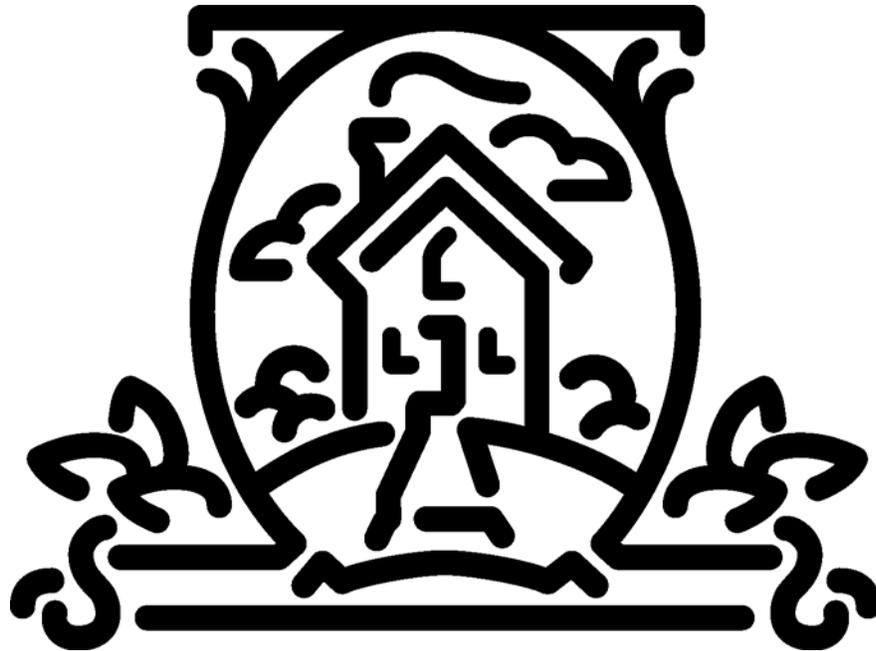


THE HOME SELLER'S HANDBOOK



From the Office of
MINNESOTA ATTORNEY GENERAL
LORI SWANSON

www.ag.state.mn.us

The Home Seller's Handbook is written and published by the Minnesota Attorney General's Office. This edition was published in May 2009 in St. Paul, Minnesota. This handbook is available in other formats upon request.

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Minnesota Attorney General's Office, 2009
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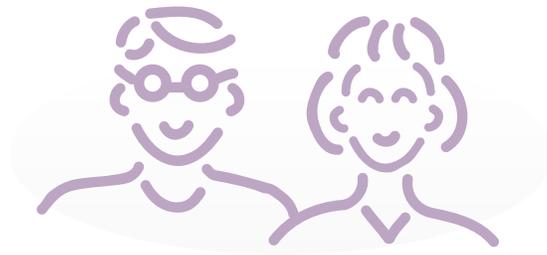


Section One: Selling Your Home?

There are many reasons for moving. Maybe you got that once in a lifetime job offer or your family is growing and quickly running out of space. Maybe you want to relocate to a new neighborhood or find a house with a bigger backyard.

Whatever reasons influence you to sell your home, you have some important decisions to make. People often feel overwhelmed not only by the complexity of selling their home to a new owner, but by the surge of emotions they feel leaving their home. This guide offers some sound advice, as well as important information about selling your home in Minnesota.

By following the Klines and Ellen Bower as they sell their homes, you'll have the opportunity to learn from their success — and their mistakes!



Meet the Klines

Jim and Cindy Kline knew it was time to move when they began tripping over Jim's endless stacks of books, Cindy's tasseled lampshade collection, their growing family of pets and each other!



Meet Ellen Bower

Ellen Bower decided to move when she got a phone call: "Ms. Bower? This is Tom Jackson at the Environmental Protection Agency in Washington. Can you be here by September 4th? We want you to be our new national mosquito expert."



Section Two: Yourself or An Agent?

Your first big decision is whether to sell your home yourself or use a real estate agent. Some sellers feel more comfortable relying on the expertise of a real estate agent, while others want to avoid paying a commission.

The Klines have heard that real estate agent commissions can be as high as 7 percent and they aren't excited about paying that much to sell their house. They are thinking about selling their home themselves. Agent-free selling is what people in the real estate industry call "FSBO" (pronounced "fisbo," which stands for "for sale by owner").

If you're not under any time constraints, you might want to give selling your own home a shot. If you fail, you can always hire a real estate agent later.

Pros and Cons of Being a FSBO ("For Sale By Owner")

The number one reason to sell your home without an agent's help is to avoid paying a real estate commission. In Minnesota, real estate commissions run as high as 7 percent of the home's sale price, although you may be able to negotiate a lower rate.

Time and expertise are also major factors in determining whether or not to sell your own home. Do you have a minimum of one hour per day to spend on advertising, screening buyers and showing your home? FSBOs need the flexibility to schedule showings at convenient times for buyers. If your home isn't shown, it won't get sold.

Business savvy also helps. When negotiating the sale, will you be able to keep your cool if a buyer wants to knock a couple of thousand off the price because the home is "obviously going to need a complete redecorating job?" Agents are used to negotiating and can be objective about the value of your home. Can you say the same about yourself?

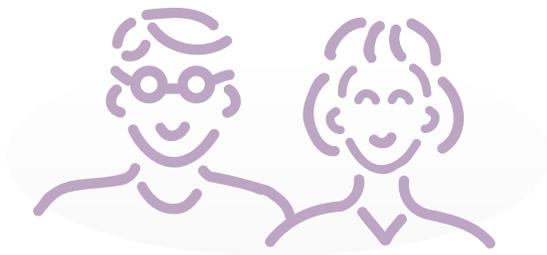
And, as a FSBO, you won't have access to the Multiple Listing Service (MLS) used by real estate agents to locate homes for buyers. This computerized service lists homes for sale and homes that have sold by neighborhood, price and features. However, you may be able to list your home on the Internet with a variety of companies for a fee.

Tips For FSBOs

If you're still unsure about whether or not to sell your own home, find out more by talking to several people who have tried to sell their homes themselves and get a book from the library or bookstore. Sometimes, school districts offer adult education classes on selling your own home.

Additional Tips Include:

- Keep your home clean and ready to show at all times.
- Price your home according to what similar homes have sold for in your area — not by how much cash you need from the sale of your home and how much you paid for improvements.
- Consider selecting an agent in advance to list your home if you can't sell it in a few weeks. Get the agent's advice about pricing and repairs.
- Hire professionals to help you along the way. These can include a closing agent and/or a real estate attorney. You will also need a home inspector if an inspection is required by your city.
- Keep a notebook with potential buyers' names, addresses and phone numbers so you can follow up with them.
- Don't stop advertising your home when you receive a bid. A buyer's offer may not survive the negotiating process.
- Prepare and make copies of a fact sheet about your home to hand out to potential buyers. Have a blank purchase agreement for interested buyers to take with them.
- If you're having trouble selling your home, consider offering a sales commission to a buyer's agent. Determine what commission will entice local agents. By offering a sales commission, you'll still save what you would have paid a listing agent to advertise your home.
- If you want help advertising your home, consider hiring a company that specializes in sales by FSBOs. They will also assist you with legal documents and the terms of the sale. Look for them in the real estate section of your Yellow Pages, or get a referral from another FSBO.



The Klines have decided to become FSBOs. Jim and Cindy think they can split the responsibilities that go with selling their own home. They hope to put the money they would have spent on an agent into a new house. Their next home will have an extra room for a home office, and enough space for their dogs, Mo and Curly. The Klines have placed ads for their home in the newspaper and in a local real estate publication that is free to the public. They also designed a yard sign and flyers with snapshots of their home for bulletin boards at local businesses.

Hiring A Real Estate Agent

Ellen Bower is in a frenzy! Since she heard she got the mosquito job in Washington D.C. she has flown out there twice to find a home, has gone to three going-away parties and has been tying up loose ends at her current job. In her “spare” time, she’s been painting and cleaning her house to get it ready for sale. With all she has to do, selling her home herself is out of the question. She needs to hire a real estate agent with the time, experience and connections to get the job done quickly.



If you’re thinking of hiring an agent, interview several different agents. Talk with friends and family about agents they’ve used. Find an agent who will work on your terms. Make sure what you’re asking is realistic, however. Here are some things to discuss with prospective agents:

- **“Have you sold homes in my neighborhood in the last year?”** If the answer is yes, ask for the names, addresses and current phone numbers of the sellers, as well as the sales prices of the homes. If the agent hasn’t sold homes in your area, find one who has. They’ll have a better feel for the market in your area. And, if the agent won’t give references, be skeptical. Don’t accept excuses about why he or she can’t give you the information.
- **“I’m not willing to pay the commission that you’re asking.”** Many agents will give you the impression that their commission is not negotiable. However, their fees are always negotiable. For example, Ellen Bower hopes to negotiate a lower commission because she lives in a popular development. Other homes on her street have sold quickly, so she thinks her home will be easy to sell. (Of course, this is what most people think!)
- **“Are you willing to put your sales strategy in writing?”** To make sure you get the services you’re paying for, ask interested agents for their sales strategy before you hire one. When you agree to list your home with an agent, you could be forced to pay the commission even if you don’t get the service promised. So when you find an agent you like, ask to make the commission contingent on the agent sticking to his or her sales strategy. Any understandings you have with the agent should be in writing in the listing agreement. (See Appendix for sample listing agreement.)
- **“What will you tell potential buyers when they ask whether the price is negotiable?”** Make sure the agent will convey the information you want to be conveyed to buyers.

A final note about agents: Your real estate agent is obligated to get you the best possible price for your home as quickly as possible. Ask your agent to send you copies of your MLS sheet and any other marketing materials for your home. Also ask the agent to call at least twice a week to update you about potential buyers. Make sure your agent knows you are going to hold him or her accountable for getting the job done!

What Listing Agreement Should You Sign?

If you choose to sell your home with the help of a real estate agent, you’ll have to decide between an *exclusive* or *nonexclusive* listing agreement.

The sample exclusive agreement we've provided in the Appendix is the most common in Minnesota. (There are several types, so read your agent's agreement thoroughly. The Attorney General's Office does not endorse any particular form of listing agreement.) This agreement provides that the listing agent earns a commission out of the sale price when your house sells within the time period specified. Chances are good that lots of agents will be showing your home if it's listed in the MLS. An agent who successfully brings a buyer to you shares the commission with your listing agent. Your listing agent can sell your home without the help of another agent, too. In that case he or she keeps the entire commission. The drawback to an exclusive listing is that you will pay your listing agent a commission even if you end up finding the buyer yourself.

Few agents like to admit it, but you can also choose to sign a nonexclusive or open listing agreement that allows you to list your home with several real estate agencies. Under this agreement, whoever sells the home gets the commission. If that person turns out to be you, you don't have to pay a commission. A nonexclusive agreement can create healthy competition between agents. But it turns off many real estate agents. The best situation for using this agreement is if you have a very saleable property.

What Should Your Agent Do For You?

Your listing agent has several responsibilities:

- Conducting a marketing strategy and market analysis to help you set a fair price for your home.
- Advertising your home. This includes placing newspaper ads, internet ads, providing a lawn sign and listing your home with MLS.
- Negotiating the terms of the sale with buyers, including contingencies and counteroffers.
- Reviewing and filling out contracts. In complex selling situations (for example, if the property is part of a contested estate in probate, or if you're a separated or divorced couple selling the home) you may want to hire an attorney experienced in real estate matters.
- See the transaction through to the closing.

