



LREC 2023 MANDATORY COURSE

Instructor Manual

This course will consist of four modules:

- **Contract Forms Review**
- **FEMA Flood Insurance**
- **Advertising**
- **Misrepresentation**

Presented by:



LREC Vendor #9050

A Louisiana Real Estate Commission Publication

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Course Syllabus

Instructor Qualifications and Background

Roy L. Ponthier, Ph.D., Ed.D., CDEI, DREI

Dr. Ponthier is a licensed Louisiana real estate broker, certified real estate and appraisal instructor, and Director of Executive Training Centers, LLC, an educational services company which offers in-class training in real estate, mortgage finance and appraisal, as well as online training through ProEducate, the company's web-based education division which offers real estate and mortgage finance related courses throughout the United States.

Dr. Ponthier holds a B.S. degree from Southeastern Louisiana College. His graduate training was taken at Tulane University (M.S. and Ph.D.) and the University of New Orleans (M.Ed. and Ed.D.). He holds the Certified Distance Education Instructor (CDEI) certification awarded by the International Distance Education Certification Center (IDECC), as well as the Distinguished Real Estate Instructor (DREI) designation awarded by the Real Estate Educators Association in recognition of exceptional effectiveness in the classroom. Dr. Ponthier has served on the faculty of three Universities, currently teaches classes for The Real Estate Law Society of Loyola University Law School and has chaired college divisions of Computer Science, as well as Education. Since 1988 he has taught real estate related subjects to more than 63,000 students. He is a member of five academic honor societies, as well as MENSA, and author of more than two dozen internationally published scientific papers. He was Director of The Center for Computer Education, Inc., which trained teachers in computer science, and was president of Worldwide Information Network, Inc., a provider of Internet and television marketing in real estate. He has owned two mortgage companies, as well as a business brokerage company and a residential and commercial real estate company.

Since early 2009, Dr. Ponthier has served on a work group for the Nationwide Mortgage Licensing System & Registry (NMLS&R) to help develop the functional specifications for mortgage pre-licensing and continuing education programs taught in the U.S. He is a member of the Real Estate Educator's Association, The South Central Educators Group, and the Louisiana Mortgage Bankers Association, for which he is Chair of the education committee. Dr. Ponthier's achievements have been documented in Who's Who (Oxford Edition), American Men and Women of Science, and the International Who's Who in Education.

Course Description

The course focuses on four main topics: (1) an overview of LREC mandated forms and updates; (2) Review Flood Insurance coverage, risk rating 2.0 and the federal obtain and maintain requirement; (3) Review the LREC advertising guidelines and the fines associated and (4) Common forms of misrepresentation by licensees, sellers and buyers.

Course Goal

Real estate licensees will review the recent changes to the mandatory forms and institute best practices when presenting and explaining them to clients/customers. Licensee will understand the major changes to FEMA's flood rating policies and how that will affect properties that require flood insurance. In addition, licensees will review the LREC advertising guidelines checklist and the specific laws referenced. Finally, licensees will learn the most common claims regarding licensee misrepresentation and develop best practices on how to avoid them.

Course Completion Requirements

Students must be present for the full four (4) hours if a live presentation. Students taking Internet based presentations must complete all quizzes and exams with a score of at least 70%. An identity affidavit attesting to the fact that the student has personally completed the course without assistance must be submitted before a certificate of completion is granted.

Vendor Policies and Regulations:

Prerequisites: There are no educational prerequisites for this course.

Registration: Any attempt to take this course under an assumed identity will forfeit your right to receive a certificate of completion and may result in sanctions by the Louisiana Real Estate Commission.

Attendance: Students attending a live presentation must sign in before the course and sign out after the course; this course is a four (4) hour presentation, and 100% attendance is required to receive credit for completion. Credit shall not be granted for partial attendance. No exceptions!

Tardiness/Absences: Credit shall not be granted for late arrivals, excessive absences, and/or early departures. Students are not allowed to make up missed portions of a course.

Course Participation: Instructors may not, in any venue, answer questions of a personal or legal nature, and students should not interpret any information received from instructors or course content as being legal advice.

Classroom Rules of Conduct: To provide an atmosphere conducive to learning, students must turn off all electronic devices prior to the start of class. Newspapers, books, magazines, or any other reading materials are not permitted during class presentation. Violations may result in loss of continuing education credit.

ADA Compliance

Upon request, reasonable accommodations will be provided to individuals with a documented disability to assure that an equal opportunity to participate in this course is provided. For further information, contact our office at (800)966-9866.

Vendor Contact Information

The administrative offices ProEducate are located in Metairie, Louisiana. We can be reached by telephone at 800-966-9866 from 8 AM to 5 PM, Central time or by email StudentServices@ProEducate.com.

Disclaimer

These materials are to be used for informational purposes and should not be construed as specific legal advice, nor are they designed to cover every aspect of a legal situation or every factual circumstance that may arise regarding the subject matter included.

This publication is for reference purposes only and readers are responsible for contacting their own attorneys or other professional advisors for legal or contract advice. The comments provided herein solely represent the opinions of the authors and are not a guarantee of interpretation of the law or contracts by any court or by the Louisiana Real Estate Commission.

Learning Objectives

Review the recent changes to the mandatory forms and institute best practices when presenting and explaining them to clients/customers.

Grasp agency law and the agency disclosure forms. Understand the salesperson's role in establishing and maintaining the agency relationship.

Understand the major changes to FEMA's flood rating policies and how that will affect properties that require flood insurance.

Gain knowledge of the federal obtain and maintain requirements and when it should be given to buyers.

Review the LREC advertising guidelines checklist and the specific laws referenced.

Discuss the most common advertising violations and how to best avoid them.

List the most common claims regarding licensee misrepresentation and develop best practices on how to avoid them.

Timed Outline

- I. **Contract forms review (50 minutes)**
 - A. Residential Agreement to Buy/Sell
 - B. Property Condition Disclosure
 - C. Agency Disclosure/Dual Agency Disclosure

- II. **FEMA Flood Insurance (50 minutes)**
 - A. Overview of FEMA Flood Insurance Policy
 - B. Flooding and the Property Condition Disclosure
 - C. Risk Rating 2.0
 - D. Obtain and Maintain Federal Requirement
 - E. Best practices in listing a flooded home
 - F. Best practices working with buyers purchasing a previously flooded home

- III. **Advertising/Changes to Renewal Period (50 minutes)**
 - A. Advertising guidelines checklist
 - B. Review the most common violations regarding advertising

- IV. **Misrepresentation (50 minutes)**
 - A. Common E&O claims regarding agent misrepresentation
 - B. Home Inspections, Disclosures and Misrepresentations
 - C. Misrepresentation by listing agents
 - D. Misrepresentation by buyer's agent
 - E. Misrepresentation and teams
 - F. Case studies

PART ONE: CONTRACT FORMS REVIEW

Residential Agreement to Buy and Sell

Guidelines regarding the Mandatory Use of the Residential Agreement to Buy/Sell

§3900. Purchase Agreement Forms

- A. The purchase agreement form used by licensees representing the buyer or seller in a residential real estate transaction **shall be** the Residential Agreement to Buy or Sell, or any successor thereof, prescribed by the Louisiana Real Estate Commission.

Stress the need to use the prescribed form. May want to discuss new construction and builders who have their own forms.

Additional Guidelines:

- Licensee may not alter the prescribed form
- However, a Licensee may add addendums or amendments to the form.
- No strike-outs or modifications of any kind can be made to the form.
- Use “Additional Terms and Conditions” found at lines 301-307 of the Purchase Agreement.

Presentation of Offers and Counteroffers

Louisiana Real Estate Rules and Regulations – Chapter 39

§3905 B 1.

It shall be the responsibility of the designated agent who transmits or delivers the written offer or counter offer to document the date, time of day, place, and method of delivery.

| |
|---|
| Name of Agent Receiving Agreement from Designated Agent _____ Day _____ Date _____ Time _____ <input type="checkbox"/> AM <input type="checkbox"/> PM |
| Agreement transmitted by <input type="checkbox"/> electronic _____ <input type="checkbox"/> hand delivery <input type="checkbox"/> other _____ |

These parts of the contract are required to be completed. Leaving them blank is a violation of LREC rules and regulations.

§3905 A.

Designated agents receiving written offers or counter offers in transactions shall annotate the offers or counter offers to indicate the time of day and date the offers or counter offers were received.

| | |
|---|---|
| | Give examples of disagreements between buyers and sellers regarding items that one party felt should have stayed with the property. |
| Signature of Designated Agent Receiving Agreement _____ | |
| Comments _____ | |

Property Description Section

| | |
|----|---|
| 1 | PROPERTY DESCRIPTION: I/ We offer and agree to Buy/Sell the property at: |
| 2 | (Municipal Address) _____ |
| 3 | City _____; Zip _____; Parish _____; Louisiana, |
| 4 | (Legal Description) _____ |
| 5 | _____ on lands and grounds measuring approximately (# _____) |
| 6 | or as per record title; including all buildings, structures, component parts, and all installed, built-in, permanently attached improvements, |
| 7 | together with all fences, security systems, all installed speakers or installed sound systems, all landscaping, all outside TV antennas, all satellite |
| 8 | dishes, all installed and/or built-in appliances, all ceiling fans, all air conditioning or heating systems including window units, all bathroom |
| 9 | mirrors, all window coverings included but not limited to blinds, drapes, curtains, window shades, window coverings, all associated window |
| 10 | covering hardware, all shutters, all flooring, all carpeting, all cabinet tops, all cabinet knobs or handles, all doors, all door knobs or handles, all |
| 11 | doorbells, all windows, all roofing, all electrical systems, all installed security systems, installed generators, attached television mounts, gas |
| 12 | logs, and all installed lighting fixtures, chandeliers and associated hardware, other constructions permanently attached to the ground. If owned |
| 13 | by the SELLER prior to date of this Agreement, standing timber, unharvested crops and ungathered fruits of trees on the property shall be |
| 14 | conveyed to the BUYER. The following movable items here remain with the property, but are not to be considered as part of the Sale Price are |
| 15 | transferred without any warranty and have no value: _____ |
| 16 | _____ |
| 17 | _____ |

How do I know what is automatically included with the home?

Component Parts

Louisiana Civil Code art. 466, divides component parts of a building into two categories of component parts:

(1) Things that are attached to a building and that, according to prevailing usages, serve to complete a building of the same general type, without regard to its specific use, are its component parts. Component parts of this kind may include doors, shutters, gutters, and cabinetry, as well as plumbing, heating, cooling, electrical, and similar systems.

(2) Other things are component parts of a building or other construction if they are attached to such a degree that they cannot be removed without substantial damage to themselves or to the building or other construction

Best Practice:

- It must be written in the contract.
- If it is reserved in the REALTOR® Remarks is it not automatically reserved.
- If there is a picture of it in MLS is it not automatically included.
- If it is questionable, ask your client and add it to the contract.

Finance Section

This section provides the financial terms of the sales if the property is to be financed by the Buyer. It provides blanks for financing terms and also the type of loan to be obtained by the buyer. The buyer agrees to make good faith financing application to the lender. This includes applying for the loan and authorizing an intent to proceed with the loan. The buyer shall supply the seller this written notice within the specified number of days on line 87. Failure by the buyer to apply for the loan and submit the required notices allows the seller to terminate the agreement.

60 FINANCING:
 61
 62 ALL CASH SALE: The BUYER warrants the BUYER has cash readily available to close the sale of this Property.
 63
 64 FINANCED SALE: This sale is conditioned upon the ability of BUYER to borrow with this Property as security for the loan the sum of
 65 _____ (\$ _____) or _____ (____%) of the Sale Price by a mortgage
 66 loan or loans at an initial interest rate not to exceed _____ (____%) per annum, interest and principal, amortized over
 67 a period of not less than _____ (#____) years, payable in monthly installments or on any other terms as may be acceptable to the BUYER
 68 provided that these terms do not increase the cost, fees or expenses to the SELLER. The loan shall be secured by *(Check all that apply)*:
 69
 70 Fixed Rate Mortgage FHA Insured Mortgage
 71 Adjustable Rate Mortgage Owner Financing
 72 Rural Development Bond Financing
 73 VA Guaranteed Mortgage Conventional Mortgage
 74 Other _____
 75
 76 The BUYER agrees to pay discount points not to exceed _____ (____)% of the loan amount.
 77 Other financing conditions _____
 78 _____
 79 _____
 80 _____
 81
 82 The BUYER acknowledges and warrants that the BUYER has available the funds which may be required to complete the sale of the Property
 83 including, but not limited to, the deposit, the down payment, closing costs, pre-paid items, and other expenses. If this sale is a Financed Sale,
 84 BUYER acknowledges that any terms and conditions imposed by BUYER'S lender(s) or by the Consumer Financial Protection Bureau shall not
 85 affect or extend the BUYER'S obligation to execute the Act of Sale or otherwise affect any terms or conditions of this Agreement except as
 86 otherwise set forth herein. The BUYER shall supply the SELLER written documentation from a lender that a loan application has been made and
 87 the BUYER has given written authorization to lender to proceed with the loan approval process within _____ (#____) calendar days
 88 after the date of acceptance of this offer by both parties. If the BUYER fails to make loan application, and to supply SELLER with written
 89 documentation of that application and BUYER'S written authorization for lender to proceed with loan process within this period, the SELLER
 90 may, at the SELLER'S option, elect, in writing, to terminate the Agreement and declare the Agreement null and void, by giving the BUYER
 91 written notice of the SELLER'S termination. In the event the BUYER is not able to secure financing, the SELLER reserves the right to provide all
 92 or part of mortgage loan(s) under the terms set forth above.

Inspection Section

This section was a major update in 2022. Review with students to make sure they understand the inspection timeline.

187

183 **DUE DILIGENCE AND INSPECTION PERIOD:**

184 If acceptance of this Agreement occurs, the BUYER shall have a Due Diligence and Inspection Period (hereinafter "DDI Period") commencing

185 on the first day after acceptance of this Agreement and expiring _____ (# _____) calendar

186 days after commencement OR upon the date and time the BUYER's Request to the SELLER is received as set forth in line 216 *whichever is*

187 *earlier*. The SELLER agrees to provide the utilities for any due diligence and inspections and immediate access to the Property. The due

188 diligence and inspection period will be extended by the same number of days that the BUYER is not granted immediate access to the Property

189 or all utilities are not provided by the SELLER.

190

191 **Effect of BUYER'S Failure to Timely Provide Written Termination or BUYER'S Request:** Failure of the BUYER to timely provide written notice of

192 termination or a written BUYER'S Request as described in lines 202 through 250 below prior to the expiration of the DDI Period shall be

193 deemed as acceptance by the BUYER of the Property's current condition.

194

195 **DDI Period Activities:** During the inspection and due diligence period the BUYER may, at the BUYER'S expense, have any inspections made by

196 experts or others of BUYER'S choosing. Such physical inspections may include, but are not limited to, inspections for termites and other wood

197 destroying insects, and/or damage from same, molds, and fungi hazards, and analysis of synthetic stucco, drywall, appliances, structures,

198 foundations, roof, heating, cooling, electrical, plumbing systems, utility and sewer, including but not limited to septic tanks and pump grinder

199 systems availability and condition, out-buildings, and square footage. Other due diligence by the BUYER may include, but is not limited to

200 investigation into the Property's school district, insurability, flood zone classifications, current zoning and/or subdivision restrictive covenants

201 and any items addressed in the SELLER'S Property Disclosure Document. All testing shall be nondestructive testing.

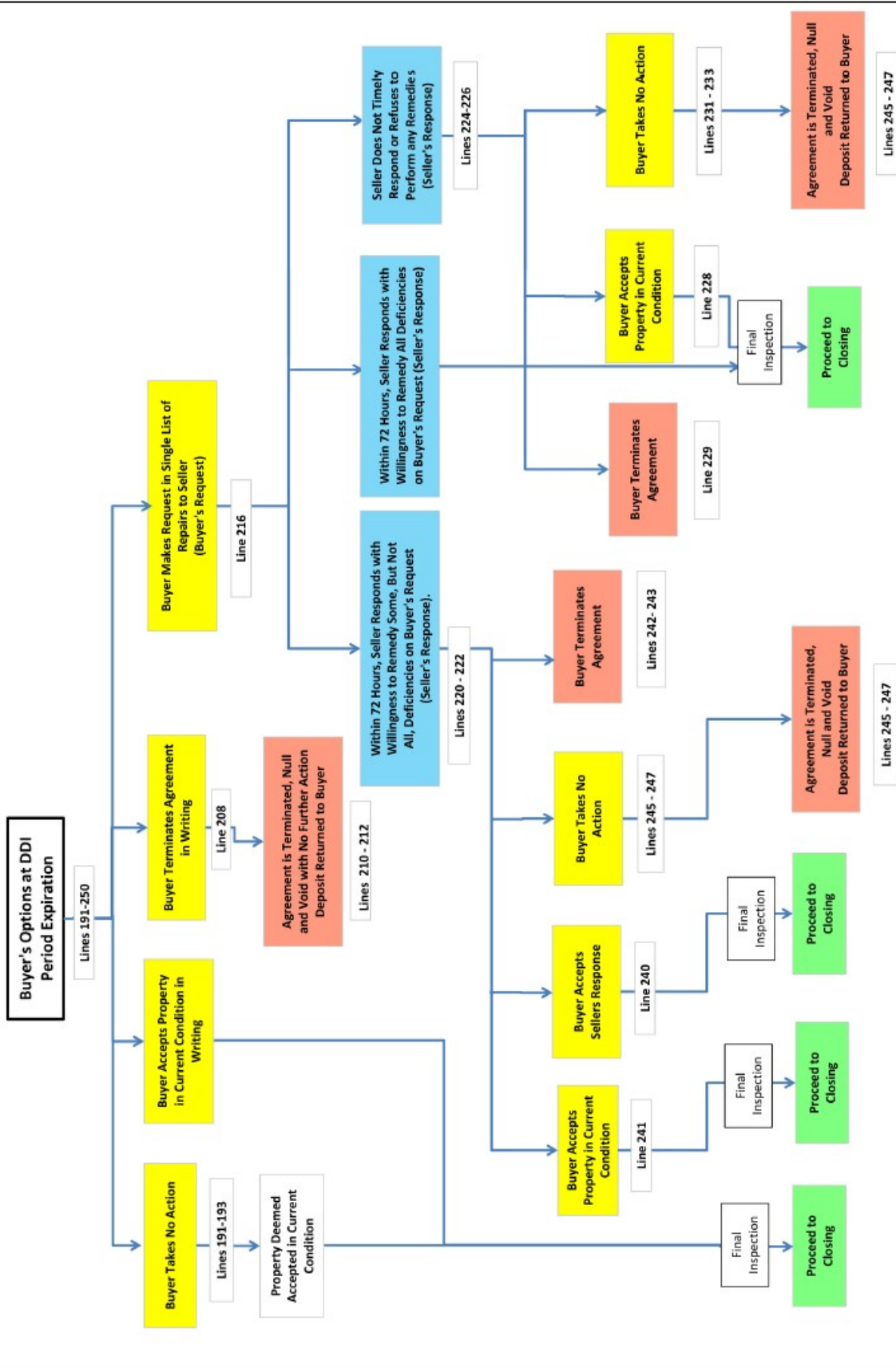
The due diligence and inspection period has gone through the most significant change recently the major change. In reading lines 184 through 187, the buyers are only allowed "one bite at the apple" and will only be able to submit only submit one request for repairs. Once that request is sent the inspection period ends.

