



SUMMARY OF CHANGES IN 2019 FORMS

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RISK REDUCTION COMMITTEE

2019 FORMS

SUMMARY OF CHANGES

Changes to the 2019 ARA Forms are shown on the following pages.

The changes are indicated as follows:

~~strike-through~~ for deleted language
underlines for new wording
Rationales are shown in italics

Applicable to all forms: In the forms in which a paragraph is added or a paragraph is removed, there is a re-numbering or re-lettering of the subsequent paragraphs and in any cross-referencing to the re-numbered paragraph.

Applicable to all forms: Throughout the 2019 forms, some editorial changes and corrections were made in punctuation, capitalization, and rephrasing that are not listed one by one in this manual; these changes do not affect the meaning or intent of the wording.

GLOBAL CHANGE: ALL 2019 FORMS HAVE BEEN CHANGED TO REFLECT THE 2019 DATE ON THE FORM AND ON THE EXPIRATION DATE OF THE FORM.

THERE WILL BE ONE (1) NEW FORM FOR 2019.

Code	Form Name	Changes in 2019
AERSA	Addendum to the Exclusive Right to Sell Agreement	Year Only
AAC	Agency Addendum (Commercial)	Year Only
ARDR	Agency Representation Disclosure (Rental)	Year Only
BPO	Broker Price Opinion Notice and Letter	Year Only
CDMA	Closing Date Modification Addendum	Year Only
CCLOI	Commercial Contract Letter of Intent	Year Only
CLA	Commercial Lease Agreement	Year Only
CLLOI	Commercial Lease Letter of Intent	Year Only
CTHA	Condominium-Town Home Addendum	Year Only
CRA	Contingency Removal Addendum	Year Only
DOA	Delayed Occupancy Addendum	Year Only
DA	Documents Acknowledgment	Year Only
EOA	Early Occupancy Addendum	Year Only
EMA	Earnest Money Addendum	√
EACC	Exclusive Agency Agreement (Commercial)	Year Only
EBAA	Exclusive Buyer Agency Agreement	Year Only
EBLAAC	Exclusive Buyer/Lessee Agency Agreement (Commercial)	Year Only
ERSAALF	Exclusive Right to Sell Agreement (AgriBusiness Land & Farm)	√
ERSAA	Exclusive Right to Sell Agreement (Auctions)	Year Only
ERSAC	Exclusive Right to Sell/Lease Agreement (Commercial)	Year Only
ERSALA	Exclusive Right to Sell Agreement (Lots & Acreage)	Year Only
ERSAR	Exclusive Right to Sell Agreement (Residential)	√
FTCIRA	FTC Insulation Requirement Addendum*	Year Only
GA	General Addendum	Year Only
GBD	General Buyer Disclaimer	Year Only
HTEN	Homestead Tax Exemption Notice	Year Only
IRSA	Inspection, Repair and Survey Addendum	√
LBPR	Lead Based Paint Disclosure (Rentals)	Year Only
LBPS	Lead Based Paint Disclosure (Sales)	Year Only
LAA	Loan Assumption Addendum	Year Only
MPCD	Multi-Party Compensation Disclosure	√
NEBRA	Non Exclusive Buyer Representation Addendum	Year Only
NRDA	Non-Representation Disclosure Addendum	Year Only
NDWNH	Notice of Disclaimer of Warranty on New Homes	Year Only
NEREC	Notification of Existing Real Estate Contract	Year Only
PTSA	Permission to Show Agreement	Year Only
PMA	Property Management Agreement	√
RECALF	Real Estate Contract (AgriBusiness Land & Farm)	√
RECA	Real Estate Contract (at Auction)	√
RECC	Real Estate Contract (Commercial)	√
RECLA	Real Estate Contract (Lots & Acreage)	√
RECNC	Real Estate Contract (New Construction)	√
RECR	Real Estate Contract (Residential)	√
RLRA	Residential Lease/Rental Agreement	√
SFIA	Seller Financing Information Addendum	Year Only
SCNA	Seller's Contingency Notice Addendum	Year Only
SCTREC	Seller's Counter to the Real Estate Contract	Year Only
SPD	Seller's Property Disclosure	√

