

## Legal Update Changes

---

Legal Update Errata		
Location	Edition 6.0	Edition 6.1
<b>Page 7, Column 1, 1<sup>st</sup> paragraph</b>	<ul style="list-style-type: none"> <li>• accrue a total of 3,600 points</li> </ul>	<ul style="list-style-type: none"> <li>• accrue a total of 3,600 points. Examples of point values:</li> </ul>
<b>Page 7, Column 1, 1<sup>st</sup> paragraph</b>	<ul style="list-style-type: none"> <li>○ an executed lease for a residential or commercial property = 50 points</li> </ul>	<ul style="list-style-type: none"> <li>○ an executed lease for a residential property = 50 points</li> </ul>
<b>Page 15, Column 2</b>	Section entitled “Mutual Termination of Contract Form”	Delete entire section (3 paragraphs).
<b>Page 18, Column 1, 2<sup>nd</sup> paragraph under Handling Trust and Property Management Funds</b>	TRELA §652(b)(9)	TRELA §1101.652(b)(9)
<b>Page 18, Column 1, 3<sup>rd</sup> paragraph under Handling Trust and Property Management Funds</b>	TAC 535.146, 535.159 and 535.160	TAC §§535.146, 535.159 and 535.160
<b>Page 19, Column 2, 1<sup>st</sup> paragraph</b>	(www.trec.gov)	(www.trec.texas.gov)
<b>Page 20, Column 1, lines 3-8.</b>	If the sponsorship has ended, because the salesperson has left the sponsorship, the salesperson shall immediately send written notification to the broker. If the sponsorship has ended because the salesperson has left the sponsorship, the salesperson shall immediately notify the broker in writing.	If the sponsorship has ended, because the salesperson has left the sponsorship, the salesperson shall immediately send written notification to the broker.

## Legal Update Changes

### Legal Update 6.1 Forms Changes and New Forms (Chapter 3) April 2014

Form	Change
<b>TREC No. 20-12, One to Four Family Residential Contract (Resale)</b>	<ul style="list-style-type: none"><li>• The definition of “Property” is moved from the end of Paragraph 2 to the beginning of the paragraph.</li><li>• In Paragraph 2B(2), the reference to “satellite dish system and equipment,” and in Paragraph 2C(2), the reference to “satellite dish systems” are removed to avoid confusion since sellers generally do not own this equipment.</li><li>• In Paragraph 4, a parenthetical instruction “(Not for use with reverse mortgage financing)” is added after the title to alert users of the form that this paragraph does not address that type of financing.</li><li>• Paragraph 6.A(8) is amended to provide a choice of whether the exception shall be amended to read “shortages in area” and a choice of whether the buyer or seller shall pay for it.</li><li>• The third sentence in Paragraph 6.B regarding delivery of Commitment and Exception Documents is amended to read “...the time for delivery will be automatically extended up to 15 days or 3 days before the Closing Date, whichever is earlier” to foreclose the delivery of such documents at closing.</li><li>• A new paragraph 6.E(9) is added to alert sellers of property in a propane gas system service area that a new statutory notice must be given.</li><li>• Paragraph 7.D is amended to define “As Is” as “the present condition of the Property with any and all defects and without warranty except for the warranties of title and the warranties in this contract.”</li><li>• The notice after paragraph 7.D is moved to the body of the paragraph after the definition of “As Is” and the defined term “As Is” is added to that sentence and subparagraphs (1) and (2) to replace “in its present condition.”</li><li>• The parenthetical at the end of paragraph 7.D is changed to add “and treatments” at the end of the sentence.</li><li>• The first two sentences of Paragraph 7. F is rewritten to clarify that the phrase “Unless otherwise agreed in writing” at the beginning of the first sentence applies to both sentences.</li><li>• The second sentence in Paragraph 7.F is amended to clarify that, if no license is required by law to perform a repair or treatment, all repairs and treatments must be performed by persons “who are commercially engaged in the trade of providing such repairs or treatments” rather than “authorized by law to provide such repairs or treatments.” A handyman who regularly performs miscellaneous property repairs for payment is included in the definition of a person who is “commercially engaged in a trade.”</li></ul>