For example, 10 calendar day was input on line 185. The licensee representing the buyer received a home inspection on day three and the submitted the request for repairs was submitted to the listing agent on day four. That means the inspection period would end on day four. The 72-hour review period would begin as set forth beginning on line 202

The inspection period beginning on lines 202 has been spaced out and modified to clear up confusion licensees were having in terms of there not being any end dates. Looking at line 206 to 209 the buyer certainly has the ability to terminate the agreement during the number of days within the inspection period. The major change is on line 216, option two, letter A. "The buyer presents a single complete written list" That means the buyer only gets "one bite at the apple." Buyers agents need to formulate one single complete list and they get one opportunity to submit that particular list.

The other changes to the inspection and due diligence sections address the failure to respond by either party. The LREC has created a flow chart that helps visualize the different scenarios in the second half of the inspection section of the residential agreement to buy and sell.

BUYER OPTION FLOWCHART



Presenting Offers

§3901. Timely Presentation of Offers and Counteroffers

A. All written offers and counter offers for the purchase of real estate shall be presented to all buyers and/or sellers for their consideration and decision **immediately, without delay.**

| |
|---|
| This offer was presented to the <input type="checkbox"/> Seller <input type="checkbox"/> Buyer by _____ |
| Day/ Date/ Time <input type="checkbox"/> AM <input type="checkbox"/> PM <input type="checkbox"/> NOON |

This is not to be left blank. LREC rules and regulations require this to be completed.

Licensee must submit all offers to sellers and buyers immediately. Failure to complete this section of the Residential Agreement to Buy or Sell is cause for a fine from the LREC.

§3901. C.

The licensee who presents an offer or counteroffer in a real estate transaction shall ensure that the time of day and date the offer or counteroffer was accepted, rejected or countered are included in the document.

§ 3907. A.

All written offers and counteroffers presented to a seller and/or buyer and not accepted shall be clearly marked as rejected and signed by the seller and/or buyer.

In any circumstance in which a seller and/or buyer refuses to sign a rejected offer or counteroffer, the licensee making the presentation of the offer or counteroffer shall annotate this fact indicating the time of day and date of the rejection of the offer or counteroffer by the seller and/or buyer.

A copy of the rejected offer or counter offer signed by the seller and/or buyer, or a copy of the rejected offer or counter offer bearing the annotation of the licensee, shall be provided to the buyer and/or seller, and the rejected offer or counter offer shall be returned to the prospective buyer and/or seller within five days after the signature or annotation is affixed to the document.

| | |
|---|---|
| This offer is: <input type="checkbox"/> Accepted <input type="checkbox"/> Rejected (without counter) <input type="checkbox"/> Countered (See Attached Counter) by: | |
| X _____ | X _____ |
| <input type="checkbox"/> Buyer's/ <input type="checkbox"/> Seller's Signature | <input type="checkbox"/> Buyer's/ <input type="checkbox"/> Seller's Signature |
| X _____ | X _____ |
| <input type="checkbox"/> Buyer's/ <input type="checkbox"/> Seller's Signature | <input type="checkbox"/> Buyer's/ <input type="checkbox"/> Seller's Signature |
| _____ | _____ |
| Date/Time <input type="checkbox"/> AM <input type="checkbox"/> PM <input type="checkbox"/> NOON | Date/Time <input type="checkbox"/> AM <input type="checkbox"/> PM <input type="checkbox"/> NOON |
| _____ | _____ |
| Print Buyer's/Seller's Full Name (First, Middle, Last) | Print Buyer's/Seller's Full Name (First, Middle, Last) |
| _____ | _____ |
| Print Buyer's/Seller's Full Name (First, Middle, Last) | Print Buyer's/Seller's Full Name (First, Middle, Last) |

All rejected offers are required by rules and regulations to be returned to the offeror within 5 days.

This section is required to be completed. Failure to do so is subject to a fine by the LREC. The offer must be accepted, rejected or countered. Most violations occur when the offer is rejected and this section is left blank. The LREC rule states your client is obligated to sign if rejected. If they refuse to sign, the licensee is then obligated to sign and return to the other party within 5 days.

Broker Retention of Records

All offers and counteroffers shall be retained by the broker for five years.

§1449. E. (1)(b)

E.(1) Partnerships, limited liability companies, associations, corporations, or other legal entities, foreign or domestic, and real estate brokers shall retain the following records, readily available and properly indexed, for a period of five years (b) Copies of all documents that pertain in any way to real estate transactions wherein the partnership, limited liability company, association, corporation, or other legal entity, foreign or domestic, the designated qualifying broker, or licensees sponsored by same, have appeared in a licensing capacity

Specific Changes to the Residential Agreement to Buy and Sell

Changes to the Residential Agreement to Buy and Sell from the previous version can be found here: <https://lrec.gov/wp-content/uploads/2021/11/Redline-Buy-Sell-Agreement-v.-2-11-23-2021.pdf>

Property Disclosure Document

The property disclosure document underwent an update in 2021. The updated Property Condition Document is required to be used for properties listed after 1/1/2022.

Below is a summary of the changes:

Increased Page Length

Increased font size caused the document to increase from seven to eleven pages in length.

Updated the first two pages to make them easier to understand.

The first two pages are considered the exemption pages but should be filled out by all sellers. If exempt, seller will now check the box located next to the appropriate number(s) if they are exempt. If sellers are not exempt, they are to check the box located next to number 15.

Added additional signature lines and initial lines for both buyer and seller.

The signature lines on page two of the exemption section as well as the last page of the document increase from two lines per buyer/seller to four. In addition, the spaces for initials on each page increased from two to four as well.

Rearranged flood questions into a “Flood” section.

There were questions regarding flood that were asked in various places throughout previous version for the Property Disclosure Document. Those questions have been consolidated into a specific section - Section 6: Flood, Flood Assistance, and Flood Insurance.

Residential Property Disclosure Form (effective 01-01-23)

Per Act No. 581 of the 2022 Regular Session of the Legislature, the Residential Property Disclosure Form has been updated to include an additional question (No. 45) regarding restrictive covenants and/or building restrictions of the subject property. This form is available for use now and will become mandatory on January 1, 2023.

| | | | |
|--|----------------------------|----------------------------|-----------------------------|
| (45) Is the property subject to a common regime of restrictive covenants or building restrictions or both? | | | |
| Restrictive Covenants | <input type="checkbox"/> Y | <input type="checkbox"/> N | <input type="checkbox"/> NK |
| Building Restrictions | <input type="checkbox"/> Y | <input type="checkbox"/> N | <input type="checkbox"/> NK |
| Both | <input type="checkbox"/> Y | <input type="checkbox"/> N | <input type="checkbox"/> NK |

A comparison between the previous version to the current version can be found here:
<https://lrec.gov/wp-content/uploads/2021/11/PDD-Final-RedLine-11-21.pdf>

Agency Disclosure

Agency disclosure is a topic that has not been covered in a few years. You may want to spend extra time here.

What is Agency?

Agency is a relationship in which a real estate broker or licensee represents a client by the client’s consent, whether expressed or implied, in an immovable property transaction. An agency relationship is formed when a real estate licensee works for a buyer/seller in their best interest and represents them.

Agency relationships can be formed with buyers/sellers and lessors/lessees.

Presentation of Agency Disclosure

The agency disclosure must be presented at **first substantive contact**.

What is substantive contact?

That point in any conversation where confidential information is solicited or received. This includes any specific financial qualifications of the consumer or the motives or objectives in which the consumer may divulge any confidential, personal, or financial information, which, if disclosed to the other party to the transaction, could harm the party’s bargaining position. This includes any electronic contact, electronic mail, or any other form of electronic transmission

Rules and Regulations Chapter 37 - §3703. D.

- Provide to prospective sellers/lessors and buyers/lessees.
- At the time when substantive contact is made.
- Ensure that the recipient signs and dates the pamphlet or form.
- The licensee shall sign as a witness to the signature of the recipient.
- The licensee shall retain the signed pamphlet or a copy of the form for five years.

Ask students:

 When was the last time you read what was in these forms?

 What questions do you get from your clients?

There are two forms that are acceptable – The Agency Disclosure Informational Pamphlet or the Agency Disclosure Form. They can be found here:

Agency Disclosure Form: <https://lrec.gov/wp-content/uploads/2021/06/Agency-Disclosure-Form.pdf>

Agency Disclosure Informational Pamphlet: <https://lrec.gov/wp-content/uploads/2018/08/Agency-Disclosure-Pamphlet.pdf>

The thumbnail shows the 'CUSTOMER INFORMATION PAMPHLET' with sections for 'What Customers Need to Know When Working With Real Estate Brokers or Licensees', 'CONCLUSION', and 'CONFIDENTIAL INFORMATION'. It includes the Louisiana Real Estate Commission logo and contact information.

The full view of the 'Customer Information Form' includes the Louisiana Real Estate Commission logo, the title 'Customer Information Form', and the text: 'What Customers Need to Know When Working with Real Estate Brokers or Licensees'. It describes various agency relationships and provides definitions for AGENCY, DESIGNATED AGENCY, and DUAL AGENCY. It also lists key points for clients to remember, such as the law presuming a designated agent and the importance of reading the disclosure form.

Agency Terms and Concepts

Customer - a person who is not being represented by a licensee but for whom the licensee is performing ministerial acts.

Client - one who engages the professional advice and services of a licensee as his agent.

Designated Agency - the agency relationship that shall be presumed to exist when a licensee engaged in any real estate transaction, except ministerial acts, is working with a client, unless there is a written agreement providing for a different relationship.

Stress that this is

Louisiana's default agency position.

Excerpt from the Agency Disclosure Form

The law presumes that the real estate licensee you work with is your designated agent, unless you have a written agreement otherwise.

No other licensees in the office work for you, unless disclosed and approved by you.

You should confine your discussions of buying/selling to your designated agent or agents only.

Ministerial Acts - Those acts that a licensee may perform for a person that are informative in nature. Examples of these acts include but are not limited to:

- Responding to phone inquiries by persons as to the availability and pricing of brokerage services.
- Responding to phone inquiries from a person concerning the price or location of property.
- Conducting an open house and responding to questions about the property from a person.
- Setting an appointment to view property.
- Responding to questions from persons walking into a licensee's office concerning brokerage services offered or particular properties.
- Accompanying an appraiser, inspector, contractor, or similar third party on a visit to a property.
- Describing a property or the property's condition in response to a person's inquiry.
- Completing business or factual information for a person represented by another licensee on an offer or contract to purchase.
- Showing a person through a property being sold by an owner on his or her own behalf.
- Referral to another broker or service provider.

Confidential Information - information obtained by a licensee from a client during the term of a brokerage agreement that was made confidential by the written request or written instruction of the client or is information the disclosure of which could materially harm the position of the client, unless at any time any of the following occur:

- The client permits the disclosure by word or conduct.
- The disclosure is required by law or would reveal serious defect.
- The information became public from a source other than the licensee.

Compensation vs. Representation

§ 3896. The payment or promise of payment of compensation to a broker is not determinative of whether an agency relationship has been created.

Compensation and representation are not the same thing.

Dual Agency

Dual agency is an agency relationship in which a licensee is working with both buyer and seller or both landlord and tenant in the same transaction. Such a relationship shall not constitute dual agency if the licensee is the seller of property that he/she owns or if the property is owned by a real estate business of which the licensee is the sole proprietor and agent. A dual agency relationship shall not be construed to exist in a circumstance in which the licensee is working with both landlord and tenant as to a lease that does not exceed a term of three years and the licensee is the landlord. Dual agency is allowed only when informed consent is presumed to have been given by any client who signed the dual agency disclosure form prescribed by the Louisiana Real Estate Commission. Specific duties owed to both buyer/seller and lessor/lessee are:

- To treat all clients honestly.
- To provide factual information about the property.
- To disclose all latent material defects in the property that are known to them.
- To help the buyer compare financing options.
- To provide information about comparable properties that have sold, so that both clients may make educated buying/selling decisions.²⁰
- To disclose financial qualifications to the buyer/lessee to the seller/lessor.
- To explain real estate terms.
- To help buyers/lessees arrange for property inspections
- To explain closing costs and procedures.

Dual agency Disclosure must be given before acting as a Dual agent.

Can I be a dual agent on a property I own or intend to purchase?

No. According to number nine 9 of the 36 ways to lose your license, a relationship “shall not constitute dual agency if the licensee is the seller or lessor of property that he owns or if the property is owned by a real estate business of which the licensee is the sole proprietor and agent and the same is disclosed to the buyer or tenant.”

Exceptions to dual agency disclosure

“A dual agency relationship shall not be construed to exist in a circumstance in which the licensee is working with both landlord and tenant as to a lease which does not exceed a term of three years and the licensee is the landlord.” R.S. 9:3891, R.S. 9:3897

Dual Agency Disclosure

The Dual Agency Disclosure form can be found here: <https://lrec.gov/wp-content/uploads/2021/06/Agency-Disclosure-Dual-Agent.pdf>

PART TWO: FLOOD INSURANCE

Introduction to Flood Insurance

Floods can cause significant damage to property. A flood brings water, mud, contaminants and high pressure into a building, and can result in a building's total destruction. A flood can destroy a building's foundations and reshape the land on which a building rests, causing structural damage. The devastation floods can cause motivated Congress to act in 1968 to develop a National Flood Insurance Program.

Limitations of Private Insurance

Homeowners and Commercial Property insurance excludes coverage for damage due to flooding. For example, the following exclusion is found in the Homeowner's form:

Exclusions – Water Damage

Water damage means:

1. *flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;*
2. *water which backs up through sewers or drains, or which overflows through a sump; or*
3. *water below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.*

Flood insurance exists because it is excluded in property insurance policies.

The Commercial Property Form excludes from its causes of loss water, including flooding, mudslide, water under the ground that seeps through floors, etc.

Insurability

The reason flooding is excluded from these coverages is because in order for a risk to be insurable, it must not occur to a large number of people simultaneously, or there will not be sufficient premiums collected to pay for the loss. This is also one of the reasons war is an exclusion from property policies. If a flood or a war occurs, everyone in an area is affected, and an insurer would not be able to cover the losses.

Besides the difficulty of insuring for a risk that happens to many people simultaneously, another reason private flood insurance is not available is because some areas are more at risk of flooding, some areas are more susceptible to flooding than others. People living along a stretch of the Mississippi that has a history of flooding are more at risk from flood damage than those living in the middle of New York City, for example. If private flood insurance were available, the people living along the Mississippi would all want to buy it and no one living in the middle of New York City would buy it. Therefore, only high-risk insureds would purchase the coverage, causing premiums to be unaffordable for most. This condition is known as "adverse selection."

Because of these factors, private insurers have been unwilling to offer flood coverage. Due to mounting costs to citizens due to flooding, Congress voted to create a federal flood insurance program in 1968, under the National Flood Insurance Act.

National Flood Insurance Program

Over 95% of policies are NFIP policies.

Under the National Flood Insurance Program (NFIP), individuals and businesses are able to purchase flood insurance at rates subsidized by the federal government. The program is administered by the Federal Emergency Management Agency (FEMA).

FEMA determines the risk of flood in various locations across the United States. The areas are mapped and assigned a flood risk category. The risk of flood is based on many factors, including past history of flooding and hydraulic and hydrologic studies. In certain risk categories assigned by FEMA, known as *Special Flood Hazard Areas*, homeowners and businesses are required to purchase flood insurance if they use federally guaranteed financing for their buildings and property. Many private lenders also require flood insurance as a condition of a loan to businesses and homeowners in the higher risk flood zones, as well.

Community Participation

In order to purchase flood insurance, a community must agree to participate in the National Flood Insurance Program. Any community may participate. The community must then comply with land use and flood control measures. When a community first agrees to participate in the program, limited amounts of flood insurance coverage may be purchased. Once the community meets the program's flood control standards and a detailed flood risk study is completed, higher limits of insurance are available.

Special Flood Hazard Areas

As mentioned, those homeowners or businesses located in a Special Flood Hazard Area, may be required to purchase flood insurance if they receive federally guaranteed financing, such as through the VA or through FHA. A Special Flood Hazard Area is land within a community in a floodplain that is most likely to be subject to severe flooding.

Private Insurers

Most flood insurance is purchased directly through the NFIP. All Property and Casualty agents are eligible to write directly with the NFIP. However, private insurers are offered incentives to provide flood insurance as well. The federal government reinsures the policies issued by private insurers for 100% of the loss. The private insurers sell the policies, collect premiums, process claims and provide servicing, and keep and invest a portion of the premiums for these activities.

National Flood Insurance Program (NFIP)

The National Flood insurance program provides important protection to individuals and businesses across the United States. Floods are the number one natural hazard that occurs in the U.S. FEMA reports that the NFIP helps reduce flood damage by almost \$1 billion per year.

Community Eligibility

In order to be issued a flood insurance policy, an individual must live in a community that has been designated by FEMA as participating in the National Flood Insurance Program. In recent years, FEMA’s standards for designating participants have relaxed, so that more areas and building types are eligible for coverage. More than 19,000 communities participate in the NFIP program.

Flood Zone Classifications

High Risk Area - Special Flood Hazard Area (SFHA) - There is at least a 1 in 4 chance of flooding during a 30-year mortgage. All home and business owners are required to buy flood insurance. Shown on maps beginning with ‘A’ or ‘V’

Moderate to Low Risk Area - Non-special Flood Hazard Area (NSFHA) – Risk of flooding is reduced but not completely removed. These areas submit more than 20 percent of National Flood Insurance Program claims. Shown on maps beginning with ‘B’, ‘C’ or ‘X’ (or a shaded X)

Undetermined Risk Areas – Possible flooding but undetermined flood hazards or unstudied areas. Rates reflect the uncertainty of the flood risk. Shown on maps beginning with ‘D.’