SPDALF	Seller's Property Disclosure (AgriBusiness Land & Farm)	v
SPDC	Seller's Property Disclosure (Commercial)	Year Only
SSSAALF	Septic or Sewage System Addendum (Agri Land Farm)	Year Only
SSAERSA	Short Sale Addendum to the Exclusive-Right-to-Sell Agreement	Year Only
SSARECR	Short Sale Addendum to the Real Estate Contract (Residential)	Year Only
TRECA	Termination of Real Estate Contract Addendum	Year Only
TRLRAA	Termination of Residential Lease/Rental Agreement Addendum	NEW IN 2019
TRECAALF	Termination of Real Estate Contract Addendum (Agri Land Farm)	Year Only

2018 ARA Form Changes

Changes are listed alphabetically by form name

Form: EARNEST MONEY ADDENDUM

EMA.1 Change: Need to disclose where EM will be held

☐A. Earnest Money is tendered by Buyer in the form of ☐cash ☐check. If Earnest Money is tendered by check, it will be made payable to ☐Listing Firm, ☐Closing Agent _____ ☐Other _____. Earnest Money will be deposited by Listing Firm no later than three (3) business days following the date this Real Estate Contract has been signed by Buyer and Seller.

☐B. Earnest Money will be tendered by Buyer in the form of ☐cash ☐check. If Earnest Money is tendered by check, it will be made payable to ☐Listing Firm, ☐Closing Agent _____ ☐Other _____. Earnest Money will be deposited within three (3) business days following the date this Real Estate Contract has been signed by Buyer and Seller. If Earnest Money is not to be tendered within three (3) business days after this Real Estate Contract has been signed by Buyer and Seller, see Paragraph 30 Real Estate Contract (Residential); Paragraph 20 Real Estate Contract (Lots & Acreage); Paragraph 35 Real Estate Contract (New Construction).

~~☐A. Earnest Money is tendered by Buyer in the form of ☐cash ☐check. If Earnest Money is tendered by check, it will be made payable to Listing Firm. Earnest Money will be deposited by Listing Firm no later than three (3) business days following the date this Real Estate Contract has been signed by Buyer and Seller.~~

~~☐B. Earnest Money will be tendered by Buyer in the form of ☐cash ☐check. If Earnest Money is tendered by check, it will be made payable to Listing Firm. Earnest Money will be deposited by Listing Firm within three (3) business days following the date this Real Estate Contract has been signed by Buyer and Seller. If Earnest Money is not to be tendered within three (3) business days after this Real Estate Contract has been signed by Buyer and Seller, see Paragraph 30 Real Estate Contract (Residential); Paragraph 20 Real Estate Contract (Lots & Acreage); Paragraph 35 Real Estate Contract (New Construction).~~

Rationale: *In many instances EM is required to be held at the Title Company.*

Form: EXCLUSIVE RIGHT-TO-SELL AGREEMENT (Agribusiness Land & Farm and Residential)

ERSAALF12.1 Change: Add an option for Listing Firm to accept and deposit in Listing Firm's trust account or their Closing Agent's account

12. DEPOSIT: Seller authorizes and instructs Listing Firm to accept and deposit in Listing Firm's trust account or their Closing/Escrow Agent's account any deposit received. Should any deposit be forfeited, the money shall be divided as follows: Payment shall first be made of all direct expenses incurred in connection with the contemplated transaction, and the balance shall be divided one-half to Listing Firm and one-half to Seller, but in no event shall Listing Firm receive an amount in excess of the fee that would have been received if the sale had been consummated. If a dispute between Seller and any other person or entity arises concerning any deposit, Seller authorizes Listing Firm to interplead the funds in a court of law or to an arbitrator and to have Listing Firm's costs and attorney's fees paid from the funds entered for interpleading. Seller acknowledges and understands that Listing Firm is not responsible for obtaining good funds regarding any deposit tendered by prospective or actual buyers.

Rationale: *Is addressed in Contract and should be addressed in Listing Agreement if the firm knows that all escrow funds will be deposit in an account other than Listing Firm's.*

Form: INSPECTION REPAIR & SURVEY ADDENDUM

IRSA2.1 Change: To allow for Seller to only have to acknowledge buyer is waiving all rights of inspection/re-inspection in paragraph 1 since all other paragraphs are not relevant to seller.

