

2007 COLORADO REAL ESTATE COMMISSION
FORMS (For Use in 2008)

By

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I. INTRODUCTION

Legislation enacted this last legislative session required the Contract to Buy and Sell Real Estate to be revised again. This time the impetus was HB 07-1156 (Source of Water). The revised Contracts are mandatory January 1, 2008. Other changes are proposed as well.

A Rule Making Hearing is scheduled for August 7, 2007. It is also contemplated that the CREC will adopt revised forms at its August or September monthly meeting. This time table will allow as much time for the printers, computer forms software companies, brokers, etc. to have the revised forms in place to fulfill the mandatory January 1, 2008 deadline.

The following revised and new forms have been submitted for consideration to the Commission:

1. CBS1 Contract to Buy and Sell
2. CP40 Counter Proposal
3. AE41 Agreement to Amend/Extend
4. CL8 Closing Instructions
5. EM9 Earnest Money Receipt
8. FPA33 Foreclosure Property Addendum
9. LB36 Licensee Buyout Addendum
10. SWA35 Source of Water Addendum
11. SPD19 Seller's Property Disclosure
12. NTC43 Notice to Correct
11. Rule F-1 (Allowable Omissions)
12. Rule F-7 (Approved Forms)

II. NEW FORMS

NOTE: The proposed forms included in this material are current through June 24, 2007. The draft forms and proposed rules are also available electronically at: <http://www.dora.state.co.us/real-estate/rulemaking/index.htm>. Changes may occur to these draft forms before they are considered by the CREC and any adoption. Once the forms are adopted and available they will be posted at the Colorado Real Estate Commission's web site:

<http://www.dora.state.co.us/real-estate/>

A. Contract to Buy and Sell Real Estate (CBS)

As noted above, the impetus to revisiting the Contract to Buy and Sell this year was primarily due to legislation mandating the contract forms contain certain provisions.

1. H.B. 07-1156, Source of Water in "residential" properties mandates disclosure starting January 1, 2008 in the Commission approved forms. The pertinent provision states:

38-35.7-104. Disclosure of potable water source - rules.

(1) (a) (I) BY JANUARY 1, 2008, THE REAL ESTATE COMMISSION CREATED IN SECTION 12-61-105, C.R.S., SHALL, BY RULE, REQUIRE EACH LISTING CONTRACT, CONTRACT OF SALE, OR SELLER'S PROPERTY DISCLOSURE FOR RESIDENTIAL REAL PROPERTY THAT IS SUBJECT TO THE COMMISSION'S JURISDICTION PURSUANT TO ARTICLE 61 OF TITLE 12, C.R.S., TO DISCLOSE THE SOURCE OF POTABLE WATER FOR THE PROPERTY, WHICH DISCLOSURE SHALL INCLUDE SUBSTANTIALLY THE FOLLOWING INFORMATION:

THE SOURCE OF POTABLE WATER FOR THIS REAL ESTATE IS:

A WELL; A WATER PROVIDER, WHICH CAN BE CONTACTED AS FOLLOWS:

NAME: _____
ADDRESS: _____
WEB SITE: _____
TELEPHONE: _____

NEITHER A WELL NOR A WATER PROVIDER. THE SOURCE IS [DESCRIBE]: _____

SOME WATER PROVIDERS RELY, TO VARYING DEGREES, ON NONRENEWABLE GROUND WATER. YOU MAY WISH TO CONTACT YOUR PROVIDER TO DETERMINE THE LONG-TERM SUFFICIENCY OF THE PROVIDER'S WATER SUPPLIES.