Risk Rating 2.0 FEMA’s new rating system.

FEMA has updated the NFIP risk rating methodology through the implementation of a new pricing methodology called Risk Rating 2.0. The methodology leverages industry best practices and cutting-edge technology to enable FEMA to deliver rates that are actuarially sound, equitable, easier to understand and better reflect a property’s flood risk.

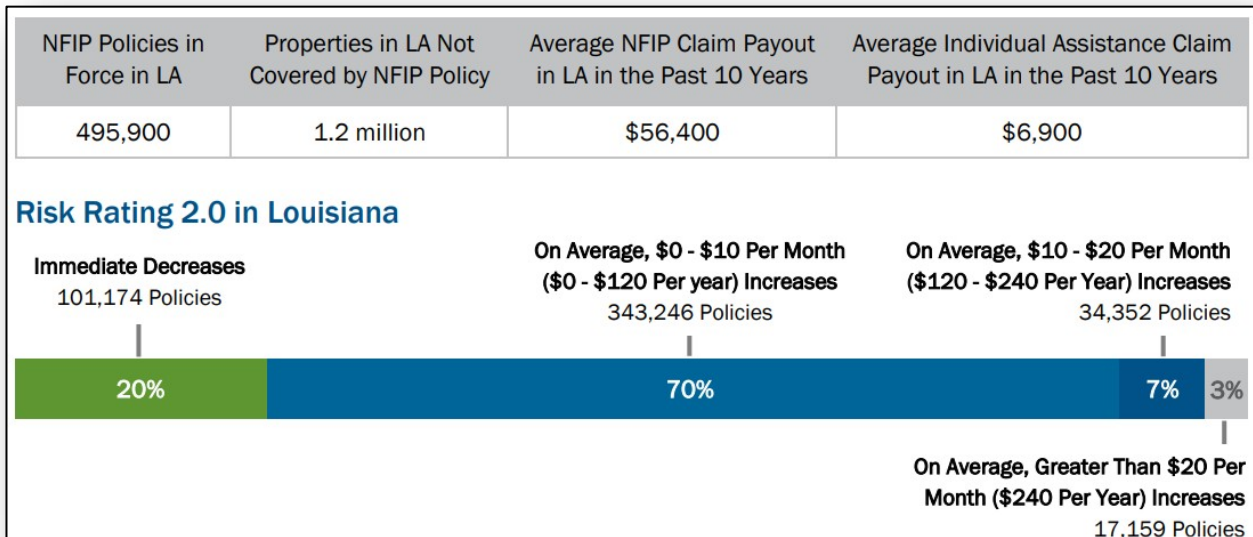
What has changed under Risk Rating 2.0

New rates

According to FEMA, “policyholders with lower-valued homes are paying more than their share of the risk while policyholders with higher-valued homes are paying less than their share of the risk. Because Risk Rating 2.0 considers rebuilding costs, FEMA can equitably

Spend some time here.
This is the largest change to flood insurance since its inception.

distribute premiums across all policyholders based on home value and a property’s unique flood risk.”



New methodology for determining rates

According to FEMA, with Risk Rating 2.0, “FEMA now has the capability and tools to address rating disparities by incorporating more flood risk variables. These include flood frequency, multiple flood types—river overflow, storm surge, coastal erosion and heavy rainfall—and distance to a water source along with property characteristics such as elevation and the cost to rebuild.”



What has not changed under Risk Rating 2.0

Limiting Annual Premium Increases

Existing statutory limits on rate increases require that most rates not increase more than 18% per year.

Even though the rates may have increased, they will not increase more than 18% per year.

Using Flood Insurance Rate Maps (FIRMs) for Mandatory Purchase and Floodplain Management

FEMA's flood map data informs the catastrophe models used in the development of rates under Risk Rating 2.0. That is why critical flood mapping data is necessary and essential for communities. It informs floodplain management building requirements and the mandatory purchase requirement.

Maintaining Features

FEMA is maintaining features to simplify the transition to Risk Rating 2.0 by offering premium discounts to eligible policyholders. This means:

Subsidized rates for pre-FIRM properties

FEMA is continuing to offer premium discounts for pre-FIRM subsidized and newly mapped properties.

Assumption of NFIP policies

Policyholders are still able to transfer their discount to a new owner by assigning their flood insurance policy when their property changes ownership.

Types of NFIP Flood Policies

There is more than one type of flood policy issued by FEMA.

Standard Flood Insurance Policy

The Standard Flood Policy is issued to non-preferred risks. It includes a Dwelling Form, a General Property Form and a Residential Condominium Building Association Policy Form.

Preferred Risk Policy

Properties in low to moderate-risk flood zones B, C and X may be issued a preferred risk policy. The coverage is lower cost than the Standard Policy. Eligibility is based on being part of a moderate-risk flood zone and on loss history.

Residential Condominium Building Association Policy

Condominiums can obtain coverage through the Residential Condominium Building Association Policy. It covers the common elements and all structural items of the units within a building. It also covers contents owned in common.

You don't have to spend a lot of time here unless you want to. This helps licensees understand how rates can be different and what may be covered under flood insurance.

Covered Buildings under NFIP Policies

Many different types of buildings may be covered by NFIP insurance. All structures that are covered must meet the following criteria:

- The structure must have two or more outside rigid walls and a fully secured roof that is affixed to a permanent site
- The buildings must resist flotation, collapse and lateral movement
- At least 51% of the actual cash value of buildings, including machinery and equipment that are part of the buildings, must generally be above ground level.

Detached Garages

A detached garage at the described location in the policy can be covered under the Dwelling Form. Coverage cannot exceed 10% of the limit of liability on the dwelling, and this amount reduces the limit of liability on the building. To be covered, the garage may not be used or held for use as a dwelling, or for business or farming purpose.

Manufactured (Mobile) Homes / Travel Trailers

Manufactured homes and travel trailers can be covered by NFIP policies. A manufactured home is defined as a structure built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation.

A travel trailer is *a trailer without wheels, built on a chassis and affixed to a permanent foundation, that is regulated under the community's floodplain management and building ordinances or laws.*

Buildings Entirely or Partially Over Water

Buildings entirely over water that have a construction start date on or after October 1, 1982 are ineligible for coverage. However, buildings entirely over water built or substantially improved before this date may be eligible for coverage.

Buildings partially over water are also eligible for coverage.

Boathouses Located Partially Over Water

Certain portions of a boathouse located partially over water are eligible for coverage. The non-boathouse parts of a building into which boats are floated are eligible for coverage if the building is partly over land and is also used for residential, commercial or municipal purposes. The area above the boathouse that is used for purposes unrelated to the boathouse use, such as a residence, is insurable from the floor joists to the roof, including walls.

Buildings in the Course of Construction

Certain buildings in the course of construction are eligible for flood insurance coverage. If the building has yet to be walled and roofed, it is eligible under this coverage unless construction has been halted for more than 90 days and/or the lowest floor is below the defined Base Flood Elevation.

Single Building Coverage

The policy includes single building limits of coverage when a single building is insured. To qualify as a single building, the building must be separated from other buildings by intervening clear wall space or solid, vertical, load bearing division walls.

If a building is separated into divisions by solid, vertical load bearing walls that extend from the lowest level to the highest ceiling, each building division can be insured as a separate building. If the wall has a door or other opening or provides access from one building or room to another, the building must be insured as a single building.

Additions and Extensions

Additions and extensions can be insured separately if they are attached to and in contact with the dwelling by means of a rigid, exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. These types of additions and extensions can be covered as part of the single building coverage or may be separately insured, at the insured's option. If an addition or extension is attached to and in contact with a dwelling by means of a common interior wall that is not a solid load-bearing wall, it must be covered as part of the single building coverage.

Occupancy

Coverage and rates are affected by the way a building's occupancy is classified. Classifications include Single Family Dwellings, Two to Four Family Dwellings, Other Residential Buildings and Non-Residential Buildings.

Single Family Dwellings

Single family dwellings are non-condominium residential buildings designed for principal use as a dwelling place for one family, or a single-family dwelling place for one family, or a single-family dwelling unit in a condominium building. *Incidental occupancies* are permitted, such as structures with office, professional, private school or studio occupancies, including a small service operation, if the occupancy is limited to less than 50% of the building's total floor area.

Two to Four Family Dwellings

Two to four family dwellings are non-condominium residential buildings designed for principal use as a dwelling place of two to four families. Most family dwellings are allowed incidental occupancies as long as the incidental occupancy is limited to less than 25% of the total floor area within the building.

Other Residential Buildings

For coverage purposes, *Other Residential Buildings* are buildings such as dormitories and assisted living facilities, and include hotels or motels where the normal occupancy of a guest is six months or more, or a tourist home or rooming house which has more than four roomers. Also included are residential buildings, excluding hotels and motels with normal room rentals for less than six months' duration and containing more than four dwelling units. Incidental occupancies in Other Residential Buildings are limited to less than 25% of the total floor area within the building.

Non-Residential Buildings

The category of Non-Residential Buildings includes all other eligible occupancies, including garages, pool houses, recreational buildings, agricultural buildings, licensed bed and breakfasts and nursing homes.

Contents Coverage

The policy provides coverage for certain contents. The contents must be located in a fully enclosed building or secured to prevent flotation out of the building. Vehicles and equipment that are not licensed for use on public roads and are self-propelled vehicles or machines are covered if they are used mainly to service the described location or are designed and used to assist handicapped persons. Eligible vehicles and equipment are only covered if inside a building at a described location.

Contents within silos, grain storage buildings and cisterns are also insurable.

Ineligible Property

Certain buildings are ineligible for coverage under the Dwelling policy.

Buildings

If a building would otherwise be insurable, but has been placed on a *1316 Property List*, it is not eligible for NFIP coverage. A 1316 Property List is made up of property that falls under Section 1316 of the National Flood Insurance Act of 1968. Under Section 1316, states may declare a structure to be in violation of a law, regulation or ordinance. Once the violation is corrected, the Section 1316 declaration can be rescinded and the building can be covered by flood insurance.

Container-Type Buildings

Gas and liquid tanks, chemical or reactor container tanks or enclosures, brick kilns and similar units and their contents may not be covered under the NFIP policy.

Buildings Partially Underground

Buildings whose actual cash value is 50% or more below ground are ineligible for coverage unless the lowest level is at or above the Base Flood Elevation and is below ground due to earth being used as insulation material in conjunction with energy efficient building techniques.

Examples of Ineligible Risks

Some specific examples of ineligible risks are provided below:

Building Coverage

- Boat Repair Dock
- Boat Storage Over Water
- Boathouses
- Camper
- Cooperative Unit Within Cooperative Building
- Decks (except for steps and landing; maximum landing area of 16 sq. ft.)
- Drive-In Bank Teller Unit (located outside walls of building)
- Fuel Pump
- Gazebo (unless it qualifies as a building)
- Greenhouse (unless it has at least two rigid walls and a roof)
- Hot tub or spa (unless it is installed as a bathroom fixture)
- Open Stadium
- Pavilion (unless it qualifies as a building)
- Pole Barn (unless it qualifies as a building)
- Pumping Station (unless it qualifies as a building)
- Storage Tank--Gasoline, Water, Chemicals, Sugar, etc.
- Swimming Pool Bubble
- Swimming Pool (indoor or outdoor)
- Tennis Bubble
- Tent
- Time Sharing Unit Within Multi-Unit Building

Highlight these limits.

- Travel Trailer (unless converted to a permanent onsite building meeting the community's floodplain management permit requirements)
- Water Treatment Plant (unless 51 percent of its actual cash value is above ground)

Coverage Amounts

Residential homes can be insured up to a **maximum of \$250,000** under the NFIP policy's Building Coverage.

The maximum personal property Contents Coverage limit available is up to **\$100,000** for contents with a **Standard Flood Insurance Policy**

Increased Cost of Compliance

When a structure is repaired or replaced, current laws and regulations may dictate standards the repaired or replaced structure must meet. The NFIP policy includes Increased Cost of Compliance (ICC) coverage to help the insured meet the financial burden of complying with these laws or regulations. For all new and renewing policies effective on or after May 1, 2003, the ICC limit of liability is \$30,000. ICC coverage is included on all Standard Flood Insurance Policies with a few exceptions.

FEMA's Obtain and Maintain Requirement

As a condition of the receiving FEMA Public Assistance funding, owners must obtain and maintain insurance coverage at least equal to eligible amounts for the hazard specified for a permanent facility

If the seller or former owner received federal assistance through FEMA's Public Assistance funding, that assistance was conditioned upon obtaining and maintain flood insurance on the property. (42 U.S.C. 4012a)

The requirement of maintaining flood insurance applies to all owners of the property, regardless of transfer of ownership.

Federal law (42 U.S.C. 5154a) requires the buyer/transferor of the property be notified in writing of the requirement to obtain and maintain insurance. The buyer must maintain flood insurance coverage on the property and contents in at least the amount of the disaster assistance previously received and provide notice of this requirement to any party to whom he/she sells the property

Failure to obtain or maintain flood insurance as required by law will result in the property owner's ineligibility for Federal disaster assistance.

Failure to comply with the notice requirements to subsequent buyers/transferees may create an obligation on the buyer to reimburse the Federal Government for disaster assistance provided to a subsequent buyer/transferor.

The failure to provide the Flood Insurance Purchase Requirement Addendum could be a very costly error.

The Property Disclosure Document was updated a few years ago to reflect this requirement.

Should agents see that the property received federal assistance, they should use an addendum where the seller notifies the buyer of the obtain and maintain requirement.



Standard Flood Policy

This is a good “time check.” Depending on how much time you have will determine how much time you spend here.

There is a lot of additional information if you need more time.

For a copy of the most recent FEMA Dwelling Policy form click here:

https://www.fema.gov/sites/default/files/documents/fema_F-122-Dwelling-SFIP_2021.pdf

The Standard Flood Policy coverage is available through a Dwelling Form, a General Property Form and a Residential Condominium Building Association Form.

The Dwelling Form

The Dwelling Form covers a non-condominium residential building designed for principal use as a dwelling place for one to four families, or a single-family dwelling unit in a condominium building.

Definition of Flood

A flood is defined as:

1. *A general and temporary condition of partial or complete inundation of two or more acres of normally dry land or of two or more properties (at least one of which is the insured’s property) from:*
 - a. *Overflow of inland or tidal waters*
 - b. *Unusual and rapid accumulation or runoff of surface waters from any source*
 - c. *Mudflow*
2. *Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined in 1.a above*

Mudflow is defined as:

A river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows.

Coverage A – Building Property

The Dwelling form covers a dwelling at the described location, and additions and extensions attached to and in contact with the dwelling by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. A detached garage at the described location is also covered, and the coverage limit can be no more than 10% of the limit of liability on the dwelling.

Materials and supplies that are to be used for construction, alteration, or repair of the dwelling or a detached garage are covered while the materials and supplies are stored in a fully enclosed building at the described location or on an adjacent property.

Buildings Under Construction

A building under construction, alteration or repair and at the described location is covered if the structure is not yet walled or roofed, and only while such work is in progress, or if the work is halted, only for a period of up to 90 continuous days after it is halted. Buildings under construction are not

covered if the lowest floor, including the basement, is below the specified base flood elevation for the zone within which it resides.

Manufactured homes and travel trailers are covered buildings. If a manufactured home or travel trailer is in a special flood hazard area, it must be anchored in place at the time of loss.

Items Covered Under the Building Property Coverage

The following items are covered under the Building Property Coverage:

1. Awnings and canopies
2. Blinds
3. Built-in dishwashers
4. Built-in microwaves
5. Carpet permanently installed over unfinished flooring
6. Central air conditioners;
7. Elevator equipment;
8. Fire sprinkler systems;
9. Walk-in freezers;
10. Furnaces and radiators;
11. Garbage disposal units;
12. Hot water heaters, including solar water heaters;
13. Light fixtures;
14. Outdoor antennas and aerials fastened to
15. buildings;
16. Permanently installed cupboards, bookcases,
17. cabinets, paneling, and wallpaper;
18. Plumbing fixtures;
19. Pumps and machinery for operating pumps;
20. Ranges, cooking stoves, and ovens;
21. Refrigerators; and
22. Wall mirrors, permanently installed.

Coverage B - Personal Property Coverage

Personal property coverage can be purchased under the Dwelling Form. The coverage applies to property owned by the insured or household family members. Optional coverage for property owned by guests of servants can also be purchased.

If a building is not fully enclosed, property must be secured to prevent flotation out of the building during the flood in order to be covered.

Covered Property

The following property is covered under the Personal Property coverage:

1. Air conditioning units, portable or window type
2. Carpets, not permanently installed, over unfinished flooring
3. Carpets over finished flooring

4. Clothes washers and dryers
5. "Cook out" grills
6. Food freezers, other than walk-in, and food in any freezer
7. Portable microwave ovens and portable dishwashers

Basements

The National Flood Insurance Program (NFIP) defines a basement as any area of a building with a floor that is below ground level on all sides. While flood insurance does not cover basement improvements, such as finished walls, floors or ceilings, or personal belongings that may be kept in a basement, such as furniture and other contents, it does cover structural elements, essential equipment and other basic items normally located in a basement. Many of these items are covered under building coverage, and some are covered under contents coverage. The NFIP encourages people to purchase both building and contents coverage for the broadest protection.

The following items in a basement are covered under building coverage, as long as they are connected to a power source and installed in their functioning location:

- Sump pumps
- Well water tanks and pumps, cisterns and the water in them
- Oil tanks and the oil in them, natural gas tanks and the gas in them
- Pumps and/or tanks used in conjunction with solar energy
- Furnaces, hot water heaters, air conditioners, and heat pumps
- Electrical junction and circuit breaker boxes and required utility connections
- Foundation elements
- Stairways, staircases, elevators and dumbwaiters
- Unpainted drywall and sheet rock walls and ceilings, including fiberglass insulation
- Cleanup
- The following items in a basement are covered under contents coverage:
 - Clothes washers
 - Clothes dryers
 - Food freezers and the food in them

Special Limits

Special limits apply to certain types of personal property. No more than \$2500 will be paid for any one loss to one or more of the following kinds of personal property:

1. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;
2. Rare books or autographed items;
3. Jewelry, watches, precious and semiprecious stones, or articles of gold, silver, or platinum;
4. Furs or any article containing fur which represents its principal value; or
5. Personal property used in any business.

