

**Microsoft Word and UETA.** For those of you who are beginning to get comfortable with the Uniform Electronic Transfers Act, you need to know that there is a recently discovered flaw in Microsoft Word that allows alteration of supposedly "secure" documents, and forgery of digital signatures. See the report at this link:

<http://firstam.com/landsakes/html/email/091602elec.html>

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## Residential Real Estate Committee

### RESIDENTIAL REAL ESTATE COMMITTEE COMPLETES C.I.C. ADDENDUM TO PURCHASE AGREEMENT

In the works since 1998, the committee's "Addendum to Purchase Agreement: Common Interest Community Property" is completed and was adopted by the Real Property Council on September 21st. The addendum, (MSBA Real Property Form No. 12), is an attachment to the MSBA Purchase Agreement (Form 1) for common interest community property sales. It can be used for a first sale by the CIC developer or by a unit owner on a resale.

The CIC addendum contains the disclosures required by statute. It also contains a detailed breakdown of association assessments, allowing the buyer and seller to tailor each transaction to their needs.

The form, shown in the attachment to this Newsletter, will be available soon from Miller/Davis Company in St. Paul and from Booth Documents in Forest Lake.

[Go to new form.](#)

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## Multidisciplinary Committee

### Supreme Court Rules on MDP Petition

On 9/25/02, Jeff Johnson, Liaison from the Real Property Council to the M.S.B.A. Multidisciplinary Task Force, filed this report with the Council:

"Dear Council Members: I've attached the Order of the Minnesota Supreme Court addressing the MSBA's Petition on amendments to the Minnesota Rules of Professional Conduct to authorize Multidisciplinary practice. The Court has wisely denied the MSBA's Petition indicating that

**'...now [is not] the time to break this new ground.'**

"The Court recognized that in the present business climate, now is not the right time to jeopardize public confidence in the independence of the legal profession."

Jeffrey S. Johnson

*A copy of the opinion is attached to this Newsletter.*

[Go to opinion.](#)

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## Contacts and Committee Memberships:

[CLICK HERE](#) to go M.S.B.A. Real Property Council and Committee Directories.

<http://www2.mnbar.org/sections/real-property/committees/index.htm>

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*If you want your letter or report published in this Newsletter, please submit it via e-mail to [sthorson@bgslaw.com](mailto:sthorson@bgslaw.com).*

**Publication Policy.** At its meeting on March 31, 2001, the Real Property Council approved these policies governing the publication of this Newsletter. The Newsletter shall be published regularly but not necessarily on a schedule. If there are sufficient contributions from the membership, the Newsletter will probably be published on a monthly basis. When published: (1) the Newsletter will be e-mailed to members who have reported their e-mail addresses to the bar offices; (2) the Newsletter will be posted on the M.S.B.A. web site; and , (3) the Newsletter will be printed and mailed on a quarterly basis to those members who have not reported an e-mail address to the bar offices. Members are encouraged to report their e-mail addresses.

**Contributions** for this Newsletter or comments, questions and concerns about this Newsletter can be directed to:  
Steven G. Thorson, Barna, Guzy & Steffen, Ltd., Suite 400 / Northtown Financial Plaza, 200 Coon Rapids Boulevard N.W.,  
Minneapolis, MN 55433-5894. E-mail: [sthorson@bgslaw.com](mailto:sthorson@bgslaw.com). Office: 763-783-5124. Fax: 763-780-1777.

[ \090302Newsletter.wpd]

**ADDENDUM TO PURCHASE AGREEMENT: COMMON INTEREST COMMUNITY PROPERTY**

© Copyright 2000, 2001, 2002 by Minnesota State Bar Association, Minneapolis, Minnesota. No copyright is claimed for statutory text. BEFORE YOU USE OR SIGN THIS CONTRACT, YOU SHOULD CONSULT WITH A LAWYER TO DETERMINE THAT THIS CONTRACT ADEQUATELY PROTECTS YOUR LEGAL RIGHTS. Minnesota State Bar Association disclaims any liability arising out of use of this form.

This Addendum is a continuation of the Purchase Agreement dated \_\_\_\_\_, 20\_\_\_\_ by  
 and between \_\_\_\_\_ as Seller, and  
 \_\_\_\_\_, as Buyer, for property located at:  
 \_\_\_\_\_

Buyer acknowledges that, in addition to purchasing real property, Buyer is also buying a membership in a homeowners' association (a nonprofit corporation). The homeowners' association is a type of private, local government with its own rules, regulations and taxes. The homeowners' association is governed by its declarations, articles of incorporation, and bylaws. The homeowners' association is funded through annual and special assessments levied against the property by the homeowners' association.