1. BUYER'S INSPECTION: Buyer chose:

- ☐ **A.** To use a representative of Buyer's choosing to perform the inspection suggested and allowed by Paragraph 16(B) of the Real Estate Contract Residential, Paragraph 18(C) of the Real Estate Contract Commercial Paragraphs 14 and 15 of the Real Estate Contract Agribusiness OR Paragraph 21 of the Real Estate Contract New Construction and to provide in the space below a list of repairs needed. Buyer reserves the right to re-inspect the Inspection Items (Real Estate Contract Residential, Commercial or Real Estate Contract Agribusiness) OR Punch List items (Real Estate Contract New Construction) prior to Closing to make sure all repairs have been completed and no other repairs are needed.
- ☐ **B.** To personally make the inspection of the Inspection Items as defined, suggested and allowed in Paragraph 16(B) of the Real Estate Contract Residential, Paragraph 18(C) of the Real Estate Contract Commercial, Paragraphs 14 and 15 of the Real Estate Contract Agribusiness OR the Punch List items as defined, suggested and allowed in Paragraph 21 of the Real Estate Contract New Construction and to provide in the space below a list of repairs needed. Buyer is not relying on any expertise other than that possessed by Buyer. Buyer reserves the right to re-inspect the Inspection Items (Real Estate Contract Residential, Agribusiness or Commercial) OR Punch List items (Real Estate Contract New Construction) prior to Closing to make sure all repairs have been completed and no other repairs are needed.
- ☐ **C.** To waive all rights of inspection and re-inspection and accepts the Property in its present condition, intentionally disregarding the rights provided to Buyer in Paragraph 16(B) of the Real Estate Contract Residential, Paragraph 18(C) of the Real Estate Contract Commercial, Paragraphs 14 and 15 of the Real Estate Contract Agribusiness OR Paragraph 21 of the Real Estate Contract New Construction. Buyer acknowledges that only Paragraphs 1 and 5 of this Inspection, Repair and Survey Addendum are applicable.
- ☐ **D.** Buyer and Seller have entered into a Real Estate Contract (Lots and Acreage) and Buyer acknowledges that only Paragraphs 1 and 5 of this Inspection, Repair and Survey Addendum are applicable.

Rationale: To be used in cases where the Buyer is not doing a home inspection and is waiving all rights of inspection and re-inspection.

Form: MULTI-PARTY COMPENSATION

MPC.1 Change: Add Commission Regulation 8.5(c) which is the regulation that is most applicable to situations where a third party, such as a home warranty company, may pay a kickback to the brokerage firm. This situation also seems to be the most common occurrence wherein this form is used.

According to Arkansas Real Estate Commission Regulation 8.5(c) When acting as agent in the sale or management of property, a licensee shall not accept any commission, rebate, profit, payment, compensation or other valuable consideration from any source in connection with the property without full written disclosure to the party represented by the licensee and Regulation 8.5(d): "A licensee shall not accept compensation from more than one party without full written disclosure to all parties to the transaction."
(Amended effective 1-1-97)

In accordance with the above regulations, _____ (Name of Firm) offers the following full disclosure concerning receipt of compensation or other item(s) of value from the following parties or through his/her/its agent:

(Check the appropriate box(es) and describe the type of compensation and amount or value)

Rationale: *To fully utilize this form for disclosure.*

Form: PROPERTY MANAGEMENT AGREEMENT

RLRA2.1 Change: Remove "Owner" in Par 2. Change 'checks' to insufficient funds.

13. MANAGING AGENT'S FEE: Owner agrees to pay Managing Agent an initial amount of _____. Owner agrees to pay thereafter \$_____ per month, or _____ percent (____%) of monthly rents collected, whichever is greater, throughout the term of this Property Management Agreement. Managing Agent will retain ____% of late fees collected. Managing Agent will keep any ~~returned checks~~insufficient fund fees. In the event the Property is sold or exchanged during the term of this Property Management Agreement by any person including Owner, to any person, firm or corporation who has rented or leased the Property, Managing Agent shall be entitled to a professional fee equal to _____percent (____%) of the gross sales price.

