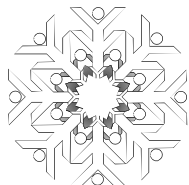
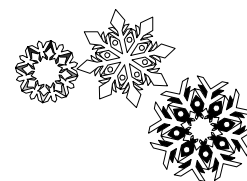




**PROFESSIONAL
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Update Letter Winter 2009 -2010

New Form:

“BUYER’S CHOICE” ADDENDUM Form 132 CAL (01-2010)



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Civil Code §§ 1103.20-.23, which became effective January 1, 2010, although similar to RESPA provisions involving federally related transactions, is broader in scope. It requires a seller who, as a mortgagee or beneficiary under a deed of trust, obtained title at a foreclosure sale to residential property of 1-4 units, to notify potential buyers in writing that they are not required to use of the services of a particular title insurer or escrow agent. “Seller” includes a real estate or other agent representing the seller. While failure to provide such written notice does not invalidate the transaction, it subjects the seller and seller’s agent to liability to buyer for three times the title and escrow costs, as well as license discipline. Sellers in REO transactions as well as non-bank lenders often insert the name of the required title company in the proposed sales agreement. To avoid this exposure to agents representing sellers, Form 132 CAL sets forth the required notice and gives the buyer the right to accept or reject the recommended company.

Modifications to Existing Forms:



THIS FORM FOR USE IN
NEVADA ONLY

EXCLUSIVE RIGHT TO SELL LISTING AGREEMENT Form 109 NEV (11-2009)

In commercial transactions, the Nevada statute gives the broker lien rights to commissions earned. In order that sellers are aware of this possibility, the following language has been added:

1. COMPENSATION TO BROKER:

"e. Owner understands that pursuant to NRS §§ 645.8705 - 645/8811, the Broker in commercial real estate transactions has a claim upon the Owner's net proceeds for any commission earned. The escrow agent that receives a notice of a recorded claim must reserve from the Owner's net proceeds an amount equal to the amount claimed by the Broker pending resolution of the claim. The reservation of any portion of the Owner's net proceeds does not relieve the Owner of the obligation to close escrow."

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STANDARD RESIDENTIAL PURCHASE AGREEMENT
Form 101-R CAL (12-2009)
Form 101-R NEV (12-2009)

We previously added language to the Purchase Agreement to address the problem of failed sales where the appraiser was not familiar with the geographic area involved. At the suggestion of several brokers the language has been revised as follows:

"1. D. NEW FIRST LOAN: . . .

" Lenders will appraise property at no less than purchase price prior to loan contingency removal. The appraiser will be suitably experienced in the geographic location of the property. This requirement is satisfied if the appraiser has conducted three or more property appraisals within 10 miles of the subject property within the last five years."



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ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY
Form 146 CAL (01-2010)

The annual summary required to be published by homeowner associations in common interest developments must now include a specified statement regarding the interest rate earned on reserve funds and the assumed inflation rate applied to major component repair and replacement costs. This is intended to inform owners and prospective buyers of the adequacy of reserve funds and whether a special assessment might be needed to cover the cost of maintenance and repairs.

Take Care,

Jim McKenney