Have A Complaint About An Agent?

If you have a complaint about your real estate agent's conduct, contact the Minnesota Department of Commerce at (651) 296-2488 or 1-800-657-3602. The department licenses and regulates real estate agents and investigates complaints. The Minnesota Realtors Association also takes complaints and arbitrates disputes and can be reached at (952) 935-8313 or 1-800-862-6097.

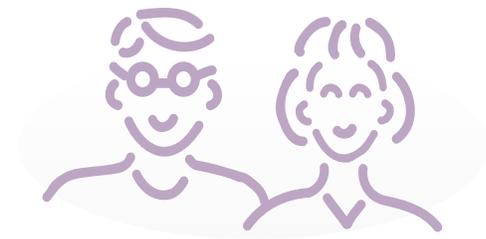


Section Three: Keeping Up Appearances

Ellen Bower's dinner parties have left their mark on her beige dining room carpet. At the Klines, Mo and Curly have scratched the door each morning when it's time to go outside. To Ellen Bower and the Klines, these little imperfections are just part of the nostalgia of their homes. To potential buyers, however, they might be reason to look elsewhere.

When looking at your home, put yourself in a buyer's shoes. Inexpensive improvements can go a long way toward attracting buyers. Cleaning the carpet or applying a new coat of paint won't cost much and could substantially raise the value of your home. But be cautious about more expensive improvements. Adding a first floor bathroom or updating your kitchen might raise the value of your home, but luxuries like swimming pools and saunas might not. Some amenities may turn off buyers who don't want the hassle of upkeep and the possibility of increased real estate taxes.

When the Klines were ready to sell their house they spent \$500 on quick and easy improvements. They started by organizing Jim's books and renting storage space for all of Cindy's lampshades. Then they hired a landscaper to plant some flowers and replace dead patches on the lawn. A few large red geraniums and some colorful petunias made a huge difference in the "curb appeal" of the home. Next, they painted the doors, including the one that Mo and Curly scratched. Finally, they hired professional cleaners to scrub their house from top to bottom and shampoo their carpet. When they were done, the house looked so nice that Jim said to Cindy, "Why do we want to sell?"



Easy Improvements to Increase Your

Home's Value

- **You never get another chance to make a first impression:** Paint or stain your front door; add polish to brass fixtures such as address numbers and door knobs; trim the bushes; plant colorful flowers; and lay down a new welcome mat.
- **Cut the clutter:** Have a garage sale to get rid of junk; straighten the cupboards and closets; and get rid of piles of papers or newspapers that you just haven't had time to read.
- **Clean and Shine:** Make sure your home is spotless and fresh-smelling. You may want to hire a professional carpet cleaner and air out any smoke or pet odors.
- **Paint:** Your taste may be unique. Tone down wall colors and wallpaper prints by painting or papering rooms in neutral colors like beige and white. These appeal to a greater number of people. Spackle is cheap. Fill holes and cracks first.
- **Fix leaky roofs and other moisture problems:** Water stains on the basement walls or bedroom

ceilings can raise red flags for potential buyers. If you cannot afford to fix water damage, explain the problem to buyers...you will be liable for any problems you know about but don't disclose.

- **Get the bugs out:** Exterminate any pests such as ants, termites or rodents. One termite can send a potential buyer running.
- **Pay special attention to the bathrooms:** A bathroom must be sparkling. Replace any vanities, soap dishes, wall coverings or carpets that aren't "hotel clean."
- **Make small repairs:** Little things are the mark of quality. Tighten loose knobs; fix leaky faucets; oil squeaky door hinges; and replace any dirty furnace filters, drain catches and torn screens.

Hiring a contractor to repair or enhance your home before you sell? Keep these tips in mind:

- Decide whether to hire a specialized or general contractor based on the work you want completed. Before agreeing to hire a contractor, get three bids or at the very least two estimates so you can compare costs for the work you want completed.
- You may want to ask a contractor for references. Don't be bashful about asking a contractor for this information. Follow up by contacting those references to find out about previous jobs the contractor has completed and the level of customer satisfaction.
- The State of Minnesota requires home improvement contractors to be licensed and bonded through the Minnesota Department of Labor & Industry. Contact the department to verify that the contractor is legitimate. If you hire a contractor, make sure the contractor has all the necessary permits and insurance before any work is started.
- Before construction begins, have the contractor provide you with a written contract. The contract should outline the terms for payment and should provide information regarding the work schedule or any other agreement made between you and the contractor.
- Document the progress of the work performed and be sure to keep any invoices, permits or documents related to the work in a file. If you experience a problem with the contractor and the work performed, these records will be important.
- If you need assistance in resolving an issue with your home improvement contractor, the Minnesota Attorney General's Office has prepared a consumer handbook entitled: *Citizen's Guide to Home Building and Remodeling*. To order this free publication or if you have questions you may contact us at the following:

Minnesota Attorney General's Office
Consumer Services Division
445 Minnesota Street, Suite 1400
Saint Paul, MN 55101

Citizen Assistance: (651) 296-3353 or 1-800-657- 3787
www.ag.state.mn.us



Section Four: Setting A Price

Pricing your home is part art and part science. As marketing experts say, “Your house is worth what someone else will pay.”

So what will someone pay for your home? Usually a buyer will offer to pay roughly what similar homes have recently sold for in your neighborhood. As a general rule, location is the biggest factor in pricing a home. Features such as size, number of bedrooms and bathrooms, fireplaces, porches, and the general condition of your home are also important. You can find the price of homes similar to yours in different ways:

- **Multiple Listing Service (MLS):** Real estate agencies subscribe to this constantly updated computerized service that lists homes for sale and homes that have sold. It shows homes by price, neighborhood and detailed features. Because no two homes are exactly alike, a real estate agent is likely to compare your home with many different other homes when determining a price.
- **Newspaper:** While newspapers don’t give a detailed description of homes that have sold, they do report addresses and prices. Keep track of the average selling price of homes in your area. Back issues of papers are available at local libraries.
- **Internet:** Some companies are using the Internet for listings, so don’t forget to surf for prices.
- **Real Estate Publications:** Usually free in newsstands, these flyers also have listings organized by location.

Why Not Start High?

It seems sensible to price your home higher than the amount you’d be willing to take. Buyers usually offer less than your asking price. However, pricing your home too high can scare off potential buyers.

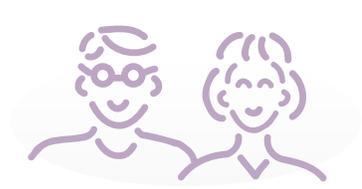
In a tight housing market — one with lots of buyers and few sellers — you can ask more than you might in an average market or depressed market. But be prepared to drop off your price if the buyers aren’t biting.

What could you lose by starting high? First, it may take months to find a buyer willing to pay your price (assuming such a buyer exists). Real estate agents might not spend as much time showing homes that they think are over-priced. Second, you miss out on attracting a larger pool of potential buyers. The more buyers, the better the chance they’ll engage in a bidding war for your home. When two or more buyers are competing for a house, they might even bid more than the asking price!

\$Pricing Tip\$

What you paid originally for your home and the cost of improvements is irrelevant. When you price your home, only the current market value matters! If the market has slumped since you bought your house, you may owe more on your mortgage loan than you could currently sell your house for.

Even if you do receive a high bid on your home, keep in mind that if an independent appraiser finds that the house isn't worth the bid price, the buyer will have difficulty getting a loan for the purchase price.



The Klines spent \$6,000 last year updating their master bedroom and bathroom (new wall paper, plush carpeting and new tile). They'd like to recover their investment but they know that adding \$6,000 to the asking price makes their house more expensive than any other sold recently in their neighborhood. However, they think in the current housing market, they just might get their asking price. Stay tuned to see what offers they get!



Ellen Bower has decided to price her home lower than others in the neighborhood. A similar home in her development is for sale at \$77,000. She paid less than \$60,000 for her home five years ago and now has priced it at \$72,000. Property values have risen in the area, but neither she nor her real estate agent think the market supports the high price her neighbors are asking. By undercutting their price, Ellen thinks potential buyers will be more attracted to her house!

Should You Offer Financing Help To A Buyer?

Remember the early '80s when interest rates were as high as 17 percent? It was a tough market for sellers. They often offered to help buyers finance a home. While some still may do so, such financing is less common today. When interest rates are lower, buyers can get good financing terms from traditional lenders.

If you have a hard-to-sell property, however, you might consider a *contract for deed*. The buyer would pay you, not a lender. You essentially would be the "lender." The danger is that you would still be required to make the mortgage payments if the buyer doesn't.

You can also offer to let a buyer assume a loan, if your loan is assumable. This is a good strategy for attracting buyers who may be able to afford your home, but can't qualify for a loan through a lender because of a poor credit record or short job history. But again, you may continue to be liable for the mortgage payments. ***Don't enter into a contract for deed or allow a buyer to assume your loan without good legal and financial advice.***

If your buyer doesn't qualify for a loan, you may consider paying discounted points. While it is uncommon in Minnesota for a seller to pay points for a buyer, it is an option. Points are the "up front" interest a lender charges a buyer for a loan. One point equals 1 percent of the total loan amount. Points enable a buyer to get a lower interest rate on the loan. Your buyer may qualify to buy your home at a lower interest rate if you help by paying points. Ultimately, paying some points may save you from putting your house back on the market.

If you pay points for a buyer, they may be tax deductible. Consult an accountant or tax attorney about the amount that may be deductible.

What If Your House Doesn't Sell?

Your house isn't selling. Where did you go wrong? It might not be anything you did, instead, there could be a number of contributing factors. Maybe it is the time of the year. House sales tend to pick up in the spring and summer months. Or perhaps you need to do something to spark new interest in your home. Try one of these:

- Lower the price. Maybe you're asking too much. Review the information on pricing your home at the beginning of this chapter.
- Raise the real estate commission. By raising the commission, you might catch the attention of real estate agents and increase buyer traffic.
- Offer a homeowner's warranty. You might want to consider offering buyers a homeowner's warranty if your major appliances, electrical or heating system, or central air conditioning unit are older models. If anything goes wrong with these appliances, the cost of repairs will be covered by the one-year warranty you purchase for \$400 to \$600. You can find out more about a homeowner's warranty through a real estate agent or on the Internet.



Section Five: Accepting An Offer

It's the moment that you've been waiting for. You have a purchase offer on your home! Should you accept it? Deciding whether to accept an offer and setting the terms of the sale are often the hardest parts of the selling process. But they're also the most exciting. You may accept the offer, reject it or make a counter-offer by changing some of the terms. Keep in mind that the buyer is trying to get the lowest price possible.

A buyer will submit a purchase agreement. With it, the buyer should include some earnest money — part of the down payment — which is refundable if you reject the offer. The purchase agreement will include (see sample form in the Appendix):

- The price offered.
- How the buyer will pay for the home (loan, down payment and earnest money).
- The date the purchase is to be completed.