**STATUTORY DISCLOSURE NOTICE (Minn. Stat. section 515B.4-101(d)). "The following notice is required by Minnesota Statutes: The Purchaser is entitled to receive a Disclosure Statement or Resale Disclosure Certificate, as applicable. The Disclosure Statement or Resale Disclosure Certificate contains important information regarding the common interest community and the purchaser's cancellation rights."**

**A. DISCLOSURE AND RIGHT TO CANCEL ON RE SALE (Minn. Stat. section 515B.4-108).**

1. For a resale by an owner/seller, "Disclosure" means delivery to Buyer of the following information:
  - (a) copies of the declaration (other than any CIC plat), the articles of incorporation and bylaws, any rules and regulations, and any amendments;
  - (b) the organizational and operating documents relating to the master association, if any; and
  - (c) a resale disclosure certificate from the association dated not more than 90 days prior to the date of the purchase agreement or the date of conveyance, whichever is earlier, containing the information required by Minn. Stat. section 515B.4-107(b).
2. Buyer may, prior to the conveyance, cancel the purchase agreement within 10 days after receiving the information.
3. If Buyer elects to cancel the purchase agreement, Buyer may do so by hand delivering notice thereof or mailing notice by postage prepaid United States mail to the Seller or the agent.
4. Cancellation is without penalty and all payments made by Buyer shall be refunded promptly.

**Receipt for Disclosure on Resale**

Date Buyer received the Disclosure:	
	, 20
Buyer's Signature:	Buyer's Signature:

**B. DISCLOSURE AND RIGHT TO CANCEL ON ORIGINAL SALE BY DECLARANT (Minn. Stat. section 515B.4-106).**

1. For a sale by a declarant/seller, "Disclosure" means a Disclosure Statement given pursuant to Minn. Stat. section 515B.4-101(b) containing all information required by Minn. Stat. sections 515B.4-102 — 105, and any amendments before conveyance.
2. Buyer may cancel the purchase agreement within 10 days after first receiving the Disclosure Statement.
3. If an amendment to the Disclosure Statement materially and adversely affects Buyer, then Buyer has 10 days after delivery of the amendment to cancel the purchase agreement.
4. If a Buyer elects to cancel the purchase agreement, Buyer may do so by giving notice in writing which shall be effective upon hand delivery or upon mailing if properly addressed with postage prepaid and deposited in the United States mail.
5. Cancellation is without penalty and all payments made by Buyer before cancellation shall be refunded promptly.
6. Buyer's cancellation rights terminate upon Buyer's acceptance of a conveyance of the Unit.

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**Receipt for Disclosure on Original Sale by Declarant**

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Date Buyer received the Disclosure: \_\_\_\_\_, 20

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Buyer's Signature: \_\_\_\_\_

Buyer's Signature: \_\_\_\_\_

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**Receipt for Amendment to Disclosure on Original Sale by Declarant**

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Date Buyer received the Amendment to the Disclosure: \_\_\_\_\_, 20

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Buyer's Signature: \_\_\_\_\_

Buyer's Signature: \_\_\_\_\_

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**C. ASSOCIATION ASSESSMENTS.**

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1. **Delinquent assessments for current Association budget, for capital improvements, for extraordinary (unbudgeted) repairs, for inadequate Association reserves or budget deficits, or for any other delinquency, and any fines or charges associated with these delinquencies shall be paid:**

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By Seller  By Buyer  Prorated as follows: \_\_\_% by Seller and \_\_\_% by Buyer

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2. **Monthly Association assessments** (monthly installment of budgeted annual assessments) due in the month of closing shall be paid:

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By Seller  By Buyer  Prorated between Seller and Buyer to the actual date of closing

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3. The entire levied amount of **nondelinquent special assessments** for repairs, budget deficits, or inadequate Association reserves shall be paid:

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By Seller  By Buyer  Prorated as follows: \_\_\_% by Seller and \_\_\_% by Buyer

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4. The entire levied amount of **nondelinquent special assessments for capital improvements** approved by the Association for improvements under construction or for completed improvements shall be paid:

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By Seller  By Buyer  Prorated as follows: \_\_\_% by Seller and \_\_\_% by Buyer

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5. The entire levied amount of **nondelinquent special assessments for capital improvements** approved by the Association for which construction has not yet commenced shall be paid:

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By Seller  By Buyer  Prorated as follows: \_\_\_% by Seller and \_\_\_% by Buyer

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6. **Special assessments for extraordinary repairs, budget deficits, or inadequate Association reserves assessed after the date of the Purchase Agreement and before the actual date of closing** shall be paid by Buyer provided the entire special assessment does not exceed \$\_\_\_\_\_ nor exceed \$\_\_\_\_\_ in monthly installments. If the special assessment exceeds that amount, Buyer may, at Buyer's option:

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(a) Assume payment of the special assessment without adjustment to the purchase price of the real property; or,

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(b) Require Seller to pay the entire amount of the special assessment (or escrow for payment of same as provided above) and Buyer shall pay a commensurate increase in the purchase price of the real property, which increase shall be the same as the estimated amount of the assessment; or,

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(c) Rescind this Agreement, in which case all earnest money shall be refunded to Buyer.