(II) ON AND AFTER JANUARY 1, 2008, EACH LISTING CONTRACT, CONTRACT OF SALE, OR SELLER'S PROPERTY DISCLOSURE FOR RESIDENTIAL REAL PROPERTY THAT IS NOT SUBJECT TO THE REAL ESTATE COMMISSION'S JURISDICTION PURSUANT TO ARTICLE 61 OF TITLE 12, C.R.S., SHALL CONTAIN A DISCLOSURE STATEMENT IN BOLD-FACED TYPE THAT IS CLEARLY LEGIBLE IN SUBSTANTIALLY THE SAME FORM AS IS SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

(b) IF THE DISCLOSURE STATEMENT REQUIRED BY PARAGRAPH (a) OF THIS SUBSECTION (1) INDICATES THAT THE SOURCE OF POTABLE WATER IS A WELL, THE SELLER SHALL ALSO PROVIDE WITH SUCH DISCLOSURE A COPY OF THE CURRENT WELL PERMIT IF ONE IS AVAILABLE.

(2) THE OBLIGATION TO PROVIDE THE DISCLOSURE SET FORTH IN SUBSECTION (1) OF THIS SECTION SHALL BE UPON THE SELLER. IF THE SELLER COMPLIES WITH THIS SECTION, THE PURCHASER SHALL NOT HAVE ANY CLAIM UNDER THIS SECTION FOR RELIEF AGAINST THE SELLER OR ANY PERSON LICENSED PURSUANT TO ARTICLE 61 OF TITLE 12, C.R.S., FOR ANY DAMAGES TO THE PURCHASER RESULTING FROM AN ALLEGED INADEQUACY OF THE PROPERTY'S SOURCE OF WATER. NOTHING IN THIS SECTION SHALL AFFECT ANY REMEDY THAT THE PURCHASER MAY OTHERWISE HAVE AGAINST THE SELLER.

(3) FOR PURPOSES OF THIS SECTION, "RESIDENTIAL REAL PROPERTY" MEANS RESIDENTIAL LAND AND RESIDENTIAL IMPROVEMENTS, AS THOSE TERMS ARE DEFINED IN SECTION 39-1-102, C.R.S., BUT DOES NOT INCLUDE HOTELS AND MOTELS, AS THOSE TERMS ARE DEFINED IN SECTION 39-1-102, C.R.S.; EXCEPT THAT A MOBILE HOME AND A MANUFACTURED HOME, AS THOSE TERMS ARE DEFINED IN SECTION 39-1-102, C.R.S., SHALL BE DEEMED TO BE

RESIDENTIAL REAL PROPERTY ONLY IF THE MOBILE HOME OR MANUFACTURED HOME IS PERMANENTLY AFFIXED TO A FOUNDATION.

Note the two triggering definitions of "Residential Real Property" and "Residential Land and Residential Improvements" from 39-1-102, C.R.S.:

(14.3) "**Residential improvements**" means a building, or that portion of a building, designed for use predominantly as a place of residency by a person, a family, or families. The term **includes** buildings, **structures**, fixtures, **fences**, amenities, and water rights which are an integral part of the residential use. The term also includes mobile homes as defined in [section 38-29-102\(8\) C.R.S.](#), and manufactured homes as defined in [section 42-1-102\(106\)\(b\), C.R.S.](#)

(14.4) "**Residential land**" means a parcel or contiguous parcels of land under common ownership upon which residential improvements are located and that is used as a unit in conjunction with the residential improvements located thereon. **The term includes parcels of land in a residential subdivision**, the exclusive use of which land is established by the ownership of such residential improvements. The term does not include any portion of the land that is used for any purpose that would cause the land to be otherwise classified, except as provided for in [section 39-1-103\(10.5\)](#). The term also does **not include** land underlying a **residential improvement located on agricultural land**.

(14.5) "Residential real property" means residential land and residential improvements but does **not include hotels and motels** as defined in subsection (5.5) of this section.

Sellers, lawyers and brokers involved in a sale of vacant land to a builder or developer of property that is in a "residential subdivision" as apparently H.B. 1156 will require the Source of Water Disclosure.

The Act requires the Contract (and?) the Seller's Property Disclosure form (and?) the Listing Contract (????) to contain the requisite disclosures. As a result, it was necessary to open up the Contract to Buy and Sell form to address this statutory change. Several items were massaged to address H.B.

