

Broker-Lawyer Committee Meeting

April 6, 2018





AGENDA FOR TEXAS BROKER LAWYER COMMITTEE MEETING

Conference Room 400A, Stephen F. Austin Building
1700 N. Congress
Austin, Texas 78701

Friday, April 6, 2018, at 10:00 a.m.

1. Call to order
2. Discussion and possible action to approve the January 12, 2017 meeting minutes
3. Discussion and possible action regarding comments received on proposed addenda forms
4. Discussion and possible action regarding comments received on other promulgated contract forms and addenda
5. Discussion and possible action regarding a Release of Earnest Money Form
6. Discussion and possible action regarding revisions to the Addendum for Property Subject to Mandatory Membership in a Property Owners Association
7. Discussion and possible action regarding revisions to the Amendment Addendum
8. Discussion and possible action regarding revisions to the Third Party Financing Addendum
9. Discussion and possible action regarding future agenda items and meeting dates
10. Adjourn

Pursuant to the Americans with Disabilities Act, any requests for reasonable accommodation needed by persons wishing to attend this meeting should call Amber Hinton at 512-936-3000.

Pursuant to Section 46.035(c) of the Texas Penal Code, handgun license holders are prohibited from carrying a handgun at this government meeting. This prohibition applies to both concealed and open carry handguns.

Broker/Lawyer Committee Meeting
Minutes
January 12, 2018

(1) The meeting was called to order at 10:05 a.m. on January 12, 2018.

Members Present:	Ron Walker	Lori Keebaugh	SJ Swanson
	Charles Kramer	Aimee Slusher	Brian Watts
	John George	Terri Macaluso	Charlie Still
	Greg Glenn	Bo Blackburn	

Others Present: Kerri Lewis (TREC, General Counsel)
Avis Wukasch (Chairman, TREC)
Abby Lee (Guest, Texas Association of REALTORS)
Jim Wiedemer (Guest, Attorney)
Aaron Day (Texas Land Title Association)

- (1) The committee approved its minutes from its last meeting with the following corrections:
 - (i) in Paragraph 4(b) insert the word “next” after “end of the”; and (ii) in Paragraph 4(e) correct “6A(7)” to “6A(9)”.
- (2) The committee recognized Chairman Wukasch who thanked the committee for its work. She noted that the purpose of the contract forms are not create litigation and to resolve disputes. A brief discussion ensued.
- (3) The committee reviewed comments related to various forms. Based on the comments and its own discussion, the committee decided to make the following changes.
 - (a) The committee decided to change the word “deposit” in Paragraph to “deliver” with conforming grammatical changes so that the provision reads, “deliver \$ _____ as earnest money to _____, as escrow agent...”.
 - (b) The committee decided to remove the initials at the bottom of the last page on the contract forms where Earnest Money and Contract Receipt boxes are located.
 - (c) The committee instructed staff to correct spelling errors in the Addendum for Authorizing Hydrostatic Testing.
- (4) A motion was made, seconded, and passed that the versions of the standard contracts and other addendum forms currently published for comment be recommended for adoption with the corrections and changes referenced in these minutes.
- (5) The committee discussed Paragraph 2 based on comments from Brian Watts. The committee deferred any action to a later meeting.

- (6) The committee instructed staff to submit a draft for publication to the commission for a seller's notice of termination form.
- (7) The committee decided that John George, SJ Swanson, and Ron Walker will compose a draft for a mutual termination of contract and release of earnest money for the committee's consideration at a later meeting.
- (8) The committee discussed the addendum for mandatory membership in a property owners' association and took no action.
- (9) The committee discussed the Amendment form. The committee instructed staff to develop a draft for the committee to consider at a later meeting and to include a time of the essence clause in Paragraph (3) of such a draft.
- (10) The committee discussed the Third Party Financing Addendum. The committee instructed staff to number the check boxes to conform the format of the forms to the manner used in the TREC forms. Additionally, the committee decided to add "*Check on box only*" in Paragraph B(2). This form will be brought back to the committee for further discussion before recommending changes to the commission.
- (11) The committee instructed staff to add: (i) an additional paragraph in the Buyer's Notice of Termination of Contract to identify the potential termination under Paragraph (3) of the Addendum concerning Right to Terminate Due to Lender's Appraisal; and (ii) a notice of termination under Paragraph 6D of the contract. The staff will submit the revised form to the commission for publication at their next meeting.
- (12) The committee decided to call its next meeting on April 6, 2018 at 10:00 a.m.
- (13) The committee adjourned its meeting at 2:30 p.m.



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)
NOTICE OF BUYER'S TERMINATION OF CONTRACT
CONCERNING THE CONTRACT FOR THE SALE OF THE PROPERTY AT



(Street Address and City)

BETWEEN THE UNDERSIGNED BUYER AND _____ (SELLER)

Buyer notifies Seller that the contract is terminated pursuant to the following:

- (1) the unrestricted right of Buyer to terminate the contract under Paragraph 23 of the contract.
(2) Buyer cannot obtain Buyer Approval in accordance with the Third Party Financing Addendum to the contract.
(3) the Property does not satisfy Property Approval in accordance with the Third Party Financing Addendum to the contract.
(4) Buyer elects to terminate under Paragraph A of the Addendum for Property Subject to Mandatory Membership in a Property Owners' Association.
(5) Buyer elects to terminate under Paragraph 7B(2) of the contract relating to the Seller's Disclosure Notice.
(6) Buyer elects to terminate under Paragraph (3) of the Addendum Concerning Right to Terminate Due to Lender's Appraisal. Buyer has delivered a copy of the Appraisal to Seller.
(7) Buyer elects to terminate under Paragraph 6.D. of the contract (6.C. for Residential Condominium Contract) because Buyer's or Lender's timely objections were not cured by the end of the Cure Period.
(8) [6] Other (identify the paragraph number of contract or the addendum):

NOTE: Release of the earnest money is governed by the terms of the contract.

Buyer Date Buyer Date



This form has been approved by the Texas Real Estate Commission for use with similarly approved or promulgated contract forms. Such approval relates to this form only. TREC forms are intended for use only by trained real estate license holders. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not suitable for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, (512) 936-3000 (http://www.trec.texas.gov) TREC No. 38-6[5]. This form replaces TREC No. 38-5[4].



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)
NOTICE OF SELLER'S TERMINATION OF CONTRACT
 CONCERNING THE CONTRACT FOR THE SALE OF THE PROPERTY AT

5-7-18



 (Street Address and City)

BETWEEN THE UNDERSIGNED SELLER AND _____

 (BUYER)

Seller notifies Buyer that the contract is terminated pursuant to the following:

- (1) Buyer failed to deliver the earnest money within the time required under Paragraph 5 of the contract and before the time Seller delivered this notice to Buyer.
- (2) Other *(identify the paragraph number of contract or the addendum)*:

NOTE: Release of the earnest money is governed by the terms of the contract.

 Seller

 Date

 Seller

 Date



This form has been approved by the Texas Real Estate Commission for use with similarly approved or promulgated contract forms. Such approval relates to this form only. TREC forms are intended for use only by trained real estate license holders. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not suitable for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, (512) 936-3000 (<http://www.trec.texas.gov>) TREC No. 50-0.

Agenda Item 4 – Comments on other promulgated forms

From: Staniswalis, Chip [<mailto:chip.staniswalis@ctt.com>]

Sent: Friday, January 19, 2018 11:29 AM

To: Information <information@trec.texas.gov>

Subject: Staniswalis/Amendment Inquiry

1. If TREC 49.0 (Termination due to Lender's Appraisal) is attached to a contract and box (2) is checked, it appears the buyer would have to terminate the contract and re-submit an offer to the seller, even if there was agreement between the parties on a negotiated compromise (between the opinion of value and the new lower sales price).
2. If 49.0 is attached to a contract, could the parties use TREC 39.8 (Amendment) and adjust the sales price to an amount higher than the appraisal, but less than the original sales price, and allow the buyer to purchase the property with a lesser down payment than the amount required (to meet the lender's underwriting requirements) if paragraph (1) is checked? Could this same option be used if box (2) is checked?
3. I guess what I'm asking is can we use TREC 39.8 to amend the agreement of the parties in 49.0?
4. Right or wrong, it is a common practice(/option?) for the parties to negotiate the difference between the opinion of value and the originally agreed upon sales price. It does not appear to me this third option is available in 49.0.

You may send me to competent legal counsel to answer this, but if 39.8 could not be used for such an agreement (amending 49.0), would such an agreement of the parties (to negotiate the difference of the opinion of value and a new sales price) be a business detail allowable in Special Provisions?

Thank you.