## Legal Update Changes

---

	<ul style="list-style-type: none"> <li>• Paragraph 7.F is amended to change the number of days in the last sentence from 15 to 5 days regarding the Buyer’s option to extend the Closing Date if Seller fails to complete agreed repairs and treatments prior to closing.</li> <li>• Paragraph 9.B(5) is amended to specify that it applies to “residential leases and removes the requirement to “deliver to Buyer the lease(s) and the move in condition form signed by the tenant, if any” from the closing section and puts it in Paragraph 10.</li> <li>• The current text under Paragraph 10 was retitled “A. Buyer’s Possession” to accommodate the addition of a new subsection B regarding delivery of copies of leases from Paragraph 9 and a new agreement that seller will not execute any leases or convey any interest in the Property after the effective date without buyer’s written consent.</li> <li>• Paragraph 16 is amended to remove the mediation check boxes to require mediation to resolve disputes between Buyer and Seller related to the contract.</li> <li>• Paragraph 22 is amended to add a box for the new Addendum for Property in a Propane Gas System Service Area.</li> <li>• Paragraph 23 is amended to provide that the Seller or Listing Broker must pay the option fee within 3 days after the effective date of the contract instead of 2 days.</li> <li>• The “Consult an Attorney” notice in Paragraph 24 is rewritten to add the phrase “before signing” to the title and delete the last sentence that currently contained that provision to increase clarity.</li> <li>• The last page is amended to clarify that the agents should not sign on the blank lines; they should insert their names only.</li> </ul>
<p><b>TREC No. 9-11, Unimproved Property Contract</b></p>	<p>Amendments to TREC No. 9-11, Unimproved Property Contract are the same as those proposed for TREC Form No. 20-12 except as follows:</p> <ul style="list-style-type: none"> <li>• There are no changes to Paragraph 2.</li> <li>• Paragraph 7.E(1) is amended to be the same as Paragraph 7.H(1) in Form 25-10, Farm and Ranch Contract.</li> <li>• Paragraph 7.E(3) regarding environmental hazards is amended to change “any environmental hazards or conditions affecting” to “any environmental hazards that materially and adversely affect” the Property.</li> <li>• Paragraph 9.B(5) is removed since it refers to a residential lease which will not occur on unimproved property.</li> </ul>
<p><b>TREC No. 24-13, New Home Contract (Completed Construction)</b></p>	<ul style="list-style-type: none"> <li>• Amendments to TREC No. 24-13, New Home Contract (Completed Construction) are the same as those proposed for TREC Form No. 20-12 except as follows:</li> <li>• There are no changes to Paragraph 2.</li> </ul>

## Legal Update Changes

---

	<ul style="list-style-type: none"> <li>• Paragraph 7.H(3) regarding seller’s disclosure of environmental hazards is amended to change “any environmental hazards or conditions materially affecting” to “any environmental hazards that materially and adversely affect” the property.</li> <li>• Paragraph 10 is amended by adding a new Paragraph 10.B regarding leases wherein the Seller agrees not to execute any lease or convey any interest in the Property after the effective date without the Buyer’s written consent.</li> </ul>
<b>TREC No. 25-10, Farm and Ranch Contract</b>	<ul style="list-style-type: none"> <li>• Amendments to TREC No. 25-10, Farm and Ranch Contract are the same as those proposed for TREC Form No. 20-12, except as follows:</li> <li>• Paragraph 2 is amended to refer to addenda or specific provisions for exclusions and reservations.</li> <li>• Paragraph 7.H(3) regarding seller’s disclosure of environmental hazards is amended to change “any environmental hazards or conditions materially affecting” to “any environmental hazards that materially and adversely affect” the property.</li> <li>• The check box for the Addendum for Reservation of Oil, Gas and Other Minerals is removed to avoid mistakes since that addendum is not sufficient for use in with this type of property.</li> <li>• The last page is not amended.</li> </ul>
<b>TREC No. 30-11, Residential Condominium Contract</b>	<p>Amendments to TREC No. 30-11, Residential Condominium Contract. The proposed revisions are the same as those proposed for TREC Form No. 20-12 except as follows:</p> <ul style="list-style-type: none"> <li>• The definition of “Property” in Paragraph 2 did not change.</li> <li>• Paragraph 2.B(3) is deleted as a typographical error.</li> <li>• No changes were made to paragraph 6.A(8).</li> </ul>
<b>TREC No. 37-5, Subdivision Information, Including Resale Certificate</b>	<p>Amendment to TREC No. 37-5, Subdivision Information, Including Resale Certificate for Property Subject to Mandatory Membership in a Property Owners’ Association is as follows:</p> <ul style="list-style-type: none"> <li>• Amend Paragraph H to more closely track statutory changes to Chapter 207, Property Code.</li> </ul>
<b>TREC No. 40-6, Third Party Financing Addendum</b>	<p>Amendments to TREC No. 40-6, Third Party Financing Addendum for Credit Approval are as follows:</p> <ul style="list-style-type: none"> <li>• An instructional note was added that this addendum is not for use with reverse mortgage financing.</li> <li>• New paragraph E is added to reference USDA Guaranteed Financing.</li> </ul>
<b>TREC No. 47-0, Addendum for Property in a Propane Gas</b>	<p>New TREC No. 47-0, Addendum for Property in a Propane Gas System Service Area, is adopted to provide the statutory notice required under Section 141.010, Utilities Code when the property is in such a service area. The</p>

## Legal Update Changes

---

<b>System Service Area</b>	Utilities Code also requires that a copy of the notice the distribution system retailer is required to record in the real property records be attached to this addendum.
<b>TREC No. OP-H, Seller's Disclosure of Property Condition</b>	Section 6 of form OP-H, Seller's Disclosure of Property Condition, is amended to change the definition of rainwater harvesting systems pursuant to House Bill No. 2781.
<b>TREC No. OP-N, Reverse Mortgage Financing Addendum</b>	A new form TREC No. OP-N Reverse Mortgage Financing Addendum, was adopted for voluntary use because neither Paragraph 4 in the Standard Contract forms nor the Third Party Financing Addendum adequately addresses this type of financing.