1156 both in the Contract as well as the Seller's Property Disclosure form. Due to the language in the Act that the provision must be addressed in the "Contract", a new form was created as an "Addendum" to the Contract. Because of the necessity of making the change required by the new legislation other items were addressed as well.

2. New Numbering System. The reader and user will see throughout the Contract the "new" numbering system. The prior alpha numbering when drilling down to a subsection or below became often awkward and confusing. As a result, a former "Forms" member (who is well known for her advocacy for clarity) recommended implementation of a Dewey Decimal approach for numbering. With lightning speed one of the Forms member took on the task of renumbering the Contract to Buy and Sell Real Estate, Counter Proposal and the Agreement to Amend/Extend Contract.

3. Transfer of Well Registration. Section 3.1.6 now has a provision to remind a Buyer purchasing Property with a Well that is transferred to the Buyer to register the well with the Colorado State Engineer's office using the state form, Change in Ownership. In the past this practice or step was quite often overlooked. As a caution, if a well is to be transferred, obtain confirmation of the Well Permit number, and assure that it reflects the Seller as the current owner. If not, perhaps that missing link ought to be accomplished prior to Closing.

4. Seller Concessions in Section 4.3 went through a wholesale change so that all of the concessions a Seller is granting to the Buyer are limited to only one (1) specific dollar amount. Further, as the loan market is constantly changing, be sure to confer with the lender on the maximum amount allowed for a Seller Concession. Today, rather than merely have a lender recalculate the "effective sales price", the lender will commonly come back to state that the loan will not be approved (based on the specified loan program) as the maximum amount of Seller Concession was exceeded (and the loan will not be saleable in the Secondary Market as it will not comply with FNMA guidelines. Rather, the parties (if they both agree) must either waive the excess or adjust (decrease) the Purchase Price to effectively deal with the excess Seller Concession sum. In the alternative, Additional Provisions may address this issue with a provision to the affect that any Seller Concession in excess to the amount allowed by the lender in the loan

program Buyer is to be approved for will be applied to reduce the Purchase Price.

5. Type of Loan. Buyer may, as noted in Section 4.4.2, select (or change) to whatever loan program and type of loan the Buyer desires (unless limited in the following Section 4.4.3). This provision was inserted to reflect the current market conditions that, in most every transaction, it is highly unusual for the Buyer to close using the specific loan described in the Contract. The practice of the real estate broker accompanying a Buyer to the lender left this planet many moons ago. A number of Buyers have been trying lenders from the Internet or other out of state lenders that the broker has no involvement in and accordingly no knowledge of the specific terms the lender and Buyer/Borrower have agreed upon (absent a writing accurately setting for the terms of the loan), thus furthering the need to move away from the specific financing terms used in prior versions of the Contract.

6. Loan Limitations. Loan Limitations in Section 4.4.3 is new. While the Contract allows a Buyer to select to select the particular type of loan, there are some instances that the Property will not support a particular type of loan due to its condition or the instance that a Seller will not agree to bear certain charges that may be present in a "governmental" type of loan. That is, the loan program (FHA, VA, CHFA, etc.) may prohibit a Buyer from paying certain charges (thus the Seller will normally be assessed these costs).

7. Good Faith Estimate. Another new provision is the Good Faith Estimate in Section 4.4.4. Because Section 4 no longer has the older provision that set forth the maximum interest rate, loan amortization period and monthly payment as well as discount points, origination fees, etc., it was concluded that for the public protection (to alert a Buyer) a provision should be present to inform the Buyer to get the information of this nature from the lender. The existing (prior) version of the Contract in §4d provided:

d. New Loan.

(1) **New First Loan.** Buyer shall obtain a new loan set forth in this section as follows:

Conventional **FHA** **VA** **Other** _____.

This loan will be secured by a _____ (1st, 2nd, etc.) deed of trust.