Chip Staniswalis

0340339

Chip.staniswalis@ctt.com

806.354.7929

From: Perry Kelly [<mailto:PerryKelly@morrisrealtysa.com>]

Sent: Monday, January 22, 2018 11:05 AM

To: Information <information@trec.texas.gov>

Subject: Service animals, companion animals

To whom it may concern: Due to all the fraudulent means available to represent a right to have an animal on/in a rental property as a service animal or companion animal, it is time for TREC to address the issue. The HUD directive lacks specifics and leaves the requirements for a pet owner who wishes to have a service animal or companion animal proof very vague and basically tells an applicant who is not approved, to sue the property owner or Brokerage for discrimination. Any person can go online and get a doctors letter, for a fee, stating the person is under their care and prescribed a companion animal. What I believe is reasonable is that the Doctor , Psychiatrist who claims the person is under their care, should be a reasonable drive for the person who is their alleged patient. We recently had an applicant

apply for rental that had a letter from an Idaho office. To protect Brokers/landlords who want to comply with legitimate animals, we need a standardized form to include with the TAR rental application which will set out the standards of proof and verification for service and companion animals. No one wants to be sued for denying an application for a legitimate prescription. People who want Pit Bulls and other recognized dangerous breeds or who do not want to pay a pet deposit, go online and pay a fee to get a letter for prescription. This problem is not going to go away and will become more prevalent as more people figure out the loophole. To verify, go online and search "how to get a companion animal". We also had a letter from a California office. Please share your thoughts as to how these fraudulently obtained "prescriptions" can be addressed. Thank You!

Perry Kelly
Realtor/Property Manager
Morris Realty

From: ed@eddoran.com <ed@eddoran.com>
Sent: Friday, February 16, 2018 3:56 PM
To: Kerri Lewis <Kerri.Lewis@trec.texas.gov>
Cc: sjswanson@swansonpllc.com; aslusher@skeltonslusher.com; terri.macaluso@cbdfw.com; leigh@leighyork.com; lori@lorikeebaugh.com; bo@abdlawfirm.com; jgeorge@grayreed.com; bwatts@firstam.com; NTTAREI <greg@houseinspects.com>; charlie@stillbrothers.com; fredrang1@gmail.com; ckramer@hklegal.net; ron-walker@austindiocese.org
Subject: Sellers Disclosure

Dear Ms. Lewis. And Members of the Broker/Lawyer Committee.

I would like to entertain the idea. Of seeing a Promulgated. Sellers disclosure form.

That is more detailed, Than the one being used through the Texas Association of Realtors.

I purchased a property two years ago. That was updated. The sellers failed to mention that while their was a insurance claim. The claim was for \$60,000.00. Water Damage.

I was notified through buyer while I trying to sell. I do not have a copy of there Clue Report, so I have no knowledge of what was damaged.

It's my opinion that a disclosure form should state amount paid, and what was repaired?

Thats why I feel there should be a promulgated form. Thank you for your time.

Sincerely

Ed Doran Jr.
Broker 0361855



TEXAS ASSOCIATION OF REALTORS®
SELLER'S DISCLOSURE NOTICE

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Section 5.008, Property Code requires a seller of residential property of not more than one dwelling unit to deliver a Seller's Disclosure Notice to a buyer on or before the effective date of a contract. **This form complies with and contains additional disclosures which exceed the minimum disclosures required by the Code.**

CONCERNING THE PROPERTY AT [REDACTED]

THIS NOTICE IS A DISCLOSURE OF SELLER'S KNOWLEDGE OF THE CONDITION OF THE PROPERTY AS OF THE DATE SIGNED BY SELLER AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THE BUYER MAY WISH TO OBTAIN. IT IS NOT A WARRANTY OF ANY KIND BY SELLER, SELLER'S AGENTS, OR ANY OTHER AGENT.

Seller is is not occupying the Property. If unoccupied (by Seller), how long since Seller has occupied the Property? _____ or never occupied the Property

Section 1. The Property has the items marked below: (Mark Yes (Y), No (N), or Unknown (U).)

This notice does not establish the items to be conveyed. The contract will determine which items will & will not convey.

Item	Y	N	U
Cable TV Wiring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carbon Monoxide Det.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ceiling Fans	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooktop	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dishwasher	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disposal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Emergency Escape Ladder(s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Exhaust Fans	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fences	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fire Detection Equip.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
French Drain	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas Fixtures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Gas Lines	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Item	Y	N	U
Liquid Propane Gas:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
-LP Community (Captive)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
-LP on Property	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Hot Tub	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Intercom System	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Microwave	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Outdoor Grill	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patio/Decking	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing System	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pool	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pool Equipment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pool Maint. Accessories	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pool Heater	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Item	Y	N	U
Pump: <input type="checkbox"/> sump <input type="checkbox"/> grinder	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rain Gutters	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Range/Stove	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Roof/Attic Vents	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sauna	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Smoke Detector	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Smoke Detector – Hearing Impaired	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Spa	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Trash Compactor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TV Antenna	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Washer/Dryer Hookup	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Window Screens	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public Sewer System	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Item	Y	N	U	Additional Information
Central A/C	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> electric <input type="checkbox"/> gas number of units: _____
Evaporative Coolers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	number of units: _____
Wall/Window AC Units	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	number of units: _____
Attic Fan(s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	if yes, describe: _____
Central Heat	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> electric <input type="checkbox"/> gas number of units: _____
Other Heat	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	if yes describe: _____
Oven	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	number of ovens: <u>1</u> <input type="checkbox"/> electric <input checked="" type="checkbox"/> gas <input type="checkbox"/> other: _____
Fireplace & Chimney	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> wood <input checked="" type="checkbox"/> gas logs <input type="checkbox"/> mock <input type="checkbox"/> other: <u>2 Fireplaces</u>
Carport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> attached <input type="checkbox"/> not attached
Garage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> attached <input type="checkbox"/> not attached
Garage Door Openers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	number of units: <u>1</u> number of remotes: <u>2</u>
Satellite Dish & Controls	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> owned <input type="checkbox"/> leased from _____
Security System	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> owned <input type="checkbox"/> leased from _____
Water Heater	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> electric <input checked="" type="checkbox"/> gas <input type="checkbox"/> other: _____ number of units: _____
Water Softener	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> owned <input type="checkbox"/> leased from _____
Underground Lawn Sprinkler	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> automatic <input type="checkbox"/> manual areas covered: _____
Septic / On-Site Sewer Facility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	if yes, attach Information About On-Site Sewer Facility (TAR-1407)

Water supply provided by: city well MUD co-op unknown other: _____

Was the Property built before 1978? yes no unknown

(If yes, complete, sign, and attach TAR-1906 concerning lead-based paint hazards).

Roof Type: Composition Age: 2005 (approximate)

Is there an overlay roof covering on the Property (shingles or roof covering placed over existing shingles or roof covering)? yes no unknown

Are you (Seller) aware of any of the items listed in this Section 1 that are not in working condition, that have defects, or are need of repair? yes no If yes, describe (attach additional sheets if necessary):

Section 2. Are you (Seller) aware of any defects or malfunctions in any of the following?: (Mark Yes (Y) if you are aware and No (N) if you are not aware.)

Item	Y	N	Item	Y	N	Item	Y	N
Basement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Floors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Sidewalks	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ceilings	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Foundation / Slab(s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Walls / Fences	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Doors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Interior Walls	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Windows	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Driveways	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Lighting Fixtures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other Structural Components	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Electrical Systems	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Plumbing Systems	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Exterior Walls	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Roof	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

If the answer to any of the items in Section 2 is yes, explain (attach additional sheets if necessary):

Section 3. Are you (Seller) aware of any of the following conditions: (Mark Yes (Y) if you are aware and No (N) if you are not aware.)

Condition	Y	N	Condition	Y	N
Aluminum Wiring	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Previous Foundation Repairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Asbestos Components	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Previous Roof Repairs	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Diseased Trees: <input type="checkbox"/> oak wilt <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Other Structural Repairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Endangered Species/Habitat on Property	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Radon Gas	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fault Lines	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Settling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hazardous or Toxic Waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Soil Movement	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Improper Drainage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subsurface Structure or Pits	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Intermittent or Weather Springs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Underground Storage Tanks	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Landfill	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Unplatted Easements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lead-Based Paint or Lead-Based Pt. Hazards	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Unrecorded Easements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Encroachments onto the Property	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Urea-formaldehyde Insulation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Improvements encroaching on others' property	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Water Penetration	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Located in 100-year Floodplain	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Wetlands on Property	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Located in Floodway	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Wood Rot	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Present Flood Ins. Coverage (If yes, attach TAR-1414)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Active infestation of termites or other wood destroying insects (WDI)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Previous Flooding into the Structures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Previous treatment for termites or WDI	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Previous Flooding onto the Property	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Previous termite or WDI damage repaired	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Located in Historic District	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Previous Fires	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Historic Property Designation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Termite or WDI damage needing repair	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Previous Use of Premises for Manufacture of Methamphetamine	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Single Blockable Main Drain in Pool/Hot Tub/Spa*	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If the answer to any of the items in Section 3 is yes, explain (attach additional sheets if necessary):

roof section repaired in May 2015.
termite treated by previous owner. Currently prevention treatment by pest control company.

*A single blockable main drain may cause a suction entrapment hazard for an individual.

Section 4. Are you (Seller) aware of any item, equipment, or system in or on the Property that is in need of repair, which has not been previously disclosed in this notice? yes no If yes, explain (attach additional sheets if necessary):

[Empty box for explanation]

Section 5. Are you (Seller) aware of any of the following (Mark Yes (Y) if you are aware. Mark No (N) if you are not aware.)