Rationale: Clean up

Form: PROPERTY MANAGEMENT AGREEMENT

PMA17.1 Change: Correct the form to reflect Owner or Managing Agent instead of Buyer or Seller

17. MERGER CLAUSE: This Property Management Agreement, when executed by both ~~Buyer and Seller~~ Owner and Managing Agent, shall contain the entire understanding and agreement between ~~Buyer and Seller~~ Owner and Managing Agent with respect to all matters referred to herein and shall supersede all prior or contemporaneous agreements, representations, discussions and understandings, oral or written, with respect to such matters. This Property Management Agreement shall not supersede any agency agreements entered into by ~~Buyer and Seller~~ Owner and Managing Agent and Listing Firm or Selling Firm.

18. ATTORNEY'S FEES: Should ~~Buyer and Seller~~ Owner and Managing Agent initiate any type of administrative proceeding, arbitration, mediation or litigation against the other (or against an agent for the initiating party or agent for the non-initiating party), it is agreed by ~~Buyer and Seller~~ Owner and Managing Agent (aforementioned agents being third-party beneficiaries of this Paragraph 18) that all prevailing party (or parties if more than one) shall be entitled to an award of all costs and attorney's fees incurred in prosecution or defense of such initiated action against the non-prevailing party (or parties if more than one).

Rationale: Clean up

Form: REAL ESTATE CONTRACT (Agribusiness Land & Farm)

RECNA18.1 Change: Add (WRE) Wetlands Reserve Easement

18. SELLER PROPERTY DISCLOSURE (continued from Page 11):

Seller hereby warrants and represents to Buyer that any contracts and/or permits concerning or related to the Property, including without limitation any timber contracts, water/irrigations permits, or any Conservation Reserve Program (CRP), Wetlands Reserve Easement (WRE)~~Wetlands Reserve Program (WRP)~~ or other USDA contracts, are hereby disclosed below. Unless otherwise specified below, all such contracts and/or permits shall transfer to Buyer upon Closing, and any payments under such contracts and/or permits shall be prorated as of Closing, it being the sole responsibility of Buyer and Seller to complete such transfer and ensure such transfer complies with all applicable rules, regulations and laws of any local, state or federal governmental authority.

Rationale: *Government changed the name of the program from WRP to WRE.*

Form: REAL ESTATE CONTRACT (Lots & Acreage)

RECLA3.1 Change: 3i New Loan

Loan terms to be negotiated between Buyer and creditor

3. PURCHASE PRICE: Subject to the following conditions Buyer shall pay the following to Seller for the Property (the "Purchase Price"): *(select one of the following four options)*

☐ total purchase price, \$ _____

or;

☐ price per acre, \$ _____

or;

☐ price per square foot, \$ _____

or;

☐ price per front foot \$ _____

☐ **A. PURCHASE PURSUANT TO NEW FINANCING:** Subject to Buyer's ability to obtain financing on the terms and conditions set forth herein and the Property appraising for not less than the Purchase Price,

Down payment, loan amount, interest rate and other terms of financing to be negotiated between Buyer and creditor.

☐ **OTHER:** Subject to Buyer's ability to obtain financing as follows:

☐ **B. PURCHASE PURSUANT TO CASH:**

Buyer and Seller will each independently verify quantities as set forth above and agree neither are relying upon a representation from Selling Firm or Listing Firm concerning quantities of land or front feet.

with Buyer paying the sum of \$ _____
in cash at Closing as down payment, with the balance of the Purchase Price (the "Balance") to be paid pursuant to the following:

☐ **(i) NEW LOAN:** Subject to the Property appraising for not less than the Purchase Price and Buyer's ability to obtain a loan to be secured by the Property in the amount of \$ _____

FINANCING AS FOLLOWS:

☐ **(ii) CASH:** \$ _____

Buyer and Seller will each independently verify quantities as set forth above and agree neither are relying upon a representation from Selling Firm or Listing Firm concerning quantities of land or front feet.

Rationale: To match terminology in the RECR.