The loan may be increased to add the cost of mortgage insurance, VA funding fee and other items for a total loan amount, not in excess of \$ _____, shall be amortized over a period of _____

Years Months at approximately \$ _____ per _____ including principal and interest not to exceed _____% per annum, plus, if required by Buyer's lender, a deposit of _____ of the estimated annual real estate taxes, property insurance premium, and mortgage insurance premium. If the loan is an adjustable interest rate or graduated payment loan, the payments and interest rate initially shall not exceed the figures set forth above.

Loan discount points, if any, shall be paid to lender at Closing and shall not exceed ___% of the total loan amount. Notwithstanding the loan's interest rate, the first ___ loan discount points shall be paid by _____, and the balance, if any, shall be paid by _____.

Buyer shall timely pay Buyer's loan costs and a loan origination fee not to exceed ___% of the loan amount. If the loan is an FHA/VA insured or guaranteed loan, Seller shall pay closing costs and fees, not to exceed \$ _____, that Buyer is not allowed by law to pay for tax service and _____.

With this provision now proposed to be eliminated all that remains is the amount of the loan (the Price and Terms table, Section 4), guidance was inserted to have a Buyer review the terms of the new loan the Buyer is to select. It is yet unknown what affect the new legislation on Mortgage Brokers will have. Consider the statutory provision in S.B. 07-216 that inserts 12-61-904.5, C.R.S. that provides:

12-61-904.5. Broker's relationship to borrower - rules.

(1) AMORTGAGE BROKER SHALL HAVE A DUTY OF GOOD FAITH AND FAIR DEALING IN ALL COMMUNICATIONS AND TRANSACTIONS WITH A BORROWER. SUCH DUTY INCLUDES, BUT IS NOT LIMITED TO:

(a) THE DUTY TO NOT RECOMMEND OR INDUCE THE BORROWER TO ENTER INTO A TRANSACTION THAT DOES NOT HAVE A REASONABLE, TANGIBLE NET BENEFIT TO THE BORROWER, CONSIDERING ALL OF THE CIRCUMSTANCES, INCLUDING THE TERMS OF A LOAN, THE COST OF A LOAN, AND THE BORROWER'S CIRCUMSTANCES;

(b) THE DUTY TO MAKE A REASONABLE INQUIRY CONCERNING THE BORROWER'S CURRENT AND PROSPECTIVE INCOME, EXISTING DEBTS AND OTHER OBLIGATIONS, AND ANY OTHER INFORMATION KNOWN TO THE MORTGAGE BROKER AND, AFTER MAKING SUCH INQUIRY, TO MAKE HIS OR HER BEST EFFORTS TO RECOMMEND, BROKER, OR ORIGINATE A RESIDENTIAL MORTGAGE LOAN THAT TAKES INTO CONSIDERATION THE INFORMATION SUBMITTED BY THE BORROWER; AND

(c) THE DUTY NOT TO COMMIT ANY UNCONSCIONABLE ACT OR PRACTICE LISTED IN SECTION 38-40-105 (1.7), C.R.S.

(2) FOR PURPOSES OF IMPLEMENTING SUBSECTION (1) OF THIS SECTION, THE DIRECTOR MAY ADOPT RULES DEFINING WHAT CONSTITUTES A REASONABLE, TANGIBLE NET BENEFIT TO THE BORROWER.

8. Loan Conditions. Section 5.2 had a wholesale revision. The new provision now reflects a similar position as the Inspection contingency (§10). The Inspection contingency has existed for quite some time and, while there are some exceptions, overall it appears to have reduced the number of disputes between Buyer and Seller arguing over entitlement to the Earnest Money when a Buyer terminates due to the condition of the Property not being "satisfactory" to the Buyer in Buyer's "subjective discretion." Likewise, many disputes have arisen based on a Seller "knowing" (without any objective proof) that a Buyer could not get a loan. To minimize these disputes, the form adopts the same "subjective discretion" standard for a Buyer's loan. Balancing the alleged "free look" via the "Loan Conditions" provision is the implied obligation of good faith and fair dealing present in all contracts. Albright v. McDermond, 14 P.3d 318 (Colo. 2000) (dealing with the Inspection provision of the Contract to Buy and Sell Real Estate – holding that the Buyer did not breach the implied covenant of good faith and fair dealing when the Contract terminated as the parties did not enter into a written "Resolution" following their submission of a Notice to Correct that the Seller did not accept), Denny Const., Inc. v. City and County of Denver ex rel. Board of Water Com'rs, 2007 WL 529240 (Colo.App. 2007).