- | | |
|---|---|
| <input type="checkbox"/> Y
<input checked="" type="checkbox"/> N | <p><input type="checkbox"/> Room additions, structural modifications, or other alterations or repairs made without necessary permits or not in compliance with building codes in effect at the time.</p> <p><input type="checkbox"/> Homeowners' associations or maintenance fees or assessments. If yes, complete the following:
 Name of association: _____
 Manager's name: _____ Phone: _____
 Fees or assessments are: \$ _____ per _____ and are: <input type="checkbox"/> mandatory <input type="checkbox"/> voluntary
 Any unpaid fees or assessment for the Property? <input type="checkbox"/> yes (\$ _____) <input type="checkbox"/> no
 If the Property is in more than one association, provide information about the other associations below or attach information to this notice.</p> <p><input type="checkbox"/> Any common area (facilities such as pools, tennis courts, walkways, or other) co-owned in undivided interest with others. If yes, complete the following:
 Any optional user fees for common facilities charged? <input type="checkbox"/> yes <input type="checkbox"/> no If yes, describe: _____</p> <p><input type="checkbox"/> Any notices of violations of deed restrictions or governmental ordinances affecting the condition or use of the Property.</p> <p><input type="checkbox"/> Any lawsuits or other legal proceedings directly or indirectly affecting the Property. (Includes, but is not limited to: divorce, foreclosure, heirship, bankruptcy, and taxes.)</p> <p><input type="checkbox"/> Any death on the Property except for those deaths caused by: natural causes, suicide, or accident unrelated to the condition of the Property.</p> <p><input type="checkbox"/> Any condition on the Property which materially affects the health or safety of an individual.</p> <p><input type="checkbox"/> Any repairs or treatments, other than routine maintenance, made to the Property to remediate environmental hazards such as asbestos, radon, lead-based paint, urea-formaldehyde, or mold.
 If yes, attach any certificates or other documentation identifying the extent of the remediation (for example, certificate of mold remediation or other remediation).</p> <p><input type="checkbox"/> Any rainwater harvesting system located on the property that is larger than 500 gallons and that uses a public water supply as an auxiliary water source.</p> <p><input type="checkbox"/> The Property is located in a propane gas system service area owned by a propane distribution system retailer.</p> |
|---|---|

If the answer to any of the items in Section 5 is yes, explain (attach additional sheets if necessary):

[Empty box for explanation]

Section 6. Seller has has not attached a survey of the Property.

Section 7. Within the last 4 years, have you (Seller) received any written inspection reports from persons who regularly provide inspections and who are either licensed as inspectors or otherwise permitted by law to perform inspections? yes no If yes, attach copies and complete the following:

Inspection Date	Type	Name of Inspector	No. of Pages
09/04/2015	Plumbing	Selman Home Inspection	7

Note: A buyer should not rely on the above-cited reports as a reflection of the current condition of the Property. A buyer should obtain inspections from inspectors chosen by the buyer.

Section 8. Check any tax exemption(s) which you (Seller) currently claim for the Property:

- Homestead
- Senior Citizen
- Disabled
- Wildlife Management
- Agricultural
- Disabled Veteran
- Other: _____
- Unknown

Section 9. Have you (Seller) ever filed a claim for damage to the Property with any insurance provider? yes no

Section 10. Have you (Seller) ever received proceeds for a claim for damage to the Property (for example, an insurance claim or a settlement or award in a legal proceeding) and not used the proceeds to make the repairs for which the claim was made? yes no If yes, explain:

[Empty box for explanation]

Section 11. Does the property have working smoke detectors installed in accordance with the smoke detector requirements of Chapter 766 of the Health and Safety Code?* unknown no yes. If no or unknown, explain. (Attach additional sheets if necessary):

[Empty box for explanation]

*Chapter 766 of the Health and Safety Code requires one-family or two-family dwellings to have working smoke detectors installed in accordance with the requirements of the building code in effect in the area in which the dwelling is located, including performance, location, and power source requirements. If you do not know the building code requirements in effect in your area, you may check unknown above or contact your local building official for more information.

A buyer may require a seller to install smoke detectors for the hearing impaired if: (1) the buyer or a member of the buyer's family who will reside in the dwelling is hearing-impaired; (2) the buyer gives the seller written evidence of the hearing impairment from a licensed physician; and (3) within 10 days after the effective date, the buyer makes a written request for the seller to install smoke detectors for the hearing-impaired and specifies the locations for installation. The parties may agree who will bear the cost of installing the smoke detectors and which brand of smoke detectors to install.

Seller acknowledges that the statements in this notice are true to the best of Seller's belief and that no person, including the broker(s), has instructed or influenced Seller to provide inaccurate information or to omit any material information.

[REDACTED] 09/28/2015
Signature of Seller Date

[REDACTED] 09/28/2015
Signature of Seller Date

Printed Name: [REDACTED]

Printed Name: [REDACTED]

ADDITIONAL NOTICES TO BUYER:

- (1) The Texas Department of Public Safety maintains a database that the public may search, at no cost, to determine if registered sex offenders are located in certain zip code areas. To search the database, visit www.txdps.state.tx.us. For information concerning past criminal activity in certain areas or neighborhoods, contact the local police department.
- (2) If the property is located in a coastal area that is seaward of the Gulf Intracoastal Waterway or within 1,000 feet of the mean high tide bordering the Gulf of Mexico, the property may be subject to the Open Beaches Act or the Dune Protection Act (Chapter 61 or 63, Natural Resources Code, respectively) and a beachfront construction certificate or dune protection permit may be required for repairs or improvements. Contact the local government with ordinance authority over construction adjacent to public beaches for more information.
- (3) If you are basing your offers on square footage, measurements, or boundaries, you should have those items independently measured to verify any reported information.
- (4) The following providers currently provide service to the property:

Electric: _____	phone # _____
Sewer: _____	phone # _____
Water: _____	phone # _____
Cable: _____	phone # _____
Trash: _____	phone # _____
Natural Gas: _____	phone #: _____
Phone Company: _____	phone #: _____
Propane: _____	phone #: _____

- (5) This Seller's Disclosure Notice was completed by Seller as of the date signed. The brokers have relied on this notice as true and correct and have no reason to believe it to be false or inaccurate. YOU ARE ENCOURAGED TO HAVE AN INSPECTOR OF YOUR CHOICE INSPECT THE PROPERTY.

The undersigned Buyer acknowledges receipt of the foregoing notice.

[REDACTED]
Signature of Buyer Date
Printed Name: _____

[REDACTED]
Signature of Buyer Date
Printed Name: _____



SELMAN PHONE: 469-371-3228

ACCURATE INVESTMENT PROTECTION YOU CAN TRUST **HOME INSPECTION**

THERMAL IMAGING INSPECTION



Prepared Exclusively For:



Inspected on 09/03/2015



David Selman, Lic.#: 10299, Phone: (469)371-3228
SelmanHomeInspections.com, Email: david@selmanhomeinspections.com

Selman Home Inspection Company

Thermal Imaging Inspection Agreement Contract

Page 1 of 2

Thermal Imaging Inspection Agreement

Thermal imaging is a technology that allows Selman Home Inspections, Inc. to show you things about your home that no one can show you using other inspection methods. Thermal imaging produces images of invisible heat energy emitted from objects and systems in the home and allows us to measure it. Thermal imaging helps to diagnose the problem rather than merely identify symptoms and can sometimes, but not always, identify and document: Electrical faults before they cause a fire, overloaded and undersized circuits, circuit breakers in need of immediate replacement, missing, damaged, and/or wet insulation, heat loss and air infiltration in walls, ceilings, floors, windows and doors, water and moisture intrusion that could lead to mold, possible pest infestation, hidden roof leaks, before they cause serious damage, air conditioner compressor leaks, under fastening and/or missing framing members, structural defects, broken seals in double pane windows, energy loss and efficiency, dangerous flue leaks, damaged and/or malfunctioning radiant heating systems, unknown plumbing leaks, overheated equipment. These color images can then be included in the inspection report providing supporting documentation to the report. A picture is worth a thousand words.

THIS AGREEMENT is made and entered into by and between Selman Home Inspections, Inc., referred to as "Inspector", and [REDACTED] referred to as "Client".

In consideration of the promise and terms of this Agreement, the parties agree as follows:

1. CLIENT requests and authorizes Selman Home Inspections, Inc. to perform a thermal imaging scan on the structure. The client will pay the sum of \$175.00 for the Thermal Imaging Inspection of the "Property", being the residence, and attached structures, if applicable, located at [REDACTED]. Client agrees to pay the fee stated above for the performance of the inspection. This amount shall be paid in full prior to the completion of the inspection. Inspection reports will not be released to the client, client agents or other parties without payment. Should client fail to timely pay the agreed upon fee, client shall be responsible for paying any and all fees associated with collection, including but not limited to attorney's fees and costs. The parties agree that the fee agreed to herein is not contingent on the reporting of any specific, predetermined condition of the subject property. The inspector has not and will not accept a fee or other valuable consideration in this transaction from any person other than the client. The inspector has not and will not pay any portion of the fee received herein to any participant in this real estate transaction.
2. INSPECTOR's liability arising for any damages allegedly arising out of any aspect of the thermal imaging service shall be limited to the additional amount paid for the thermal imaging scan. CLIENT voluntarily waives any claim for consequential, exemplary or incidental damages to the fullest extent allowed by law.
3. The thermal imaging scan will be limited in scope to the equipment used by INSPECTOR. The inspection will be a non-invasive and non-destructive examination of the visible, safely and readily accessible portions of the interior and/or exterior of the structure for atypical temperature/thermal variations. NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES REGARDING FUTURE USE, HABITABILITY, OPERABILITY, SUITABILITY, OR MERCHANTABILITY WITH RESPECT TO THE SUBJECT PROPERTY ARE PROVIDED.

