**PROPOSED RULE ACTION FROM**
**AUGUST 13, 2012 MEETING OF THE COMMISSION**
**Chapter 537 Professional Agreements and Standard Contracts.**

The Texas Real Estate Commission (TREC) proposes amendments to 22 TAC §537.20 concerning Standard Contract Form TREC No. 9-10, Unimproved Property Contract; §537.28 concerning Standard Contract Form TREC No. 20-11, One to Four Family Residential Contract (Resale); §537.30 concerning Standard Contract Form TREC No. 23-12, New Home Contract (Incomplete Construction); §537.31 concerning Standard Contract Form TREC No. 24-12, New Home Contract (Completed Construction); §537.32 concerning Standard Contract Form TREC No. 25-9 Farm and Ranch Contract; §537.37 concerning Standard Contract Form TREC No. 30-10 Residential Condominium Contract; §537.44 concerning Standard Contract Form TREC No. 37-4 Subdivision Information, Including Resale Certificate for Property Subject to Mandatory Membership in a Property Owners' Association; and §537.47 propose to adopt reference by Standard Contract Form TREC No. 40-4, Third Party Financing Addendum for Credit Approval.

The amendments propose to adopt by reference six revised contract forms and one addendum for use by Texas real estate licensees.

Texas real estate licensees are generally required to use forms promulgated by TREC when negotiating contacts for the sale of real property. These forms are drafted by the Texas Real Estate Broker-Lawyer Committee, an advisory body consisting of six attorneys appointed by the President of the State Bar of Texas, six brokers appointed by TREC, and a public member appointed by the governor.

The amendments to §537.28 propose to adopt by reference Standard Contract Form TREC No. 20-12, One to Four Family Residential Contract (Resale). Paragraph 6.A.(8) is amended to provide that the exception shall be amended to read "shortages in area" unless the buyer instructs the title company otherwise; paragraph 7.A.D is amended to delete subparagraph (1) and to add a parenthetical "(as is)"; the same parenthetical is added to the notice after paragraph 7.A.D and the reference to subparagraphs (1) and (2) is deleted; paragraph 14 is amended to add the clause "or cause to be restored" in the first sentence; page 9 is amended to clarify that the agents should not sign on the blank lines, they should insert their names only.

The amendment to §537.20 proposes to adopt by reference Standard Contract Form TREC No. 9-11, Unimproved Property Contract. The proposed revisions are the same as those proposed for TREC Form No. 20-9.

The amendment to §537.30 proposes to adopt by reference Standard Contract Form TREC No. 23-13, New Home Contract (Incomplete Construction). The proposed revisions are the same as those proposed for TREC Form No. 20-12, except that there are no amendments to paragraph 7 except to insert missing parentheses.

The amendment to §537.31 proposes to adopt by reference Standard Contract Form TREC No. 24-13, New Home Contract (Completed Construction). The proposed revisions are the same as those proposed for TREC Form No. 20-12.

The amendment to §537.32 proposes to adopt by reference Standard Contract Form TREC No. 25-10, Farm and Ranch Contract. The proposed revisions are the same as those proposed for TREC Form No. 20-12.

The amendment to §537.37 proposes to adopt by reference Standard Contract Form TREC No. 30-11, Residential Condominium Contract The proposed revisions are the same as those proposed for TREC Form No. 20-12.

The amendment to §537.44 propose to adopt by reference Standard Contract Form TREC No. 37-5, Subdivision Information, Including Resale Certificate for Property Subject to Mandatory Membership in a Property Owners' Association. Paragraph H is amended to more closely track recent statutory changes to Chapter 207, Property Code.

The amendment to §537.47 propose to adopt reference by Standard Contract Form TREC No. 40-5, Third Party Financing Addendum for Credit Approval. New paragraph E is added to reference USDA Guaranteed Financing.