In the past many Contracts were written that allowed the Buyer until the Closing or just a few days prior to Closing to terminate if they did not obtain the loan. Based on many loans written primarily on the Buyer's qualifying premised on their FICO scores, and these scores are obtained fairly early in the transaction, perhaps we will see earlier dates in the Contract for the Loan Conditions Objection Deadline, similar to that of the Inspection Objection Deadline. While it would be to the Buyer's advantage to have the Deadline remain close to the Closing Date, perhaps it would be an appropriate allocation of risk to have the Buyer agree on an earlier deadline; it is the Buyer's choice after all what lender to go with and the burden is on the Buyer to speak if not satisfied with the terms, availability and conditions of the loan. Realize even in the earlier versions with a more replete financing provision that many provisions were not set forth in the form. For example, no mention in the form of lock-ins, prepayment penalties, prohibition of junior financing, due on encumbrance provisions, etc. Additionally, the approach proposed has been prevalent in the commercial sector of real estate for years.

The revision also clarifies that if a Buyer does not have the Seller receive by the Loan Conditions Deadline notice to terminate, the Buyer ,at that point in time, is not in default; rather, the Earnest Money Deposit is nonrefundable (unless the Seller is in breach or some different provision of the Contract would allow the Buyer to recover the Earnest Money Deposit).

9. Property Approval (Appraisal Provision). Property Approval is new in Section 6.1. It was inserted that if a lender establishes "Requirements" that must be fulfilled (replace roof, repair, furnace, etc.) – even though the Inspection Objection Deadline in Section 10 has passed, the Buyer may nevertheless terminate the Contract or the parties may enter into an acceptable written agreement on the Requirements, or the Buyer may waive, in writing, the lender's Requirements (as between Buyer and Seller).

The rest of Section 6 is basically unchanged. However, if a Buyer changes the type of loan during the course of the transaction, a written Agreement to Amend/Extend should be entered into (if both parties agree) that changes the type of Appraisal to coincide with the new type of loan the Buyer is to obtain. This will be required for a lender to approve a "governmental loan" (FHA/VA, etc.) to allow the Closing to occur. If the Property does not appraise for the Purchase Price and the form specifies "Not Applicable" or "Conventional/Other", the Buyer's Earnest Money may not be protected (if the Loan Conditions Deadline has passed, but not the Appraisal Deadline, if any). We will need to see how the Court's unravel this type of situation give that a Buyer has a right to change the type of loan.

10. Evidence of Title. A "Note" was added to Section 7.1 to inform the Buyer that it is the Title Company, not the Seller, that determines whether the Policy will contain "Extended Coverage". If the Contract specifies that the Title Insurance is to contain Owner's Extended Coverage (OEC) or Extended ALTA, but the Title Company will not issue it, the Buyer has a right to review and object to the failure to provide OEC pursuant to Sections 8.1 and 8.5. In the end, the Buyer will need to choose to close without OEC or elect to terminate the Contract (but the Seller is not in breach---provided the Title Company received the request for OEC).

11. Common Interest Community Documents. Section 7.4, CIC documents, contains the same wording as the prior version of the Contract, it was merely reorganized and sets forth new "defined terms" to more easily

reference the items in the Contracting forms (e.g., CIC Documents, Governing Documents, Financial Documents).

12. Seller's Property Disclosure. Section 10.1 now explicitly names the Colorado Real Estate Commission's Seller's Property Disclosure form as to what is to be supplied to the Buyer ("most current version").

