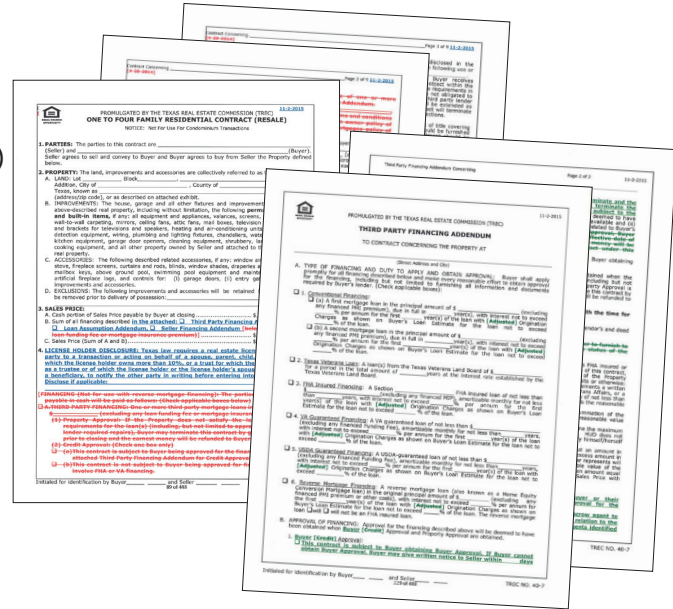


TREC FORMS REVISIONS

MANDATORY USE: JANUARY 2, 2016

The Commission has made changes to the following forms:

- TREC Form No. 9-12 Unimproved Property Contract
- TREC Form No. 20-13 One to Four Family Residential Contract (Resale)
- TREC Form No. 23-14 New Home Contract (Incomplete Construction)
- TREC Form No. 24-14 New Home Contract (Complete Construction)
- TREC Form No. 25-11 Farm and Ranch Contract
- TREC Form No. 26-7 Seller Financing Addendum
- TREC Form No. 30-12 Residential Condominium Contract (Resale)
- TREC Form No. 32-4 Condominium Resale Certificate
- TREC Form No. 38-5 Notice of Buyer's Termination of Contract
- TREC Form No. 39-8 Amendment to Contract
- TREC Form No. 40-7 Third Party Financing Addendum
- OP-H, Seller's Disclosure of Property Condition



Highlights of the Changes:

Form 20-13 One to Four Family Residential Contract (Resale)

Paragraph 3, Sales Price – revised to reference all of the financing addenda.

Paragraph 4, License Holder Disclosure – this is a brand new paragraph that replaces the former paragraph listing the financing alternatives (third-party financing, assumption and seller financing). The new paragraph allows the disclosure by a license holder that they and/or a relative or affiliated business entity or trust are a party to the transaction. This paragraph was also added to the other contract forms.

Paragraph 6.E (10), Notice of Water Level Fluctuations – this is a new paragraph added to cover the statutory notice now required of sellers (Section 5.019 of the Property Code) if the property adjoins a lake or other impoundment of water of 5000 acre feet or more. This paragraph was also added to the other contract forms.

Paragraph 7.A, Property Condition, Access, Inspections and Utilities – A new sentence was added requiring that any hydrostatic testing must be separately authorized in writing by the seller. This provision was also added to some of the other contract forms where applicable, but was later struck from the Unimproved Property Contract.

Paragraph 9, Closing - The commission had previously proposed language that allowed an automatic 10 day extension if the buyer's lender is required to provided additional TRID disclosures. THIS PROPOSED PROVISION HAS NOW BEEN DELETED FROM ALL OF THE CONTRACT FORMS. In the final draft, the only change to paragraph 9 is found in subparagraph 9.B (5), that conforms the language to the statutory language in the Property Code and states that the buyer has to notify any tenant by a signed statement acknowledging that the buyer has acquired the property and is responsible for the return of the security deposit.

Paragraph 12.A (2), Settlement and Other Expenses, Expenses Payable by Buyer – The word “adjusted” was removed before “origination” to conform with TRID terminology. This change made in all forms where applicable.

Paragraph 14, Casualty Loss – the language of subparagraph (c) was revised to add the condition that the seller’s insurance carrier must permit any assignment of insurance proceeds to buyer for damages to the property existing at closing. This provision was also added to the other contract forms.

Paragraph 18D, Escrow, Damages – the treble damages provision has been removed.

Paragraph 23, Termination Option – language was added to clarify that notice must be given by 5 p.m. local time where the property is located. This revision was also made to the other contract forms.

Broker Information Section – license numbers are added to facilitate compliance with the TRID rule and the order was reversed for the Associate’s and Licensed Supervisor of the Associate’s respective information.

(Form 40-7) Third Party Financing Addendum

Substantial revision was made to this addendum. The addendum now addresses both credit approval and property approval by the lender. The term “Credit Approval” was changed to “Buyer Approval” and an option for a party to opt out of Buyer Approval provided. Property Approval can be obtained up until closing rather than “by the day before the Closing Date.” Subsections D. and E. were re-ordered.

New subsection E is an *Authorization to Release Information*. The buyer authorizes their lender to furnish information relating to the status of the approval for the financing to the buyer or seller or their representatives. The buyer and seller additionally authorize the buyer’s lender, title company and escrow agent to disclose and furnish a copy of the closing disclosures provided in relation to the closing of the sale to the parties’ respective brokers and sales agents.

(Form 30-12) Residential Condominium Contract (Resale)

Paragraph 2D, Right of First Refusal – if the condo documents reveal the existence of a right of first refusal held by the Association or a member of the Association, the effective date is extended until the buyer receives a copy of the Association’s certification that the seller has complied with the terms of the right of refusal and all holders of the right of refusal have waived it or declined to exercise it. A termination option is provided to the buyer if the certification is not provided within a specified number of days or the right of refusal is exercised.

Paragraph 4, License Holder Disclosure – the new License Holder Disclosure paragraph replaces the former paragraph listing the financing alternatives (third-party financing, assumption and seller financing).

(Form 25-11) Farm and Ranch Contract and (Form 9-12) Unimproved Property Contract

Paragraph 13, Prorations and Rollback Taxes – is revised to clarify that that any assessments imposed because of the seller’s use or change in use of the property prior to closing, the assessments will be the obligation of the seller.