



2021 Contract Changes

WHEN WILL THE UPDATED CONTRACTS BE AVAILABLE?

Because corresponding changes need to be made to two additional forms – the Notice of Buyer’s Termination of Contract (TREC No. 38-6) and the Short Sale Addendum (TREC No. 45-1)—the updated contract forms discussed below will not be available for use until after the February 2021 Commission meeting. Once published on the Commission’s website, the use of these forms is voluntary until April 1st when they become mandatory.

CHANGES WERE ADOPTED TO THESE FORMS

The Unimproved Property Contract, One to Four Family Residential Contract (Resale), New Home Contract (Incomplete Construction), New Home Contract (Complete Construction), Farm and Ranch Contract, Residential Condominium Contract (Resale), Addendum for Property Subject to Mandatory Membership in a Property Owners Association.

MAJOR CHANGES INCLUDE: The following is a list of some of the changes made to the contract forms. Changes apply to all contract forms unless specified otherwise (paragraph numbers referenced are from the One to Four Family Residential Contract (Resale)).

PARAGRAPH 2

Paragraph 2.C is amended to add “security systems that are not fixtures” to the list of accessories, and a definition for the term “controls” (for garage doors, entry gates, and other improvements and accessories). These changes apply to all forms except the Unimproved Property Contract and the New Home Contracts (both complete and incomplete).

PARAGRAPH 4

Language was added to Paragraph 4 to address leases in which the Seller is a party:

- Paragraph 4 includes language regarding disclosure of existing leases, including residential leases, fixture leases, and natural resources leases, and prohibits the seller from executing any new lease or amending any lease without the buyer’s written consent after the effective date of the contract. Note that the residential and fixture lease language is not included in the Unimproved Property Contract or the New Home Contract (Incomplete).

- For a natural resources lease, the seller either acknowledges that they have delivered a copy of the lease to the buyer or that the seller will deliver a copy of the lease within 3 days after the effective date. If the latter is selected, the buyer may terminate the contract after receipt of the lease within a period of days set in the contract. This language is not included in the Residential Condominium Contract (Resale).

- The previous “License Holder Disclosure” language is moved to Paragraph 8.

PARAGRAPH 5

Paragraph 5 is amended to authorize payment of the option fee to the escrow agent separately or combined with earnest money in a single payment, of funds (to be credited first to the option fee, then to earnest money, and then any additional earnest money). The language also authorizes the escrow agent to release the option money to the seller without further consent from the buyer. Paragraph 5 also incorporates language previously found in Paragraph 23 relating to the termination option and the failure to timely deliver the option fee.

PARAGRAPH 8

The language originally in Paragraph 4 regarding “License Holder Disclosure” is added to Paragraph 8, which is retitled “Brokers and Sales Agents.”

PARAGRAPH 10

Paragraph 10.B is amended to make conforming changes with Paragraph 4 by striking all language except “After the Effective Date, Seller may not convey any interest in the Property without Buyer’s written consent.” A new paragraph 10.C is added to all contract forms except the Unimproved Property Contract to include a definition of a “Smart Device” and to add language requiring that the seller, at the time the seller delivers possession of the property to the buyer, must deliver any access codes, usernames, passwords, and applications to the buyer that the buyer will need to access or control the smart devices. The language also adds that the seller must remove or terminate their access or connections to any of the property’s improvements and accessories.

PARAGRAPH 18

Paragraph 18.A is amended to allow the escrow agent to require any disbursement made under the contract to be conditioned on the collection of good funds. Paragraph 18.B is amended to further define expenses that an escrow agent may deduct.

PARAGRAPH 21

To provide sufficient space, the language in Paragraph 21 has been amended so both the fax and email line will read “Email/Fax.”

PARAGRAPH 22

The two new addenda referenced in Paragraph 4—the Addendum Regarding Residential Leases and the Addendum Regarding Fixture Leases—have been added. This language is not included in the Unimproved Property Contract or the New Home Contract (Incomplete).

PARAGRAPH 23

The existing language in Paragraph 23 has been deleted in light of the changes made to Paragraph 5. Previous paragraph 24 is renumbered.

Broker Information Page. A blank for “Team Name” was added to the page.

The existing language regarding compensation was amended in all forms except the Farm and Ranch Contract. Language was added to make clear that the sentence is for informational purposes to disclose there is a separate commission agreement between the Listing Broker and Other Broker.

Option Fee Receipt. The language is amended to strike a reference to “Seller/Broker” and replace it with “Escrow Agent.”

New Home Contract (Incomplete Construction). Language was added to Paragraph 7 to mirror the language in Paragraph 7.I of the New Home Contract (Complete Construction) regarding residential service contracts.

Residential Condominium Contract (Resale). All references to a survey were removed from Paragraph 6, and language was amended in Paragraph 12 as follows: “Buyer shall pay any and all Association fees, deposits, and reserves and other charges resulting from the transfer of the Property not to exceed \$ and Seller shall pay excess.”

Addendum for Property Subject to Mandatory Membership in a Property Owners Association. The addendum was amended to add deposits and reserves to the list of payments the Buyer will make in association with the transfer of the property.

IN ADDITION TO THE CHANGES TO THE EXISTING FORMS, TWO NEW FORMS WERE ALSO ADOPTED:

Addendum Regarding Residential Leases (TREC No. 51-0). This new form supplements changes made to Paragraph 4 regarding required consent to enter into any new leases, amendments to existing leases, or conveyance of an interest in the property.