AGREEMENT CONTINUED ON THE NEXT PAGE

Selman Home Inspection Company

Thermal Imaging Inspection Agreement Contract

Page 2 of 2

4. Thermal imaging services do NOT include any inspections, examinations, testing or evaluations for harmful, dangerous, or toxic substances or materials or environmental hazards including but not limited to: mold, bio-aerosols, radon, lead, asbestos, non-biological airborne particulates, contaminants, petroleum products, petrochemicals, radioactive materials, electromagnetic radiation, plant, animal, or insect secretions or excretions. Infrared cameras are not moisture meters but can aid in identifying areas that warrant further investigation. If INSPECTOR offers any information or opinions about any of the forgoing, this information shall be deemed to be informational only and supplied as a courtesy to the CLIENT and shall not be deemed to be an amendment to this addendum or the inspection agreement.

5. CLIENT agrees to indemnify and hold harmless INSPECTOR, its agents, employees, and inspectors for the presence of any harmful, dangerous, or toxic substances or materials or environmental hazards including but not limited to those listed in part 4 of this addendum as well as for any and all damages and liability for any mitigation, construction, or any other costs associated with the presence of any such hazards or substances or materials.

6. If CLIENT desires to obtain information regarding the presence of any harmful, dangerous, or toxic substances or materials or environmental hazards including but not limited to those listed in part 4 of this addendum, it is solely the responsibility of the CLIENT to contact and engage the services of qualified individuals or companies that specialize in the areas of specific interest or concern.

7. All of the other terms of the Agreement (Inspection Contract) are incorporated herein by reference.

8. This report was prepared for a buyer, seller or property owner in accordance with the client's requirements. The report addresses a single system, component or thermal imaging and is not intended as a substitute for a complete standard inspection of the property. Standard inspections performed by a license holder and reported on a Texas Real Estate Commission promulgated report form may contain additional information a buyer should consider in making a decision to purchase.

BY MY DIGITAL SIGNATURE BELOW AS CLIENT, I ACKNOWLEDGE THAT I HAVE READ THIS CONTRACT AND ANY ATTACHED DOCUMENTS AND AGREE TO BE BOUND BY THESE TERMS AND CONDITIONS. CLIENT HAS READ THIS ENTIRE CONTRACT AGREEMENT, UNDERSTANDS THE TERMS AND ACCEPTS THIS CONTRACT AGREEMENT AS HEREBY ACKNOWLEDGED BY CLIENT'S SIGNATURE. IF CLIENT IS MARRIED, CLIENT UNDERSTANDS THAT THIS IS A FAMILY OBLIGATION INCURRED IN THE INTEREST OF THE FAMILY.

Client Name: [REDACTED]

Date: 09/03/2015

Inspectors Name: David Selman, Lic. #: 10299
Inspection #: 20150903-02 Date: 09/03/2015

THERMAL IMAGING INSPECTION REPORT

Prepared For: _____
(Name of Client)

Concerning: _____
(Address or Other Identification of Inspected Property)

By: David Selman, Lic #10299 09/03/2015
(Name and License Number of Inspector) (Date)

ADDITIONAL INFORMATION PROVIDED BY INSPECTOR

Inspection Time: 12:50 AM PM
Present at Inspection: Buyer Buyers Agent Seller Occupant
Building Status: Vacant Owner Occupied Tenant Occupied Other
Weather Conditions: Sunny Cloudy Rain Temp: 94 °F
House Orientation: North South East West
Utilities On: Yes No Water No Electricity No Gas

Structures built prior to 1979 may contain lead-based paint and/or asbestos in various building materials such as insulation, siding, and/or floor and ceiling tiles. Both lead and asbestos are known health hazards. Evaluating for the presence of lead and/or asbestos is not included in this inspection. The client(s) should consult with specialists as necessary, such as industrial hygienists, professional labs and/or abatement contractors for this type of evaluation. For information on lead, asbestos and other hazardous materials in homes, visit these websites:

The Environmental Protection Association (<http://www.epa.gov>)
The Consumer Products Safety Commission (<http://www.cpsc.gov>)
The Center for Disease Control (<http://www.cdc.gov>)

INACCESSIBLE OR OBSTRUCTED AREAS

Sub Flooring Attic Space is Limited - Viewed from Accessible Areas
 Floors Covered Plumbing Areas - Only Visible Plumbing Inspected
 Walls/Ceilings Covered or Freshly Painted Siding Over Older Existing Siding
 Behind/Under Furniture and/or Stored Items Crawl Space is limited - Viewed From Accessible Areas

The property has been renovated or remodeled. Therefore, you should request documentation that should include permits and any warranties or guarantees that might be applicable. Latent defects could exist.

Additions have been made to this property. Therefore, you should request documentation that should include permits and any warranties or guarantees that might be applicable. Latent defects could exist.

NOTICE: THIS REPORT IS PAID FOR BY AND PREPARED FOR THE CLIENT NAMED ABOVE EXCLUSIVELY. THIS REPORT IS NOT VALID WITHOUT THE SIGNED INSPECTION AGREEMENT AND IS NOT TRANSFERABLE.

ADDITIONAL INFORMATION PROVIDED BY THE INSPECTOR CONTINUED ON THE NEXT PAGE

This Thermal Imaging Inspection report provided by Selman Home Inspections, Inc. will contain the good faith opinions of the inspector concerning the observable need, if any, on the day of the inspection, for the repair,

replacement, or further evaluation by experts of the items inspected. A thermal imaging inspection is not an exhausting report of defects.

Unless, specifically stated, this report will not include and should not be read to indicated opinions as to the environmental conditions such as the presence of mold, radon or lead base paint, the presence of toxic or hazardous waste or substances, presence of termite or wood-destroying organisms, or compliance with codes, ordinances, statutes or restrictions, or the insurability, efficiency, quality, durability, future life, or future performance of any item inspected. This report is good for the day of the inspection only and is not to be used for Home Warranties or Insurance Underwriting purposes.

There are many factors which determine the life expectancy of a system or component. It is not possible to determine these factors during a one time visual inspection. Some systems of components may perform beyond their typical life expectancy while others may require repair or replacement sooner.

A Summary Report without images may be provided at the end of the inspection report document. The summary lists deficiencies discovered at the subject property. The summary is not a replacement for the inspection report.

This report is prepared using a computer and infrequently a word or sentence may be accidentally deleted or altered. Should you encounter such a condition, please contact Selman Home Inspections to make the necessary correction and provide you with replacement pages. If you do not understand certain comments or recommendations please call Selman Home Inspections for clarification prior to closing on any real estate transaction.

All items to be inspected must be accessible at the time of the inspection. Locked and or inaccessible components will not be inspected. As stated in the inspection agreement, notices sent prior to the inspection, the inspector is to inspect listed items which are visible and accessible at the time of the inspection. A re-inspection fee will apply for return trips to inspect inaccessible items.

This report was prepared for a buyer, seller or property owner in accordance with the client's requirements. The report addresses a single system, component or thermal imaging and is not intended as a substitute for a complete standard inspection of the property. Standard inspections performed by a license holder and reported on a Texas Real Estate Commission promulgated report form may contain additional information a buyer should consider in making a decision to purchase.

This report contains technical information. You are encouraged to read and understand the entire inspection report. If you do not understand or are unclear about any of the information in the report, please call Selman Home Inspections (469-371-3228) for a verbal consultation and report review.

I. STRUCTURAL SYSTEMS

A. Foundations

Comments:

Foundation Type: Pier & Beam - Crawlspace

NOTE: Future performance of the structure cannot be predicted or warranted. This inspection is one of first impressions and the inspector was not provided with any historical information pertaining to the structural integrity of the inspected real property. This is a limited cursory and visual survey of the accessible general conditions and circumstances present at the time of this inspection. Weather conditions, drainage, leakage and other adverse factors are able to effect structures. The inspectors opinion is based on visual observations of accessible and unobstructed areas of the structure at the time of the inspection. This does not guarantee the future life or failure of the foundation. The inspector is not a structural engineer. This inspection is not an engineering report or evaluation and should not be considered one, either expressed or implied. If any cause of concern is noted on this report, or if you want further evaluation, you should consider an evaluation by a Structural Engineer or your choice.

SUGGESTED FOUNDATION MAINTENANCE & CARE - Proper drainage and moisture maintenance to all types of foundations due to the expansive nature of the area load bearing soils is important. Drainage must be directed away from all sides of the foundation with grade slopes.

Not Inspected

B. Roof Covering

Comments:

Not Inspected

C. Attic

Comments:

Not Inspected

D. Walls (Interior and Exterior)

Comments:

Exterior Walls:

Performing as intended at the time of the inspection.

Interior Walls:

Performing as intended at the time of the inspection.

E. Ceilings and Floors

Comments:

Ceilings:

Performing as intended at the time of the inspection.

Floors:

Performing as intended at the time of the inspection.

F. Doors (Interior and Exterior)

Comments:

Not Inspected.

G. Windows

Comments:

Not Inspected.