Reviewing The Offer

If you receive an offer, review the following to decide whether or not to accept it:

- **The bid price.** Is it within 3 to 5 percent of your asking price? If so, most real estate agents will tell you it's a good offer and urge you to consider accepting it — unless you have a hot prospect you think will bid higher.
- **Ability to pay.** A buyer or real estate agent should present you with a lender qualification letter that shows the buyer is qualified to pay for the home.
- **Contingencies.** Is a buyer making an offer contingent on selling his or her home, the results of an inspection, or something in your house being fixed? It's up to you to decide if the buyer is asking too much. Weigh the contingencies against the bid price.

As a seller, you may want to add contingencies, too. Here are a couple to consider:

- **Loan Approval.** Purchase agreements can be made contingent on the buyer being approved for a loan within a specified period of time, usually 30 days or less. If you are going to help finance the home, put the exact terms of your contract in writing, too.
- **Property.** Both the buyer and seller benefit from putting all agreements about the property in writing. For example, if the buyer will buy the property only if the roof is repaired or the washer and dryer come with the home, include this in the agreement. Be sure to include in the purchase agreement the maximum price you've agreed to pay for repairs.



After having their home on the market for a month, the Klines hadn't received any offers. Maybe they overestimated the market value of their spiffy master bed and bath. Once they dropped the price closer to what other homes in the neighborhood were selling for, they had better luck. The new listing price of \$85,000 drew more interested buyers. Gloria Slivers offered the Klines \$83,000 contingent on selling her home. The Klines decided to accept the offer "on contingency." Their purchase agreement spells out that they can continue to market their home while Gloria tries to sell her house. If an offer better than \$83,000 or a noncontingent offer comes along, the Klines must go to Gloria and give her the opportunity to lift her contingency.

The Arbitration Agreement: To Sign Or Not To Sign?

If you decide to accept a bid on your home, you may be asked to sign an arbitration agreement with your buyer. You don't have to sign it, and will want to consider the pros and cons carefully.

So what is arbitration? In simple terms, it's a system for resolving disputes out of court among buyers, sellers and agents about the physical condition of the property. Disputes are sometimes simple misunderstandings (the buyer thought the washer and dryer came with the house, but the sellers didn't). Problems can also be more complex. If you can't agree on a solution with the buyer or agent, you'll have to go to court or hire an arbitrator.

The arbitration envisioned in the standard arbitration agreement is a system that was developed by the American Arbitration Association (AAA) and the Minnesota Association of REALTORS® (MAR) to deal with real estate disputes. Their arbitrators have backgrounds in law, real estate, architecture, engineering, construction or other related fields. An arbitrator will hear disputes between buyers, sellers and real estate agents. Arbitration is usually held at the homesite. By signing the arbitration agreement, you may be liable for problems that arise with the property for a shorter period of time than you would be in a court of law.

The buyer may be unwilling to sign the agreement, however, because the cost for arbitration under the AAA/MAR system is a minimum of \$250. The cost may exceed \$3,750, depending on the amount of the claim, number of parties involved, or the choice of a single arbitrator or a 3-member panel. A schedule of fees as well as additional information is available on the Minnesota Association of REALTORS® website at: www.mnrealtor.com.

Sellers Can Not Discriminate Against Buyers

The Civil Rights Act prohibits you from rejecting an offer based on race, religion, gender or national origin. The Fair Housing Amendments Act adds that you cannot discriminate due to disability (mental or physical) or familial status (families with children under age 18). The Minnesota Human Rights Act also prohibits discrimination due to color, creed, marital status, status with regard to public assistance and sexual orientation.

If you don't sign an arbitration agreement, many smaller disputes can be resolved quickly and

inexpensively in Conciliation or “Small Claims” Court. Judges in Conciliation Court can decide claims up to \$7,500. To have your case heard costs about \$55 to \$65. You may also appeal the Conciliation Courts decision, however, it is extremely difficult to appeal the decision of an arbitrator and arbitrators aren’t bound by legal rules.

What Does Your Buyer Need From You?

Did you think you could just sign on the dotted line, take the money and run? Selling your home isn’t quite that easy. You need to scrounge through your file cabinet for the abstract or owner’s duplicate certificate of title. If you don’t have a duplicate certificate, check with the title company that assisted you when you purchased or refinanced the home or check with the county recorder.

Before signing an agreement to sell or transfer your property, state law requires you to make, in good faith, a general disclosure about anything that may adversely affect the use or enjoyment of your property in writing. Make sure that all disclosures about the physical condition of the property have also been made.

After you get the necessary papers to your buyer, the buyer and the lender will then have your home appraised, the title examined, and the loan approved. If these tasks aren’t completed by the closing date, your purchase agreement will be null and void unless the parties mutually agree to extend the agreement.

Title Matters. In Minnesota, real estate records are kept in county courthouses for abstract property and for Torrens or registered property. Abstract property records trace back to the U.S. Government Survey in the mid-19th century. An owner of abstract property usually has an abstract of title, which is a thick compilation of all entries in the tract index regarding the property. Torrens or registered property is the modern system that relies upon a certificate of title maintained at the courthouse for each piece of property. The clerk can check the certificate without wading through an abstract of title and lots of ancient records.

If you own abstract property, the purchase agreement requires you to furnish the buyer or the buyer’s title company with your abstract of title. If you own Torrens or registered property, all that you need to do usually is furnish the buyer with the number of your certificate of title. You will need to surrender your owner’s duplicate certificate of title.

To sell your home, title problems must be cleared up. If any problems appear on your record, you’ll need to hire a closer or real estate attorney to take care of them. Here are common problems you may need to address:

- **Unpaid mortgage loan:** An abstract sometimes shows payment due on a mortgage loan by a former owner. If a lender didn’t let the closer know when the loan had been paid, the record may simply need updating.
- **Lien by spouse:** If you are divorced or in the process of getting divorced, your spouse or ex-spouse may put a lien on your property. Perhaps you owe him or her part of the equity from the house sale, or perhaps you owe other payments, such as child support. You may check with his or her lawyer to clarify the terms for releasing the lien. You must disclose the results of these agreements.

Truth-In-Housing Report. Some Minnesota cities require a seller to provide the buyer with a Truth-In-Housing Report, which may also be called a code compliance report. Check your city to see if you must provide such a report. If so, you must have an inspector check your home for obvious defects. These can include problems with plumbing, heating or cooling systems; dampness in the basement; or an unstable foundation. You must disclose the results of these inspections.

Real Estate Transfer Disclosure Statement. Real estate agents can provide you with this form for recording the condition of your home. You aren't required by law to supply this to a buyer, but most buyers will ask for it. This disclosure supplements statements about the condition of your home made in the purchase agreement.

The disclosure statement may repeat many of the same items listed in the Truth-In-Housing Report and the general written disclosure required by law. But you don't have to fix all of these problems — just report them. Be aware that you may be required to fix all of these problems you know about, yet don't reveal to a buyer. See a model Real Estate Transfer Disclosure Statement in the Appendix.

Well Disclosure Statement. According to Minnesota law, you must disclose information about any wells on your property. This includes the location of wells and whether the wells are in use or sealed.

Ellen Bower's home has been attracting swarms of potential buyers. The location is attractive and so is the price. By the end of the second week on the market she had two bids. One of them was \$3,000 below her asking price with no contingencies. Because the house will apparently sell with little effort by her real estate agent, Ellen will ask the agent to accept a lower commission, which makes the \$69,000 bid more attractive. The agent agreed to do so, and she will keep the other bidders' names and numbers just in case the first buyer doesn't qualify for financing.





Section Six: Closing On Your Home

Be prepared! Closing time is often panic time. All the paperwork to sell your home must be done by the closing date. If you can't close the sale on time, you may have to cancel the movers, unpack your boxes and possibly even pay for two homes at once.

The closing is the day you and your buyer (as well as real estate agents and the closers and/or attorneys involved in the home sale) get together to make sure all the terms of the purchase agreement have been met. For the buyer, closing means signing stacks and stacks of papers. For the seller, it means signing and delivering a deed to your property and signing a few other papers, such as the Settlement Statement required by the U.S. Department of Housing and Urban Development, which lists all the closing costs. For both parties, it also involves a lot of money!

When Should You Schedule The Closing?

When you sign the purchase agreement with the buyer, you'll agree on a closing date. Make sure the date is a minimum of six weeks from the time you make the purchase agreement to allow both parties time to follow up on their end of the purchase agreement. That way you and the buyer will have plenty of time to get all the paperwork in order. Most closings are scheduled at the end of the month to avoid having the buyer pay additional interest on the loan. Don't close on the last day of the month, instead allow yourself a few extra days in case there is a problem. Although the closing date is negotiable, it is often dictated by the type of loan the buyer obtains.

Do You Need A Closing Agent?

In some communities, sellers aren't represented at closing by a closing agent. In other communities, they are. This is a simple matter of traditional industry practice in different areas. You may need to hire either a closing agent or a real estate attorney to prepare your deed and a few other closing documents. If so, shop around for one with a good reputation and a reasonable price. Ask friends who they used, or ask a real estate agent or a real estate attorney to recommend a closing agent. Real estate agents can receive fees for referring you to a closer affiliated with their company, but you are not obligated to use these services.

If you don't have title problems to clear up, you may be able to rely on the buyer's closer to oversee the entire closing process.

What Will You Pay To Close?

"Wait a minute. You mean I have to pay closing fees when I'm *selling* my home?" Yes, it's true. While buyers cover most of the closing costs, you owe some too.

Check your settlement statement for a list of all fees you owe. Check the math, too. Mistakes can cost you money. Request that your closer furnish this list of costs to you at least one business day before the closing. Following is a list of closing costs that sellers in Minnesota typically pay:

Real estate commission: Any sales commissions you've agreed to pay real estate agents.

Abstract or title search: The cost to update your abstract and check the title.

Recording fees: The cost to file proper documents with the county satisfying your mortgage and clearing up any other title problems.

Real estate taxes & assessments: You may owe property taxes, or if you've already paid them for all or part of the year, your buyer may need to reimburse you.

State deed tax: In every county in Minnesota you must currently pay the treasurer's office \$1.65 in taxes for every \$500 of the price of your property.

Conservation fee: Some counties collect between \$5 and \$20 for a mortgage registration fee and a deed transfer fee. This money is used, in part, to fund Minnesota's wildlife fund.

Closing fee: What you pay a closing agent, if you hire one.

What Can Go Wrong?

Unfortunately, a few things can delay the closing. These include:

- The buyer's loan isn't approved.
- The appraised value of the home is lower than the price your buyer agreed to pay.

What Can You Do?

Besides crossing your fingers, here are some suggestions:

- **Be prepared to negotiate.** If an appraisal turns up problems, will you be willing to kick in some money for repairs? If the appraisal is low, will you lower your price? You should know about these problems before the actual closing date, so you can resolve them in advance.
- **Keep buyers in the wings.** Don't lose the phone numbers of potential buyers after you have signed the purchase agreement. If your sale doesn't go through, get on the phone (or have your real estate agent call) and ask other potential buyers for bids.

After Gloria Slivers made her bid on the Kline home, Jim and Cindy continued to court potential buyers. One day a man named Michael Moss stopped by without an appointment. The Klins let him tour the home anyway. They're glad they did because he bid on the house the next day! He offered \$85,000 — \$2,000 more than Gloria. The Klins exercised the right they reserved under the purchase agreement and asked Gloria to remove the contingency that she sell her home. Since she hadn't sold it and was unwilling to lift the contingency, the Klins were able to accept Michael's offer!





Section Seven: Sweep Up and Move On

Congratulations! If you've been following this guide step-by-step, you now have sold your home. Take a break to celebrate. Then clear up a few nagging details.