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7. **Special assessments for capital improvements assessed after the date of the Purchase Agreement and before the actual date of closing** shall be paid by Buyer provided the entire special assessment does not exceed \$\_\_\_\_\_ nor exceed \$\_\_\_\_\_ in monthly installments. If the special assessment exceeds that amount, Buyer may, at Buyer's option:

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(a) Assume payment of the special assessment without adjustment to the purchase price of the real property; or,

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(b) Require Seller to pay the entire amount of the special assessment (or escrow for payment of same as provided above) and Buyer shall pay a commensurate increase in the purchase price of the real property, which increase shall be the same as the estimated amount of the assessment; or,

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(c) Rescind this Agreement, in which case all earnest money shall be refunded to Buyer.

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8. Buyer shall assume and pay all assessments, fines, and other charges, including special assessments and extraordinary expenses, accruing after the date of closing, and all expenses, charges, and assessments, payment for which is not otherwise specified in this Addendum. Any assessments paid by Seller to the Association prior to closing are Association funds.

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This Addendum is initialed contemporaneously with the signing of the Purchase Agreement.

INITIALS: Sellers \_\_\_\_\_

Buyers \_\_\_\_\_

STATE OF MINNESOTA

IN SUPREME COURT

C8-84-1650

In the Matter of the Petition of the Minnesota  
State Bar Association to Amend the Minnesota  
Rules of Professional Conduct to Authorize  
Multidisciplinary Practice.

O R D E R

On January 25, 2002, the Minnesota State Bar Association (MSBA) filed a petition requesting amendments to the Minnesota Rules of Professional Conduct that would authorize multidisciplinary practice. Multidisciplinary practice (MDP) would allow lawyers to work with nonlawyers in the same firm to provide clients with a variety of services. By orders dated March 14 and April 22, 2002, this court invited written and oral comments on the proposed amendments. A hearing on the petition was held on July 16, 2002.

The MSBA, primarily through its Multidisciplinary Practice Task Force, extensively studied the subject and provided to the court valuable information about MDP. The MSBA proposal for the authorization of MDP is a thoughtful effort to address the varied issues presented by such a change.

To date only one state has authorized MDP, and the American Bar Association has not endorsed state authorization of MDP. Adopting MDP in Minnesota would indeed be breaking new ground. The MSBA urges Minnesota to take the lead.

We are not, however, convinced that now is the time to break this new ground. Developments of recent months in the arena of the accounting profession and corporate financial misconduct cannot responsibly be ignored. Indeed, they counsel strongly against precipitous adoption of such a significant change in the structure of the legal profession at this time. Although the MSBA proposal includes restrictions intended to preserve and protect the independence of legal judgment in the MDP environment, in the present climate we do not believe even these measures are sufficient to ensure maintenance of public confidence in the independence of the legal profession. Additionally, federal legislation generated by recent events may further alter the landscape for MDP.

Despite the excellent efforts of the MSBA, we are firmly convinced that now is not the time to authorize MDP. Rather, the better course is to take a step back and monitor the repercussions of recent events, whether the ABA reconsiders the issue and recommends additional protections, and the impact of any new legislation that may affect the feasibility or scope of MDP. For these reasons, we deny the petition.

Based upon all the files, records and proceedings herein,

IT IS HEREBY ORDERED that the petition of the Minnesota State Bar Association to amend the Rules of Professional Conduct to allow the multidisciplinary practice of law be, and the same is, denied.

Dated: September 17, 2002

BY THE COURT:

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Kathleen A. Blatz  
Chief Justice

**Real Property Section**  
**Committee Memberships**  
**and**  
**Persons to Contact**

**Click one of these to see the roster for that council or committee:**

**[Real Property Council](#)**

**[Title Standards Committee](#)**

**[Legislative Committee](#)**

**[Real Estate Institute Planning Committee](#)**

**[Residential Real Estate Committee](#)**

**[Certification Council](#)**

**[Liaison Committee](#)**

**[Multidisciplinary Committee](#)**

**[Communications Committee](#)** (formerly Web

Site Committee)