H. Fireplaces and Chimneys

Comments:

Not Inspected

II. ELECTRICAL SYSTEMS

A. Electrical Systems

Comments:

Not Inspected

III. HEATING, VENTILATION AND AIR CONDITIONING SYSTEMS

A. Heating Equipment

Comments:

Not Inspected

B. Cooling Equipment

Comments:

Not Inspected

C. Duct Systems, Chases, and Vents

Comments:

Not Inspected

IV. PLUMBING SYSTEM

A. Plumbing Supply, Distribution Systems and Fixtures

Comments:

Performing as intended at the time of the inspection.

The inspector was asked to inspect the plumbing and waste drains in the crawl space. At the time of the inspection, no water leaks were observed at the water supply lines or at the waste drains. Using a thermal imaging camera, no water leaks were observed at the time of the inspection.



B. Drains, Wastes, and Vents

Comments:

Performing as intended at the time of the inspection.

The inspector was asked to inspect the plumbing and waste drains in the crawl space. At the time of the inspection, no water leaks were observed at the water supply lines or at the waste drains. Using a thermal imaging camera, no water leaks were observed at the time of the inspection.



C. Water Heating Equipment

Comments:

Not Inspected

D. Hydro-Massage Therapy Equipment

Comments:

Not Inspected. Not Present



Serving All North Texas

Selman Home Inspections serves all of North Texas with outstanding customer service and a complete line of home inspection services. As Realtor preferred North Texas Professional Home Inspectors, we are dedicated to your real estate transaction and back every North Texas Home Inspection report with a more value added services than other Home Inspectors. Realtors who refer our company truly have their client's best interest at heart and understand we provide "Accurate Investment Protection You Can Trust".

As your North Texas Home Inspection company, we are here to serve your real estate buying and selling needs before, during and after your report! The peace of mind you will have from hiring us as your certified, licensed Home Inspection Company will help you make sound, educated real estate decisions. We are here for you even after your purchase for help, support, solutions, and advice. We are here to assist you in making a confident decision about real estate before you buy or sell.

Services:

- New Construction Inspections
- Buyers Home Inspections
- Seller Home Inspections
- Thermal Imaging Inspections
- Termite Inspections
- Septic Inspections
- Going Green Inspections
- Commercial Inspections

With Ever Inspection:

- 24/7 Online Scheduling
- Free The Safe Home Book
- Free Utility Concierge Service
- Free Membership to Homeowners Network
- Free Home Maintenance Guide
- Free Preferred Contractor List
- Onsite Presentation of Report Findings
- Digital Report Photos
- Easy To Read Report Summary



Selman Home Inspections, Inc.
"Accurate Investment Protection You Can Trust"
www.SelmanHomeInspections.com
469-371-3228

From: ELAINE GERREN [<mailto:elainegerren@yahoo.com>]
Sent: Monday, March 12, 2018 12:15 PM
To: kflanagan@texasrealtors.com
Cc: Enforcement <enforcement@trec.texas.gov>
Subject: Need Help

Good Morning,

I am not sure that I have the correct Department (s). I wanted to discuss a portion of the Tar Form 1601, Trec Form 20-13.

The form portion that I want to voice my disappointment in is listed below. It appears that even if you tell the other agent there is no existing survey and they check this box even though they check the Buyer will pay if it is not acceptable to the Loan office or Title the Seller is expected to pay. Is there not a way to separate this? This is the 2nd time here lately that I have ran across this and I just feel that this item # is a little misleading. So basically the only time you should allow someone to check this is if you are 100% sure you have the survey and T-47 or expect that you Seller will pay for it. So in the future, I will never allow this box to be checked. Why can this portion not be changed to read that if you have a survey you will provide it and if not acceptable then which party checked will pay for it. There is already a # 2 and # 3 to clarify who will pay if there is not a survey, but I don't understand why it needs to have the highlighted portion, just omit that part. I feel that this portion was intended to be used for good, but has turned out to be used for a loop hole to make the Seller pay for the survey.

Page 2, C (1) of the 1 to 4 Family Contract

Survey: The survey must be made by a registered professional land surveyor acceptable to the Title Company and Buyer's lender(s). (check one box only)

(1) Within ___ days after the effective date of this contract, seller shall furnish to Buyer and Title Company Seller's existing survey of the Property and a Residential Real Property Affidavit promulgated by the Texas Department of Insurance (T-47 Affidavit). **If Seller fails to furnish the existing survey or affidavit within the time prescribed, Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to closing Date.** If the existing survey or affidavit is not acceptable to Title Company or Buyer's lender(s), buyer shall obtain a new survey at ___ Seller's ___ Buyers expense no later than 3 days prior to Closing Date.

I apologize if I make no sense or if I have stepped over any lines.

Sincerely,
Elaine Gerren, Lic# 550225

From: Tim Phelan <tphelan@wallercountyland.com>
Sent: Thursday, March 15, 2018 10:11 AM
To: General Counsel <general.counsel@trec.texas.gov>
Subject: TREC Farm and Ranch Contract

Please see attached page 1 of Farm and Ranch Contract. I have a problem with the wording. If the subject property has no improvements located on it then paragraph 3.D. works for me. If there are improvements located on the property then this paragraph does not work for me as it is confusing and ambiguous. The purpose of this paragraph is to allow for an adjustment of price due to an adjustment in

the amount of acreage only. I hope you can understand my point without me providing an example of why this is a problem.

You might be interested to know that title companies I have used agree with me that the wording is confusing and ambiguous.

I look forward to your reply.

Thank You!!
Timothy Phelan
Broker - Owner



FARM AND RANCH CONTRACT

- 1. 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.
2. PROPERTY: The land, improvements, accessories and crops except for the exclusions and reservations, are collectively referred to as the "Property".
A. LAND: The land situated in the County of , Texas, described as follows:
or as described on attached exhibit, also known as
(address/zip code), together with all rights, privileges, and appurtenances pertaining thereto, including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships.
B. IMPROVEMENTS:
(1) FARM AND RANCH IMPROVEMENTS: The following permanently installed and built-in items, if any: windmills, tanks, barns, pens, fences, gates, sheds, outbuildings, and corrals.
(2) RESIDENTIAL IMPROVEMENTS: The house, garage, and all other fixtures and improvements attached to the above-described real property, including without limitation, the following permanently installed and built-in items, if any: all equipment and appliances, valances, screens, shutters, awnings, wall-to-wall carpeting, mirrors, ceiling fans, attic fans, mail boxes, television antennas, mounts and brackets for televisions and speakers, heating and air-conditioning units, security and fire detection equipment, wiring, plumbing and lighting fixtures, chandeliers, water softener system, kitchen equipment, garage door openers, cleaning equipment, shrubbery, landscaping, outdoor cooking equipment, and all other property owned by Seller and attached to the above described real property.
C. ACCESSORIES:
(1) FARM AND RANCH ACCESSORIES: The following described related accessories: (check boxes of conveyed accessories) portable buildings hunting blinds game feeders livestock feeders and troughs irrigation equipment fuel tanks submersible pumps pressure tanks corrals gates chutes other:
(2) RESIDENTIAL ACCESSORIES: The following described related accessories, if any: window air conditioning units, stove, fireplace screens, curtains and rods, blinds, window shades, draperies and rods, door keys, mailbox keys, above ground pool, swimming pool equipment and maintenance accessories, artificial fireplace logs, and controls for:
(i) garages, (ii) entry gates, and (iii) other improvements and accessories.
D. CROPS: Unless otherwise agreed in writing, Seller has the right to harvest all growing crops until delivery of possession of the Property.
E. EXCLUSIONS: The following improvements, accessories, and crops will be retained by Seller and must be removed prior to delivery of possession:
F. RESERVATIONS: Any reservation for oil, gas, or other minerals, water, timber, or other interests is made in accordance with an attached addendum or Special Provisions.
3. SALES PRICE:
A. Cash portion of Sales Price payable by Buyer at closing \$
B. Sum of all financing described in the attached: Third Party Financing Addendum, Loan Assumption Addendum, Seller Financing Addendum. \$
C. Sales Price(Sum of A and B) \$
D. The Sales Price will not be adjusted based on the survey required by Paragraph 6C. If the Sales Price is adjusted, the Sales Price will be calculated on the basis of \$ per acre. If the Sales Price is adjusted by more than 10%, either party may terminate this contract by providing written notice to the other party within days after the terminating party receives the survey. If neither party terminates this contract or if the variance is 10% or less, the adjustment will be made to the amount in 3A 3B proportionately to 3A and 3B.
4. LICENSE HOLDER DISCLOSURE: Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable:
5. EARNEST MONEY: Upon execution of this contract by all parties, Buyer shall deposit \$ as earnest money with as escrow agent, at (address). Buyer shall deposit additional earnest money of \$ with escrow agent within days after the effective date of this contract. If Buyer fails to deposit the earnest money as required by this contract, Buyer will be in default.

ADJUSTED



APPROVED BY THE TEXAS REAL ESTATE COMMISSION (TREC)



SELLER'S DISCLOSURE NOTICE

CONCERNING THE PROPERTY AT _____ (Street Address and City)

THIS NOTICE IS A DISCLOSURE OF SELLER'S KNOWLEDGE OF THE CONDITION OF THE PROPERTY AS OF THE DATE SIGNED BY SELLER AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THE PURCHASER MAY WISH TO OBTAIN. IT IS NOT A WARRANTY OF ANY KIND BY SELLER OR SELLER'S AGENTS.