Antiques are only covered for their functional value.

Coverage C – Other Coverages

Other coverages under the Dwelling policy include Debris Removal, Loss Avoidance Measures and Condominium Loss Assessments. These coverages do not increase the limits of the policy.

Debris Removal

Debris removal coverage includes paying for removal of non-owned debris off of the insured property and removing owned debris from anywhere.

Loss Avoidance Measures

Various loss avoidance measures are paid for by the policy under Other Coverages.

Sandbags, Supplies and Labor

The coverage provides payment of up to \$1000 for costs incurred to protect an insured building from flood or imminent danger of flood. The expense for the following items used for this purpose are covered:

- Sandbags, including sand to fill them
- Fill for temporary levees
- Pumps, and
- Plastic sheeting and lumber used in connection with these items

Work performed by the insured or family members to protect the insured building are paid at the federal minimum wage level.

Property Removed to Safety

Up to \$1000 is payable for expenses to move insured property to a place other than the insured location in order to protect the property from flood or the imminent danger of flood. The property moved is covered for 45 days from the date it is first moved to the new location.

Condominium Loss Assessments

A condominium association may assess unit owners for costs incurred due to direct physical loss by a flood to the building's common elements, in accordance with the condominium associations articles, declarations and the insured's deed. The policy generally covers the insured's share of these losses.

Coverage D – Increased Cost of Compliance

A structure needing repairs or reconstruction due to suffering flood damage may be subject to State or local floodplain management laws or ordinances. The policy includes payment of up to \$30,000 to pay for the costs of complying with these laws or ordinances. Compliance activities that are eligible for payment are elevation, flood proofing, relocation or demolition.

Property Not Covered

All of the following property types are not covered under the Dwelling form:

- *Personal property not inside the fully enclosed building;*
- *A building, and personal property in it, located entirely in, on, or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982;*
- *Open structures, including a building used as a boathouse or any structure or building into which boats are floated, and personal property located in, on, or over water;*
- *Recreational vehicles other than travel trailers, whether affixed to a permanent foundation or on wheels*
- *Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:*
 - *Used mainly to service the described location, or*
 - *Designed and used to assist handicapped persons, while the vehicles or machines are inside a building at the described location;*
- *Land, land values, lawns, trees, shrubs, plants, growing crops, or animals;*
- *Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;*
- *Underground structures and equipment, including wells, septic tanks, and septic systems;*
- *Those portions of walks, walkways, decks, driveways, patios, and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured building or the building in which the insured unit is located;*
- *Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;*
- *Buildings or units and all their contents if more than 49 percent of the actual cash value of the building or unit is below ground, unless the lowest level is at or above the base flood elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;*
- *Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks;*
- *Aircraft or watercraft, or their furnishings and equipment;*
- *Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;*
- *Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act and amendments to these acts;*
- *Personal property you own in common with other unit owners comprising the membership of a condominium association.*

Exclusions

The policy pays only for *direct physical loss by or from flood* so the following items are excluded:

1. Loss of revenue or profits
2. Loss of access to the insured property or described location
3. Loss of use of the insured property or described location
4. Loss from interruption of business or production

5. Any additional living expenses incurred while the insured building is being repaired or is unable to be occupied for any reason
6. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris, except for eligible activities covered under the Increased Cost of Compliance Coverage
7. Any other economic loss

Earth Movement Exclusions

Loss of property caused directly by earth movement, even if the earth movement is caused by a flood, is not covered. The policy does not cover earthquake, landslide, land subsidence, sinkholes, destabilization or movement of land that results from accumulation of water in subsurface land area, or gradual erosion.

Other Exclusions

Direct physical loss caused directly or indirectly by any of the following is excluded:

1. *The pressure or weight of ice;*
2. *Freezing or thawing;*
3. *Rain, snow, sleet, hail, or water spray;*
4. *Water, moisture, mildew, or mold damage that results primarily from any condition:*
 - a. *Substantially confined to the **dwelling**; or*
 - b. *That is within your control, including but not limited to:*
 - i. Design, structural, or mechanical defects;
 - ii. Failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or
 - iii. equipment; or
 - iv. Failure to inspect and maintain the property after a **flood** recedes;
5. *Water or waterborne material that:*
 - a. *Backs up through sewers or drains;*
 - b. *Discharges or overflows from a sump, sump pump, or related equipment; or*
 - c. *Seeps or leaks on or through the covered property;*
 - d. *unless there is a flood in the area and the flood is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or seepage of water;*
6. *The pressure or weight of water unless there is a **flood** in the area and the **flood** is the proximate cause of the damage from the pressure or weight of water;*
7. *Power, heating, or cooling failure unless the failure results from **direct physical loss by or from flood** to power, heating, or cooling equipment on the **described location**;*
8. *Theft, fire, explosion, wind, or windstorm;*
9. *Anything you or any member of your household do or conspire to do to cause loss by **flood** deliberately; or*
10. *Alteration of the insured property that significantly increases the risk of flooding.*

The General Property Policy Form

The General Property policy form is used for other-residential and non-residential structures and their contents.

Building Coverage

The building coverage for non-residential structures covers:

- Unfinished drywall for walls and ceilings, including nonflammable insulation
- Electrical junction and circuit breaker boxes, and required utility connections
- Central air-conditioning units
- Furnaces, hot-water heaters, fuel tanks, and the fuel inside tanks and heat pumps
- Light fixtures
- Built-in cabinets
- Foundation elements
- Cleanup

Contents Coverage

The contents coverage under the General Property form covers:

- Furniture and fixtures
- Machinery and equipment
- Stock (including merchandise held in storage for sale)
- Raw materials
- Unfinished or finished goods
- Packing and shipping supplies

The Residential Condominium Association Form

The Residential Condominium Association form provides building coverage for condominium associations.

Building Coverage

Under the Residential Condominium Association policy, a condominium association can purchase building coverage up to \$250,000 times the number of units, or the replacement cost of the building, whichever is less. Eligible buildings include garden apartment-type construction, townhouses, row houses and single-family detached buildings owned by the association, as long as 75% of the units are used for residential purposes.

Contents Coverage

Individual unit owners can purchase up to \$100,000 in contents coverage, separate from the coverage purchased by the condominium association.

Best Practices when listing a flooded home

Be honest. The first rule when working with sellers of a previously flooded home is to be honest. Failing to disclose is opening both the agent and seller up to a potential lawsuit. The best way to address this is through section six of the Property Disclosure Document.

| SECTION 6: FLOOD, FLOOD ASSISTANCE, AND FLOOD INSURANCE | |
|--|---|
| (25) | Has any flooding, water intrusion, accumulation, or drainage problem been experienced with respect to the land: (a) during the time the SELLER owned the property? <input type="checkbox"/> Y <input type="checkbox"/> N If yes, indicate the nature and frequency of the defect at the end of this section. (b) prior to the time the SELLER owned the property? <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK If yes, indicate the nature and frequency of the defect at the end of this section. |
| (26) | Has any structure on the property ever flooded, by rising water, water intrusion or otherwise? (a) during the time the SELLER owned the property? <input type="checkbox"/> Y <input type="checkbox"/> N (b) prior to the time the SELLER owned the property? <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK If yes, give the nature and frequency of the defect at the end of this section. |
| (27) | What is/are the flood zone classification(s) of the property? _____ What is the source and date of this information? Check all that apply. <input type="checkbox"/> Survey/Date _____ <input type="checkbox"/> Elevation Certificate/Date _____ <input type="checkbox"/> Other/Date _____ <input type="checkbox"/> FEMA Flood Map - https://msc.fema.gov/portal <input type="checkbox"/> https://www.floodsmart.gov/flood-map-zone/find-yours <input type="checkbox"/> Other: _____ (please provide) |

- (28) SPECIAL FLOOD HAZARD AREAS. If the property is located within a designated special flood hazard area on a map prepared by the Federal Emergency Management Agency, the federal law (42 U.S.C. § 4104a, et seq.), mandates that prospective purchasers be advised that flood insurance may be required as a condition of obtaining financing. Is the property within a designated special flood hazard area? Y N
- (29) Is there flood insurance on the property? Y N

IF YES, A COPY OF THE POLICY DECLARATIONS PAGE SHALL BE ATTACHED AND BECOME PART OF THIS PROPERTY DISCLOSURE DOCUMENT.

PRIVATE FLOOD INSURANCE

- (30) Does SELLER have a flood elevation certificate that will be shared with BUYER? Y N
- (31) Has the SELLER made a private flood insurance claim for this property? Y N NK
- (a) If YES, was the claim approved? Y N NK
- (b) If YES, what was the amount received? _____
- (32) Did the previous owner make a private flood insurance claim for this property? Y N NK
- (a) If YES, was the claim approved? Y N NK
- (b) If YES, what was the amount received? _____

NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

- (33) Has the SELLER made an NFIP claim for this property? Y N NK
- (a) If YES, was the claim approved? Y N NK
- (b) If YES, what was the amount received? _____
- (34) Did the previous owner make an NFIP for this property? Y N NK
- (a) If YES, was the claim approved? Y N NK
- (b) If YES, what was the amount received? _____

FEDERAL DISASTER ASSISTANCE

- (35) FLOOD DISASTER INSURANCE. If the SELLER or previous owner has previously received federal flood disaster assistance and such assistance was conditioned upon obtaining and maintaining flood insurance on the property, federal law, i.e., 42 U.S.C. § 5154a, mandates that prospective purchasers be advised that they will be required to maintain insurance on the property and that if insurance is not maintained and the property is thereafter damaged by a flood disaster, the purchaser may not be eligible for additional Federal flood disaster assistance. To the best of the SELLER's knowledge, has federal flood disaster assistance been previously received with regard to the property? Y N NK
- (a) If YES, from which federal agency (e.g., FEMA, SBA)? _____
- (b) If YES, what was the amount received? _____
- (c) If YES, what was the purpose of the assistance (e.g., elevation, mitigation, restoration)? _____

| ROAD HOME PROGRAM | |
|---|--|
| (36) Was SELLER a recipient of a Road Home grant? | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| (37) Was a previous owner of the property a recipient of a Road Home grant? If YES, complete (a) - (c.) below. | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| (a) Is the property subject to the Road Home Declaration of Covenants Running with the Land or other requirements to obtain and maintain flood insurance on the property? | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| (b) If YES, attach a copy of the Road Home Program Declaration of Covenants other requirements to obtain and maintain flood insurance on the property. | |
| (c) Has SELLER OR PREVIOUS OWNER(S) personally assumed any terms of the Road Home Program Grant Agreement? | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| Question Number | Explanation of "Yes" answers <input type="checkbox"/> Additional sheet is attached |
| | |
| | |
| | |

Gather all documentation. When selling a property that has experienced flooding, documentation is key. Sellers can prepare a report or binder of the corrective measures taken after the property flooded. These can include:

- Information required in the PDD – elevation certificate, copy of the declarations page of the flood policy
- Line item of exactly what repairs were done
- A record of contractors who completed the work. This shows the repairs were done correctly.
- Receipts/invoices of expenses incurred
- Mold remediation certificate

As is. Buyers may not have the funds to make any or all of the repairs necessary. If repairs are too costly, the property can be sold “as is.”

Communicate with buyers. Sellers need to understand buyers may have additional questions when purchasing a previously flooded home. It is important to communicate with buyers who may have concerns.

Best practices when working with buyers purchasing a previously flooded home.

Read and understand the Property Disclosure Document. Be sure your buyer understands what they are purchasing. The first place to look is the Property Disclosure Documents.

Ask questions. If the recommendation when listing a previously flooded home was to provide plenty of documentation, it is natural when working with buyers, the best practice is to request documentation. Asking about the extent of the repairs and quality of work can give your buyer piece of mind that the repairs were done correctly.

Get a home inspection. Home inspectors play a vital role in assisting buyers with identifying potential issues and make an informed decision about the home. Buyers can get more information by visiting the Louisiana State Licensing Board for Contractors website - <https://lsbhi.state.la.us/>.

Mold test/remediation. Mold causes adverse reactions and can be a serious health hazard. Agents can assist buyer by verifying if there has been mold testing and/or remediation by a certified professional.

Insurance. Flood insurance rates are rising in many areas. Buyers can work with their insurance agent to determine the best and most affordable options regarding flood insurance. First, ask the agent if the flood policy is assumable. Next determine the rate and verify if the rate subsidized. If subsidized, ask how much to policy will increase each year the buyers will own the home.

PART THREE: ADVERTISING

All advertising must be approved by the broker

All advertising for property shall be under the direct supervision of and approved by the licensed individual real estate broker or designated qualifying broker.

What is considered advertising?

The term “advertisement,” as used in this checklist, shall mean any oral, written or print and media advertisement, including newspaper and magazine advertisements; correspondence; mailings; brochures; business cards; for sale or for lease signs; sign riders; promotional items; newsletters; telephone directory listings; automobile signage; as well as internet, radio and television advertisement.

What is not advertising?

Agreements between brokers to allow property data to be shared and disseminated to clients, customers, or prospective clients, including but not limited to web-based or email multiple listing service property data, IDX or VOW property data does not constitute advertising or advertisement as to the property data shared.

Logos and Slogans

If allowed by the sponsoring broker, the salesperson or associate broker may include in the advertisement:

- the salespersons or associate broker’s personal logo or insignia, which cannot be construed as that of a company name, and which must include the name and telephone number of the sponsoring broker;
- the salespersons or associate broker’s contact information;
- a group or team name, as long as the advertising complies with all other applicable laws and rules
- a slogan that may not be construed as that of a company name

Discuss what is advertising and what is not.

There are a lot of LREC fines issued regarding advertising so be prepared for student questions.

For review, Chapter 25 of the Rules and Regulations covers most advertising rules.

This is the percentage of violations issued by the LREC from 2018-2021.

Spend time covering each.

| Advertising Violations | |
|--|-----|
| 2515 - Internet Advertising | 40% |
| 2501. B-F - Failure to Identify Listing Broker | 22% |
| 2501. F - Failure to Place Brokers Telephone number in advertising | 17% |
| 2509. A - Advertising Violations by Franchises | 10% |
| 2505. A - Misleading or Inaccurate Advertising | 7% |
| 2511 - Agent Owner - Licensed Agent Disclosure | 2% |
| 1900 - Real Estate Teams and Group | 2% |

Internet Advertising

Brokers advertising or marketing on a **site on the internet** must include the following data on each page of the site on which the advertisement appears:

- the broker's name or trade name as registered with the commission;
- the city and state in which the broker's main office or branch office is located.
- the regulatory jurisdiction(s) in which the broker holds a real estate brokerage license.

Brokers using any **internet electronic communication for advertising or marketing, including but not limited to, e-mail, email discussion groups, and bulletin boards**, must include the following data on the first or last page of all communications:

- the broker's name or trade name as registered with the commission;
- the city and state in which the broker's main office or branch office is located.
- the regulatory jurisdiction(s) in which the broker holds a real estate brokerage license.

Associate brokers or salespersons advertising or marketing on **a site on the internet** must include the following data on each page of the site on which the licensee's advertisement or information appears:

- the associate broker's or salesperson's name;
- the name or trade name of the licensed broker or agency listed on the license of the salesperson or associate broker;
- the city and state in which the broker's main office or branch office is located.
- the regulatory jurisdiction(s) in which the broker holds a real estate brokerage license.

Associate brokers or salespersons using any **internet electronic communication for advertising or marketing, included but not limited to, e-mail, email discussion groups, and bulletin boards**, must include the following data on the first or last page of all communications:

- the associate broker's or salesperson's name;
- the name or trade name of the licensed broker or agency listed on the license of the salesperson or associate broker;
- the city and state in which the broker's main office or branch office is located.
- the regulatory jurisdiction(s) in which the broker holds a real estate brokerage license.

Identify Broker Name and Broker Phone Number

Rules and Regulations Chapter 25.2501(F) states "In all advertising, the salesperson or associate broker must include the name and telephone number of the sponsoring broker. The broker's name and telephone number must be conspicuous, discernible and easily identifiable by the public."

The LREC further clarifies in their published Advertising Guidelines Checklist "Note: In accordance with Chapter 25. 2501 (F) There is no definitive guideline about what is "conspicuous, discernible and easily identifiable" and what is not. However, the general rule is that the smaller the sponsoring or qualifying broker's name and company in comparison with the name and company of the licensee, the more likely the LREC will conclude that the sponsoring or qualifying broker's name and telephone number is not "conspicuous, discernible and easily identifiable" and that the advertisement is misleading."

Often, the violation is not that the brokers name is missing, it is that the brokers name is not "conspicuous, discernible and easily identifiable" according to the LREC.

This is subjective and the LREC Advertising Guidelines Checklist give examples of compliant and noncompliant advertisements.

The LREC Advertising Guidelines Checklist is a great resource to reference.

Examples:



Advertisement is in compliance because it is clear to the general public who the broker is.



This advertisement is not in compliance because the broker name and phone number are not conspicuous, discernible, and easily identifiable.



Advertisement is in compliance because it is clear to the general public who the broker is.



This advertisement is not in compliance because the broker name and phone number are "ghosted" due to poor color contrast, making them too difficult to read.

NOTE REGARDING THE BROKER PHONE NUMBER: the broker phone number must be a phone number owned by the broker(ge) that enables the public to directly contact the broker without having to go through the affiliated licensees listed in the advertisement.

Advertisements by Franchise Organizations

Any licensed broker or salesperson affiliated with a franchise organization must disclose to the public that the real estate brokerage firm is independently owned and operated in all advertising.

In addition, advertising shall not include any name or trade name of any franchiser or real estate organization or association of which the licensee is not a member or franchisee.



Advertisement is in compliance because the franchise office is listed as independently owned and operated.



Advertisement is not in compliance because the franchise office is not listed as independently owned and operated.

Accuracy in Advertising

All advertising shall be an accurate representation of the property advertised. No broker or licensee shall use advertising which is misleading or inaccurate or in any way misrepresents any property, terms, value, policies, or services of the business conducted.

Advertising Agent-owned Property

A licensed broker or salesperson who offers property in which he or she owns any interest as being for sale or rent shall state in any advertising, and on any sign placed on the property, that he or she is a licensed real estate agent.

Any licensed broker or salesperson that advertises or offers to purchase or rent property for his or her own full or partial interest shall state in any advertisement that he or she is a licensed real estate agent.

Including the term “licensed real estate agent” in any advertisement or on any sign shall be sufficient to satisfy this requirement.

Exceptions: this is not applicable to the sale, rental, or acquisition of property by licensees under a contractual agreement with a licensed Louisiana real estate broker.