Form: REAL ESTATE CONTRACT (Lots & Acreage)

RECLA9.1 Change: remove the word "necessarily" from Par 9

- ☐ B. A soil percolation or soil morphology test will be conducted by a Designated Representative of the Arkansas Department of Health and certified to Buyer within _____ days prior to Closing. A satisfactory soil percolation or soil morphology test does not ~~necessarily~~ guarantee a septic system permit will be issued in the future. Test to be provided and paid for by:
- ☐ Buyer ☐ Seller.

Rationale: *Grammatical clean up*

Form: REAL ESTATE CONTRACT (Residential)

RECR15.1 Change: The word 'plan' should follow the blank line and make line for company name longer

15. HOME-WARRANTY PLANS: Buyer has been given the opportunity to obtain a Home Warranty Plan. The Home Warranty contract covers unexpected mechanical failures due to wear and tear and is subject to a per-claim deductible and the specific terms of the Home Warranty Contract:

- ☐ **A.** No Home Warranty provided.
- ☐ **B.** A one-year limited Home Warranty Plan provided by _____
Company, ~~plan~~ _____
_____ plan paid for by _____ at a cost not to
exceed \$ _____ plus sales tax.
- ☐ **C.** A one year limited Home Warranty Plan provided by a Home Warranty Company, and specific plan
coverage selected by Buyer prior to closing ~~within three business days of accepted offer~~. Plan paid for
by _____ at a cost
not to exceed \$ _____ plus sales tax.
- ☐ **D.** Other: _____

If a Home Warranty Plan is selected the contract will not imply any warranty by Seller after Closing. Coverages vary and the coverage received is solely set forth in the home-warranty documents between Buyer and Home Warranty Company, and no representation or explanation will be provided by Seller, Selling Firm or Listing Firm, Buyer being solely responsible to determine the extent and availability of coverage. Listing Firm and/or Selling Firm may receive compensation from the warranty company.

Rationale: 2018 Changes to home warranty section are confusing and hard to follow.

**Form: GLOBAL CHANGE TO ALL CONTRACTS
(RECA27, RECALF31, RECC28, RECLA29, RECNC38, RECR33)**

RECC28.1 Change: add language in contracts that electronic signatures are a valid form of execution of a contract.

COUNTERPARTS: This Real Estate Contract may be executed in multiple counterparts each of which shall be regarded as an original hereof but all of which together shall constitute one in the same.

Electronic signatures shall be deemed original signatures and shall be binding upon the parties.

Rationale: Establish validity of electronic signatures

Legal Counsel response: I think its fine to add...its not critical in that the statute applies regardless but it does not hurt anything to add and may help from an educational standpoint.

**Form: GLOBAL CHANGE
(EBRA17, NEBRA12, ERSAR16I, SPD Q48, SPDC Q53)**

Legal Counsel's recommendation for this change in 2019: From the NAR Legal Seminar in Boston, NAR strongly encourages (which means it could negatively impact insurance if you do not include) inclusion of language such as the attached to listings/buyer rep and disclosure

EXCLUSIVE BUYERS REPRESENTATION AGREEMENT – PARAGRAPH 17

NON-EXCLUSIVE BUYERS REPRESENTATION AGREEMENT – PARAGRAPH 12

At the end of each of the paragraphs mentioned above add the following language:

Sellers may be able to listen and/or view conversations in/about their properties and Buyer(s) should be aware that any discussions of negotiating strategies held in the property may not be confidential. Buyer hereby agrees to defend, indemnify, save and hold Selling Firm harmless from all liability or claims arising from Seller or Listing Firm utilizing any information obtained through such means.

EXCLUSIVE RIGHT TO SELL AGREEMENT (RESIDENTIAL)

Paragraph 16 make new bullet I and rename current I and J to J and K.

I. Divulge the existence and / or use of audio / video /surveillance devices in / about the home.

SELLERS PROPERTY DISCLOSURE – Make it question # 48 and move current # 48 to # 49.

SELLERS PROPERTY DISCLOSURE – COMMERCIAL Make it question # 53

48. Does seller or anyone in possession of the property utilize audio or video surveillance in, on or about the property?