Seller [] is [] is not occupying the Property. If unoccupied, how long since Seller has occupied the Property? _____

1. The Property has the items checked below [Write Yes (Y), No (N), or Unknown (U)]:

- Range, Dishwasher, Washer/Dryer Hookups, Security System, TV Antenna, Ceiling Fan(s), Central A/C, Plumbing System, Patio/Decking, Pool, Pool Equipment, Fireplace(s) & Chimney (Wood burning), Natural Gas Lines, Liquid Propane Gas, Garage: Attached, Garage Door Opener(s), Water Heater, Water Supply: City, Roof Type: _____, Oven, Trash Compactor, Window Screens, Fire Detection Equipment, Smoke Detector, Smoke Detector-Hearing Impaired, Carbon Monoxide Alarm, Emergency Escape Ladder(s), Cable TV Wiring, Attic Fan(s), Central Heating, Septic System, Outdoor Grill, Sauna, Pool Heater, LP Community (Captive), Not Attached, Electronic, Gas, Well, MUD, Microwave, Disposal, Rain Gutters, Intercom System, Satellite Dish, Exhaust Fan(s), Wall/Window Air Conditioning, Public Sewer System, Fences, Spa, Hot Tub, Automatic Lawn Sprinkler System, Fireplace(s) & Chimney (Mock), Gas Fixtures, LP on Property, Carport, Control(s), Electric, Co-op, Age: _____ (approx.)

Are you (Seller) aware of any of the above items that are not in working condition, that have known defects, or that are in need of repair? [] Yes [] No [] Unknown. If yes, then describe. (Attach additional sheets if necessary): _____

2. Does the property have working smoke detectors installed in accordance with the smoke detector requirements of Chapter 766, Health and Safety Code? Yes No Unknown. If the answer to this question is no or unknown, explain (Attach additional sheets if necessary): _____

* Chapter 766 of the Health and Safety Code requires one-family or two-family dwellings to have working smoke detectors installed in accordance with the requirements of the building code in effect in the area in which the dwelling is located, including performance, location, and power source requirements. If you do not know the building code requirements in effect in your area, you may check unknown above or contact your local building official for more information. A buyer may require a seller to install smoke detectors for the hearing impaired if: (1) the buyer or a member of the buyer's family who will reside in the dwelling is hearing impaired; (2) the buyer gives the seller written evidence of the hearing impairment from a licensed physician; and (3) within 10 days after the effective date, the buyer makes a written request for the seller to install smoke detectors for the hearing impaired and specifies the locations for the installation. The parties may agree who will bear the cost of installing the smoke detectors and which brand of smoke detectors to install.

3. Are you (Seller) aware of any known defects/malfunctions in any of the following? Write Yes (Y) if you are aware, write No (N) if you are not aware.

- | | | |
|---|--------------------------|-------------------------|
| _____ Interior Walls | _____ Ceilings | _____ Floors |
| _____ Exterior Walls | _____ Doors | _____ Windows |
| _____ Roof | _____ Foundation/Slab(s) | _____ Sidewalks |
| _____ Walls/Fences | _____ Driveways | _____ Intercom System |
| _____ Plumbing/Sewers/Septics | _____ Electrical Systems | _____ Lighting Fixtures |
| _____ Other Structural Components (Describe): _____ | | |
| _____ | | |
| _____ | | |

If the answer to any of the above is yes, explain. (Attach additional sheets if necessary): _____

4. Are you (Seller) aware of any of the following conditions? Write Yes (Y) if you are aware, write No (N) if you are not aware.

- | | |
|--|---|
| _____ Active Termites (includes wood destroying insects) | _____ Previous Structural or Roof Repair |
| _____ Termite or Wood Rot Damage Needing Repair | _____ Hazardous or Toxic Waste |
| _____ Previous Termite Damage | _____ Asbestos Components |
| _____ Previous Termite Treatment | _____ Urea-formaldehyde Insulation |
| _____ Previous Flooding | _____ Radon Gas |
| _____ Improper Drainage | _____ Lead Based Paint |
| _____ Water Penetration | _____ Aluminum Wiring |
| _____ Located in 100-Year Floodplain | _____ Previous Fires |
| _____ Present Flood Insurance Coverage | _____ Unplatted Easements |
| _____ Landfill, Settling, Soil Movement, Fault Lines | _____ Subsurface Structure or Pits |
| _____ Single Blockable Main Drain in Pool/Hot Tub/Spa* | _____ Previous Use of Premises for Manufacture of Methamphetamine |

If the answer to any of the above is yes, explain. (Attach additional sheets if necessary): _____

* A single blockable main drain may cause a suction entrapment hazard for an individual.

5. Are you (Seller) aware of any item, equipment, or system in or on the Property that is in need of repair? Yes (if you are aware) No (if you are not aware) If yes, explain. (Attach additional sheets if necessary): _____

6. Are you (Seller) aware of any of the following? Write Yes (Y) if you are aware, write No (N) if you are not aware.
_____ Room additions, structural modifications, or other alterations or repairs made without necessary permits or not in compliance with building codes in effect at that time.
_____ Homeowners' Association or maintenance fees or assessments.
_____ Any "common area" (facilities such as pools, tennis courts, walkways, or other areas) co-owned in undivided interest with others.
_____ Any notices of violations of deed restrictions or governmental ordinances affecting the condition or use of the Property.
_____ Any lawsuits directly or indirectly affecting the Property.
_____ Any condition on the Property which materially affects the physical health or safety of an individual.
_____ Any rainwater harvesting system located on the property that is larger than 500 gallons and that uses a public water supply as an auxiliary water source.
_____ Any portion of the property that is located in a groundwater conservation district or a subsidence district.

If the answer to any of the above is yes, explain. (Attach additional sheets if necessary): _____

7. If the property is located in a coastal area that is seaward of the Gulf Intracoastal Waterway or within 1,000 feet of the mean high tide bordering the Gulf of Mexico, the property may be subject to the Open Beaches Act or the Dune Protection Act (Chapter 61 or 63, Natural Resources Code, respectively) and a beachfront construction certificate or dune protection permit may be required for repairs or improvements. Contact the local government with ordinance authority over construction adjacent to public beaches for more information.
8. This property may be located near a military installation and may be affected by high noise or air installation compatible use zones or other operations. Information relating to high noise and compatible use zones is available in the most recent Air Installation Compatible Use Zone Study or Joint Land Use Study prepared for a military installation and may be accessed on the Internet website of the military installation and of the county and any municipality in which the military installation is located.

Signature of Seller _____ Date _____ Signature of Seller _____ Date _____

The undersigned purchaser hereby acknowledges receipt of the foregoing notice.

Signature of Purchaser _____ Date _____ Signature of Purchaser _____ Date _____



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)
ONE TO FOUR FAMILY RESIDENTIAL CONTRACT (RESALE)

NOTICE: Not For Use For Condominium Transactions



1. 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.

2. PROPERTY: The land, improvements and accessories are collectively referred to as the "Property".

A. LAND: Lot _____ Block _____, _____ Addition, City of _____, County of _____, Texas, known as _____ (address/zip code), or as described on attached exhibit.

B. IMPROVEMENTS: The house, garage and all other fixtures and improvements attached to the above-described real property, including without limitation, the following permanently installed and built-in items, if any: all equipment and appliances, valances, screens, shutters, awnings, wall-to-wall carpeting, mirrors, ceiling fans, attic fans, mail boxes, television antennas, mounts and brackets for televisions and speakers, heating and air-conditioning units, security and fire detection equipment, wiring, plumbing and lighting fixtures, chandeliers, water softener system, kitchen equipment, garage door openers, cleaning equipment, shrubbery, landscaping, outdoor cooking equipment, and all other property owned by Seller and attached to the above described real property.

C. ACCESSORIES: The following described related accessories, if any: window air conditioning units, stove, fireplace screens, curtains and rods, blinds, window shades, draperies and rods, door keys, mailbox keys, above ground pool, swimming pool equipment and maintenance accessories, artificial fireplace logs, and controls for: (i) garage doors, (ii) entry gates, and (iii) other improvements and accessories.

D. EXCLUSIONS: The following improvements and accessories will be retained by Seller and must be removed prior to delivery of possession: _____

E. RESERVATIONS: Any reservation for oil, gas, or other minerals, water, timber, or other interests is made in accordance with an attached addendum.

3. SALES PRICE:

A. Cash portion of Sales Price payable by Buyer at closing \$ _____

B. Sum of all financing described in the attached: [] Third Party Financing Addendum, [] Loan Assumption Addendum, [] Seller Financing Addendum \$ _____

C. Sales Price (Sum of A and B) \$ _____

4. LICENSE HOLDER DISCLOSURE: Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable: _____

5. EARNEST MONEY: Within 3 days after the Effective Date, Buyer must deliver \$ _____ as earnest money to _____ (address). Buyer shall deliver additional earnest money of \$ _____ to escrow agent within _____ days after the Effective Date of this contract. If Buyer fails to deliver the earnest money within the time required, Seller may terminate this contract or exercise Seller's remedies under Paragraph 15, or both, by providing notice to Buyer before Buyer delivers the earnest money. If the last day to deliver the earnest money falls on a Saturday, Sunday, or legal holiday, the time to deliver the earnest money is extended until the end of the next day that is not a Saturday, Sunday, or legal holiday. Time is of the essence for this paragraph.