- Expect the unexpected — With the neighbors stopping by to say good-bye, the cat accidentally escaping through an open door and all that stuff to haul down from the attic, it will probably take twice as long as you planned for packing.
- Find a reputable moving company by asking friends and co-workers for recommendations. Make sure the company is bonded and insured. Or consider asking friends to be your moving company!
- Schedule final meter readings and billing dates with utility companies.
- Don't cancel your homeowner's insurance policy until after the closing. If the home is significantly damaged before the closing, the buyer may elect to cancel the purchase agreement.
- Vacuum, sweep, dust, polish and mow or shovel. Cleaning up your empty home is the most important thing you'll do to welcome the new owners.

Whew! Now you can finally think about settling into your new home. A move is an exciting change. The Klines (including Mo and Curly) will have more space, and Ellen Bower will take her career to a new level. Wherever your move takes you, we wish you all the best!

Appendix

Sample Form A

EXCLUSIVE RIGHT TO SELL LISTING CONTRACT

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1. Date _____

2. Page 1 of _____ pages

3. **DEFINITIONS:** This Contract involves the property located at _____,

4. legally described as _____

5. _____ (Property).

6. "I" means _____ (Seller).

7. "You" means _____ (Broker).
(Real Estate Company Name)

8. **LISTING:** I give You the exclusive right to sell the Property for the price of \$ _____, upon the following

9. terms: _____

10. _____ . This Contract starts _____, 20 _____, and ends

11. at 11:59 p.m. on _____, 20 _____ . In exchange, You agree to list and market the Property

12. for sale. You may place a "For Sale" sign and a lock box with keys on the Property. I understand You may be a member

13. of a Multiple Listing Service (MLS), and if You are, You shall give information to MLS concerning the Property. You

14. may place information on the Internet concerning the Property. I shall notify You of relevant information important to

15. the sale of the Property. If You sell the Property, You may notify MLS and member REALTORS® of the price and terms

16. of the sale. I understand that this Contract DOES NOT give You authority to rent or manage my property.

17. I understand that mortgage financing services are usually paid for by buyer; however, certain insured government

18. loans may require Seller to pay a portion of the fees for the mortgage loan. I understand that I shall not be required to

19. pay the financing fees on any mortgage without giving my written consent. I understand that You may list other properties

20. during the term of this Contract.

21. **DUTIES:** I shall cooperate with You in selling the Property. I shall promptly tell You about all inquiries I receive about

22. the Property. I agree to provide and pay for any inspections and reports required by any governmental authority. I agree

23. to provide unit owners' association documents, if required. I shall remain responsible for security, maintenance, utilities

24. and insurance while I own the Property, and for safekeeping, securing and/or concealing any valuable personal property

25. during Property showings or open houses. I shall provide the buyer an updated abstract of title or registered property

26. abstract or commitment for an owner's policy of title insurance for the Property, as agreed to in a purchase agreement.

27. I have the full legal right to sell the Property. I shall sign all documents necessary to transfer to the buyer marketable

28. title to the Property.

29. **YOUR COMPENSATION:**

30. **NOTICE: THE COMPENSATION FOR THE SALE, LEASE, RENTAL OR MANAGEMENT OF REAL PROPERTY**

31. **SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND THE BROKER'S CLIENT.**

32. I shall pay You, as your compensation, _____ percent (%) of the selling price or \$ _____,

33. whichever is greater, if I sell or agree to sell the Property before this Contract ends.

34. In addition, if before this Contract ends You present a buyer who is willing and able to buy the Property at the price

35. and terms required in this Contract, but I refuse to sell, I shall still pay You the same compensation. I agree to pay

36. your compensation whether You, I or anyone sells the Property. I hereby permit You to share part of your compensation

37. with other real estate brokers, including brokers representing only the buyer. I agree to pay your compensation in full

38. upon the happening of any of the following events:

39. (1) the closing of the sale;

40. (2) my refusal to close the sale; or

41. (3) my refusal to sell at the price and terms specified above.

MN:ERSLC-1 (8/07)

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Sample Form A

EXCLUSIVE RIGHT TO SELL LISTING CONTRACT

42. Page 2

43. Property located at _____.
44. If, within _____ days (*not to exceed six (6) months*) after the end of this Contract, I sell or agree to sell the
45. Property to anyone who:
46. (1) during this Contract made inquiry of me about the Property and I did not tell You about the inquiry; or
47. (2) during this Contract made an affirmative showing of interest in the Property by responding to an advertisement,
48. or by contacting You or the licensee involved or was physically shown the Property by You and whose name
49. and address is on a written list You give me within 72 hours after the end of this Contract; then I shall still pay
50. You your compensation, even if I sell the Property without your assistance. I understand that I do not have to pay
51. your compensation if I sign another valid listing contract for this Property after the expiration of this Contract, under
52. which I am obligated to compensate another licensed real estate broker.
53. To secure the payment of your compensation I hereby assign to You the proceeds from the sale of my Property in an
54. amount equal to the compensation due You under this Contract.
55. **CLOSING SERVICES:**
56. **NOTICE:** THE REAL ESTATE BROKER, REAL ESTATE SALESPERSON OR REAL ESTATE CLOSING AGENT
57. HAS NOT EXPRESSED AND, UNDER APPLICABLE STATE LAW, MAY NOT EXPRESS OPINIONS
58. REGARDING THE LEGAL EFFECT OF THE CLOSING DOCUMENTS OR OF THE CLOSING ITSELF.
59. After a purchase agreement for the Property is signed, arrangements must be made to close the transaction. I understand
60. that no one can require me to use a particular person in connection with a real estate closing and that I may arrange
61. for a qualified closing agent or my attorney to conduct the closing. I understand that I may be required to pay certain
62. closing costs which may effectively reduce the proceeds from the sale.
63. My choice for closing services.
64. (*Initial one.*)
65. _____ I wish to have You arrange for the closing.
(Seller) (Seller)
66. _____ I shall arrange for a qualified closing agent or my attorney to conduct the closing.
(Seller) (Seller)
67. **WARRANTY:** There are warranty programs available for some properties which warrant the performance of certain
68. components of a property which I may wish to investigate prior to selling the Property.

69. **AGENCY REPRESENTATION:** If a Buyer represented by Broker wishes to buy the Seller(s) property, a dual agency will
70. be created. This means that Broker will represent both the Seller(s) and the Buyer(s), and owe the same duties to
71. the Buyer(s) that Broker owes to the Seller(s). This conflict of interest will prohibit Broker from advocating exclusively
72. on the Seller(s) behalf. Dual agency will limit the level of representation Broker can provide. If a dual agency should arise,
73. the Seller(s) will need to agree that confidential information about price, terms, and motivation will still be kept confidential
74. unless the Seller(s) instructs Broker in writing to disclose specific information about the Seller(s). All other information
75. will be shared. Broker cannot act as a dual agent unless both the Seller(s) and the Buyer(s) agree to it. By agreeing
76. to a possible dual agency, the Seller(s) will be giving up the right to exclusive representation in an in-house transaction.
77. However, if the Seller(s) should decide not to agree to a possible dual agency, and the Seller(s) wants Broker to
78. represent the Seller(s), the Seller(s) may give up the opportunity to sell the property to Buyers represented by
79. Broker.
80. Seller's Instructions to Broker: Having read and understood this information about dual agency, Seller(s) now instructs
81. Broker as follows:
82. Seller(s) will agree to a dual agency representation and will consider offers made by Buyers represented by
83. Broker.
84. Seller(s) will not agree to a dual agency representation and will not consider offers made by Buyers represented
85. by Broker.
86. Real Estate Company Name: _____
87. _____ Seller: _____
88. By: _____ Seller: _____
(Licensee)
89. _____ Date: _____

MN:ERSLC-2 (8/07)

Sample Form A

EXCLUSIVE RIGHT TO SELL LISTING CONTRACT

90. Page 3

91. Property located at _____.
92. **CERTIFICATION INDIVIDUAL TRANSFEROR:** Section 1445 of the Internal Revenue Code provides that a
93. transferee (buyer) of a U.S. real property interest must be notified in writing and must withhold tax if the
94. transferor (Seller) is a foreign person and the sale price exceeds \$300,000. In the event transferor (Seller) is a
95. foreign person and the sale price exceeds \$300,000, requirements of the 1980 Foreign Investment in Real
96. Property Tax Act (FIRPTA) will be fulfilled.
97. **Seller(s) states and acknowledges the following:**
98. I am a citizen of the United States or, if a corporation, partnership or other business entity, duly incorporated in the
99. United States or, if a partnership or business entity, formed and governed by the laws of the United States:
100. Yes No
101. If "No," please state country of citizenship, incorporation or the like: _____
102. _____
103. Under the penalties of perjury I declare that I have examined this certification and, to the best of my knowledge and
104. belief, it is true, correct and complete.
105. **FAIR HOUSING NOTICE:** I understand that I shall not refuse to sell, or discriminate in the terms, conditions or privileges
106. of sale, to any person due to his/her race, color, creed, religion, national origin, sex, marital status, status with regard
107. to public assistance, handicap (whether physical or mental), sexual orientation or family status. I understand further
108. that local ordinances may include other protected classes.
109. **ADDITIONAL NOTICES AND TERMS:** As of this date I have not received notices from any municipality, government
110. agency or unit owners' association about the Property that I have not told You about, and I agree to promptly tell You
111. of any notices of that type that I receive.
112. This shall serve as my written notice granting You permission to obtain mortgage information (e.g., mortgage balance,
113. interest rate, payoff and/or assumption figures) regarding any existing financing on the Property. A copy of this document
114. shall be as valid as the original.
115. If either You or I bring an action for enforcement of this Agreement, the prevailing party in such action shall be entitled
116. to recover all costs and expenses, including all reasonable attorneys' fees and court costs.
117. **CONSENT FOR COMMUNICATION:** Seller authorizes Broker and its licensees to contact Seller by mail, phone,
118. fax, e-mail or other means of communication during the term of this Agreement and anytime thereafter.
119. **COMPENSATION DISCLOSURE:** Your compensation to cooperating brokers shall be as specified in the Multiple
120. Listing Service unless You notify me otherwise in writing.
121. **ACCEPTED BY:** _____ **BY:** _____
(Real Estate Company Name) (Licensee)
122. Date Signed: _____, 20 _____
123. **ACCEPTED BY:** _____ **ACCEPTED BY:** _____
(Seller) (Date) (Seller) (Date)
124. Address: _____ Address: _____
125. _____
126. Phone: _____ Phone: _____