Form: RESIDENTIAL LEASE/RENTAL AGREEMENT

(additional changes were made to the RLRA when the New Addendum was created – see those changes after reviewing Termination of Residential Lease/Rental Agreement Addendum)

RLRA2.1 Change: Remove "Owner" in Par 2. Change 'checks' to insufficient funds.

2. RENT: Tenant is taking possession of the Property on (month)_____, (day)_____, (year)_____. Thereafter rent in equal monthly amounts in the amount of \$_____ is due and payable in advance without deduction or demand on the _____ calendar day of each month. Tenant agrees to pay the rent promptly when due and further agrees to pay a late charge in the amount of \$_____ for rental installments or partial installments paid after the _____ calendar day of each month. In the event of ~~an~~ insufficient ~~check~~funds, Tenant agrees to pay ~~Owner~~ a service fee of \$_____. Tenant also understands that the late charge will apply to insufficient ~~checks-funds~~ not replaced prior to the fifth calendar day after due date. Rent and rent installments and other charges as they may apply are to be paid at Management's office or at such place as Management by written notice may designate.

Rationale: *Clean up*

Form: SELLER PROPERTY DISCLOSURE (Agribusiness Land & Farm)

SPDALF.1 Change: Add (WRE) Wetlands Reserve Easement

11.	To your knowledge, has any portion of the Property been enrolled in the Conservation Reserve Program, <u>Wetlands Reserve Easement (WRE)</u> Wetlands Reserve Program , Wetland Reserve Enhancement Program, Grasslands Reserve Program, Agricultural Conservation Easement Program or Healthy Forests Reserve Program?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Unknown	<input type="checkbox"/> Not Applicable
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Rationale: *Government changed the name of the program from WRP to WRE.*

Form: SELLER PROPERTY DISCLOSURE

SPD.2 Change: remove "12" from "... Not disclosed in Questions 12 and 13?" in question 14.

14.	To your knowledge, are there any violations or nonconforming uses of the Property regarding zoning, land use restrictions or "setback" requirements or matters not disclosed in Questions 12 and 13?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Unknown	<input type="checkbox"/> Not Applicable
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Rationale: *Clean up*

NEW Form: Termination of Residential Lease/Rental Agreement Addendum

FORM SERIAL NUMBER:

Regarding the Residential Lease/Rental Agreement (Form Serial Number _____)
dated (month)_____, (day)_____, (year)_____,
between Owner, by and through its authorized agent, _____
_____ (hereinafter called "Management")
and _____
(hereinafter called "Tenant(s)"), covering the real property known as _____
_____ (the "Property"), Tenant(s) and Management, in
consideration for the covenants, agreements and promises made below and other good and valuable
consideration, receipt and sufficiency being acknowledged,

☐ (1) Management notifies Tenant(s) regarding the default of paragraph number(s) _____
_____ of Residential Lease/Rental
Agreement. Per paragraph 21 of the Residential Lease/Rental Agreement, Management is giving
the proper 14-day notice to Terminate said Agreement.

or

☐ (2) Tenant(s) has completed the initial term of lease and gives 30-day notice, from the rent due
date, of Tenant(s)' intent to terminate Residential Lease/Rental Agreement.

Handling of Deposit(s)

☐ A. RETURN:

(1) Within sixty (60) days of termination of the tenancy, property or money held by Management
as security shall be returned to the Tenant(s).

(2) However, the money may be applied to the payment of accrued unpaid rent and any damages
which Management has suffered by reason of the Tenant(s)' noncompliance with the
Residential Lease/Rental Agreement, all as itemized by Management in a written notice
delivered to the Tenant(s), together with the remainder of the amount due sixty (60) days
after termination of the tenancy and delivery of possession by the Tenant(s).

(3)

(a) Management shall be deemed to have complied with subsection (1) of this section by
mailing via first class mail the written notice and any payment required to the last known
address of the Tenant(s).

(b) If the letter containing the payment is returned to Management and if Management is
unable to locate the Tenant(s) after reasonable effort, then the payment shall become the
property of Management one hundred eighty (180) days from the date the payment was
mailed.