13. Source of Potable Water. The Water Source is brand new in Section 10.7. It was created to address the requirements of H.B. 07-1156. The disclosures, if required, will be supplied by completion and delivery of the new Source of Water Addendum or the Seller's Property Disclosure form. If a well is present a copy of the "current" well permit may be acknowledged as having been received by the Buyer. An option of "No Well" (while a bit awkward, this provision allows clarity that no well permit is needed to be supplied).

14. Methamphetamine Laboratory Disclosure. Last year S.B. 06-02 was enacted requiring disclosure in a "residential" transaction whether the Seller has knowledge that the Property was used as a Meth Lab. The language in Section 11 of the Contract was intentionally made broader than the statutory provision to provide greater protection to the public. The Colorado Real Estate Commission directed the Forms Committee to revise the Meth Lab provision requiring disclosure only if the Property is "residential" and only if the Property had not been remediated to State standards. While the new language may be less than clear in comparison to the prior provision, and inviting problems of non-disclosure for the real estate brokers involved in the transaction as S.B. 02, at least on its face, only shields the Seller (not the Broker) from disclosure if the Property has been remediated, the revised provision is practically a cut and paste from S.B. 02.

15. Closing Instructions. The Closing Instructions provision in Section 15.4 added a sentence from the Closing Instructions form, allowing it to be eliminated from the Closing Instructions. The Closing Instructions form will now follow the Contract to Buy and Sell Real Estate. It is the desire to have the Instructions supplied at the same time of contracting.

16. Attachments. The Attachments provision was moved to Section 26 from its former location of Section 2d, consistent with the normal practice of placement toward the end of the Contract.

17. Broker Acknowledgements. The term "Selling Broker" was replaced with "Broker working with Buyer" and the term "Listing Broker" replaced with "Broker working with Seller." Many never could get the meaning correct. The public normally did not get it either. This should enhance the understanding of all. Consistent with that was the removal of the "Customer" language added nothing, but did cause questions and misunderstanding.

18. Closing Instructions. While "not" part of the Contract, it is proposed to be part of the form as mentioned above. The benefit of having the parties (and Title Company or other Earnest Money Holder) sign the Closing Instructions at the inception is several. If the transaction closes, the title company will need written Closing Instructions to comply with Insurance Regulation 3-5-1. It is one less document that will be signed at Closing. If the Transaction fails and the Earnest Money is in dispute, the Holder would like written instructions what it is expressly allowed to do with the Earnest Money Deposit and its position.

B. Counter Proposal

The Counter Proposal form was updated to reflect the same numbering system in the Dates and Deadlines provision.

C. Agreement to Amend/Extend

The Agreement to Amend/Extend form was updated to reflect the same numbering system in the Dates and Deadlines provision.

D. Closing Instructions

The Closing Instructions form (both attached to the Contract to Buy and Sell and its separate form) removes the "Earnest Money Receipt" portion. The basis for this modification is that it is fairly rare for the Earnest Money to actually be paid with the Contract submission. This modification is also consistent with the specific line item of "Alternative Earnest Money Deadline" in the Contract. A separate form Earnest Money Receipt is proposed to allow tracking of the Earnest Money Deposit. The new form will give further flexibility and usage especially when dealing with staged Earnest Money, that is, when the Earnest Money is paid at different times in different installments.

In an attempt to shorten the Closing Instructions some Sections have been integrated into the Contract form, and therefore did not need to be repeated in the Closing Instructions. Prior to the Rule Making Hearing and the Commission's adoption it is anticipated that there may be other provisions that will make their way to the Contract to Buy and Sell Real Estate.

The Closing Instructions form, below line, between the Closing Company and one of the Brokers may now be tailored to specify whether the below line agreement is between the Broker working with the Seller or Buyer and the Closing Company.

E. Earnest Money Receipt

The "new" form, Earnest Money Receipt is the product of removing the receipt portion from the Closing Instructions.