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Sample Form B

PURCHASE AGREEMENT

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1. Date _____
2. Page 1 of _____
3. RECEIVED OF _____
4. _____
5. the sum of _____ Dollars (\$ _____)
6. by CHECK CASH NOTE as earnest money to be deposited upon acceptance of Purchase
(Check one.)
7. Agreement by all parties, on or before the third business day after acceptance, in the trust account of listing broker, unless otherwise agreed to in writing, but to be returned to Buyer if Purchase Agreement is not accepted by Seller. Said earnest money is part payment for the purchase of the property located at
10. Street Address: _____
11. City of _____, County of _____,
12. State of Minnesota, legally described as _____
13. _____
14. _____,
15. including all fixtures on the following property, if any, owned by Seller and used and located on said property, including but not limited to garden bulbs, plants, shrubs and trees; storm sash, storm doors, screens and awnings;
16. window shades, blinds, traverse and curtain and drapery rods; attached lighting fixtures and bulbs; plumbing
17. fixtures, water heater, heating plants (with any burners, non-fuel tanks, stokers and other equipment used in connection
18. therewith), built-in air-conditioning equipment, electronic air filter, water softener OWNED RENTED NONE,
(Check one.)
20. built-in humidifier and dehumidifier, liquid fuel tank(s) OWNED RENTED NONE and controls (if the
(Check one.)
21. property of Seller), sump pump; attached television antenna, cable TV jacks and wiring; **BUILT-INS:** dishwashers,
22. garbage disposals, trash compactors, ovens, cook-top stoves, microwave ovens, hood fans, intercoms;
23. **ATTACHED:** carpeting; mirrors; garage door openers and all controls; smoke detectors; fireplace screens, doors and
24. heatilators; **AND** the following personal property: _____
25. _____
26. _____
27. all of which property Seller has this day agreed to sell to Buyer for sum of (\$ _____)
28. _____ Dollars,
29. which Buyer agrees to pay in the following manner:
30. 1. Cash of at least _____ percent (%) of the sale price, which includes the earnest money; PLUS
31. 2. Financing, the total amount secured against this property to fund this purchase, not to exceed _____
32. percent (%) of the sale price.
33. Such financing shall be (check one) a first mortgage; a contract for deed; or a first mortgage with
34. subordinate financing, as described in the attached Addendum.
35. Conventional FHA DVA Assumption Contract for Deed Other: _____
(Check one.)
36. The date of closing shall be _____, 20 _____.
37. This Purchase Agreement IS IS NOT subject to a Contingency Addendum for sale of Buyer's property.
(Check one.)
38. (If answer is IS, see attached Addendum.)
39. (If answer is IS NOT, the closing of Buyer's property, if any, may still affect Buyer's ability to obtain financing, if financing
40. is applicable.)

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Sample Form B

PURCHASE AGREEMENT

41. Address _____

42. Page 2 Date _____

43. This Purchase Agreement IS IS NOT subject to cancellation of a previously written purchase agreement
-----*(Check one.)*-----

44. dated _____, _____.

45. (If answer is IS, said cancellation shall be obtained no later than _____, 20 _____. If

46. said cancellation is not obtained by said date, this Purchase Agreement is canceled. Buyer and Seller shall immediately

47. sign a *Cancellation of Purchase Agreement* confirming said cancellation and directing all earnest money paid

48. hereunder to be refunded to Buyer.)

49. Buyer has been made aware of the availability of property inspections. Buyer Elects Declines to have a
-----*(Check one.)*-----

50. property inspection performed at Buyer's expense.

51. This Purchase Agreement IS IS NOT subject to an *Inspection Contingency Addendum*.
-----*(Check one.)*-----

52. (If answer is IS, see attached *Addendum*.)

53. **DEED/MARKETABLE TITLE:** Upon performance by Buyer, Seller shall deliver a

54. **Warranty Deed** or **Other:** _____ **Deed** joined in by spouse, if any, conveying
-----*(Check one.)*-----

55. marketable title, subject to

56. (a) building and zoning laws, ordinances, and state and federal regulations;

57. (b) restrictions relating to use or improvement of the property without effective forfeiture provisions;

58. (c) reservation of any mineral rights by the State of Minnesota;

59. (d) utility and drainage easements which do not interfere with existing improvements;

60. (e) **rights of tenants as follows** (unless specified, not subject to tenancies): _____

61. _____; and

62. (f) others (must be specified in writing): _____

63. _____

64. _____

65. _____

66. _____

67. _____

68. **BUYER SHALL PAY** **SELLER SHALL PAY** on date of closing any deferred real estate taxes (e.g., Green
-----*(Check one.)*-----

69. Acres) or special assessments, payment of which is required as a result of the closing of this sale.

70. **BUYER AND SELLER SHALL PRORATE AS OF THE DATE OF CLOSING** **SELLER SHALL PAY ON**
-----*(Check one.)*-----

71. **DATE OF CLOSING** all installments of special assessments certified for payment, with the real estate taxes due and
72. payable in the year of closing.

73. **BUYER SHALL ASSUME** **SELLER SHALL PAY** on date of closing all other special assessments levied as
-----*(Check one.)*-----

74. of the date of this Purchase Agreement.

75. **BUYER SHALL ASSUME** **SELLER SHALL PROVIDE FOR PAYMENT OF** special assessments pending as
-----*(Check one.)*-----

76. of the date of this Purchase Agreement for improvements that have been ordered by any assessing authorities. (Seller's
77. provision for payment shall be by payment into escrow of two (2) times the estimated amount of the assessments or
78. less, as required by Buyer's lender.)

79. Buyer shall pay any unpaid special assessments payable in the year following closing and thereafter, the payment of
80. which is not otherwise herein provided.

Sample Form B

PURCHASE AGREEMENT

81. Address _____

82. Page 3 Date _____

83. As of the date of this Purchase Agreement, Seller represents that Seller HAS HAS NOT received a notice
-----(Check one.)-----
84. regarding any new improvement project from any assessing authorities, the costs of which project may be assessed
85. against the property. Any such notice received by Seller after the date of this Purchase Agreement and before closing
86. shall be provided to Buyer immediately. If such notice is issued after the date of this Purchase Agreement and on
87. or before the date of closing, then the parties may agree in writing, on or before the date of closing, to pay, provide
88. for the payment of or assume the special assessments. In the absence of such agreement, either party may declare
89. this Purchase Agreement canceled by written notice to the other party, or licensee representing or assisting the other
90. party, in which case this Purchase Agreement is canceled. If either party declares this Purchase Agreement canceled,
91. Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and
92. directing all earnest money paid hereunder to be refunded to Buyer.
93. Buyer shall pay PRORATED FROM DAY OF CLOSING _____ 12ths OF ALL NO real estate taxes due
-----(Check one.)-----
94. and payable in the year 20 _____ .
95. Seller shall pay PRORATED TO DAY OF CLOSING _____ 12ths OF ALL NO real estate taxes due and
-----(Check one.)-----
96. payable in the year 20 _____ . If the closing date is changed, the real estate taxes paid shall, if prorated, be adjusted
97. to the new closing date. Seller warrants taxes due and payable in the year 20 _____ shall be FULL- PART- NON-
-----(Check one.)-----
98. homestead classification.
99. **If part- or non-homestead classification is checked**, Seller agrees to pay Buyer at closing \$ _____
100. toward the non-homestead real estate taxes. Buyer agrees to pay any remaining balance of non-homestead taxes
101. when they become due and payable. Buyer shall pay real estate taxes due and payable in the year following closing
102. and thereafter, the payment of which is not otherwise herein provided. No representations are made concerning the
103. amount of subsequent real estate taxes.
104. **POSSESSION:** Seller shall deliver possession of the property no later than _____ after closing.
105. All interest; unit owners' association dues; rents; and charges for city water, city sewer, electricity and natural gas shall
106. be prorated between the parties as of date of closing. Buyer shall pay Seller for remaining gallons of fuel oil or liquid
107. petroleum gas on the day of closing, at the rate of the last fill by Seller. Seller agrees to remove ALL DEBRIS AND
108. ALL PERSONAL PROPERTY NOT INCLUDED HEREIN from the property by possession date.
109. **TITLE AND EXAMINATION:** Within a reasonable time period after acceptance of this Purchase Agreement, Seller
110. shall provide one of the following title evidence options, at Seller's selection, which shall include proper searches
111. covering bankruptcies, state and federal judgments and liens, and levied and pending special assessments to Buyer
112. or Buyer's designated title service provider:
113. (1) A commitment for an owner's policy of title insurance on a current ALTA form issued by an insurer licensed
114. to write title insurance in Minnesota as selected by Buyer. Seller shall be responsible for the title search and
115. exam costs related to the commitment. Buyer shall be responsible for all additional costs related to the issuance
116. of the title insurance policy(ies) including but not limited to the premium(s), Buyer's name search and plat
117. drawing, if any. Seller shall surrender a copy of any owner's title insurance policy and Abstract of Title, if in
118. Seller's possession or control, for this property to Buyer or Buyer's designated title service provider.
119. (2) An Abstract of Title certified to date if Abstract Property or a Registered Property Abstract (RPA) certified to
120. date if Registered (Torrens) property. Seller shall pay for the abstracting or RPA costs and surrender any
121. abstract for this property in Seller's possession or control to Buyer or Buyer's designated title service provider.
122. If property is Abstract and Seller does not have an Abstract of Title, Option (1) will automatically apply.
123. Seller shall use Seller's best efforts to provide marketable title by the date of closing. In the event Seller has not
124. provided marketable title by the date of closing, Seller shall have an additional 30 days to make title marketable, or in
125. the alternative, Buyer may waive title defects by written notice to Seller. In addition to the 30-day extension, Buyer
126. and Seller may, by mutual agreement, further extend the closing date. Lacking such extension, either party may declare
127. this Purchase Agreement canceled by written notice to the other party, or licensee representing or assisting the other
128. party, in which case this Purchase Agreement is canceled. If either party declares this Purchase Agreement canceled,
129. Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and
130. directing all earnest money paid hereunder to be refunded to Buyer.

MN:PA-3 (8/07)

Sample Form B

PURCHASE AGREEMENT

131. Page 4

132. **SUBDIVISION OF LAND:** If this sale constitutes or requires a subdivision of land owned by Seller, Seller shall pay
133. all subdivision expenses and obtain all necessary governmental approvals. Seller warrants that the legal description
134. of the real property to be conveyed has been or shall be approved for recording as of the date of closing. Seller warrants
135. that the buildings are or shall be constructed entirely within the boundary lines of the property. Seller warrants that
136. there is a right of access to the property from a public right-of-way. These warranties shall survive the delivery of the
137. deed or contract for deed.

138. Seller warrants that prior to the closing, payment in full will have been made for all labor, materials, machinery, fixtures
139. or tools furnished within the 120 days immediately preceding the closing in connection with construction, alteration or
140. repair of any structure on, or improvement to, the property.

141. Seller warrants that Seller has not received any notice from any governmental authority as to condemnation proceedings,
142. or violation of any law, ordinance or regulation. If the property is subject to restrictive covenants, Seller warrants that
143. Seller has not received any notice from any person or authority as to a breach of the covenants. Any such notices
144. received by Seller shall be provided to Buyer immediately.

145. Seller agrees to allow reasonable access to the property for performance of any surveys or inspections agreed to
146. herein.

147. **RISK OF LOSS:** If there is any loss or damage to the property between the date hereof and the date of closing for any
148. reason, including fire, vandalism, flood, earthquake or act of God, the risk of loss shall be on Seller. If the property
149. is destroyed or substantially damaged before the closing date, this Purchase Agreement is canceled, at Buyer's option,
150. by written notice to Seller or licensee representing or assisting Seller. If Buyer cancels this Purchase Agreement,
151. Buyer and Seller shall immediately sign a *Cancellation of Purchase Agreement* confirming said cancellation and
152. directing all earnest money paid hereunder to be refunded to Buyer.

153. **TIME OF ESSENCE:** Time is of the essence in this Purchase Agreement.