☐ **B. FORFEITURE:** Tenant(s) hereby acknowledges, warrants, represents and agrees that Tenant(s) has defaulted with regard to the obligations contained in the Residential Lease/Rental Agreement regarding the lease of the Property and consents to releasing the Deposit in the amount of \$_____ to Management. In addition, any damages or losses Owner may sustain by reason of Tenant's default of any kind or nature whatsoever. Damages include but are not limited to: (1) unpaid Tenant charges; (2) labor and materials required to clean the Property or a part thereof; (3) the cost of painting and redecorating the Property resulting from unfair wear and tear; (4) the cost of repairing and replacing any portion of the Property that may have been defaced, injured, destroyed, altered or removed in any manner; and (5) administrative costs, advertising, redecoration or other costs similar to those outlined in this paragraph that Management may incur to relet the Property due to default or premature termination of the Residential Lease/Rental Agreement on the part of Tenant(s). Should Owner's losses due to Tenant(s)' default or premature termination exceed the Security Deposit, Tenant(s) agree(s) to pay Management, on behalf of Owner, for such excess losses when billed. In addition, Tenant(s) hereby unconditionally release and agree to indemnify Management (and all employees, independent contractors, shareholders, partners, officers, agents or other representatives) from all causes of action that they may now or ever have, known or unknown.

This Termination of Residential Lease/Rental Agreement Addendum, upon its execution by both parties, incorporates by reference all provisions of the above-referenced Residential Lease/Rental Agreement not expressly modified herein.

This Termination of Residential Lease/Rental Agreement Addendum may be executed in multiple counterparts each of which shall be regarded as an original hereof but all of which together shall constitute one in the same. Electronic signatures shall be deemed original signatures and shall be binding upon the parties.

THIS IS A LEGALLY BINDING ADDENDUM WHEN SIGNED BY THE PARTIES BELOW. READ IT CAREFULLY. YOU MAY EMPLOY AN ATTORNEY TO DRAFT THIS FORM FOR YOU. IF YOU DO NOT UNDERSTAND THE EFFECT OF ANY PART, CONSULT YOUR ATTORNEY BEFORE SIGNING. REAL ESTATE AGENTS CANNOT GIVE YOU LEGAL ADVICE. THE PARTIES SIGNED BELOW WAIVE THEIR RIGHT TO HAVE AN ATTORNEY DRAFT THIS FORM AND HAVE AUTHORIZED THE REAL ESTATE AGENT(S) TO FILL IN THE BLANKS ON THIS FORM.

THIS FORM IS PRODUCED AND COPYRIGHTED BY THE ARKANSAS REALTORS® ASSOCIATION. THE SERIAL NUMBER BELOW IS A UNIQUE NUMBER NOT USED ON ANY OTHER FORM. THE SERIAL NUMBER BELOW SHOULD BE AN ORIGINAL PRINTING, NOT MACHINE COPIED, OTHERWISE THE FORM MAY HAVE BEEN ALTERED. DO NOT SIGN THIS FORM IF IT WAS PREPARED AFTER DECEMBER 31, 2019.

FORM SERIAL NUMBER:

The above Termination of Residential Lease/Rental Agreement Addendum is executed on (month)_____, (day)_____, (year)_____, at _____(a.m.)(p.m.)

Management as Authorized Agent of Owner

Signature:_____

Printed Name:_____

Management/Agent, Principal or Executive Broker

Signature:_____

Printed Name:_____

Management/Agent

Signature:_____

Printed Name:_____

Tenant

Signature:_____

Printed Name:_____

Tenant

Forwarding Address:_____

Rationale for NEW FORM: *We have a Lease Agreement but no way to terminate it and disclose the reason(s) why.*

Form: RESIDENTIAL LEASE/RENTAL AGREEMENT
(Changes made when Termination of RLRA Addendum was created)

1. TERM AND DESCRIPTION: Owner hereby leases to Tenant, based on Tenant's representation, Unit Number _____ in the Property known as _____ located at _____
_____ ☐ for the term of _____ commencing on (month) _____ (day) _____, (year) _____, and ending on (month) _____ (day) _____, (year) _____, or ☐ on a periodic month-to-month basis, beginning on (month) _____, (day) _____, (year) _____, and cancelable by Tenant or Owner upon thirty (30) calendar days' written notice from rental due date.

