **NOTICE OF EXERCISE OF OPTION** By signing below and delivering this notice (see lines 35-54) to Seller, Buyer hereby exercises this Option to
 356 Purchase.

357 Buyer Entity Name (if any): _____

358 (x) _____

359 Buyer's/Authorized Signature ▲ Print Name/Title Here ► _____ Date ▲ _____

360 (x) _____

361 Buyer's/Authorized Signature ▲ Print Name/Title Here ► _____ Date ▲ _____

A buyer can use this section to give notice to the seller that the buyer is exercising the option. A buyer can choose to exercise the option during the term of the option but the buyer does not have to exercise the option. An option to purchase is not the same as a right of first refusal.

WB-25 BILL OF SALE

Approved by the Wisconsin Department of Regulation and Licensing
 4-1-01 (Optional Use Date)
 12-1-01 (Mandatory Use Date)

WB-25 BILL OF SALE

The WB-25 Bill of Sale is a contract that transfers the interest one person has in personal property to another person. It can be when a seller is selling a home and the home's contents or when a property owner is selling a building and a business located in that building. For example, a property owner selling a building and the restaurant located in the building could use a bill of sale to transfer the restaurant's freezers, stoves, tables, chairs, and other equipment.

An investor who wants a separate accounting of personal property for tax purposes may request that a seller prepare a WB-25 Bill of Sale. When a broker is involved in a sale that includes personal property, the broker should work with sellers and buyers to prepare an inventory of the items that will be transferred.

Lines 1-26

1	Seller conveys to _____ (Buyer), for a good and valuable consideration,
2	all of Seller's interest in the personal property identified in the schedule at lines 3 to 25 and in the addenda per line 26.
3	PERSONAL PROPERTY SCHEDULE
4	_____
5	_____
6	_____
7	_____
8	_____
9	_____
10	_____
11	_____
12	_____
13	_____
14	_____
15	_____
16	_____
17	_____
18	_____
19	_____
20	_____
21	_____
22	_____
23	_____
24	_____
25	_____
26	ADDENDA The attached _____ is/are made part of this Bill of Sale.

The buyer's name is placed on line 1. Lines 1 and 2 state that the seller is to convey to the named buyer all of the seller's interest in the personal property that is identified on lines 3-25 or as listed on an addenda. The seller lists each item of personal property that the seller is transferring to the buyer. If the seller is transferring many items of personal property to the buyer or if the seller would prefer to list the items using an attached addendum, the seller indicates that on line 26 by referencing the attached addendum.

Lines 27-43

27	Seller hereby warrants and represents that Seller owns said personal property free and clear of all liens and	
28	encumbrances, that Seller has good right to sell the same and Seller will warrant and defend the same against the lawful	
29	claims and demands of all persons, except: _____	
30	_____	
31	_____	
32	Note: The above warranty applies only to title, if there are any other warranties or representations as to other	
33	characteristics of the personal property, a separate agreement must be drafted.	
34	This Bill of Sale was drafted on _____ [date] by [Licensee and firm] _____	
35	_____	
36	(X) _____	_____
37	Seller's Signature Print Name Here: ▸	Date ▸
38	(X) _____	_____
39	Seller's Signature Print Name Here: ▸	Date ▸
40	(X) _____	_____
41	Seller's Signature Print Name Here: ▸	Date ▸
42	(X) _____	_____

Lines 27-43 state that the seller is transferring the seller's interest in the items of personal property free and clear of all liens and encumbrances, unless listed on lines 29-31. A note on lines 32 and 33 reminds the parties that the warranty applies to title and if there are other warranties or representations as to other characteristics of the personal property, a separate agreement must be drafted. For example, if the parties agree that the seller will transfer interest in certain items, such as a boat, the seller needs to provide the boat's title documents to the buyer so the buyer can demonstrate ownership. The WB-25 Bill of Sale may not be the only document involved in the transfer of personal property from a seller to a buyer.

This form does not have the usual note at the bottom of the page telling the parties to attach it to the offer or other related document. When a seller presents a WB-25 Bill of Sale to a buyer, the seller is giving the buyer an interest in the personal property. The seller usually presents the document at closing.

The drafter of the bill of sale places the date, name, and firm name on lines 34 and 35. Please note that there are signature lines for only the seller on lines 36-42. The seller is transferring an interest in the stated personal property and the buyer and seller agreed to the transfer terms when negotiating the transaction. The buyer does not need to sign this form.