154. **ENTIRE AGREEMENT:** This Purchase Agreement, any attached exhibits and any addenda or amendments signed
155. by the parties shall constitute the entire agreement between Seller and Buyer and supersedes any other written or
156. oral agreements between Seller and Buyer. This Purchase Agreement can be modified or canceled only in writing
157. signed by Seller and Buyer or by operation of law. All monetary sums are deemed to be United States currency for
158. purposes of this Purchase Agreement. Buyer or Seller may be required to pay certain closing costs, which may effectively
159. increase the cash outlay at closing or reduce the proceeds from the sale.

160. **ACCEPTANCE:** To be binding, this Purchase Agreement must be fully executed by both parties and a copy must be
161. delivered.

162. **DEFAULT:** If Buyer defaults in any of the agreements hereunder, Seller may terminate this Purchase Agreement
163. under the provisions of MN Statute 559.21. If either Buyer or Seller defaults in any of the agreements hereunder or
164. there exists an unfulfilled condition after the date specified for fulfillment, either party may cancel this Purchase
165. Agreement under MN Statute 559.217, Subd. 3. Whenever it is provided herein that this Purchase Agreement is
166. canceled, said language shall be deemed a provision authorizing a Declaratory Cancellation under MN Statute 559.217,
167. Subd. 4.

168. If this Purchase Agreement is not canceled or terminated as provided hereunder, Buyer or Seller may seek actual
169. damages for breach of this Purchase Agreement or specific performance of this Purchase Agreement; and, as to
170. specific performance, such action must be commenced within six months after such right of action arises.

171. **NOTICE REGARDING PREDATORY OFFENDER INFORMATION:** Information regarding the predatory offender
172. registry and persons registered with the predatory offender registry under MN Statute 243.166 may be obtained
173. by contacting the local law enforcement offices in the community where the property is located or the Minnesota
174. Department of Corrections at (651) 361-7200, or from the Department of Corrections web site at
175. www.corr.state.mn.us.

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Sample Form B

PURCHASE AGREEMENT

176. Address _____

177. Page 5 Date _____

178. **ENVIRONMENTAL CONCERNS:** To the best of Seller's knowledge, there are no hazardous substances or underground
179. storage tanks except herein noted: _____
180. _____
181. _____
182. _____
183. _____
184. _____
185. _____
186. _____
187. _____
188. _____

189. **(Check appropriate boxes.)**

190. SELLER WARRANTS THAT THE PROPERTY IS EITHER DIRECTLY OR INDIRECTLY CONNECTED TO:

191. **CITY SEWER** YES NO / **CITY WATER** YES NO

192. **PRIVATE SEWER SYSTEM**

193. SELLER CERTIFIES THAT SELLER DOES DOES NOT KNOW OF A PRIVATE SEWER SYSTEM ON OR
_____ (Check one.) _____

194. SERVING THE PROPERTY. (If answer is **DOES**, see *Private Sewer System Disclosure Statement*.)

195. **PRIVATE WELL**

196. SELLER CERTIFIES THAT SELLER DOES DOES NOT KNOW OF A WELL ON OR SERVING THE
_____ (Check one.) _____

197. PROPERTY. (If answer is **DOES** and well is located on the property, see *Well Disclosure Statement*.)

198. THIS PURCHASE AGREEMENT IS IS NOT SUBJECT TO A *PRIVATE SEWER AND WELL INSPECTION*
_____ (Check one.) _____

199. *CONTINGENCY ADDENDUM*. (If answer is **IS**, see attached *Addendum*.)

200. **IF A WELL OR PRIVATE SEWER SYSTEM EXISTS ON THE PROPERTY, BUYER HAS RECEIVED A WELL**
201. **DISCLOSURE STATEMENT AND/OR A PRIVATE SEWER SYSTEM DISCLOSURE STATEMENT.**

202.

NOTICE

203. _____ is Seller's Agent Buyer's Agent Dual Agent Facilitator.
(Licensee) _____ (Check one.) _____

204. _____
(Real Estate Company Name)

205. _____ is Seller's Agent Buyer's Agent Dual Agent Facilitator.
(Licensee) _____ (Check one.) _____

206. _____
(Real Estate Company Name)

207. **THIS NOTICE DOES NOT SATISFY MINNESOTA STATUTORY AGENCY DISCLOSURE REQUIREMENTS.**

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Sample Form B

PURCHASE AGREEMENT

208. Address _____

209. Page 6 Date _____

210. SELLER WARRANTS THAT CENTRAL AIR-CONDITIONING, HEATING, PLUMBING AND WIRING SYSTEMS USED
211. AND LOCATED ON SAID PROPERTY SHALL BE IN WORKING ORDER ON DATE OF CLOSING, EXCEPT AS
212. NOTED IN THIS PURCHASE AGREEMENT.

213. **BUYER HAS THE RIGHT TO A WALK-THROUGH REVIEW OF THE PROPERTY PRIOR TO CLOSING TO
214. ESTABLISH THAT THE PROPERTY IS IN SUBSTANTIALLY THE SAME CONDITION AS OF THE DATE OF
215. THIS PURCHASE AGREEMENT.**

216. BUYER **HAS** **HAS NOT** RECEIVED A *SELLER'S PROPERTY DISCLOSURE STATEMENT* OR A
-----*(Check one.)*-----
217. *SELLER'S DISCLOSURE ALTERNATIVES FORM.*

218. **BUYER HAS RECEIVED THE INSPECTION REPORTS, IF REQUIRED BY MUNICIPALITY. SELLER AGREES TO
219. NOTIFY BUYER IMMEDIATELY IN WRITING OF ANY SUBSTANTIVE CHANGES FROM ANY PRIOR
220. REPRESENTATIONS REGARDING THE PROPERTY.**

221. IN THE EVENT A *SELLER'S DISCLOSURE ALTERNATIVES FORM* IS USED IN THIS TRANSACTION, DISREGARD
222. LINES 223 THROUGH 228.

223. BUYER ACKNOWLEDGES THAT NO ORAL REPRESENTATIONS HAVE BEEN MADE REGARDING POSSIBLE
224. PROBLEMS OF WATER IN BASEMENT OR DAMAGE CAUSED BY WATER ICE OR ICE BUILDUP ON ROOF OF
225. THE PROPERTY, AND BUYER RELIES SOLELY IN THAT REGARD ON THE FOLLOWING STATEMENT BY
226. SELLER.

227. SELLER **HAS** **HAS NOT** HAD A WET BASEMENT AND **HAS** **HAS NOT** HAD ROOF, WALL OR
-----*(Check one.)*-----
228. CEILING DAMAGE CAUSED BY WATER OR ICE BUILDUP.

229. DUAL AGENCY REPRESENTATION

230. **PLEASE CHECK ONE OF THE FOLLOWING SELECTIONS:**

231. Dual Agency representation **DOES NOT** apply in this transaction. *Disregard lines 232–248.*

232. Dual Agency representation **DOES** apply in this transaction. *Complete the disclosure in lines 233–248.*

233. Broker represents both the Seller(s) and the Buyer(s) of the property involved in this transaction, which creates a
234. dual agency. This means that Broker and its salespersons owe fiduciary duties to both Seller(s) and Buyer(s). Because
235. the parties may have conflicting interests, Broker and its salespersons are prohibited from advocating exclusively for
236. either party. Broker cannot act as a dual agent in this transaction without the consent of both Seller(s) and Buyer(s).
237. Seller(s) and Buyer(s) acknowledge that

238. (1) confidential information communicated to Broker which regards price, terms, or motivation to buy or sell will
239. remain confidential unless Seller(s) or Buyer(s) instructs Broker in writing to disclose this information. Other
240. information will be shared;

241. (2) Broker and its salespersons will not represent the interest of either party to the detriment of the other; and

242. (3) within the limits of dual agency, Broker and its salespersons will work diligently to facilitate the mechanics of
243. the sale.

244. With the knowledge and understanding of the explanation above, Seller(s) and Buyer(s) authorize and instruct Broker
245. and its salesperson to act as dual agents in this transaction.

246. Seller _____ Buyer _____

247. Seller _____ Buyer _____

248. Date _____ Date _____

Sample Form B

PURCHASE AGREEMENT

249. Address _____

250. Page 7 Date _____

251. OTHER: _____

252. _____

253. _____

254. _____

255. Other addenda may be attached which are made a part of this Purchase Agreement. (Enter total number of pages of this Purchase Agreement, including addenda, on line two (2) of page one (1).)

257. I, the owner of the property, accept this Purchase Agreement and authorize the listing broker to withdraw said property from the market, unless instructed otherwise in writing.
260. I have reviewed all pages of this Purchase Agreement.

I agree to purchase the property for the price and on the terms and conditions set forth above
I have reviewed all pages of this Purchase Agreement.

262. If checked, this Purchase Agreement is subject to attached Counteroffer Addendum.
263.

264. X _____
(Seller's Signature) (Date)

X _____
(Buyer's Signature) (Date)

265. X _____
(Seller's Printed Name)

X _____
(Buyer's Printed Name)

266. X _____
(Marital Status)

X _____
(Marital Status)

267. X _____
(Seller's Signature) (Date)

X _____
(Buyer's Signature) (Date)

268. X _____
(Seller's Printed Name)

X _____
(Buyer's Printed Name)

269. X _____
(Marital Status)

X _____
(Marital Status)

270. FINAL ACCEPTANCE DATE _____

271. THIS IS A LEGALLY BINDING CONTRACT BETWEEN BUYER(S) AND SELLER(S).
272. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

273. I ACKNOWLEDGE THAT I HAVE RECEIVED AND HAVE HAD THE OPPORTUNITY TO REVIEW THE ARBITRATION
274. DISCLOSURE AND RESIDENTIAL REAL PROPERTY ARBITRATION AGREEMENT, WHICH IS AN OPTIONAL,
275. VOLUNTARY AGREEMENT AND IS NOT PART OF THIS PURCHASE AGREEMENT.

276. SELLER(S) _____

BUYER(S) _____

277. SELLER(S) _____

BUYER(S) _____

MN:PA-7 (8/07)

Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

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1. Date _____

2. Page 1 of _____ pages

3. THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.

4. **NOTICE:** This Disclosure Statement satisfies the disclosure requirements of MN Statutes 513.52 through 513.60.
5. Under Minnesota law, Sellers of residential property, with limited exceptions listed on page nine (9), are obligated to
6. disclose to prospective Buyers all material facts of which Seller is aware that could adversely and significantly affect
7. an ordinary Buyer's use or enjoyment of the property or any intended use of the property of which Seller is aware.
8. MN Statute 513.58 requires Seller to notify Buyer in writing as soon as reasonably possible, but in any event
9. before closing, if Seller learns that Seller's disclosure was inaccurate. Seller has disclosure alternatives allowed
10. by MN Statutes. See *Seller's Disclosure Alternatives* form for further information regarding disclosure alternatives. This
11. disclosure is not a warranty or a guarantee of any kind by Seller or licensee representing or assisting any party in the
12. transaction.

13. **INSTRUCTIONS TO BUYER:** Buyers are encouraged to thoroughly inspect the property personally or have it inspected
14. by a third party, and to inquire about any specific areas of concern. **NOTE:** If Seller answers NO to any of the questions
15. listed below, it does not necessarily mean that it does not exist on the property. NO may mean that Seller is unaware
16. that it exists on the property.

