

Chapter REB 5

CONDUCT

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REB 5.01 Operation in subdivisions. (1) **APPLICABILITY.** The rules herein shall apply when a broker is selling lots in a subdivision encumbered with a mortgage or other lien or where the seller himself holds the land on land contract or option.

(2) **BROKER'S DUTY.** The broker shall make: (a) Arrangements that upon the payment of a specified sum individual lots can be released from any encumbrance or title obtained from the owner where only a land contract or option exists;

(b) Arrangements that the final payment on any contract for the sale of a lot of such subdivision shall become due and payable before any encumbrance shall become due and payable or before the expiration of the seller's land contract or option unless the first payments made by the purchaser shall immediately be used for the purpose of releasing the lot sold from any encumbrance or used for the purpose of obtaining title;

(c) Arrangements where a purchaser has paid to the vendor or seller on a land contract up to an amount where the balance due on said contract equals the amount required to release the mortgage or other lien on the lot or real estate included in said land contract, or to obtain title, that the remaining payments either shall be paid directly to the mortgagee, lien claimant, or owner of the fee, or shall be set up in a trust fund to release such encumbrance or obtain title by satisfying the terms of the land contract or option and such trust fund shall be maintained in such form that it is liquid at all times;

(d) Arrangements that at the time of sale the purchaser shall be fully and completely advised of the seller's interest in the land, of the existence of any encumbrance on the property in question and that the contract with the purchaser of the lot or other real estate shall state the amount of the encumbrance, the name of the holder of the encumbrance, and the terms upon which it can be released or title obtained.

REB 5.02 Delivery of the agreements. (1) **LISTING CONTRACT.** The broker or salesman shall leave with the owner of property an exact and complete copy of an agreement to list he has signed, at the time of signature.

(2) **OFFER TO PURCHASE.** The broker or salesman shall leave with a person offering to buy such property, an exact and complete copy of the offer to purchase which he had signed at the time of signature.

(3) **ACCEPTANCE.** The broker or salesman shall leave with a person accepting an offer to purchase, an exact and complete copy of the offer to purchase which he has accepted at the time of acceptance. When an offer to purchase has been signed by both buyers and sellers, a duplicate copy, thereof containing signature of both parties shall be promptly delivered to the buyers.

REB 5.03 Delivery of closing statements. The broker or salesman shall deliver to the seller and purchaser at the time of the closing of a transaction, wherein he acts as broker, a complete and detailed closing statement showing all the financial transaction relating to the sale and purchase of the property as their interest may appear. In cases where transactions are handled through escrow and the escrow holder renders a closing statement, it shall be the responsibility of the broker to see to it that the closing statement is complete and that copies thereof are delivered to buyer and seller. The broker shall retain true copies of such statements in his files for a period of at least 3 years after the date of the closing statement.

REB 5.04 Legal advice or services. (1) A real estate or business opportunity broker in transactions in which he is acting as a broker and incidental to his trade or business may use a standardized contract in a form prepared or approved by this board, or as set forth in section 235.16, Wis. Stats. Said broker may complete said forms by filling in the blank spaces to show the parties and the terms of the transaction. Said forms shall not, however, be prepared by a salesman.

(2) Real estate or business opportunity brokers, in transactions in which they are acting as a broker may use standardized forms, as set forth in subsection (1), of deeds, land contracts, leases, options, mortgages, assignments of mortgages and land contracts, releases of mortgages, chattel mortgages, bills of sale, conditional sales contracts and other instruments of a similar nature, provided, however, that such are appropriate and incidental to transactions in which they act as licensed brokers, and that said brokers receive no extra compensation for filling in or completing such forms. The brokers may not do so in any other transactions. Said forms shall not, however, be prepared by salesmen.

(3) Real estate, business opportunity or cemetery brokers and their salesmen may, in transactions in which they are acting as licensees of this board, use standardized forms, approved by this board or as set forth in section 235.16, Wis. Stats., of offer to purchase and listing contracts and may complete them by filling in the blank spaces to show the parties, descriptions and terms necessary.

(4) A licensee of this board may not make a separate charge for completing any standardized forms, or may not prepare such forms for persons in transactions in which they are not acting as a licensee, unless they are themselves one of the parties to the contract or instrument.

(5) At no time may a licensee of this board give advice or opinions as to the legal rights of the parties as to the legal effect of instruments to accomplish specific purposes or as to the validity of title to real estate; and they may not prepare reservations or provisions to create estates for life or in remainder or any limited or conditional estates or any other form of conveyance than a direct present conveyance between the parties as provided for in standardized approved forms to be effective upon delivery.

(6) Any licensee who violates the foregoing provisions of this rule shall be in violation of section 136.08 (2) (i), Wis. Stats., and deemed to be incompetent to act as a broker or salesman in such manner as to safeguard the interests of the public.

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