Advertising By Real Estate Teams and Groups

A team or group name shall not be used in advertising without the written approval of the sponsoring broker.

The term “team” or “group” may be used to advertise real estate license activities provided that:

- the use of the term does not constitute the unlawful use of a trade name and is not deceptively similar to a name under which any other person or entity is lawfully doing business;

- the team or group is composed of more than one licensee;
- the advertising complies with all other law and rules and regulations.

In addition, an unlicensed person shall not be named, acknowledged, referred to, or otherwise included in any team or group advertising.

Owner Authorization to Advertise

No broker or licensee sponsored by said broker shall in any way advertise property belonging to other persons as being for sale or rent or place a sign on any such property offering the property for sale or rent without first obtaining the written authorization to do so by all owners of the property or their authorized attorney in fact.

Advertisements of Residential Property

All printed advertisements for the sale or lease of residential real estate shall indicate the month and year the advertisement is printed, published, or distributed. Advertisements printed or published in newspapers, real estate trade publications and commercial magazines and brochures bearing an issue or publication date will be considered in compliance with this Section.

PART FOUR – MISREPRESENTATION

Misrepresentation occurs when one party makes a false statement to the other party and that statement is a determining factor used when entering into a contract. In real estate, a misrepresentation can occur when a real estate licensee misstates some material feature of the property. Often lumped in with misrepresentations are failures to disclose, which is when a licensee fails to address or reveal a material feature of the property entirely

Brokers and salespeople face a myriad of potential legal issues, however, lawsuits for misrepresentation are by far the biggest.

The most common types of misrepresentation claims in real estate are:

- foundation and structural issues
- involve property boundaries
- roof issues
- termite problems.
- Omitted disclosures ex. easements,
- renovating without a permit
- environmental problems
- title problems

The focus of this chapter is to understand what the licensee is obligated to disclose and how to have conversations with clients regarding the disclosure of defects.

There three types of misrepresentation

1. Innocent -- simple mistakes with no intent and little harm;
2. Negligent -- failure to disclose significant property issues due to ignorance;
3. Fraudulent-- purposefully misleading a client or hiding a property issue or feature in order to make a sale.

Home inspections, disclosures, and misrepresentation

Listing Agents - When purchasing a property, a buyer is reliant on certain information that can only be provided to them by the seller, which is typically found in the property disclosure document.

The PDD is a great form and helps buyers, sellers and licensees. In most instances, a seller will complete the form as thoroughly and honestly as possible, allowing the buyer to make an informed decision as to whether to go through with the purchase. But what happens when a seller mistakenly or deliberately withholds information or is dishonest?

Case Study

A home is under contract and the buyers get a home inspection. The home inspection report reveals a significant issue with the slab. The buyers decide to back out and the house is put back on the market.

Should the sellers fill out an updated PDD? What if they refuse?

One of the 36 ways to lose your license is failure to disclose material defects. RS 37:1455 (27) states "Failure to disclose to a buyer a known material defect regarding the condition of real estate of which a broker, salesperson, or timeshare interest salesperson has knowledge."

What happens if the listing agent does not know? According to Louisiana Agency Law, "A licensee shall not be liable to a client for providing false information to the client if the false information was provided to the licensee by a customer unless the licensee knew or should have known the information was false."

Best Practice Regarding Third Party information - If you receive property information from a third-party source, attribute the information to that source, saying, for example, "According to the seller, the roof is three years old."

Buyers Agents - Advise buyer to get a home inspection. If the buyer chooses not to have a home inspection, a best practice is to have them sign a hold harmless agreement.

194

195 **DDI Period Activities:** During the inspection and due diligence period the BUYER may, at the BUYER'S expense, have any inspections made by
196 experts or others of BUYER'S choosing. Such physical inspections may include, but are not limited to, inspections for termites and other wood
197 destroying insects, and/or damage from same, molds, and fungi hazards, and analysis of synthetic stucco, drywall, appliances, structures,
198 foundations, roof, heating, cooling, electrical, plumbing systems, utility and sewer, including but not limited to septic tanks and pump grinder
199 systems availability and condition, out-buildings, and square footage. Other due diligence by the BUYER may include, but is not limited to
200 investigation into the Property's school district, insurability, flood zone classifications, current zoning and/or subdivision restrictive covenants
201 and any items addressed in the SELLER'S Property Disclosure Document. All testing shall be nondestructive testing.

“As Is” and waiver of redhibition.

276
277 B. SALE “AS IS” WITHOUT WARRANTIES: The SELLER and the BUYER hereby acknowledge and recognize that the Property being sold
278 and purchased is to be transferred in “as is” condition and further the BUYER does hereby waive, relieve and release the SELLER from any
279 claims or causes of action for redhibition pursuant to Louisiana Civil Code Article 2520, et seq. and Article 2541, et seq. or for reduction of
280 Sale Price pursuant to Louisiana Civil Code Article 2541, et seq. Additionally, the BUYER acknowledges that this sale is made without warranty
281 of fitness for ordinary or particular use pursuant to Louisiana Civil Code Article 2524. The SELLER and the BUYER agree that this clause shall
282 be made a part of the Act of Sale.

Redhibition is not permitted in cases of fraud. The seller cannot intentionally hide a known defect then use the waiver of redhibition clause if the buyer wishes to rescind the sale.

LA Rev Stat § 9:3169 Rescission for fraud or nullity; redhibition not permitted. Whatever may be the vices of the thing sold on execution, they do not give rise to the redhibitory action; but the sale may be set aside in the case of fraud, and declared null in cases of nullity.

Case Study

A house is under contract for \$200,000. According to the listing the home is 2,000 square feet of living area. The appraisal comes back with an appraised value of \$205,00 but appraisal indicates the home is 1,800 square feet. The buyer based their purchase price on \$100 per square foot and now believes the sellers should reduce the price to \$180,000 given the updated square footage given by the appraiser.

Team Misrepresentation

Clients may be confused about exactly who is representing them. Is it the entire team or just a single agent on the team? It is critical for teams to understand their relationship with clients and even more critical for clients to understand who is representing them.

Undisclosed dual agency

RS 37:1455 (9) – Acting in the dual capacity of agent and undisclosed principal in any transaction.

RS 37:1455 (16) – Acting for more than one party in a real estate transaction without the written acknowledgment of all parties to the transaction.

Appendix

| | |
|---|----|
| Redline Changes to the LREC Agreement to Buy or Sell..... | 57 |
| Redline Changes to Property Disclosure Document..... | 68 |
| Dual Agency Disclosure Form..... | 81 |

Note: All of the documents listed above, including the National Flood Insurance Program (NFIP) - FEMA Dwelling Policy Form can also be found in the back pocket of this binder.

LOUISIANA RESIDENTIAL AGREEMENT TO BUY OR SELL

| | | |
|---|---|---|
| Listing Firm _____ _____ Seller's Designated Agent Name (<u>Seller's agent</u>) & License Number _____ _____ Brokerage Name & License Number _____ _____ <u>Agent</u> Phone Number _____ <u>Brokerage</u> Phone Number _____ _____ Email Address _____ _____ | <input type="checkbox"/> Dual Agent | Selling Firm _____ _____ Buyer's Designated Agent Name (<u>Buyer's agent</u>) & License Number _____ _____ Brokerage Name & License Number _____ _____ <u>Agent</u> Phone Number _____ <u>Brokerage</u> Phone Number _____ _____ Email Address _____ _____ |
| _____ Delivered by <u>Name of Agent Receiving Agreement from</u> Designated Agent Day to _____ Date _____ Time _____ AM/PM | | |
| Agreement transmitted by <input type="checkbox"/> <u>electronic</u> <input type="checkbox"/> <u>hand delivery</u> <input type="checkbox"/> <u>other</u> | | |
| _____ <u>Signature of</u> Designated Agent <u>Receiving Agreement</u> Day _____ Date _____ Time _____ AM/PM | | |
| _____ <u>Comments</u> | | |
| _____ Received by Designated Agent Day _____ Date _____ Time _____ AM/PM | | |

Electronic Notice Authorization

The BUYER further authorizes his or her agent to electronically deliver notices and other communications to the email address he or she provided to his or her agent. Furthermore, the BUYER authorizes the Seller's agent to electronically deliver notices and communications to the Buyer's agent at the e-mail address shown above.

The SELLER further authorizes his or her agent to electronically deliver notices and other communications to the email address he or she provide to his or her agent. Furthermore, the SELLER authorizes the Buyer's agent to electronically deliver notices and communications to the Seller's agent at the e-mail address shown above.

The authorization contained in this Section is not an authorization for the Buyer's agent to communicate directly with the Seller or a Seller's agent to communicate directly with the BUYER.

The BUYER and SELLER agree the use of electronic documents and digital signatures is acceptable and will be treated as originals of the signatures and documents transmitted in ~~the above referenced~~ this real estate transaction. Specifically, the BUYER and SELLER consent to the use of electronic documents, the electronic transmission of documents, and the use of electronic signatures pertaining to this Agreement, and any supplement addendum or modification relating thereto, including but not limited to any notices, requests, claims, demands and other communications as set forth in the Agreement.

BUYER'S Initials BUYER'S Initials Page **1** of **10** SELLER'S Initials SELLER'S Initials
 BUYER'S Initials BUYER'S Initials SELLER'S Initials SELLER'S Initials

Rev. 01/01/2022



PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

DATE

1 **PROPERTY DESCRIPTION:** I/We offer and agree to Buy/Sell the property at:
 2 (Municipal Address) _____
 3 City _____; Zip _____; Parish _____; Louisiana, (Legal Description)
 4 on lands and grounds measuring approximately (# _____)
 5 or as per record title; including all buildings, structures, component parts, and all installed, built-in, permanently attached improvements, together
 6 with all fences, security systems, all installed speakers or installed sound systems, all landscaping, all outside TV antennas, all satellite dishes,
 7 all installed and/or built-in appliances, all ceiling fans, all air conditioning or heating systems including window units, all bathroom mirrors, all
 8 window ~~coverings, blinds and associated coverings~~ included but not limited to blinds, drapes, curtains, window shades, window coverings, all
 9 associated window covering hardware, all shutters, all flooring, all carpeting, all cabinet tops, all cabinet knobs or handles, all doors, all door
 10 knobs, or handles, all doorbells, all windows, all roofing, all electrical systems, all installed security systems, installed generators, attached
 11 television mounts, gas logs, and all installed lighting fixtures, chandeliers and associated hardware, other constructions permanently attached to
 12 the ground. If owned by the SELLER prior to date of this Agreement, standing timber, unharvested crops and ungathered fruits of trees on the
 13 property shall be conveyed to the BUYER. The following movable items here remain with the property, but are not to be considered as part of
 14 the Sale Price are transferred without any warranty and have no value: _____
 15 _____
 16 _____
 17 _____
 18 _____
 19 _____
 20 _____
 21 _____
 22 _____
 23 _____
 24 _____

25 All items listed herein are included in the property sold no matter how they are attached or installed, provided that any or all of these items are
 26 in place at the time of signing of this Agreement to Buy or Sell (the "Agreement"), unless otherwise stated herein. (All of the above contained in
 27 lines 6-24 are collectively referred to herein as the "Property.") The following items are excluded from the Property sold:
 28 _____
 29 _____
 30 _____
 31 _____
 32 _____

33 **MINERAL RIGHTS:** If the SELLER transfers any mineral rights, they are to be transferred without warranty.
 34 _____ (_____%) of the mineral rights owned by the SELLER are to be reserved and retained by
 35 the SELLER and the SELLER shall waive any right to use the surface for any such reserved and retained mineral activity or use.
 36 _____

37 BUYER _____ SELLER _____
 38 BUYER _____ SELLER _____
 39 BUYER _____ SELLER _____
 40 BUYER _____ SELLER _____

41
 42 **PRICE:** The Property will be sold and purchased subject to title and zoning restrictions, servitudes of record, and law or ordinances affecting
 43 the Property for the sum of _____ Dollars (\$) (the "Sale Price").
 44 _____

45 **ACT OF SALE:** The Act of Sale is to be executed before a settlement agent or Notary Public to be chosen by the BUYER, on
 46 _____, 20____, or before if mutually agreed upon. Any change of the date for execution of the Act of
 47 Sale must be mutually agreed upon in writing and signed by the SELLER and the BUYER. At closing, the BUYER must provide "good funds" as
 48 required by Louisiana statute ~~LA R.S. 22:22.512 et seq~~ LA R.S. 22:532 et seq.

BUYER'S Initials BUYER'S Initials Page 2 of 10 SELLER'S Initials SELLER'S Initials
 BUYER'S Initials BUYER'S Initials SELLER'S Initials SELLER'S Initials

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ABS-Rev. 01/01/19



PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

DATE

49 **OCCUPANCY:** Occupancy/possession and transfer of keys/access is to be granted at Act of Sale unless otherwise mutually agreed upon in
50 writing.

51 **CONTINGENCY FOR SALE OF BUYER'S OTHER PROPERTY:**

52 This sale is contingent on the sale of other property by the BUYER and the contingency language found either in lines 204-207-343-352 or
53 the attached addendum shall apply.

54 This sale is not contingent upon the sale of other property by the BUYER nor is the loan needed by the BUYER to obtain the Sale Price
55 contingent on the BUYER'S sale of any property.

56 **FINANCING:**

57 **ALL CASH SALE:** The BUYER warrants the BUYER has cash readily available to close the sale of this Property.

58 **FINANCED SALE:** This sale is conditioned upon the ability of BUYER to borrow with this Property as security for the loan the sum of
59 _____ (\$ _____) or _____ (%) of the Sale Price by a mortgage loan or loans at an
60 initial interest rate not to exceed _____ (%) per annum, interest and principal, amortized over a period of not less than
61 _____ (# _____) years, payable in monthly installments or on any other terms as may be acceptable to the BUYER provided that
62 these terms do not increase the cost, fees or expenses to the SELLER. The loan shall be secured by *(Check all that apply)*:

- 63 Fixed Rate Mortgage
- 64 Adjustable Rate Mortgage
- 65 Rural Development
- 66 VA Guaranteed Mortgage
- 67 Other _____
- 68 FHA Insured Mortgage
- 69 Owner Financing
- 70 Bond Financing
- 71 Conventional Mortgage

72 The BUYER agrees to pay discount points not to exceed _____ % of the loan amount.

73 Other financing conditions _____
74 _____
75 _____

76 The BUYER acknowledges and warrants that the BUYER has available the funds which may be required to complete the sale of the Property
77 including, but not limited to, the deposit, the down payment, closing costs, pre-paid items, and other expenses. If this sale is a Financed Sale,
78 BUYER acknowledges that any terms and conditions imposed by BUYER'S lender(s) or by Consumer Financial Protection Bureau **Requirements**
79 shall not affect or extend the BUYER'S obligation to execute the Act of Sale or otherwise affect any terms or conditions of this Agreement except
80 as otherwise set forth herein. The BUYER shall supply the SELLER written documentation from a lender that a loan application has been made
81 and the BUYER has given written authorization to lender to proceed with the loan approval process within _____ (# _____) calendar days
82 after the date of acceptance of this offer by both parties. If the BUYER fails to make loan application, and to supply SELLER with written
83 documentation of that application and BUYER'S written authorization for lender to proceed with loan process within this period, the SELLER
84 may, at the SELLER'S option, elect, in writing, to terminate the Agreement and declare the Agreement null and void, by giving the BUYER written
85 notice of the SELLER'S termination. In the event the BUYER is not able to secure financing, the SELLER reserves the right to provide all or part
86 of mortgage loan(s) under the terms set forth above.

87 **PRORATIONS/OTHER COSTS:** Real estate taxes, flood insurance premium if assumed, rents, condominium dues, assessments, and/or other
88 dues owed to homeowners associations and the like for the current year are to be prorated through the date of the Act of Sale. Act of Sale costs,
89 abstracting costs, title search, title insurance and other costs required to obtain financing, shall be paid by the BUYER, unless otherwise stated
90 herein. All necessary tax, mortgage, conveyance, release certificates or cancellations and the SELLER closing fees, if any, shall be paid by the
91 SELLER. The SELLER shall pay all previous years' taxes, assessments, condominium dues, and/or dues owed to homeowners associations
92 and the like. All special assessments bearing against the Property prior to Act of Sale, other than those to be assumed by written agreement, as
93 of the date of the Act of Sale, are to be paid by the SELLER.

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101 **APPRAISAL:** This sale is NOT conditioned on appraisal. This sale IS conditioned on the appraisal of the Property being not less than
102 the Sale Price. The SELLER agrees to provide the utilities and access for appraisals ~~and access~~. If the appraised value of the Property is equal
103 to or greater than the Sale Price, the BUYER shall pay the Sale Price agreed upon prior to the appraisal. If the appraised value is less than the
104 Sale Price, the BUYER shall provide the SELLER with a copy of the appraisal within _____ (#) calendar days of receipt of same, along
105 with the BUYER'S written request for the SELLER to reduce the Sale Price. Within _____ (#) calendar days after the SELLER'S
106 receipt of such written documentation of the appraised value, the BUYER shall have the option to pay the Sale Price agreed upon prior to the
107 appraisal or to void this Agreement unless the SELLER agrees in writing to reduce the Sale Price to the appraised value or all parties agree to
108 a new Sale Price.

109
110 **DEPOSIT:** Upon acceptance of this offer, or any attached counter offer, the SELLER and the BUYER shall be bound by all terms and conditions
111 of this Agreement, and the BUYER or the BUYER'S agent shall deliver within 72 hours, upon notice of acceptance of the offer, the BUYER'S
112 deposit (the "Deposit") in the amount of _____ (\$ _____) or _____ (____ %) of the Sale Price to be
113 paid in the form of:

114 Cash _____ (\$ _____) Certified Funds _____ (\$ _____)
115 Check _____ (\$ _____) Electronic Transfer (EFT) _____ (\$ _____)
116 No Deposit

117 The Deposit shall be held by: Listing Broker Selling Broker Third Party Other _____

118
119 **DEPOSIT HELD BY THIRD PARTY:** Louisiana Administrative Code Article Title 46, Part LXVII Section 2717 requires that funds received
120 in a real estate sales transaction shall be deposited in the appropriate sales escrow checking account, rental trust checking account
121 or security deposit trust checking account of the listing or managing broker ("Broker") unless all parties having an interest in the
122 funds have agreed otherwise in writing. I agree to have the Deposit related to this transaction to be held by a third party and not in a
123 sales escrow account maintained by the Broker. I understand that the Louisiana Real Estate Commission may not have jurisdiction
124 over those third parties holding the funds. I have read the attached addendum and acknowledge the Broker is not legally required to
125 disburse a security deposit in accordance with LAC 46: LXVII.2901 when a third party holds the Deposit.