17. **INSTRUCTIONS TO SELLER:** (1) Complete this form yourself. (2) Consult prior disclosure statement(s) and/or
18. inspection report(s) when completing this form. (3) Describe conditions affecting the property to the best of your
19. knowledge. (4) Attach additional pages, with your signature, if additional space is required. (5) Answer all questions.
20. (6) If any items do not apply, write "NA" (not applicable).

21. Property located at _____,

22. City of _____, County of _____, State of Minnesota.

23. A. GENERAL INFORMATION:

24. (1) When did you Acquire Build the home? _____

(Check one.)-----

25. (2) Type of title evidence: Abstract Registered (Torrens)

26. Location of Abstract: _____

27. To your knowledge, is there an existing Owner's Title Insurance Policy? Yes No

28. (3) Have you occupied this home continuously for the past 12 months? Yes No

29. If "No," explain: _____

30. (4) Is the home suitable for year-round use? Yes No

31. (5) To your knowledge, is the property located in a designated flood plain? Yes No

32. (6) Are you in possession of prior seller's disclosure statement(s)? (If "Yes," please attach.) Yes No

33. (7) Is the property located on a public or a private road? Public Private

34. Are you aware of any

35. (8) encroachments? Yes No

36. (9) association, covenants, historical registry, reservations or restrictions that affect or

37. may affect the use or future resale of the property? Yes No

38. (10) easements, other than utility or drainage easements? Yes No

39. (11) Comments: _____

40. _____

41. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

MN: SPDS-1 (8/07)

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For the most current version of these forms, contact a real estate agent.

Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

42. Page 2

43. **THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.**

44. Property located at _____.

45. **B. GENERAL CONDITION:** To your knowledge, have any of the following conditions previously existed or do they
46. currently exist?

47. (1) Has there been any damage by wind, fire, flood, hail or other cause(s)? Yes No

48. If "Yes," give details of what happened and when: _____

49. _____

50. _____

51. _____

52. (2) (a) Has/Have the structure(s) been altered?
53. (e.g., additions, altered roof lines, changes to load-bearing walls) Yes No

54. If "Yes," please specify what was done, when and by whom (owner or contractor):

55. _____

56. _____

57. _____

58. (b) Has any work been performed on the property? (e.g., additions to the property, wiring, plumbing,
59. retaining wall, general finishing.) Yes No

60. If "Yes," please explain: _____

61. _____

62. _____

63. _____

64. (c) Were appropriate permits pulled for any work performed on the property? Yes No

65. (3) Has there been any damage to flooring or floor covering? Yes No

66. If "Yes," give details of what happened and when: _____

67. _____

68. _____

69. _____

70. (4) Are you aware of any insect/animal/pest infestation? Yes No

71. (5) Do you have or have you previously had any pets? Yes No

72. If "Yes," indicate type _____ and number _____.

73. (6) Comments: _____

74. _____

75. _____

76. _____

77. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

MN: SPDS-2 (8/07)

Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

78. Page 3

79. **THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.**

80. Property located at _____.

81. **C. STRUCTURAL SYSTEMS:** To your knowledge, have any of the following conditions previously existed or do they
82. currently exist?

83. (ANSWERS APPLY TO ALL STRUCTURES, SUCH AS GARAGE AND OUTBUILDINGS.)

84. (1) **THE BASEMENT, CRAWLSPACE, SLAB:**

85. (a) cracked floor/walls Yes No (e) leakage/seepage Yes No

86. (b) drain tile problem Yes No (f) sewer backup Yes No

87. (c) flooding Yes No (g) wet floors/walls Yes No

88. (d) foundation problem Yes No (h) other Yes No

89. Give details to any questions answered "Yes": _____

90. _____

91. _____

92. _____

93. _____

94. _____

95. _____

96. _____

97. _____

98. _____

99. (2) **THE ROOF:** To your knowledge,

100. (a) what is the age of the roofing material? _____ years

101. (b) has there been any interior or exterior damage? Yes No

102. (c) has there been interior damage from ice buildup? Yes No

103. (d) has there been any leakage? Yes No

104. (e) have there been any repairs or replacements made to the roof? Yes No

105. Give details to any questions answered "Yes": _____

106. _____

107. _____

108. _____

109. _____

110. _____

111. _____

112. _____

113. _____

114. _____

115. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

MN: SPDS-3 (8/07)

Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

116. Page 4

117. **THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.**

118. Property located at _____.

119. D. APPLIANCES, HEATING, PLUMBING, ELECTRICAL AND OTHER MECHANICAL SYSTEMS:

120. **NOTE:** This section refers only to the working condition of the following items. Answers apply to all such
121. items unless otherwise noted in comments below. Personal property is included in the sale **ONLY IF**
122. specifically referenced in the *Purchase Agreement*.

123. **Cross out only those items not physically located on the property.**

	In Working Order		In Working Order		In Working Order			
	Yes	No	Yes	No	Yes	No		
126. Air-conditioning	<input type="checkbox"/>	<input type="checkbox"/>	Heating system (central)	<input type="checkbox"/>	<input type="checkbox"/>	TV antenna system	<input type="checkbox"/>	<input type="checkbox"/>
127. <input type="checkbox"/> Central <input type="checkbox"/> Wall <input type="checkbox"/> Window			Heating system (supplemental)	<input type="checkbox"/>	<input type="checkbox"/>	TV cable system	<input type="checkbox"/>	<input type="checkbox"/>
128. Air exchange system	<input type="checkbox"/>	<input type="checkbox"/>	Incinerator	<input type="checkbox"/>	<input type="checkbox"/>	TV satellite dish	<input type="checkbox"/>	<input type="checkbox"/>
129. Ceiling fan	<input type="checkbox"/>	<input type="checkbox"/>	Intercom	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Rented <input type="checkbox"/> Owned		
130. Dishwasher	<input type="checkbox"/>	<input type="checkbox"/>	Lawn sprinkler system	<input type="checkbox"/>	<input type="checkbox"/>	TV satellite receiver	<input type="checkbox"/>	<input type="checkbox"/>
131. Doorbell	<input type="checkbox"/>	<input type="checkbox"/>	Microwave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Rented <input type="checkbox"/> Owned		
132. Drain tile system	<input type="checkbox"/>	<input type="checkbox"/>	Plumbing	<input type="checkbox"/>	<input type="checkbox"/>	Washer	<input type="checkbox"/>	<input type="checkbox"/>
133. Dryer	<input type="checkbox"/>	<input type="checkbox"/>	Pool and equipment	<input type="checkbox"/>	<input type="checkbox"/>	Water heater	<input type="checkbox"/>	<input type="checkbox"/>
134. Electrical system	<input type="checkbox"/>	<input type="checkbox"/>	Range/oven	<input type="checkbox"/>	<input type="checkbox"/>	Water treatment system	<input type="checkbox"/>	<input type="checkbox"/>
135. Exhaust system	<input type="checkbox"/>	<input type="checkbox"/>	Range hood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Rented <input type="checkbox"/> Owned		
136. Fire sprinkler system	<input type="checkbox"/>	<input type="checkbox"/>	Refrigerator	<input type="checkbox"/>	<input type="checkbox"/>	Windows	<input type="checkbox"/>	<input type="checkbox"/>
137. Fireplace	<input type="checkbox"/>	<input type="checkbox"/>	Security system	<input type="checkbox"/>	<input type="checkbox"/>	Window treatments	<input type="checkbox"/>	<input type="checkbox"/>
138. Fireplace mechanisms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Rented <input type="checkbox"/> Owned			Wood-burning stove	<input type="checkbox"/>	<input type="checkbox"/>
139. Furnace humidifier	<input type="checkbox"/>	<input type="checkbox"/>	Smoke detectors (battery)	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>	<input type="checkbox"/>
140. Freezer	<input type="checkbox"/>	<input type="checkbox"/>	Smoke detectors (hardwired)	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>	<input type="checkbox"/>
141. Garage door opener (GDO)	<input type="checkbox"/>	<input type="checkbox"/>	Solar collectors	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>	<input type="checkbox"/>
142. Garage auto reverse	<input type="checkbox"/>	<input type="checkbox"/>	Sump pump	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>	<input type="checkbox"/>
143. GDO remote	<input type="checkbox"/>	<input type="checkbox"/>	Toilet mechanisms	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>	<input type="checkbox"/>
144. Garbage disposal	<input type="checkbox"/>	<input type="checkbox"/>	Trash Compactor	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>	<input type="checkbox"/>

145. Comments: _____

146. _____

147. _____

148. E. PRIVATE SEWER SYSTEM DISCLOSURE:

149. (A private sewer system disclosure is required by MN Statute 115.55.)

150. (Check appropriate box.)

151. Seller does not know of a private sewer system on or serving the above-described real property.

152. There is a private sewer system on or serving the above-described real property.

153. (See *Private Sewer System Disclosure Statement*.)

154. There is an abandoned private sewer system on the above-described real property.

155. (See *Private Sewer System Disclosure Statement*.)

156. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

MN: SPDS-4 (8/07)

Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

157. Page 5

158. **THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.**

159. Property located at _____.

160. **F. PRIVATE WELL DISCLOSURE:** (A well disclosure and Certificate are required by MN Statute 103I.235.)

161. (Check appropriate box.)

162. Seller certifies that Seller does not know of any wells on the above-described real property.

163. Seller certifies there are one or more wells located on the above-described real property.

164. (See Well Disclosure Statement.)

165. Are there any wells serving the above-described property that are not located on the property? Yes No

166. To your knowledge, is this property in a Special Well Construction Area? Yes No

167. **G. PROPERTY TAX TREATMENT:**

168. **Valuation Exclusion Disclosure** (Required by MN Statute 273.11, Subd. 16.)

169. (Check appropriate box.)

170. There IS IS NOT an exclusion from market value for home improvements on this property. Any
(Check one.)

171. valuation exclusion shall terminate upon sale of the property, and the property's estimated market value for
172. property tax purposes shall increase. If a valuation exclusion exists, Buyers are encouraged to look into the
173. resulting tax consequences.

174. Additional comments: _____

175. **Preferential Property Tax Treatment**

176. Is the property subject to any preferential property tax status or any other credits affecting the property which

177. would terminate upon the sale of the property? Yes No

178. (e.g., Disability, Green Acres, CRP, RIM)

179. If "Yes," please explain: _____

180. _____

181. **H. METHAMPHETAMINE PRODUCTION DISCLOSURE:**

182. (A Methamphetamine Production Disclosure is required by MN Statute 152.0275, Subd. 2 (m).)

183. Seller is not aware of any methamphetamine production that has occurred on the property.

184. Seller is aware that methamphetamine production has occurred on the property.

185. (See Methamphetamine Production Disclosure Statement.)

186. **I. NOTICE REGARDING AIRPORT ZONING REGULATIONS:** The property may be in or near an airport safety

187. zone with zoning regulations adopted by the governing body that may affect the property. Such zoning regulations

188. are filed with the county recorder in each county where the zoned area is located. If you would like to determine

189. if such zoning regulations affect the property, you should contact the county recorder where the zoned area is

190. located.

191. **J. CEMETERY ACT:**

192. MN Statute 307.08 prohibits any damage or illegal molestation of human remains, burials or cemeteries. A person

193. who intentionally, willfully and knowingly destroys, mutilates, injures, disturbs or removes human skeletal remains

194. or human burial grounds is guilty of a felony.