3. SECURITY DEPOSIT: Management, on behalf of Owner, acknowledges receipt from Tenant the amount of \$_____ as Security Deposit, which Tenant acknowledges does not exceed two months' rent. The Security Deposit is given by Tenant as evidence of Tenant's good faith to honor and comply with the terms and conditions of this Residential Lease/Rental Agreement and shall be held by Management in a non-interest-bearing trust account. In the event the subject property is no longer managed by Management firm, a letter will be sent to the tenant notifying them that all monies being held in escrow for all Security Deposits will be forwarded to the Owner, or Owner's designee, with appropriate contact information. Management shall hold the Security Deposit, or part thereof, toward any damages or losses Owner may sustain by reason of Tenant's default of any kind or nature whatsoever. Damages include but are not limited to: (1) unpaid Tenant charges; (2) labor and materials required to clean the Property or a part thereof; (3) the cost of painting and redecorating the Property resulting from unfair wear and tear; (4) the cost of repairing and replacing any portion of the Property that may have been defaced, injured, destroyed, altered or removed in any manner; and (5) administrative costs, advertising, redecoration or other costs similar to those outlined in this paragraph that Management may incur to relet the Property due to default or premature termination of this Residential Lease/Rental Agreement on the part of Tenant. Should Owner's losses due to Tenant's default or premature termination exceed the Security Deposit, Tenant agrees to pay Management, on behalf of Owner, for such excess losses when billed. It is further agreed by Tenant to remit when billed by Management for damages as outlined in Paragraph 7 of this Residential Lease/Rental Agreement in order that the Security Deposit will remain intact. Management, on behalf of Owner, as may be required by law, shall return the Security Deposit, less any sum deducted in accordance with Arkansas law or this Residential Lease/Rental Agreement, in the time and manner provided by law.

21. DEFAULT AND TERMINATION: Tenant's failure to comply with the provisions and conditions of this Residential Lease/Rental Agreement, or to comply within reasonable time after Management's request for compliance, shall constitute Tenant's default of this Residential Lease/Rental Agreement. In the event of such default, Management may terminate this Residential Lease/Rental Agreement during the initial term for good cause by written fourteen (14)-day notice, stating the specific reason for termination. Unless terminated otherwise, either party may terminate this Residential Lease/Rental Agreement after the initial term by written ~~fourteen (14)~~thirty (30)-day notice from rental due date of such intent. Tenant agrees that no aforescribed notice shall be accepted by Management without the payment of rent or rent installments due under this Residential Lease/Rental Agreement. Tenant may be in default if Tenant/Occupant of Property is convicted of, pleads guilty to, pleads no contest to a) any felony offense b) any offense involving actual/potential physical harm to any person, or involving possession, use, manufacture, sale/delivery of illegal substances. This Residential Lease/Rental Agreement shall be terminated with Tenant(s) and Management both agreeing to sign a Termination of Residential Lease/Rental Agreement Addendum.

22. PREMATURE CANCELLATION: This Residential Lease/Rental Agreement shall be considered prematurely canceled or terminated if: (1) Tenant does not complete the initial term of this Residential Lease/Rental Agreement as described in Paragraph 1 or (2) Tenant fails to give proper thirty 30-days' advance written notice, from rental due date of Tenant's intent to terminate after completion of the initial term. In the event of such premature cancellation, Tenant shall be responsible to Owner and Management for all damages and losses Owner and Management may incur as outlined in Paragraph 3 of this Residential Lease/Rental Agreement.



SUMMARY OF CHANGES IN 2019 FORMS

Bob Walker, Jacksonville

2018 Chairman Risk Reduction Committee

Keith Montgomery, North Little Rock

2018 Vice Chairman Risk Reduction Committee

DISCLAIMER

Please note the Arkansas REALTORS® Association is not an attorney and cannot give legal advice. Likewise, the Arkansas REALTORS ® Association is not a Broker and does not accept responsibility for your actions. Should any recommendation or suggestion given in this Training Guide (or by any person or instructor not presenting at a program sponsored by the Arkansas REALTORS ® Association) conflict with the policy directed by your Broker or Attorney, you should follow their directives, not those contained in this Training Guide.

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