126
127 BUYER _____ SELLER _____
128 BUYER _____ SELLER _____
129 BUYER _____ SELLER _____
130 BUYER _____ SELLER _____

131
132 Failure to deliver the Deposit shall be considered a default of this Agreement. If the Deposit is held by a Broker, it must be held in accordance
133 with the rules of the Louisiana Real Estate Commission in a federally insured banking or savings and loan institution without responsibility on the
134 part of the Broker in the case of failure or suspension of such institution. In the event the parties fail to execute an Act of Sale by date specified
135 herein, and/or a dispute arises as to ownership of, or entitlement to, the Deposit or funds held in escrow, the Broker shall abide by the Rules and
136 Regulations set forth by the Louisiana Real Estate Commission.

137
138 **RETURN OF DEPOSIT:** The Deposit shall be returned to the BUYER and this Agreement declared null and void without demand in consequence
139 of the following events:

- 140
141 1) If this Agreement is declared null and void by the BUYER during the inspection and due diligence period as set forth in lines ~~167-195~~ through
142 ~~200-201~~ of this Agreement;
143
144 2) If this Agreement is subject to the BUYER'S ability to obtain a loan and the loan cannot be obtained, except as stated in lines ~~72-88~~ through
145 ~~86-92~~ of this Agreement, but only if the BUYER has made good faith efforts to obtain the loan;
146
147 3) If the SELLER declares the agreement null and void for failure of BUYER to comply with written document requirements as set forth in lines
148 ~~80-88~~ through ~~92~~.
149
150 4) If the BUYER conditions the Sale Price on an appraisal and the appraisal is less than the Sale Price and the SELLER will not reduce the Sale
151 Price as set forth in lines ~~97-101~~ through ~~106-108~~ of this Agreement;
152

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153 5) If the BUYER timely terminates the Agreement after having received the leases or assessments, as set forth in lines ~~449-165~~ through ~~464-169~~
154 of this Agreement;

156 6) If the SELLER is unable to timely deliver to the BUYER an approved sewerage and/or water inspection report as set forth in lines ~~202-251~~
157 through ~~244-261~~;

158
159 7) If the SELLER chooses not to repair or replace the sewer system(s) servicing the Property as per the SEPTIC/WATER WELL ADDENDUM,
160 and the BUYER terminates the agreement as a result thereof;

161
162 8) If the SELLER chooses not to repair or replace the private water well system(s) as per the SEPTIC/WATER WELL ADDENDUM, and the
163 BUYER terminates the agreement as a result thereof.

164
165 **LEASES/SPECIAL ASSESSMENTS:** The sale is conditioned upon the BUYER'S receipt of a copy of all written leases, excluding mineral leases,
166 and unpaid special assessments from the SELLER **within five calendar** days of acceptance of the Agreement. Special assessments shall mean
167 an assessment levied on Property to pay the cost of local improvements imposed by local governmental/governing authority. The BUYER will
168 have **five calendar days** after receipt of the aforementioned documents to notify the SELLER whether they are acceptable to the BUYER.
169 Security deposits, keys/access and leases are to be transferred to the BUYER at Act of Sale.

170
171 **NEW HOME CONSTRUCTION:** If the property to be sold is completed new construction, under construction, or to be constructed, check one:

172
173 A new home construction addendum, with additional terms and conditions, is attached.

174
175 There is no new home construction addendum.

176
177 **INSPECTION AND DUE DILIGENCE PERIOD/PROPERTY CONDITION:**

178 THE BUYER ACKNOWLEDGES THAT THE SALE PRICE OF THE PROPERTY WAS NEGOTIATED BASED UPON THE PROPERTY'S APPARENT
179 CURRENT CONDITION; ACCORDINGLY, THE SELLER IS NOT OBLIGATED TO MAKE REPAIRS TO THE PROPERTY, INCLUDING REPAIRS
180 REQUIRED BY THE LENDER UNLESS OTHERWISE STATED HEREIN. THE SELLER IS RESPONSIBLE FOR MAINTAINING THE PROPERTY IN
181 SUBSTANTIALLY THE SAME OR BETTER CONDITION AS IT WAS WHEN THE AGREEMENT WAS FULLY EXECUTED.

182
The BUYER shall have an inspection and due diligence period of (_____) calendar days, commencing the first day after acceptance of this Agreement wherein the BUYER may, at the BUYER'S expense, have any inspections made by experts or others of his choosing. Such physical inspections may include, but are not limited to, inspections for termites and other wood destroying insects, and/or damage from cancer, mold, and fungi hazards, and analysis of synthetic stucco, drywall, appliances, structures, foundations, roof, heating, cooling, electrical, plumbing systems, utility and sewer availability and condition, out buildings, and square footage. Other due diligence by the BUYER may include, but is not limited to investigation into the property's school district, incurability, flood zone classification, current zoning and/or subdivision restrictive covenants and any items addressed in the SELLER'S Property Disclosure Document. All testing shall be nondestructive testing. The SELLER agrees to provide the utilities for inspections and immediate access. Inspection period will be extended by the same number of days that the BUYER is not granted immediate access to the property or all utilities are not provided by the SELLER. If the BUYER is not satisfied with the condition of the Property or the results of the BUYER'S due diligence investigation, the BUYER may choose one of the following options within the inspection and due diligence period.

183 **DUE DILIGENCE PERIOD AND INSPECTION PERIOD:**

184 **If acceptance of this Agreement occurs, the BUYER shall have a Due Diligence and Inspection Period (hereinafter "DDI Period")**
185 **commencing on the first day after acceptance of this Agreement and expiring (# _____) calendar days**
186 **after commencement OR upon the date and time the BUYER'S Request to the SELLER is received as set forth in line 216 whichever is**
187 **earlier.** The SELLER agrees to provide the utilities for any due diligence and inspections and immediate access to the Property. The inspection
188 and due diligence period will be extended by the same number of days that the BUYER is not granted immediate access to the Property or all
189 utilities are not provided by the SELLER.

190
191 **Effect of BUYER'S Failure to Timely Provide Written Termination or BUYER'S Request:** Failure of the BUYER to timely provide written
192 notice of termination or a written BUYER'S Request as described in lines ~~202~~ through ~~250~~ below prior to the expiration of the DDI Period shall
193 be deemed as acceptance by the BUYER of the Property's current condition.

194
195 **DDI Period Activities:** During the inspection and due diligence period the BUYER may, at the BUYER'S expense, have any inspections made
196 by experts or others of his choosing. Such physical inspections may include, but are not limited to, inspections for termites and other wood

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197 destroying insects, and/or damage from same, molds, and fungi hazards, and analysis of synthetic stucco, drywall, appliances, structures,
198 foundations, roof, heating, cooling, electrical, plumbing systems, utility and sewer, including but not limited to septic tanks and pump grinder
199 systems availability and condition, out-buildings, and square footage. Other due diligence by the BUYER may include, but is not limited to
200 investigation into the Property's school district, insurability, flood zone classifications, current zoning and/or subdivision restrictive covenants
201 and any items addressed in the SELLER'S Property Disclosure Document. All testing shall be nondestructive testing.

202 **BUYER'S OPTIONS PRIOR TO THE EXPIRATION OF THE DDI PERIOD:** If the BUYER is not satisfied with the condition of the Property or
203 the results of the BUYER'S due diligence or investigation, the BUYER may choose one of the following options prior to the expiration of the DDI
204 Period.

205 **OPTION 1:**

206 A. The BUYER may elect, in writing, to terminate the Agreement and declare the Agreement null and void ~~or~~.

207
208 **Effect of the BUYER'S Termination the Agreement pursuant to Option 1:** If the BUYER elects to terminate this Agreement in writing, the
209 Agreement shall be automatically ipso facto null and void with no further action required by either party except for return of Deposit to the
210 BUYER.

211 **OPTION 2:**

212 A. The BUYER may present a single, complete written list to the Seller of the deficiencies and desired remedies ("BUYER'S Request").

213 B. **If the BUYER selects Option 2, the following process shall apply:**

214 1. (a) **SELLER'S Response to BUYER'S Request:** If provided a BUYER'S REQUEST, the SELLER shall respond in writing as to
215 the SELLER'S willingness to or refusal to remedy any deficiencies identified in the BUYER'S Request. Seller's written response shall
216 be provided to the BUYER **within 72 hours** of receipt of the BUYER'S Request ("SELLER'S Response").

217 (b) **Effect of SELLER'S Failure to Timely Respond to the BUYER'S Request:** If the SELLER fails to timely respond to the
218 BUYER'S Request in writing within the required time frame, then the BUYER shall have **72 hours** from when the SELLER'S Response
219 was due to notify the SELLER in writing that the BUYER will:

- 220 (i) accept the Property in its current condition; or
- 221 (ii) elect to terminate this Agreement.

222 (c) **Effect of the BUYER'S Failure to Timely Respond to SELLER'S Failure to Timely Respond:** If the BUYER fails to provide
223 this notice (lines 224 through 229) in writing within the required time frame, the Agreement shall be automatically, with no further action
224 required by either party, ipso facto null and void except for return of Deposit to the BUYER.

225 2. (a) **BUYER'S Response to SELLER'S Response:** Should the SELLER in the SELLER'S Response refuse to remedy any or
226 all the deficiencies listed by the BUYER, then the BUYER shall have **72 hours** from receipt of the SELLER'S Response or **72 hours**
227 from the date that the SELLER'S Response was due, whichever is earlier, to take one of the following actions ("BUYER'S Response").
228 The BUYER'S Response shall be provided to the SELLER in writing.

- 229 (i) accept the SELLER'S Response to the BUYER'S Request, or
- 230 (ii) accept the Property in its current condition, or
- 231 (iii) to elect to terminate this Agreement in writing which shall automatically make the Agreement ipso facto null and void with no
232 further action required by either party except for the return of Deposit to the BUYER.

233 (b) **Effect of BUYER'S Failure to Timely Respond to SELLER'S Response:** If the BUYER fails to respond to the SELLER'S
234 Response within the time specified, then the Agreement shall be automatically, with no further action required by either party, ipso
235 facto null and void except for return of Deposit to the BUYER.

236 **Upon receipt of the written BUYER'S Response to the SELLER'S Response, the SELLER shall not be required to remedy any additional**
237 **deficiencies requested by the BUYER unless the parties enter into an additional agreement in writing.**

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~~Option 1: The BUYER may elect, in writing, to terminate the Agreement and declare the Agreement null and void; or
Option 2: The BUYER may indicate in writing the deficiencies and desired remedies and the SELLER will within seventy two (72) hours respond in writing as to the SELLER'S willingness to remedy these deficiencies ("SELLER'S Response").~~

~~Should the SELLER in the SELLER'S Response refuse to remedy any or all of the deficiencies listed by the BUYER, then the BUYER shall have seventy two (72) hours from the date of the SELLER'S Response or seventy two (72) hours from the date that the SELLER'S Response was due, whichever is earlier, to: (a) accept the SELLER'S Response to the BUYER'S written requests or (b) accept the Property in its current condition, or (c) to elect to terminate this Agreement. The BUYER'S response shall be in writing. Upon the BUYER'S failure to respond to the SELLER'S Response by the time specified or the BUYER'S electing, in writing, to terminate this Agreement, the Agreement shall be automatically, with no further action required by either party, ipso facto null and void except for return of Deposit to the BUYER.~~

~~FAILURE TO GIVE WRITTEN NOTICE OF EITHER TERMINATION OR DEFICIENCIES AND DESIRED REMEDIES TO THE SELLER (OR THE SELLER'S DESIGNATED AGENT) AS SET FORTH IN LINES 141 THROUGH 149, WITHIN THE INSPECTION AND DUE DILIGENCE PERIOD SHALL BE DEEMED AS ACCEPTANCE BY THE BUYER OF THE PROPERTY'S CURRENT CONDITION.~~

251 **PRIVATE WATER/SEWERAGE:**

252
253 There is/are _____ (# _____) private water system(s) servicing only the primary residence, and the attached private
254 Septic/Water Addendum inspections shall include only the system(s) supplying service to the primary residence.

255
256 There is/are _____ (# _____) private septic treatment system(s) servicing only the primary residence and the attached private
257 Septic/Water Addendum inspections shall include only those systems supplying service to the primary residence.

258
259 There is NO private septic/treatment system(s) servicing only the primary residence.

260
261 There is NO private water system(s) servicing only the primary residence.

262
263 **HOME SERVICE/WARRANTY:**

264 A home service/warranty plan will / will not be purchased at the closing of sale at a cost not to exceed
265 (\$ _____) to be paid by the BUYER / the SELLER. Home Service Warranty will be
266 ordered by _____.

~~It is understood that the Agent/Broker may receive compensation from the home warranty company for actual services performed.~~
267 The home service warranty plan does not warrant pre-existing defects and options, and does not supersede or replace any other inspection
268 clause or responsibilities. If neither the BUYER nor the SELLER accepts the home service warranty plan, they declare that they have been made
269 aware of the existence of such a plan, and further declare that they hold the Broker and Agents harmless from any responsibility or liability due
270 to their rejection of such a plan.

271
272 **WARRANTY OR AS IS CLAUSE WITH WAIVER OF RIGHT OF REDHIBITION: (CHECK ONE ONLY)**

273
274 A. SALE WITH WARRANTIES: The SELLER and the BUYER acknowledge that this sale shall be with full SELLER warranties as to any
275 claims or causes of action including but not limited to redhibition pursuant to Louisiana Civil Code Article 2520, et seq. ~~and Article 2541, et seq.~~

276
277 B. SALE "AS IS" WITHOUT WARRANTIES: The SELLER and the BUYER hereby acknowledge and recognize that the Property being sold
278 and purchased is to be transferred in "as is" condition and further the BUYER does hereby waive, relieve and release the SELLER from any
279 claims or causes of action for redhibition pursuant to Louisiana Civil Code Article 2520, et seq. and Article 2541, et seq. or for reduction of Sale
280 Price pursuant to Louisiana Civil Code Article 2541, et seq. Additionally, the BUYER acknowledges that this sale is made without warranty of
281 fitness for ordinary or particular use pursuant to Louisiana Civil Code Article 2524. The SELLER and the BUYER agree that this clause shall be
282 made a part of the Act of Sale.

283
284 C. NEW HOME WARRANTIES. Notwithstanding lines ~~233-274~~ through ~~233-232~~ and irrespective of whether A or B above is checked, if the
285 Property is a new construction, the parties agree that neither A or B will apply but instead the provisions of the New Home Warranty Act (LA R.S.
286 9:3141 et seq.) shall apply. The warranty of condition of this Property is governed by the New Home Warranty Act if a home on the Property is
287 a "home" as defined in the New Home Warranty Act.

288
289 **MERCHANTABLE TITLE/CURATIVE WORK:** The SELLER shall deliver to the BUYER a merchantable title at the SELLER'S costs (see lines
290 ~~244-94~~ through ~~246100~~). In the event curative work in connection with the title to the Property is required or is a requirement for obtaining the

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291 loan(s) upon which this Agreement is conditioned, the parties agree to and do extend the date for passing the Act of Sale to a date not more
292 than _____ (#) calendar days from the date of the Act of Sale stated herein. The SELLER'S title shall be merchantable and free of all
293 liens and encumbrances except those that can be satisfied at Act of Sale. All costs and fees required to make title merchantable shall be paid
294 by the SELLER. The SELLER shall make good faith efforts to deliver merchantable title. The SELLER'S inability to deliver merchantable title
295 within the time stipulated herein shall render this Agreement null and void, reserving unto the BUYER the right to demand the return of the
296 Deposit and to recover from the SELLER actual costs incurred in processing of sale as well as legal fees incurred by the BUYER.

297
298 **FINAL WALK THROUGH:** The BUYER shall have the right to re-inspect the Property within five calendar days prior to the Act of Sale, or
299 occupancy, whichever will occur first in order to determine if the Property is in the same or better condition as it was at the initial inspection(s)
300 and to insure all agreed upon repairs have been completed. The SELLER agrees to provide utilities for the final walk through and immediate
301 access to the Property.

302 **DEFAULT OF AGREEMENT BY THE SELLER:** In the event of any default of this Agreement by the SELLER, the BUYER shall at the BUYER'S
303 option have the right to declare this Agreement null and void with no further demand, or to demand and/or sue for any of the following:

- 304
305 1) Termination of this Agreement;
306 2) Specific performance;
307 3) Termination of this Agreement and an amount equal to 10% of the Sale Price as stipulated damages.

308
309 Further, the BUYER shall be entitled to the return of the Deposit. The prevailing party to any litigation brought to enforce any provision of this
310 Agreement shall be awarded their attorney fees and costs. The SELLER may also be liable for Broker fees.

311
312 **DEFAULT OF AGREEMENT BY BUYER:** In the event of any default of this Agreement by the BUYER, the SELLER shall have at the SELLER'S
313 option the right to declare this Agreement null and void with no further demand, or to demand and sue for any of the following:

- 314
315 1) Termination of this Agreement;
316 2) Specific performance;
317 3) Termination of this Agreement and an amount equal to 10% of the Sale Price as stipulated damages.

318
319 Further, the SELLER shall be entitled to retain the Deposit. The prevailing party to any litigation brought to enforce any provision of this Agreement
320 shall be awarded their attorney fees and costs. The BUYER may also be liable for Broker fees.

321
322 **MOLD RELATED HAZARDS NOTICE:** An informational pamphlet regarding common mold related hazards that can affect real property is
323 available at the EPA website <http://www.epa.gov/iag/molds/index.html>. By initialing this page of the Agreement, the BUYER acknowledges that
324 the real estate agent has provided the BUYER with the EPA website enabling the BUYER to obtain information regarding common mold related
325 hazards.

326
327 **OFFENDER NOTIFICATION:** The Louisiana State Police maintains the State Sex Offender and Child Predator Registry through the Louisiana
328 Bureau of Criminal Identification and Information. It is a public access database of the locations of individuals who are required to register
329 pursuant to LA R.S. 15:540, et seq. The website for the database is <http://www.lsp.org/soc/pr/default.html>. Sheriff and police departments serving
330 jurisdictions of 450,000 also maintain such information. Inquiries can be made by phone at 1-800-858-0551 or 1-225-925-6100. Send written
331 inquiries to Post Office Box 66614, Box A-6, Baton Rouge, Louisiana 70896.

332
333 **FLOOD HAZARD INFORMATION:** An informational website regarding flood hazards that can affect real property is available at the FEMA
334 website <https://msc.fema.gov/portal>.