Loretta R. DeHay, General Counsel, has determined that for the first five-year period the sections are in effect there will be no fiscal implications for the state or for units of local government as a result of enforcing or administering the sections. There is no anticipated impact on small businesses, micro-businesses or local or state employment as a result of implementing the sections. There is no anticipated economic cost to persons who are required to comply with the proposed sections, other than the costs of obtaining copies of the forms, which would be available at no charge through the TREC web site

Ms. DeHay also has determined that for each year of the first five years the sections as proposed are in effect the public benefit anticipated as a result of enforcing the sections will be the availability of current standard contract forms that, among other things, conform to new or recently revised statutory requirements.

Comments on the proposal may be submitted to Loretta R. DeHay, General Counsel, Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188.

The amendments are adopted under Texas Occupations Code, §1101.151, which authorizes the Texas Real Estate Commission to adopt and enforce rules necessary to administer Chapters 1101 and 1102; and to establish standards of conduct and ethics for its licensees to fulfill the purposes of chapters 1101 and 1102 and ensure compliance with Chapters 1101 and 1102.

The statute affected by this proposal is Texas Occupations Code, Chapter 1101. No other statute, code or article is affected by the proposed amendments.

**§537.20. Standard Contract Form TREC No. 9-11[~~10~~].** The Texas Real Estate Commission adopts by reference standard contract form TREC No. 9-11[~~10~~] approved by the Texas Real Estate Commission in 2012 for use in the sale of unimproved property where intended use is for one to four family residences. This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, www.trec.texas.gov.

**§537.28. Standard Contract Form TREC No. 20-12[~~11~~].** The Texas Real Estate Commission adopts by reference standard contract form TREC No. 20-12[~~11~~] approved by the Texas Real Estate Commission in 2012 for use in the resale of residential real estate. This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, www.trec.texas.gov.

**§537.30. Standard Contract Form TREC No. 23-13[~~12~~].** The Texas Real Estate Commission adopts by reference standard contract form TREC No. 23-13[~~12~~] approved by the Texas Real Estate Commission in 2012 for use in the sale of a new home where construction is incomplete. This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, www.trec.texas.gov.

**§537.31. Standard Contract Form TREC No. 24-13[~~12~~].** The Texas Real Estate Commission adopts by reference standard contract form TREC No. 24-13[~~12~~] approved by the Texas Real Estate Commission in 2011 for use in the sale of a new home where construction is completed. This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, www.trec.texas.gov.

**§537.32. Standard Contract Form TREC No. 25-10[~~9~~].** The Texas Real Estate Commission adopts

by reference standard contract form TREC No. 25-10[~~9~~] approved by the Texas Real Estate Commission in 2012 for use in the sale of a farm or ranch. This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, www.trec.texas.gov.

**§537.37. Standard Contract Form TREC No. 30-11[~~10~~].** The Texas Real Estate Commission adopts by reference standard contract form TREC No. 30-11[~~10~~] approved by the Texas Real Estate Commission in 2012 for use in the resale of a residential condominium unit. This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, www.trec.texas.gov.

**§537.44. Standard Contract Form TREC No. 37-5[4].** The Texas Real Estate Commission adopts by reference standard contract form TREC No. 37-5[4]approved by the Texas Real Estate Commission in 2012 for use as a resale certificate when the property is subject to mandatory membership in an owners' association. This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, www.trec.texas.gov.

**§537.47. Standard Contract Form TREC No. 40-5[4].** The Texas Real Estate Commission adopts by The Texas Real Estate Commission adopts by reference standard contract form, TREC No. 40-5[4] approved by the Texas Real Estate Commission in 2012 for use as an addendum to be added to promulgated forms of contracts when there is a condition for third party financing. This document is published by and available from the Texas Real Estate Commission, P.O. Box 12188, Austin, Texas 78711-2188, www.trec.texas.gov.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Filed with the Office of the Secretary of State on August 20, 2012.

TRD No. 201204422
Loretta R. DeHay
General Counsel
Texas Real Estate Commission
Earliest possible date of adoption: November 5, 2012