195. To your knowledge, are you aware of any human remains, burials or cemeteries located

196. on the property? Yes No

197. If "Yes," please explain: _____

198. _____

199. All unidentified human remains or burials found outside of platted, recorded or identified cemeteries and in contexts

200. which indicate antiquity greater than 50 years shall be dealt with according to the provisions of MN Statute 307.08,

201. Subd. 7.

202. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

MN: SPDS-5 (8/07)

Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

203. Page 6

204. **THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.**

205. Property located at _____.

206. K. ENVIRONMENTAL CONCERNS:

207. To your knowledge, have any of the following environmental concerns previously existed or do they currently exist
208. on the property?

209. Asbestos? Yes No Mold? Yes No

210. Diseased trees? Yes No Radon? Yes No

211. Formaldehyde? Yes No Soil problems? Yes No

212. Hazardous wastes/substances? Yes No Underground storage tanks? Yes No

213. Lead? (e.g., paint, plumbing) Yes No Other? Yes No

214. Are you aware if there are currently, or have previously been, any orders issued on the property by any governmental
215. authority ordering the remediation of a public health nuisance on the property? Yes No

216. If answer above is "Yes," seller certifies that all orders HAVE HAVE NOT been vacated.
-----*(Check one.)*-----

217. Give details to any question answered "Yes": _____

218. _____

219. _____

220. _____

221. _____

222. _____

223. L. OTHER DEFECTS/MATERIAL FACTS:

224. Are you aware of any other material facts that could adversely and significantly affect an ordinary buyer's use or
225. enjoyment of the property or any intended use of the property? Yes No

226. If "Yes," explain below: _____

227. _____

228. _____

229. _____

230. _____

231. _____

232. M. ADDITIONAL COMMENTS:

233. _____

234. _____

235. _____

236. _____

237. _____

238. _____

239. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

MN: SPDS-6 (8/07)

Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

240. Page 7

241. THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.

242. **N. WATER INTRUSION AND MOLD GROWTH:** Recent studies have shown that various forms of water intrusion
243. affect many homes. Water intrusion may occur from exterior moisture entering the home and/or interior moisture
244. leaving the home.

245. Examples of exterior moisture sources may be

- 246. • improper flashing around windows and doors,
- 247. • improper grading,
- 248. • flooding,
- 249. • roof leaks.

250. Examples of interior moisture sources may be

- 251. • plumbing leaks,
- 252. • condensation (caused by indoor humidity that is too high or surfaces that are too cold),
- 253. • overflow from tubs, sinks or toilets,
- 254. • firewood stored indoors,
- 255. • humidifier use,
- 256. • inadequate venting of kitchen and bath humidity,
- 257. • improper venting of clothes dryer exhaust outdoors (including electrical dryers),
- 258. • line-drying laundry indoors,
- 259. • houseplants—watering them can generate large amounts of moisture.

260. In addition to the possible structural damage water intrusion may do to the property, water intrusion may also result
261. in the growth of mold, mildew and other fungi. Mold growth may also cause structural damage to the property.
262. Therefore, it is very important to detect and remediate water intrusion problems.

263. Fungi are present everywhere in our environment, both indoors and outdoors. Many molds are beneficial to
264. humans. However, molds have the ability to produce mycotoxins that may have a potential to cause serious health
265. problems, particularly in some immunocompromised individuals and people who have asthma or allergies to
266. mold.

267. To complicate matters, mold growth is often difficult to detect, as it frequently grows within the wall structure. If you
268. have a concern about water intrusion or the resulting mold/mildew/fungi growth, you may want to consider having the
269. property inspected for moisture problems before entering into a purchase agreement or as a condition of your
270. purchase agreement. Such an analysis is particularly advisable if you observe staining or musty odors on the
271. property.

272. For additional information about water intrusion, indoor air quality, moisture or mold issues, go to the Minnesota
273. Association of REALTORS® web site at www.mnrealtor.com.

274. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

MN: SPDS-7 (8/07)

Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

275. Page 8

276. **THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.**

277. Property located at _____.

278. **O. NOTICE REGARDING PREDATORY OFFENDER INFORMATION:** Information regarding the predatory
279. offender registry and persons registered with the predatory offender registry under MN Statute 243.166
280. may be obtained by contacting the local law enforcement offices in the community where the property
281. is located or the Minnesota Department of Corrections at (651) 361-7200, or from the Department of
282. Corrections web site at www.corr.state.mn.us.

283. **LISTING BROKER AND LICENSEES MAKE NO REPRESENTATIONS AND ARE**
284. **NOT RESPONSIBLE FOR ANY CONDITIONS EXISTING ON THE PROPERTY.**

285. **P. SELLER'S STATEMENT:**

286. *(To be signed at time of listing.)*

287. Seller(s) hereby states the material facts as stated above are true and accurate and authorizes any licensee(s)
288. representing or assisting any party(ies) in this transaction to provide a copy of this Disclosure to any person or
289. entity in connection with any actual or anticipated sale of the property.

290. _____
(Seller) (Date) (Seller) (Date)

291. **Q. BUYER'S ACKNOWLEDGEMENT:**

292. *(To be signed at time of purchase agreement.)*

293. I/We, the Buyer(s) of the property, acknowledge receipt of this Seller's Property Disclosure Statement and agree
294. that no representations regarding material facts have been made other than those made above.

295. _____
(Buyer) (Date) (Buyer) (Date)

296. **R. SELLER'S ACKNOWLEDGMENT:**

297. *(To be signed at time of purchase agreement.)*

298. **AS OF THE DATE BELOW**, I/we, the Seller(s) of the property, state that the material facts stated above are the
299. same, **except for changes as indicated below, which have been signed and dated.**

300. _____

301. _____

302. _____

303. _____

304. _____

305. _____
(Seller) (Date) (Seller) (Date)

306. For purposes of the seller disclosure requirements of MN Statutes 513.52 through 513.60:

307. "Residential real property" or "residential real estate" means property occupied as, or intended to be occupied as, a
308. single-family residence, including a unit in a common interest community as defined in MN Statute 515B.1-103, clause
309. (10), regardless of whether the unit is in a common interest community not subject to chapter 515B.

310. The seller disclosure requirements of MN Statutes 513.52 through 513.60 apply to the transfer of any interest in
311. residential real estate, whether by sale, exchange, deed, contract for deed, lease with an option to purchase or any
312. other option.

313. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

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Sample Form C

SELLER'S PROPERTY DISCLOSURE STATEMENT

314. Page 9

315. THE INFORMATION DISCLOSED IS GIVEN TO THE BEST OF SELLER'S KNOWLEDGE.

316. Exceptions

317. The seller disclosure requirements of MN Statutes 513.52 through 513.60 **DO NOT** apply to

- 318. (1) real property that is not residential real property;
- 319. (2) a gratuitous transfer;
- 320. (3) a transfer pursuant to a court order;
- 321. (4) a transfer to a government or governmental agency;
- 322. (5) a transfer by foreclosure or deed in lieu of foreclosure;
- 323. (6) a transfer to heirs or devisees of a decedent;
- 324. (7) a transfer from a cotenant to one or more other cotenants;
- 325. (8) a transfer made to a spouse, parent, grandparent, child or grandchild of Seller;
- 326. (9) a transfer between spouses resulting from a decree of marriage dissolution or from a property agreement incidental to that decree;
- 327. (10) a transfer of newly constructed residential property that has not been inhabited;
- 328. (11) an option to purchase a unit in a common interest community, until exercised;
- 329. (12) a transfer to a person who controls or is controlled by the grantor as those terms are defined with respect to a declarant under section 515B.1-103, clause (2);
- 330. (13) a transfer to a tenant who is in possession of the residential real property; or
- 331. (14) a transfer of special declarant rights under section 515B.3-104.

334. Waiver

335. The written disclosure required under sections 513.52 to 513.60 may be waived if Seller and the prospective Buyer
336. agree in writing. Waiver of the disclosure required under sections 513.52 to 513.60 does not waive, limit or abridge
337. any obligation for seller disclosure created by any other law.

338. No Duty to Disclose

339. A. There is no duty to disclose the fact that the property

- 340. (1) is or was occupied by an owner or occupant who is or was suspected to be infected with Human
341. Immunodeficiency Virus or diagnosed with Acquired Immunodeficiency Syndrome;
- 342. (2) was the site of a suicide, accidental death, natural death or perceived paranormal activity; or
- 343. (3) is located in a neighborhood containing any adult family home, community-based residential facility or nursing
344. home.

345. B. **Predatory Offenders.** There is no duty to disclose information regarding an offender who is required to register
346. under MN Statute 243.166 or about whom notification is made under that section, if Seller, in a timely manner,
347. provides a written notice that information about the predatory offender registry and persons registered with the
348. registry may be obtained by contacting the local law enforcement agency where the property is located or the
349. Department of Corrections.

350. C. The provisions in paragraphs A and B do not create a duty to disclose any facts described in paragraphs A and B
351. for property that is not residential property.

352. D. Inspections.

- 353. (i) Except as provided in paragraph (ii), Seller is not required to disclose information relating to the real property
354. if a written report that discloses the information has been prepared by a qualified third party and provided to
355. the prospective buyer. For purposes of this paragraph, "qualified third party" means a federal, state or local
356. governmental agency, or any person whom Seller or prospective buyer reasonably believes has the expertise
357. necessary to meet the industry standards of practice for the type of inspection or investigation that has been
358. conducted by the third party in order to prepare the written report.
- 359. (ii) Seller shall disclose to the prospective buyer material facts known by Seller that contradict any information
360. included in a written report under paragraph (i) if a copy of the report is provided to Seller.

361. **ORIGINAL COPY TO LISTING BROKER; COPIES TO SELLER, BUYER, SELLING BROKER.**

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Additional Consumer Information

Consumer Questions or Complaints

The Attorney General's Office answers questions regarding numerous consumer issues. The Attorney General's Office also provides mediation to resolve disputes between Minnesota consumers and businesses and uses information from consumers to enforce the state's civil laws.

If you have a consumer complaint, please contact the Attorney General's Office in writing:

Minnesota Attorney General's Office
445 Minnesota Street, Suite 1400
St. Paul, MN 55101

Citizens can also receive direct assistance from a consumer specialist by calling:

651-296-3353 or 1-800-657-3787

TTY: 651-297-7206 or TTY: 1-800-366-4812

(TTY numbers are for callers using teletypewriter devices.)

Additional consumer publications are available from the Attorney General's Office. Contact us to receive copies or preview the publications on our website: www.ag.state.mn.us.

- The Car Handbook
- Citizen's Guide to Home Building and Remodeling
- Conciliation Court
- Credit Handbook
- Credit Reports
- Guarding Your Privacy: Tips to Prevent Identity Theft
- The Home Buyer's Handbook
- The Home Seller's Handbook
- Landlords and Tenants: Rights and Responsibilities
- Managing Your Health Care
- The Manufactured Home Parks Handbook
- Minnesota's Car Laws
- Private Mortgage Insurance Fact Sheet
- The Phone Handbook
- Probate and Planning: A Guide to Planning for the Future
- Reducing Unwanted Calls and Junk Mail
- Seniors' Legal Rights
- Veterans and Service Members
- Other Consumer Bulletins

From the Office of
Minnesota Attorney General
Lori Swanson

Consumer Protection
445 Minnesota Street, Suite 1400
St. Paul, MN 55101



The Home Seller's Handbook