6. TITLE POLICY AND SURVEY:

A. TITLE POLICY: Seller shall furnish to Buyer at [] Seller's [] Buyer's expense an owner policy of title insurance (Title Policy) issued by _____ (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 ordinances) and the following exceptions:

- (1) Restrictive covenants common to the platted subdivision in which the Property is located.
(2) The standard printed exception for standby fees, taxes and assessments.

- (3) Liens created as part of the financing described in Paragraph 3.
- (4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.
- (5) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
- (6) The standard printed exception as to marital rights.
- (7) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
- (8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements:
 - (i) will not be amended or deleted from the title policy; or
 - (ii) will be amended to read, "shortages in area" at the expense of Buyer Seller.
- (9) The exception or exclusion regarding minerals approved by the Texas Department of Insurance.

B. COMMITMENT: Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment (Exception Documents) other than the standard printed exceptions. Seller authorizes the Title Company to deliver the Commitment and Exception Documents to Buyer at Buyer's address shown in Paragraph 21. If the Commitment and Exception Documents are not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to 15 days or 3 days before the Closing Date, whichever is earlier. If the Commitment and Exception Documents are not delivered within the time required, Buyer may terminate this contract and the earnest money will be refunded to Buyer.

C. SURVEY: The survey must be made by a registered professional land surveyor acceptable to the Title Company and Buyer's lender(s). (Check one box only)

- (1) Within _____ days after the Effective Date of this contract, Seller shall furnish to Buyer and Title Company Seller's existing survey of the Property and a Residential Real Property Affidavit promulgated by the Texas Department of Insurance (T-47 Affidavit). **If Seller fails to furnish the existing survey or affidavit within the time prescribed, Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to Closing Date.** If the existing survey or affidavit is not acceptable to Title Company or Buyer's lender(s), Buyer shall obtain a new survey at Seller's Buyer's expense no later than 3 days prior to Closing Date.
- (2) Within _____ days after the Effective Date of this contract, Buyer shall obtain a new survey at Buyer's expense. Buyer is deemed to receive the survey on the date of actual receipt or the date specified in this paragraph, whichever is earlier.
- (3) Within _____ days after the Effective Date of this contract, Seller, at Seller's expense shall furnish a new survey to Buyer.

D. OBJECTIONS: Buyer may object in writing to defects, exceptions, or encumbrances to title: disclosed on the survey other than items 6A(1) through (7) above; disclosed in the Commitment other than items 6A(1) through (9) above; or which prohibit the following use or activity: _____.

Buyer must object the earlier of (i) the Closing Date or (ii) _____ days after Buyer receives the Commitment, Exception Documents, and the survey. Buyer's failure to object within the time allowed will constitute a waiver of Buyer's right to object; except that the requirements in Schedule C of the Commitment are not waived by Buyer. Provided Seller is not obligated to incur any expense, Seller shall cure any timely objections of Buyer or any third party lender within 15 days after Seller receives the objections (Cure Period) and the Closing Date will be extended as necessary. If objections are not cured within the Cure Period, Buyer may, by delivering notice to Seller within 5 days after the end of the Cure Period: (i) terminate this contract and the earnest money will be refunded to Buyer; or (ii) waive the objections. If Buyer does not terminate within the time required, Buyer shall be deemed to have waived the objections. If the Commitment or Survey is revised or any new Exception Document(s) is delivered, Buyer may object to any new matter revealed in the revised Commitment or Survey or new Exception Document(s) within the same time stated in this paragraph to make objections beginning when the revised Commitment, Survey, or Exception Document(s) is delivered to Buyer.

E. TITLE NOTICES:

- (1) ABSTRACT OR TITLE POLICY: Broker advises Buyer to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.
- (2) MEMBERSHIP IN PROPERTY OWNERS ASSOCIATION(S): The Property is is not

subject to mandatory membership in a property owners association(s). If the Property is subject to mandatory membership in a property owners association(s), Seller notifies Buyer under §5.012, Texas Property Code, that, as a purchaser of property in the residential community identified in Paragraph 2A in which the Property is located, you are obligated to be a member of the property owners association(s). Restrictive covenants governing the use and occupancy of the Property and all dedicatory instruments governing the establishment, maintenance, or operation of this residential community have been or will be recorded in the Real Property Records of the county in which the Property is located. Copies of the restrictive covenants and dedicatory instruments may be obtained from the county clerk. **You are obligated to pay assessments to the property owners association(s). The amount of the assessments is subject to change. Your failure to pay the assessments could result in enforcement of the association's lien on and the foreclosure of the Property.**

Section 207.003, Property Code, entitles an owner to receive copies of any document that governs the establishment, maintenance, or operation of a subdivision, including, but not limited to, restrictions, bylaws, rules and regulations, and a resale certificate from a property owners' association. A resale certificate contains information including, but not limited to, statements specifying the amount and frequency of regular assessments and the style and cause number of lawsuits to which the property owners' association is a party, other than lawsuits relating to unpaid ad valorem taxes of an individual member of the association. These documents must be made available to you by the property owners' association or the association's agent on your request.

If Buyer is concerned about these matters, the TREC promulgated Addendum for Property Subject to Mandatory Membership in a Property Owners Association(s) should be used.

- (3) STATUTORY TAX DISTRICTS: If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.
- (4) TIDE WATERS: If the Property abuts the tidally influenced waters of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract. An addendum containing the notice promulgated by TREC or required by the parties must be used.
- (5) ANNEXATION: If the Property is located outside the limits of a municipality, Seller notifies Buyer under §5.011, Texas Property Code, that the Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, contact all municipalities located in the general proximity of the Property for further information.
- (6) PROPERTY LOCATED IN A CERTIFICATED SERVICE AREA OF A UTILITY SERVICE PROVIDER: Notice required by §13.257, Water Code: The real property, described in Paragraph 2, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned Buyer hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in Paragraph 2 or at closing of purchase of the real property.
- (7) PUBLIC IMPROVEMENT DISTRICTS: If the Property is in a public improvement district, §5.014, Property Code, requires Seller to notify Buyer as follows: As a purchaser of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.
- (8) TRANSFER FEES: If the Property is subject to a private transfer fee obligation, §5.205, Property Code, requires Seller to notify Buyer as follows: The private transfer fee

- obligation may be governed by Chapter 5, Subchapter G of the Texas Property Code.
- (9) PROPANE GAS SYSTEM SERVICE AREA: If the Property is located in a propane gas system service area owned by a distribution system retailer, Seller must give Buyer written notice as required by §141.010, Texas Utilities Code. An addendum containing the notice approved by TREC or required by the parties should be used.
- (10) NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."

7. PROPERTY CONDITION:

A. ACCESS, INSPECTIONS AND UTILITIES: Seller shall permit Buyer and Buyer's agents access to the Property at reasonable times. Buyer may have the Property inspected by inspectors selected by Buyer and licensed by TREC or otherwise permitted by law to make inspections. Any hydrostatic testing must be separately authorized by Seller in writing. Seller at Seller's expense shall immediately cause existing utilities to be turned on and shall keep the utilities on during the time this contract is in effect.

B. SELLER'S DISCLOSURE NOTICE PURSUANT TO §5.008, TEXAS PROPERTY CODE (Notice):
(Check one box only)

- (1) Buyer has received the Notice.
- (2) Buyer has not received the Notice. Within _____ days after the Effective Date of this contract, Seller shall deliver the Notice to Buyer. If Buyer does not receive the Notice, Buyer may terminate this contract at any time prior to the closing and the earnest money will be refunded to Buyer. If Seller delivers the Notice, Buyer may terminate this contract for any reason within 7 days after Buyer receives the Notice or prior to the closing, whichever first occurs, and the earnest money will be refunded to Buyer.
- (3) The Seller is not required to furnish the notice under the Texas Property Code.

C. SELLER'S DISCLOSURE OF LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS is required by Federal law for a residential dwelling constructed prior to 1978.

D. ACCEPTANCE OF PROPERTY CONDITION: "As Is" means 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. Buyer's agreement to accept the Property As Is under Paragraph 7D(1) or (2) does not preclude Buyer from inspecting the Property under Paragraph 7A, from negotiating repairs or treatments in a subsequent amendment, or from terminating this contract during the Option Period, if any.

- (Check one box only)
- (1) Buyer accepts the Property As Is.
 - (2) Buyer accepts the Property As Is provided Seller, at Seller's expense, shall complete the following specific repairs and treatments: _____

(Do not insert general phrases, such as "subject to inspections" that do not identify specific repairs and treatments.)

E. LENDER REQUIRED REPAIRS AND TREATMENTS: Unless otherwise agreed in writing, neither party is obligated to pay for lender required repairs, which includes treatment for wood destroying insects. If the parties do not agree to pay for the lender required repairs or treatments, this contract will terminate and the earnest money will be refunded to Buyer. If the cost of lender required repairs and treatments exceeds 5% of the Sales Price, Buyer may terminate this contract and the earnest money will be refunded to Buyer.