335
336 **CHOICE OF LAW:** This Agreement shall be governed by and shall be interpreted in accordance with the laws of the State of Louisiana.

337
338 **DEADLINES:** TIME IS OF THE ESSENCE and all deadlines are final, except where modifications, changes, or extensions are made in writing
339 and signed by all parties to this Agreement. All "calendar days" as used in this Agreement or as set forth in this Agreement shall end at 11:59
340 p.m. in Louisiana.

341
342 **ADDITIONAL TERMS AND CONDITIONS:**

343
344
345

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353 **ROLES OF BROKERS AND DESIGNATED AGENTS:** Broker(s) and Designated Agent(s) have acted only as real estate brokers to bring the
354 parties together and make no warranty to either party for performance or non-performance of any part of this Agreement or for any warranty of
355 any nature unless specifically set forth in writing.

356 Broker(s) and Designated Agent(s) make no warranty or other assurances whatsoever concerning Property measurements, square footage,
357 room dimensions, lot size, Property lines or boundaries. Broker(s) and Designated Agent(s) make no representations as to suitability or to a
358 particular use of the Property, and the BUYER has or will independently investigate all conditions and characteristics of the Property which are
359 important to the BUYER. The BUYER is not relying on the Broker or the Designated Agent(s) to choose a representative to inspect or re-inspect
360 the Property; the BUYER understands any representative desired by the BUYER may perform this function. In the event Broker/Agent(s) provides
361 names or sources for such advice or assistance, Broker/Agent(s) does not warrant the services of such experts or their products and cannot
362 warrant the condition of Property or interest to be acquired or guarantee that all defects are disclosed by the SELLER(S). Broker/Agent(s) do not
363 investigate the status of permits, zoning, code compliance, restrictive covenants, or insurability. The Broker(s) and Designated Agent(s)
364 specifically make no warranty whatsoever as to whether or not the Property is situated in or out of the Government's hundred-year flood plan or
365 is or would be classified as wetlands by the U.S. Army Corps of Engineers, or as to the presence of wood destroying insects or damage there
366 from. The BUYER(S) are to satisfy themselves concerning these issues. Designated Agent shall be an independent contractor for Broker if the
367 conditions as set forth in LA R.S. 37:1446(h) are met.
368

369 **LIST ADDENDA TO BE ATTACHED AND MADE A PART OF THIS AGREEMENT:**

- | | |
|--|--|
| <input type="checkbox"/> Contingency for Sale of the BUYER'S Other Property Addendum | <input type="checkbox"/> Private Water/Sewerage Addendum |
| <input type="checkbox"/> Condominium Addendum | <input type="checkbox"/> Deposit Addendum |
| <input type="checkbox"/> FHA Amendatory Clause | <input type="checkbox"/> _____ |
| <input type="checkbox"/> New Construction Addendum | <input type="checkbox"/> _____ |

376 If any of the pre-printed portions of this Agreement vary or are in conflict with any additional or modified terms on blanks provided in this form or
377 Addendum attached to this Agreement, the additional, modified or Addendum provisions control.
378

379 **SINGULAR – PLURAL USE:** Wherever the word BUYER or the word SELLER occurs in this Agreement or is referred to, the same shall be
380 construed as singular or plural, masculine or feminine or neuter, as the case may be.
381

382 **ACCEPTANCE:** Acceptance of this Agreement must be in writing. This agreement may be executed by use of electronic signatures, in
383 accordance with the Louisiana Uniform Electronic Transaction Act. The original of this Agreement shall be delivered to the listing Broker's firm.
384 This Agreement and any supplement addendum or modification relating hereto, including any photocopy, facsimile or electronic transmission
385 thereof, may be executed in two or more counterparts, all of which shall constitute one and the same Agreement.
386

387 **NOTICES AND OTHER COMMUNICATIONS:** All notices, requests, claims, demands, and other communications related to or required by this
388 Agreement shall be in writing. Notices permitted or required to be given (excluding service of process) shall be deemed sufficient if delivered by
389 (a) mail, (b) hand delivery, (c) overnight delivery, (d) facsimile, (e) email, or (f) other e-signature transmissions addressed to the respective
390 addresses of the parties as ~~(a) written on the first page of this Agreement, (b) as designated below on lines 361 through 370, or (c) or~~ (c) at such
391 other addresses as the respective parties may designate by written notice.
392

~~The BUYER and SELLER agree the use of electronic documents and digital signatures is acceptable and will be treated as originals of the signatures and documents transmitted in the above referenced real estate transaction. Specifically, the BUYER and SELLER consent to the use of electronic documents, the electronic transmission of documents, and the use of electronic signatures pertaining to this Agreement, and any supplement addendum or modification relating thereto, including but not limited to any notices, requests, claims, demands and other communications as set forth in the Agreement.~~

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~~The BUYER further authorizes his or her agent to electronically deliver notices and other communications to the email address he or she provided to his or her agent. Furthermore, the Buyer authorizes the Seller's agent to electronically deliver notices and communications to be delivered to the following address:~~

~~BUYER's Agent email address (cc) _____~~

~~The SELLER further authorizes his or her agent to electronically deliver notices and other communications to the email address he or she provide to his or her agent. Furthermore, the Seller authorizes the Buyer's agent to electronically deliver notices and communications to be delivered to the following address:~~

~~SELLER's Agent email address (cc) _____~~

~~The authorization contained in this Section is not an authorization for the Buyer's agent to communicate directly with the Seller or a Seller's agent to communicate directly with the Buyer.~~

393 **CONTRACT:** This is a legally binding contract when signed by both the SELLER and the BUYER. READ IT CAREFULLY. If you do not
394 understand the effect of any part of this Agreement seek legal advice before signing this contract or attempting to enforce any obligation or
395 remedy provided herein.
396

397 **ENTIRE AGREEMENT:** This Agreement constitutes the entire Agreement between the parties, and any other agreements not incorporated
398 herein in writing are void and of no force and effect.

399 **EXPIRATION OF OFFER:**

400 This offer is binding and irrevocable until _____, 20__ at ____ AM PM NOON. The Acceptance of this offer
401 must be communicated to the offering party by the deadline stated on line 400 to be binding and effective.

X _____ X _____
 Buyer's ✓ Seller's Signature Buyer's ✓ Seller's Signature

X _____ X _____
 Buyer's ✓ Seller's Signature Buyer's ✓ Seller's Signature

Date/Time ~~AM~~ ~~PM~~ AM PM NOON Date/Time ~~AM~~ ~~PM~~ AM PM NOON

Print Buyer's/Seller's Full Name (First, Middle, Last) Print Buyer's/Seller's Full Name (First, Middle, Last)

This offer was presented to the ~~Seller~~ Buyer by Seller Buyer by _____

Day/Date/Time ~~AM~~ ~~PM~~ NOON AM PM NOON

This offer is: Accepted Rejected (without counter) Countered (See Attached Counter) by:

X _____ X _____
 Buyer's ✓ Seller's Signature Buyer's ✓ Seller's Signature

X _____ X _____
 Buyer's ✓ Seller's Signature Buyer's ✓ Seller's Signature

BUYER'S Initials BUYER'S Initials Page 10 of 10 SELLER'S Initials SELLER'S Initials
BUYER'S Initials BUYER'S Initials SELLER'S Initials SELLER'S Initials

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| | |
|--|--|
| Date/Time <input type="checkbox"/> AM <input type="checkbox"/> PM <input type="checkbox"/> NOON | Date/Time <input type="checkbox"/> AM <input type="checkbox"/> PM <input type="checkbox"/> NOON |
| Print Buyer's/Seller's Full Name (First, Middle, Last) | Print Buyer's/Seller's Full Name (First, Middle, Last) |
| This offer was presented to the <input type="checkbox"/> Seller <input type="checkbox"/> Buyer by <input type="checkbox"/> Seller <input type="checkbox"/> Buyer by | |
| Day/Date/ Time <input type="checkbox"/> AM <input type="checkbox"/> PM <input type="checkbox"/> NOON <input type="checkbox"/> AM <input type="checkbox"/> PM <input type="checkbox"/> NOON | |

This redline is intended to reflect the significant additions and deletions between the 2019 Louisiana Residential Agreement to Buy or Sell and the 2022 Louisiana Residential Agreement to Buy or Sell. This redline is not a word by word comparison of the two documents.



PROPERTY DISCLOSURE EXEMPTION FORM

In accordance with LSA-R.S. 9:3196-3200, a SELLER of residential real property must furnish BUYERS with a Property Disclosure Document. A complete copy of these statutes can be found at <http://www.legis.la.gov/>. The required Property Disclosure Document may be in the form promulgated by the Louisiana Real Estate Commission ("Commission") or in another form that contains substantially the same information. The Commission form can be found at www.lrec.gov.

WHO IS REQUIRED TO MAKE DISCLOSURE? ALL SELLERS are required to make written disclosure of known defects* regarding a property being transferred. A SELLER'S obligation to furnish a Property Disclosure Document applies to any transfer of any interest in residential real property, whether by sale, exchange, bond for deed, lease with option to purchase, etc. The following transfers are exempt from the requirement to provide a property disclosure document:

CHECK ALL THAT APPLY

- 1. Transfers ordered by a court, including but not limited to a transfer ordered by a court in the administration of an estate, a transfer pursuant to a writ of execution, a transfer by any foreclosure sale, a transfer by a trustee in bankruptcy, a transfer by eminent domain, and any transfer resulting from a decree of specific performance.
- 2. Transfers to a mortgagee by a mortgagor or successor in interest who is in default.
- 3. Transfers by a mortgagee who has acquired the residential real property at a sale conducted pursuant to a power of sale under a mortgage or a sale pursuant to decree of foreclosure, or who has acquired the residential property by a deed in lieu of foreclosure.
- 4. Transfers by a fiduciary in the course of administration of a decedent's estate, guardianship, conservatorship, or trust.
- 5. Transfers of newly constructed residential real property, which has never been occupied.
- 6. Transfers from one or more co-owners solely to one or more of the remaining co-owners.
- 7. Transfers from the succession executor or administrator pursuant to testate or intestate succession.
- 8. Transfers of residential real property that will be converted by the BUYER into a use other than residential use.
- 9. Transfers of residential real property to a spouse or relative in the line of consanguinity (blood line).
- 10. Transfers between spouses resulting from a judgment of divorce or a judgment of separate maintenance or from a property settlement agreement incidental to such a judgment.
- 11. Transfers or exchanges to or from any governmental entity.
- 12. Transfers from an entity that has acquired title or assignment of a real estate contract to a piece of residential real property to assist the prior owner in relocating, as long as the entity makes available to the BUYER a copy of the property disclosure statement, any inspection reports if any furnished to the entity by the prior owner, or both.
- 13. Transfers to an inter vivos trust.
- 14. Acts that, without additional consideration and without changing ownership or ownership interest, confirm, correct, modify, or supplement a deed or conveyance previously recorded.
- 15. NONE OF THE EXEMPTIONS ABOVE APPLY TO THE SELLER(S).

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

* Known defect or defect is a condition found within the property that was actually known by the SELLER and that results in one or all of the following:

- (a) It has a substantial adverse effect on the value of the property.
- (b) It significantly impairs the health or safety of future occupants of the property.
- (c) If not repaired, removed, or replaced, significantly shortens the expected normal life of the property.

CHECK ONE BOX

SELLER claims that he/she is exempt from filling out the Property Disclosure Document and declares that SELLER has no knowledge of known defects to the property. ~~SELLER is claiming exemption number(s) _____ above.~~

SELLER (sign) _____ (print) _____ Date _____ Time _____

SELLER (sign) _____ (print) _____ Date _____ Time _____

BUYER (sign) _____ (print) _____ Date _____ Time _____

BUYER (sign) _____ (print) _____ Date _____ Time _____

OR

SELLER has reviewed this Exemption page. SELLER does not claim any of the Exemptions listed on this page. Accordingly, SELLER will complete the Property Disclosure Form.

SELLER (sign) _____ (print) _____ Date _____ Time _____

SELLER (sign) _____ (print) _____ Date _____ Time _____

SELLER (sign) _____ (print) _____ Date _____ Time _____

SELLER (sign) _____ (print) _____ Date _____ Time _____

Received by:

BUYER (sign) _____ (print) _____ Date _____ Time _____

BUYER (sign) _____ (print) _____ Date _____ Time _____

BUYER (sign) _____ (print) _____ Date _____ Time _____

BUYER (sign) _____ (print) _____ Date _____ Time _____

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

PROPERTY DISCLOSURE DOCUMENT

In accordance with LSA-R.S. 9:3196-3200, a SELLER of residential real property must furnish BUYERS with a Property Disclosure Document. A complete copy of these statutes can be found at www.legis.la.gov. The required Property Disclosure Document may be in the form promulgated by the Louisiana Real Estate Commission ("Commission") or in another form that contains substantially the same information. The Commission form can be found at www.lrec.state.la.us.

RIGHTS OF BUYER AND CONSEQUENCES FOR FAILURE TO DISCLOSE: If the Property Disclosure Document is delivered after the BUYER makes an offer, the BUYER can terminate any resulting real estate contract or withdraw the offer for up to **72 hours** after receipt of the Property Disclosure Document. This termination or withdrawal will be without penalty to the BUYER and any deposit or earnest money must be promptly returned to the BUYER (despite any agreement to the contrary).

DUTIES OF REAL ESTATE LICENSEES AND CONSEQUENCES FOR FAILURE TO FULFILL SUCH DUTIES: Louisiana law requires real estate licensees to inform their clients of those clients' duties and rights in connection with the Property Disclosure Document. Failure to inform could subject the licensee to censure or suspension or revocation of their license, as well as fines. The licensee is not liable for any error, inaccuracy, or omission in a Property Disclosure Document, unless the licensee has actual knowledge of the error, inaccuracy, or omission by the SELLER.

KEY DEFINITIONS:

Residential real property or property is real property consisting of one or not more than four residential dwelling units, which are buildings or structures each of which are occupied or intended for occupancy as single-family residences.

Known defect or defect is a condition found within the property that was actually known by the SELLER and that results in one or all of the following:

- (a) It has a substantial adverse effect on the value of the property.
- (b) It significantly impairs the health or safety of future occupants of the property.
- (c) If not repaired, removed, or replaced, significantly shortens the expected normal life of the property.

OTHER IMPORTANT PROVISIONS OF THE LAW:

A Property Disclosure Document shall NOT be considered a warranty by the SELLER.

A Property Disclosure Document is for disclosure purposes only; it is not intended to be part of any contract between the SELLER and the BUYER.

The Property Disclosure Document may not be used as a substitute for any inspections or warranties that the BUYERS or SELLER may obtain.

Nothing in this law precludes the rights or duties of a BUYER to inspect the physical condition of the property.

The SELLER shall not be liable for any error, inaccuracy, or omission, of any information required to be delivered to the BUYERS if the error, inaccuracy, or omission, was not a willful misrepresentation, according to the best of the SELLER's information, knowledge and belief or was based on information provided by a public body or another person with a professional license or special knowledge, who provided a written or oral report or opinion that the SELLER reasonably believed to be correct and

BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____
BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

which was transmitted by the SELLER to the BUYER.

The following representations are made by the SELLER and NOT by any real estate licensee. It is not a substitute for any inspections or professional advice the BUYER may wish to obtain.

The following information is based only upon the SELLER's actual knowledge of the property. The SELLER can only disclose what the SELLER actually knows. The SELLER may not know about all material or significant items affecting

Y = Yes N = No NK = No Knowledge

SECTION 1: LAND

- (1) What is the length of ownership of the property by the SELLER?
(2) Lot size or acres
(3) Are you aware of any servitudes/encroachments regarding the property...
(4) Are you aware of any rights vested in others? Check all that apply and explain at the end of this section.
(5) Has any part of the property been determined to be or pending determination as a wetland by the United States Army Corps of Engineers under §404 of the Clean Water Act?

If yes, documentation is shall be attached and become a part of this Property Disclosure Document.

The Clean Water Act is a federal law that protects the wetlands of the United States. Section 404 of the Act contains permit requirements for altering or building on property that has been determined a wetland by the Army Corps of Engineers.

- (6) Has any flooding, water intrusion, accumulation, or drainage problem been experienced with respect to the land:
(a) during the time the SELLER owned the property?
(b) prior to the time the SELLER owned the property?
(7) What is/are the flood zone classification(s) of the property? What is the source and date of this information? Check all that apply.

BUYER'S Initials: BUYER'S Initials: SELLER'S Initials: SELLER'S Initials:
BUYER'S Initials: BUYER'S Initials: SELLER'S Initials: SELLER'S Initials:

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

Question Number Explanation of "Yes" answers Additional sheet is attached

SECTION 2: TERMITES, WOOD-DESTROYING INSECTS AND ORGANISMS

- ~~(6)~~ ~~(8)~~ Has the property ever had termites or other wood-destroying insects or organisms?
 (a) during the time the SELLER owned the property? Y N
 (b) prior to the time the SELLER owned the property? Y N NK
 (c) Was there any damage to the property? Y NK
 (d) Was the damage repaired? Y NK

- ~~(7)~~ ~~(9)~~ If the property is currently under a termite contract provide the following:
 (a) Name of company _____
 (b) Date contract expires _____
 (c) List any structures not covered by contract _____

Question Number Explanation of "Yes" answers Additional sheet is attached

SECTION 3: STRUCTURE(S)

- ~~(8)~~ ~~(10)~~ What is the approximate age of all structures on property? Main structure _____
 Other structures _____

- ~~(9)~~ ~~(11)~~ Have there been any additions or alterations made to the structures during the time the SELLER owned the property? Y N
 If yes, were the necessary permits and inspections obtained for all additions or alterations? Y N NK

- ~~(10)~~ ~~(12)~~ What is the approximate age of the roof of each structure? Main structure _____
 Other structures _____

~~(11)~~ ~~(13)~~ Are you aware of any defects regarding the following? Check all that apply and if yes, explain at the end of this section.