F. Foreclosure Property Addendum

The Foreclosure Property Addendum was revised to implement the new numbering style. Additionally the entire Addendum is now all in **BOLD** print. There is an additional copy of the Contract to Buy and Sell Real Estate (with the identical language) but in all **BOLD** print posted on the Commission website. The all-bold print Contract (in 12 point font) is approximately 17 pages! The reason is due to the language in the statute, S.B. 06-71, the Colorado Foreclosure Protection Act.

6-1-1111. Written contract required. EVERY CONTRACT SHALL BE WRITTEN IN AT LEAST TWELVE-POINT BOLD-FACED TYPE AND FULLY COMPLETED, SIGNED, AND DATED BY THE HOME OWNER AND EQUITY PURCHASER PRIOR TO THE EXECUTION OF ANY INSTRUMENT QUIT-CLAIMING, ASSIGNING, TRANSFERRING, CONVEYING, OR ENCUMBERING AN INTEREST IN THE RESIDENCE IN FORECLOSURE.

6-1-1112. Written contract - contents - notice. (1) EVERY CONTRACT SHALL CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES AND SHALL INCLUDE THE FOLLOWING TERMS: ...

(Emphasis supplied.)

While the all-bold print is more difficult to read and in the end causes less emphasis on the more important provisions that were intended to be emphasized, our request to the legislature to have this be rectified was not acted upon. Accordingly, the instructions in the statute (requiring EVERYTHING in the contract) be in bold print is now in bold print!!

G. Licensee Buy-Out Addendum

The form was updated to reflect the new Section numbers in the Contract to Buy and Sell that are referenced in the form.

H. Source of Water Addendum

The new form, Source of Water Addendum (SWA) to Contract to Buy and Sell Real Estate has been mentioned above. It was created to address the mandate from the Legislature brought to us by H.B. 07-1156. The form is to inform the Buyer of the Property's source of water in a "residential" improved or land transaction.

The SWA Identifies the Property, and the source of potable water including that from a well (and supplying a copy of the current Well Permit) or the Water Provider. It also contains an alert to the Buyer to contact the provider to determine the long-term sufficiency of the water supply.

I. Seller's Property Disclosure (SPD)

The Commission revised the "All Types of Properties" SPD form last year. This year's changes were prompted by the Source of Water Bill, H.B. 07-1156.

The SPD form now has clarifying language that if the "Property" is a Condominium (CIC) the disclosure is limited to the Unit itself, not the CIC Project.

Part J, Water & Sewer Supply addresses the Source of Water items.

Part K on Environmental Conditions clarifies the introduction header to use the same language as Part A to identify any current or past problem conditions with the Property. The Meth Lab disclosure was taken out of K and moved to M (with language change to exclude from disclosure remediated Property).

Part L, Common Interest Community Association Property, has a new provision to identify whether the Association has made a Claim or lawsuit against a builder or contractor alleging defective construction. This should be a red flag as a defect will need to be repaired by the Association, and unless covered will typically result in higher/special assessments to the owners.

Part M, Other Disclosures, include revised language on Insurance Claims that can affect the insurability of the Property or exclusion of coverage or a higher cost for the insurance. The revised Meth lab disclosure is now in Part M. Government Special Assessments was moved to Part M from Part L (as now L is reserved for CIC property disclosures).

The language was clarified that the SPD form does not control whether an item is included in the purchase, rather, the Contract is the operative document.

J. NTC43 Notice to Correct

The form was revised to identify the correct Sections of the Contract to Buy and Sell.

K. Rule F-1 (Allowable Omissions)

The Rule was revised to identify the correct Sections of the Contract to Buy and Sell that may be omitted if inapplicable and added a few more Sections that may be omitted.

L. Rule F-7 (Approved Forms)

The Rule was revised to identify the revised and new forms.

III. CONCLUSION

This paper highlighted the more significant changes to the 2007 Colorado Real Estate Commission's new and revised forms. All of the forms, once adopted, as well as the Rules of the Colorado Real Estate Commission are available on the Commission's website:

<http://www.dora.state.co.us/real-estate/>

The Colorado Real Estate Commission's address:

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