



Pay Attention to Changes Effective Jan. 1

Dear Forms Guy: A little birdie told me that several standard forms changed on Jan. 1. Is that right?
Sincerely, Polly

Dear Polly: Your fine-feathered acquaintance spoke truly.

Polly: What are the changes, Forms Guy?

Forms Guy: One of the forms that changed is the Residential Property Disclosure Statement, which is a Real Estate Commission form. A new question 21 has been added to the disclosure statement, question 16 has been expanded, and minor formatting changes have been made to questions 10 through 12.

Polly: What is the new question 21?

Forms Guy: New question 21 has two parts. The first part asks if the seller knows of any private road(s) or streets adjoining the property. If the seller's answer to this question is "yes," the seller must also answer the question in subsection a., which asks if the seller knows of an existing owners association or maintenance agreement to maintain the road or street. As with all the other questions on the disclosure statement, the seller has a choice of answering the new questions by checking "Yes," "No," or "No Representations" boxes.

Polly: What about the change to question 16?

Forms Guy: As you know, question 16 asks if the seller knows of any "violations of zoning ordinances, restrictive covenants or other land-use restrictions or building codes." In the new version of question 16, the following wording has been added at the end of the existing question: "... including the failure to obtain proper permits for room additions or other structural changes?"

Polly: Do sellers need to start using the new disclosure statement right away?

Forms Guy: Yes. The law requires a seller to give the completed statement to a buyer no later than the time the buyer makes an offer to purchase the property. Since the new disclosure statement went into effect on Jan. 1, any buyer who makes an offer on a property on or after Jan. 1 should receive the new disclosure statement prior to making the offer. If they don't, they will have the right to terminate any resulting contract for three days following the effective date of the contract or three days from receipt of the new version of the statement, whichever occurs first.

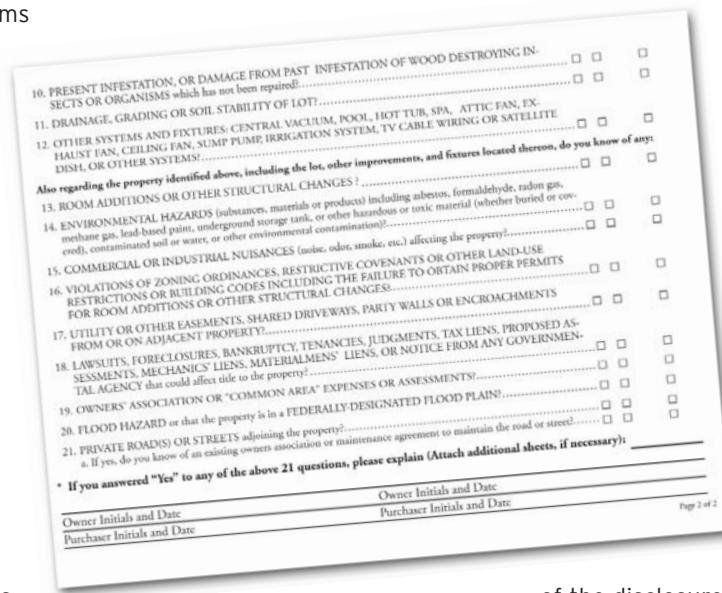
Polly: I understand that when I take a new listing, the seller will need to complete a new version

of the disclosure statement, but what about properties I had listed prior to January 1st of 2008?

Forms Guy: Unless a listed property was already under contract on January 1st, a seller should complete a new disclosure statement for the property.

Polly: But we have more than a hundred listings, Forms Guy. That's going to be a lot of trouble!

Forms Guy: I understand, Polly. But the Residential Property Disclosure Act requires a real estate agent to inform a client of their rights and obligations. Therefore, in my view, you are required by law to contact your seller clients and inform them of the need to complete a new disclosure statement. Most of them will be impressed by the fact that you are on top of the change. Agents representing buyers are also required by law to advise their clients of their right to get copies of the new statement.



Polly: What other forms are changing?

Forms Guy: A law that went into effect October 1st of last year imposes new requirements regarding the content of certain agreements with consumers that contain automatic renewal provisions. The new law requires "clear" and "conspicuous" disclosure in the agreement of the automatic renewal provision as well as the manner in which the consumer may cancel the agreement. The new law affects four of our standard property management forms, which contain automatic renewal provisions. No changes have been made to the content of any of the affected forms, but existing wording pertaining to automatic renewal and the procedure for terminating the agreement has been capitalized in order to bring the forms into compliance with the "conspicuous" requirement of the new law. Speaking of compliance, the new law applies to contracts entered into on or after October 1st, 2007. A violation "renders the automatic renewal clause void and unenforceable." The affected forms are: Exclusive Property Management Agreement (Long-Term Rental

Property) (form 401), Exclusive Property Management Agreement (Vacation Rental Property) (form 402), Residential Rental Contact (form 410-T), and the commercial Property Management Agreement (form 591).

Polly: Where can I get my hands on these new forms?

Forms Guy: You can access all of them in the forms library on our Web site at www.ncrealtors.org. Our three approved forms software vendors have also updated their forms software programs to include the revised forms. In addition, the Residential Property Disclosure Statement is available in the "Forms" section of the Real Estate Commission's Web site at www.ncrec.state.nc.us. ■

*Have a question or questions for the Forms Guy?
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