- | | | | | |
|----------------|---|-------------------|----------------------------|----------------------------|
| Roof | <input type="checkbox"/> Y <input type="checkbox"/> N | Irrigation system | <input type="checkbox"/> Y | <input type="checkbox"/> N |
| Interior walls | <input type="checkbox"/> Y <input type="checkbox"/> N | Ceilings | <input type="checkbox"/> Y | <input type="checkbox"/> N |
| Floor | <input type="checkbox"/> Y <input type="checkbox"/> N | Exterior walls | <input type="checkbox"/> Y | <input type="checkbox"/> N |
| Attic spaces | <input type="checkbox"/> Y <input type="checkbox"/> N | Foundation | <input type="checkbox"/> Y | <input type="checkbox"/> N |
| Porches | <input type="checkbox"/> Y <input type="checkbox"/> N | Basement | <input type="checkbox"/> Y | <input type="checkbox"/> N |

BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____
 BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

| | | | |
|-----------------|---|-------------|---|
| Steps/Stairways | <input type="checkbox"/> Y <input type="checkbox"/> N | Overhangs | <input type="checkbox"/> Y <input type="checkbox"/> N |
| Pool | <input type="checkbox"/> Y <input type="checkbox"/> N | Railings | <input type="checkbox"/> Y <input type="checkbox"/> N |
| Decks | <input type="checkbox"/> Y <input type="checkbox"/> N | Spa | <input type="checkbox"/> Y <input type="checkbox"/> N |
| Windows | <input type="checkbox"/> Y <input type="checkbox"/> N | Patios | <input type="checkbox"/> Y <input type="checkbox"/> N |
| | | Other _____ | <input type="checkbox"/> Y <input type="checkbox"/> N |

~~(14) Has any structure on the property ever flooded, by rising water or otherwise?~~
~~(a) during the time the SELLER owned the property? Y N~~
~~(b) prior to the time the SELLER owned the property? Y N NK~~
~~If yes, give the nature and frequency of the defect at the end of this section.~~
~~(15) Is there flood insurance on the property? Y N~~
~~— If Yes, attach a copy of the policy declarations page.~~
~~(16) Does SELLER have a flood elevation certificate that will be shared with BUYER? Y N NK~~

(12) ~~(17)~~ Has there ever been any property damage, including, but not limited to, fire, wind, hail, lightning, or other property damage, excluding flood damage referenced in Section 6?
 (a) during the time the SELLER owned the property? Y N NK
 (b) prior to the time the SELLER owned the property? Y N NK
 If yes, detail all property damages/defects and repair status at the end of this section.

(13) ~~(18)~~ Has there been any foundation repair?
 (a) during the time the SELLER owned the property? Y N NK
 (b) prior to the time the SELLER owned the property? Y N NK
 (c) Is there a transferable warranty available? Y N NK
 (d) If yes, provide the name of warranty company _____

(14) ~~(19)~~ Does the property contain exterior insulation and finish system (EIFS) or other synthetic stucco? Y N NK

| Question Number | Explanation of "Yes" answers | <input type="checkbox"/> Additional sheet is attached |
|-----------------|------------------------------|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

SELLER ~~must~~ shall complete and provide the "Disclosure on Lead-Based Paint and Lead-Based Paint Hazard Addendum" that is included with this property disclosure if any structure was built before 1978.

SECTION 4: PLUMBING, WATER, GAS, AND SEWAGE

(15) ~~(20)~~ Are you aware of any defects with the plumbing system?
 (a) during the time the SELLER owned the property? Y N NK
 (b) prior to the time the SELLER owned the property? Y N NK

BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____
 BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

- ~~(16)~~ ~~(21)~~ Are there any known defects with the water piping?
 (a) during the time the SELLER owned the property? Y N
 (b) prior to the time the SELLER owned the property? Y N NK
 (c) The water is supplied by: Municipality Private utility On-site system Shared well system None
 (d) How many private wells service the primary residence only? _____
 (e) If there are private wells, when was the water last tested? Date _____ Results _____
 (f) Are you aware of any polybutylene piping in the structure? Y N NK
- ~~(17)~~ ~~(22)~~ Is there gas service available to the property? Y N NK
 (a) If yes, what type? Butane Natural Propane
 (b) If yes, are there any known defects with the gas service? Y NK
 (c) If Butane or Propane, are tanks Owned or Leased
- ~~(18)~~ ~~(23)~~ Are there any known defects with any water heater?
 (a) during the time the SELLER owned the property? Y N
 (b) prior to the time the SELLER owned the property? Y N NK
- ~~(19)~~ ~~(24)~~ The sewerage service is supplied by: Municipality Community Other _____
 (a) How many private sewer systems service the primary residence only? _____
 (b) Is the property serviced by a pump grinder system? Y N NK

| Question Number | Explanation of "Yes" answers | <input type="checkbox"/> Additional sheet is attached |
|-----------------|------------------------------|---|
| | | |
| | | |
| | | |
| | | |

SELLER must shall attach a private water/sewage disclosure if the property described herein is not ~~serviced by a municipality waste treatment, connected to a community sewage system (i.e. any sewage system which serve multiple homes/connections) or is not connected to a water system regulated by the Louisiana Department of Health.~~

SECTION 5: ELECTRICAL, HEATING AND COOLING, APPLIANCES

- ~~(20)~~ ~~(25)~~ Are there any known defects with the electrical system?
 (a) during the time the SELLER owned the property? Y N
 (b) prior to the time the SELLER owned the property? Y N NK
 (c) Are you aware of any aluminum wiring in the structure? Y N NK
- ~~(21)~~ ~~(26)~~ Are there any known defects with the heating or cooling systems?
 (a) during the time the SELLER owned the property? Y N
 (b) prior to the time the SELLER owned the property? Y N NK
- ~~(22)~~ ~~(27)~~ If a fireplace(s) exists, is it working? Y N NK

BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____
 BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

(23) (28) Are there any known defects in any permanently installed or built-in appliances?
(a) during the time the SELLER owned the property?
(b) prior to the time the SELLER owned the property?

(24) (29) What type of alarm security system is installed? (check all that apply)
(a) None Security Alarm Fire Audio/Video surveillance
(b) Are they the above security systems Leased or Owned

Table with 2 columns: Question Number, Explanation of "Yes" answers. Includes a checkbox for 'Additional sheet is attached'.

SECTION 6: FLOOD, FLOOD ASSISTANCE, AND FLOOD INSURANCE

(25) (6) Has any flooding, water intrusion, accumulation, or drainage problem been experienced with respect to the land?
(a) during the time the SELLER owned the property?
(b) prior to the time the SELLER owned the property?

(26) (14) Has any structure on the property ever flooded, by rising water, water intrusion or otherwise?
(a) during the time the SELLER owned the property?
(b) prior to the time the SELLER owned the property?

(27) (7) What is/are the flood zone classification(s) of the property? What is the source and date of this information?
Check all that apply.
Survey/Date Elevation Certificate/Date Other/Date
FEMA Flood Map - https://msc.fema.gov/portal
https://www.floodsmart.gov/flood-map-zone/find-yours
Other (please provide)

(28) SPECIAL FLOOD HAZARD AREAS. If the property is located within a designated special flood hazard area on a map prepared by the Federal Emergency Management Agency, the federal law, i.e., (42 U.S.C. § 4104a, et seq.), mandates that prospective purchasers be advised that flood insurance may be required as a condition of obtaining financing. Is the property within a designated special flood hazard area?

(29) (15) Is there flood insurance on the property?
IF YES, A COPY OF THE POLICY DECLARATIONS PAGE SHALL BE ATTACHED AND BECOME PART OF THIS PROPERTY DISCLOSURE DOCUMENT.

PRIVATE FLOOD INSURANCE

(30) (16) Does SELLER have a flood elevation certificate that will be shared with BUYER?
(31) Has the SELLER made a private flood insurance claim for this property?

BUYER'S Initials: BUYER'S Initials: SELLER'S Initials: SELLER'S Initials:
BUYER'S Initials: BUYER'S Initials: SELLER'S Initials: SELLER'S Initials:

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

(a) If YES, was the claim approved? Y N NK

(b) If YES, what was the amount received?

(32) Did the previous owner make a private flood insurance claim for this property? Y N NK

(a) If YES, was claim approved? Y N NK

(b) If YES, what was the amount received? Y N NK

NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

(33) Has the SELLER made a NFIP claim for this property?

(a) If YES, was the claim approved? Y N NK

(b) If YES, what was the amount received?

(34) Did the previous owner make a NFIP for this property?

(a) If YES, was the claim approved? Y N NK

(b) If YES, what was the amount received?

FEDERAL DISASTER ASSISTANCE

(35) FLOOD DISASTER INSURANCE. If the SELLER or previous owner has previously received federal flood disaster assistance and such assistance was conditioned upon obtaining and maintaining flood insurance on the property, federal law, i.e., 42 U.S.C. § 5154a, mandates that prospective purchasers be advised that they will be required to maintain insurance on the property and that if insurance is not maintained and the property is thereafter damaged by a flood disaster, the purchaser may not be eligible for additional Federal flood disaster assistance. To the best of the SELLER's knowledge, has federal flood disaster assistance been previously received with regard to the property? Y N NK

(a) If YES, from which federal agency (e.g., FEMA, SBA)?

(b) If YES, what was the amount received?

(c) If YES, what was the purpose of the assistance (e.g., elevation, mitigation, restoration)?

ROAD HOME PROGRAM

(36) Was SELLER a recipient of a Road Home grant? Y N NK

(37) Was a previous owner of the property a recipient of a Road Home grant? Y N NK

If YES, complete (a) - (c.) below.

(a) Is the property subject to the Road Home Declaration of Covenants Running with the Land or other requirements to obtain and maintain flood insurance on the property? Y N NK

(b) If YES, attach a copy of the Road Home Program Declaration of Covenants other requirements to obtain and maintain flood insurance on the property.

(c) 45(a) Has SELLER OR PREVIOUS OWNER(S) personally assumed any terms of the Road Home Program Grant Agreement? Y N NK

Question Number Explanation of "Yes" answers Additional sheet is attached

BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____
BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

SECTION 67: MISCELLANEOUS

~~(38)~~ ~~(30)~~ Are you aware of any building restrictions or restrictive covenants which may provide for restrictions as to the use of the property or as to the type of construction or materials to be used in the construction of any of structure on the property? Y N

~~(39)~~ ~~(31)~~ What is the zoning of the property?

Has it ever been zoned for commercial or industrial? Y NK

~~(40)~~ ~~(32)~~ Is the property located in an historic district? Y N NK
If yes, which historic district? _____ (See attached disclosure)

~~(41)~~ ~~(33)~~ Are you aware of any conflict with current usage of the property
—and any zoning, building, and/or safety restrictions? Y N

~~(42)~~ ~~(34)~~ Are you aware of any current governmental liens or taxes owing on the property? Y N

~~(43)~~ ~~(35)~~ Is membership in a homeowners' association (HOA), condominium owners' association (COA), or property owners' association (POA) required as the result of owning this property? Y N

(a) Are any HOA, COA, or POA dues required? Y N

If yes, what is the amount? \$ _____ per _____

(b) Are there any current or pending special assessments? Y N NK

If yes, what is the amount? \$ _____ per _____

~~(c)~~ Provide contact information (name, e-mail or phone number) for HOA, COA or POA.

Any information contained in this property disclosure regarding homeowners' associations (HOA), condominium owners' associations (COA), or property owners' associations (POA) is summary in nature. The covenants and association governing documents are a matter of public record and can be obtained from the conveyance records on file at the Clerk of Court in the parish where the property is located.

~~(44)~~ ~~(36)~~ Are the streets accessing the property Private Public NK

~~(45)~~ ~~(37)~~ Is there a homestead exemption in effect? Y N NK

~~(46)~~ ~~(38)~~ Is there any pending litigation regarding the property not previously disclosed in this document? Y N NK

~~(47)~~ ~~(39)~~ Has an animal or pet ever inhabited the structure?
(a) during the time the SELLER owned the property? Y N
(b) prior to the time the SELLER owned the property? Y N NK

BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____
BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____

RPDD Rev. 1/1/2001/01/22 ~~BUYER'S Initials~~ ~~SELLER'S Initials~~

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PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

~~(48)~~ ~~(40)~~ Does the property or any of its structures contain any of the following? Check all that apply and provide additional details at the end of this section.

- | | | | |
|---------------------------------------|---|------------------------|---|
| Asbestos | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK | Formaldehyde | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| Radon gas | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK | Chemical storage tanks | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| Contaminated soil | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK | Contaminated water | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| Hazardous waste | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK | Toxic Mold | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| Mold/Mildew | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK | Electromagnetic fields | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| Contaminated drywall/sheetrock | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK | Contaminated flooring | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK |
| Other adverse materials or conditions | <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NK | | |

~~(49)~~ ~~(41)~~ Is there or has there ever been an illegal laboratory for the production or manufacturing of methamphetamine in operation on the property? Y N NK

~~(50)~~ ~~(42)~~ Is there a cavity created within a salt stock by dissolution with water underneath the property? Y N NK

~~(51)~~ ~~(43)~~ Is there a solution mining injection well within 2640 feet (1/2 mile) of the property? Y N NK

~~(52)~~ ~~(44)~~ Are there any solar panels on the property? Y N NK

If yes, are they: Leased Owned Removable Monthly Payment Amount _____

~~(45)~~ Was SELLER and/or previous owner a recipient of any of the following: NK

- Road Home grant \$ _____ (amount received)
- FEMA \$ _____ (amount received)
- SBA \$ _____ (amount received)
- Other Federal disaster flood assistance \$ _____ (amount received)

~~i.f YES, complete (a) – (e) below.~~

~~(a) Is the property subject to the Road Home Declaration of Covenants Running with the Land or other requirements to obtain and maintain flood insurance on the property? Y NK~~

~~(b) If YES, attach a copy of the Road Home Program Declaration of Covenants other requirements to obtain and maintain flood insurance on the property. _____~~

~~(c) Has SELLER personally assumed any terms of the Road Home Program Grant Agreement? Y NK~~

~~(d) Has the SELLER been a recipient of any elevation grants for this property? Y N~~

~~i.f YES, what is the amount received? _____~~

~~(e) Was the previous owner of the property a recipient of any elevation grants for this property? Y N NK~~

~~i.f YES, what was the amount received? _____~~

| Question Number | Explanation of "Yes" answers <input type="checkbox"/> Additional sheet is attached |
|-----------------|--|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____
 BUYER'S Initials: _____ BUYER'S Initials: _____ SELLER'S Initials: _____ SELLER'S Initials: _____

PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

BUYER'S Initials: BUYER'S Initials: SELLER'S Initials: SELLER'S Initials:
BUYER'S Initials: BUYER'S Initials: SELLER'S Initials: SELLER'S Initials:

RPDD Rev. ~~1/1/2001~~01/22 ~~BUYER'S Initials~~ ~~SELLER'S Initials~~

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PROPERTY DESCRIPTION (ADDRESS, CITY, STATE ZIP)

PROPERTY DISCLOSURE DOCUMENT ACKNOWLEDGEMENTS

All SELLERS are required to make written disclosure of known defects regarding a property being transferred. I/We attest that the above statements and explanations have been provided by me/us and are true and correct to the best of my/our knowledge. (If either party is represented by a real estate licensee, your signature below acknowledges that you have been informed of your duties and rights under LSA-R.S. 9:3196-3200 and have read and understand the informational statement.)

Seller(s) acknowledge(s) that the information contained herein is current as of the date shown below.

SELLER (sign) _____ (print) _____
Date _____ Time _____

SELLER (sign) _____ (print) _____
Date _____ Time _____

SELLER (sign) _____ (print) _____
Date _____ Time _____

SELLER (sign) _____ (print) _____
Date _____ Time _____

Buyer(s) signing below acknowledge(s) receipt of this property disclosure.

BUYER (sign) _____ (print) _____
Date _____ Time _____

BUYER (sign) _____ (print) _____
Date _____ Time _____

BUYER (sign) _____ (print) _____
Date _____ Time _____

BUYER (sign) _____ (print) _____
Date _____ Time _____

This redline is intended to reflect the significant additions and deletions between the 2020 Property Disclosure Document and the 2022 Property Disclosure Document. This redline is not a word by word comparison of the two documents.



DISCLOSURE AND CONSENT TO DUAL AGENT DESIGNATED AGENCY



This document serves three purposes:

1. It discloses that a real estate licensee may potentially act as a disclosed dual agent who represents more than one party to the transaction.
2. It explains the concept of disclosed dual agency.
3. It seeks your consent to allow the real estate agent to act as a disclosed dual agent.

A licensee may legally act as a dual agent only with your consent. By choosing to sign this document, your consent to dual agency representation is presumed. Before signing this document, please read the following:

The undersigned designated agent(s) _____
(Insert name(s) of licensee(s) undertaking dual representation)

and any subsequent designated agent(s) may undertake a dual representation represent both the buyer (or lessee) and the seller (or lessor) for the sale or lease of property described as

(List address of property, if known)

The undersigned buyer (or lessee) and seller (or lessor) acknowledge that they were informed of the possibility of this type of representation. The licensee(s) will undertake this representation only with the written consent of ALL clients in the transaction.

Any agreement between the clients as to a final contract price and other terms is a result of negotiations between the clients acting in their own best interests and on their own behalf. The undersigned buyer (or lessee) and seller (or lessor) acknowledge that the licensee(s) has explained the implications of dual representation, including the risks involved. The undersigned buyer (or lessee) and seller (or lessor) acknowledge that they have been advised to seek independent advice from their advisors or attorneys before signing any documents in this transaction.

What A Licensee Can Do for Clients When Acting as A Dual Agent

- Treat all clients honestly.
- Provide information about the property to the buyer (or lessee).
- Disclose all latent material defects in the property that are known to the licensee(s).
- Disclose financial qualifications of the buyer (or lessee) to the seller (or lessor).
- Explain real estate terms.
- Help the buyer (or lessee) to arrange for property inspections.
- Explain closing costs and procedures.
- Help the buyer compare financing alternatives.
- Provide information about comparable properties that have sold so that both clients may make educated decisions on what price to accept or offer.

What A Licensee Cannot Disclose to Clients When Acting as A Dual Agent

- Confidential information that the licensee may know about the clients, without that client's permission.
- The price the seller (or lessor) will take other than the listing price without permission of the seller (or lessor).
- The price the buyer (or lessee) is willing to pay without permission of the buyer (or lessee).

You are not required to sign this document unless you want to allow the licensee(s) to proceed as a dual agent(s), representing BOTH the buyer (or lessee) and the seller (or lessor) in this transaction. If you do not want the licensee(s) to proceed as a dual agent(s) and do not want to sign this document, please inform the licensee(s).

By signing below, you acknowledge that you have read and understand this form and voluntarily consent to the licensee(s) acting as a dual agent(s), representing BOTH the buyer (or lessee) and the seller (or lessor) should that become necessary.

Buyer or Lessee

Date

Buyer or Lessee

Date

Licensee

Date

Seller or Lessor

Date

Seller or Lessor

Date

Licensee

Date