Addendum Regarding Fixture Leases (TREC No. 52-0). This new form protects the parties regarding fixture leases in place on the property at the time of contract execution.

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC) 11.18.2013 (REV. 11.18.2013)
ONE TO FOUR FAMILY RESIDENTIAL CONTRACT (RESALE)
PARTIES: The parties to this contract are Seller and Buyer. Seller agrees to sell and convey to Buyer and Buyer agrees to buy from Seller the Property defined below.
PROPERTY: The land, improvements and accessories are collectively referred to as the Property.
LAND: Lot Block County
Address: City of County
Improvements: The house, garage and other structures and improvements attached to the above-described real property including without limitation, the following permanently installed and built-in items: all equipment, including but not limited to, air conditioning units, security and fire detection equipment, wiring, plumbing and lighting fixtures, chandeliers, water softener system, kitchen equipment, garage door openers, ceiling fans, mailboxes, television antennas, and all other improvements and accessories.
ACCESSORIES: The following described related accessories, if any, window air conditioning units, stove, fireplace screens, curtains and rods, blinds, window shades, awnings and rods, door keys, mail boxes, above ground pool, swimming pool, accessories, artificial lighting fixtures, security systems that control lighting, and controls for: (i) garage doors, (ii) entry gates, and (iii) other improvements and accessories.
EXCLUSIONS: The following improvements and accessories will be retained by Seller and must be removed prior to delivery of possession:
RESERVATIONS: Any reservation for oil, gas, other minerals, water, timber, or other interests is made in accordance with an addendum attached to this contract.
SALES PRICE: Total Sales Price: \$
Sum of all financing described in the attached:
Loan Assumption Addendum
Seller Financing Addendum
Other Price (Sum of A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z):
LEASES: Except as disclosed in this contract, Seller is not aware of any leases affecting the above-described real property, including but not limited to the following:
Residential Leases: The Property is subject to one or more residential leases to tenant(s) and the addendum regarding residential leases is attached to this contract.
Future Leases: Future leases on the Property are subject to one or more future leases (for example, solar leases, geothermal leases, security systems and the addendum regarding future leases is attached to this contract.
Natural Resources: Natural Resource Lease means an existing oil and gas, mineral, water, wind, or other natural resource lease. Seller shall provide to Buyer a copy of all the Natural Resource Leases within the time specified in Paragraph 10. Seller has not delivered to Buyer a copy of all the Natural Resource Leases. Seller shall provide to Buyer a copy of all the Natural Resource Leases within the time specified in Paragraph 10.
[REVERSE SIDE OF CONTRACT]

Contract Concerning (Address of Property) Page 2 of 11.18.2013
5. EARNEST MONEY AND TERMINATION OPTION: An escrow agent at the address of the escrow agent, shall deliver to Seller and Buyer the earnest money and Option Fee.
6. TITLE POLICY AND SURVEY: A Title Policy shall be issued by a Title Company in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions including existing building and zoning restrictions and the following exceptions:
7. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
[REVERSE SIDE OF CONTRACT]

Contract Concerning (Address of Property) Page 3 of 11.18.2013
7. PROPERTY CONDITION: Seller shall permit Buyer and Buyer's agents access to the Property at reasonable times for inspection by Buyer and Buyer's agents.
8. SELLER'S DISCLOSURE NOTICE PURSUANT TO §5.008, TEXAS PROPERTY CODE (NOTICE): Seller shall deliver to Buyer the Seller's Disclosure Notice.
9. CLOSING: Closing shall occur on the Closing Date at the Closing Location.
10. POSSESSION: Seller shall deliver to Buyer possession of the Property in the present or future condition, ordinary wear and tear excepted.
11. SPECIAL PROVISIONS: The following special provisions apply to this contract.
12. SETTLEMENT AND OTHER EXPENSES: The following expenses must be paid at or prior to closing:
13. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
[REVERSE SIDE OF CONTRACT]

Contract Concerning (Address of Property) Page 4 of 11.18.2013
14. BROKERS' FEES: All obligations of the parties for payment of brokers' fees are contained in this contract.
15. CLOSING: The closing of the sale will be on or before the Closing Date.
16. POSSESSION: Seller shall deliver to Buyer possession of the Property in the present or future condition, ordinary wear and tear excepted.
17. SPECIAL PROVISIONS: The following special provisions apply to this contract.
18. SETTLEMENT AND OTHER EXPENSES: The following expenses must be paid at or prior to closing:
19. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
[REVERSE SIDE OF CONTRACT]

Contract Concerning (Address of Property) Page 5 of 11.18.2013
19. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
20. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
21. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
[REVERSE SIDE OF CONTRACT]

Contract Concerning (Address of Property) Page 6 of 11.18.2013
22. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
23. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
24. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
[REVERSE SIDE OF CONTRACT]

Contract Concerning (Address of Property) Page 7 of 11.18.2013
25. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
26. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
27. BROKERS AND SELLER'S AGENTS: Seller shall pay the commission for the listing broker and the cooperating broker.
[REVERSE SIDE OF CONTRACT]

Contract Concerning (Address of Property) Page 8 of 11.18.2013
OPTION FEE RECEIPT
EARNEST MONEY RECEIPT
CONTRACT RECEIPT
ADDITIONAL EARNEST MONEY RECEIPT
[REVERSE SIDE OF CONTRACT]

Contract Concerning (Address of Property) Page 9 of 11.18.2013
BROKER INFORMATION
[REVERSE SIDE OF CONTRACT]