F. COMPLETION OF REPAIRS AND TREATMENTS: Unless otherwise agreed in writing: (i) Seller shall complete all agreed repairs and treatments prior to the Closing Date; and (ii) all required permits must be obtained, and repairs and treatments must be performed by persons who are licensed to provide such repairs or treatments or, if no license is required by law, are commercially engaged in the trade of providing such repairs or treatments. At Buyer's election, any transferable warranties received by Seller with respect to the repairs and treatments will be transferred to Buyer at Buyer's expense. If Seller fails to complete any agreed repairs and treatments prior to the Closing Date, Buyer may exercise remedies under Paragraph 15 or extend the Closing Date up to 5 days if necessary for Seller to complete the repairs and treatments.

G. ENVIRONMENTAL MATTERS: Buyer is advised that the presence of wetlands, toxic substances, including asbestos and wastes or other environmental hazards, or the presence of a threatened or endangered species or its habitat may affect Buyer's intended use of the Property. If Buyer is concerned about these matters, an addendum promulgated by TREC or required by the parties should be used.

H. RESIDENTIAL SERVICE CONTRACTS: Buyer may purchase a residential service contract from a residential service company licensed by TREC. If Buyer purchases a residential service contract, Seller shall reimburse Buyer at closing for the cost of the residential service contract in an amount not exceeding \$_____. Buyer should review any residential service contract for the scope of coverage, exclusions and limitations. **The purchase of a residential service contract is optional. Similar coverage may be purchased from various companies authorized to do business in Texas.**

8. BROKERS' FEES: All obligations of the parties for payment of brokers' fees are contained in separate written agreements.

9. CLOSING:

A. The closing of the sale will be on or before _____, 20____, or within 7 days after objections made under Paragraph 6D have been cured or waived, whichever date is later (Closing Date). If either party fails to close the sale by the Closing Date, the non-defaulting party may exercise the remedies contained in Paragraph 15.

B. At closing:

- (1) Seller shall execute and deliver a general warranty deed conveying title to the Property to Buyer and showing no additional exceptions to those permitted in Paragraph 6 and furnish tax statements or certificates showing no delinquent taxes on the Property.
- (2) Buyer shall pay the Sales Price in good funds acceptable to the escrow agent.
- (3) Seller and Buyer shall execute and deliver any notices, statements, certificates, affidavits, releases, loan documents and other documents reasonably required for the closing of the sale and the issuance of the Title Policy.
- (4) There will be no liens, assessments, or security interests against the Property which will not be satisfied out of the sales proceeds unless securing the payment of any loans assumed by Buyer and assumed loans will not be in default.
- (5) If the Property is subject to a residential lease, Seller shall transfer security deposits (as defined under §92.102, Property Code), if any, to Buyer. In such an event, Buyer shall deliver to the tenant a signed statement acknowledging that the Buyer has acquired the Property and is responsible for the return of the security deposit, and specifying the exact dollar amount of the security deposit.

10. POSSESSION:

A. Buyer's Possession: Seller shall deliver to Buyer possession of the Property in its present or required condition, ordinary wear and tear excepted: upon closing and funding according to a temporary residential lease form promulgated by TREC or other written lease required by the parties. Any possession by Buyer prior to closing or by Seller after closing which is not authorized by a written lease will establish a tenancy at sufferance relationship between the parties. **Consult your insurance agent prior to change of ownership and possession because insurance coverage may be limited or terminated. The absence of a written lease or appropriate insurance coverage may expose the parties to economic loss.**

B. Leases:

- (1) After the Effective Date, Seller may not execute any lease (including but not limited to mineral leases) or convey any interest in the Property without Buyer's written consent.
- (2) If the Property is subject to any lease to which Seller is a party, Seller shall deliver to Buyer copies of the lease(s) and any move-in condition form signed by the tenant within 7 days after the Effective Date of the contract.

11. SPECIAL PROVISIONS: (Insert only factual statements and business details applicable to the sale. TREC rules prohibit license holders from adding factual statements or business details for which a contract addendum, lease or other form has been promulgated by TREC for mandatory use.)

12. SETTLEMENT AND OTHER EXPENSES:

A. The following expenses must be paid at or prior to closing:

(1) Expenses payable by Seller (Seller's Expenses):

- (a) Releases of existing liens, including prepayment penalties and recording fees; release of Seller's loan liability; tax statements or certificates; preparation of deed; one-half of escrow fee; and other expenses payable by Seller under this contract.
- (b) Seller shall also pay an amount not to exceed \$_____ to be applied in the following order: Buyer's Expenses which Buyer is prohibited from paying by FHA, VA, Texas Veterans Land Board or other governmental loan programs, and then to other Buyer's Expenses as allowed by the lender.

- (2) Expenses payable by Buyer (Buyer's Expenses): Appraisal fees; loan application fees; origination charges; credit reports; preparation of loan documents; interest on the notes from date of disbursement to one month prior to dates of first monthly payments; recording fees; copies of easements and restrictions; loan title policy with endorsements required by lender; loan-related inspection fees; photos; amortization schedules; one-half of escrow fee; all prepaid items, including required premiums for flood and hazard insurance, reserve deposits for insurance, ad valorem taxes and special governmental assessments; final compliance inspection; courier fee; repair inspection; underwriting fee; wire transfer fee; expenses incident to any loan; Private Mortgage Insurance Premium (PMI), VA Loan Funding Fee, or FHA Mortgage Insurance Premium (MIP) as required by the lender; and other expenses payable by Buyer under this contract.
- B. If any expense exceeds an amount expressly stated in this contract for such expense to be paid by a party, that party may terminate this contract unless the other party agrees to pay such excess. Buyer may not pay charges and fees expressly prohibited by FHA, VA, Texas Veterans Land Board or other governmental loan program regulations.
- 13. PRORATIONS:** Taxes for the current year, interest, maintenance fees, assessments, dues and rents will be prorated through the Closing Date. The tax proration may be calculated taking into consideration any change in exemptions that will affect the current year's taxes. If taxes for the current year vary from the amount prorated at closing, the parties shall adjust the prorations when tax statements for the current year are available. If taxes are not paid at or prior to closing, Buyer shall pay taxes for the current year.
- 14. CASUALTY LOSS:** If any part of the Property is damaged or destroyed by fire or other casualty after the Effective Date of this contract, Seller shall restore the Property to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller fails to do so due to factors beyond Seller's control, Buyer may (a) terminate this contract and the earnest money will be refunded to Buyer (b) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (c) accept the Property in its damaged condition with an assignment of insurance proceeds, if permitted by Seller's insurance carrier, and receive credit from Seller at closing in the amount of the deductible under the insurance policy. Seller's obligations under this paragraph are independent of any other obligations of Seller under this contract.
- 15. DEFAULT:** If Buyer fails to comply with this contract, Buyer will be in default, and Seller may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract. If Seller fails to comply with this contract, Seller will be in default and Buyer may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money, thereby releasing both parties from this contract.
- 16. MEDIATION:** It is the policy of the State of Texas to encourage resolution of disputes through alternative dispute resolution procedures such as mediation. Any dispute between Seller and Buyer related to this contract which is not resolved through informal discussion will be submitted to a mutually acceptable mediation service or provider. The parties to the mediation shall bear the mediation costs equally. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.
- 17. ATTORNEY'S FEES:** A Buyer, Seller, Listing Broker, Other Broker, or escrow agent who prevails in any legal proceeding related to this contract is entitled to recover reasonable attorney's fees and all costs of such proceeding.
- 18. ESCROW:**
- A. ESCROW: The escrow agent is not (i) a party to this contract and does not have liability for the performance or nonperformance of any party to this contract, (ii) liable for interest on the earnest money and (iii) liable for the loss of any earnest money caused by the failure of any financial institution in which the earnest money has been deposited unless the financial institution is acting as escrow agent.
- B. EXPENSES: At closing, the earnest money must be applied first to any cash down payment, then to Buyer's Expenses and any excess refunded to Buyer. If no closing occurs, escrow agent may: (i) require a written release of liability of the escrow agent from all parties, (ii) require payment of unpaid expenses incurred on behalf of a party, and (iii) only deduct from the earnest money the amount of unpaid expenses incurred on behalf of the party receiving the earnest money.
- C. DEMAND: Upon termination of this contract, either party or the escrow agent may send a release of earnest money to each party and the parties shall execute counterparts of the release and deliver same to the escrow agent. If either party fails to execute the release, either party may make a written demand to the escrow agent for the earnest money. If only one party makes written demand for the earnest money, escrow agent shall promptly

provide a copy of the demand to the other party. If escrow agent does not receive written objection to the demand from the other party within 15 days, escrow agent may disburse the earnest money to the party making demand reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors. If escrow agent complies with the provisions of this paragraph, each party hereby releases escrow agent from all adverse claims related to the disbursement of the earnest money.

- D. DAMAGES: Any party who wrongfully fails or refuses to sign a release acceptable to the escrow agent within 7 days of receipt of the request will be liable to the other party for (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.
- E. NOTICES: Escrow agent's notices will be effective when sent in compliance with Paragraph 21. Notice of objection to the demand will be deemed effective upon receipt by escrow agent.

19. REPRESENTATIONS: All covenants, representations and warranties in this contract survive closing. If any representation of Seller in this contract is untrue on the Closing Date, Seller will be in default. Unless expressly prohibited by written agreement, Seller may continue to show the Property and receive, negotiate and accept back up offers.

20. FEDERAL TAX REQUIREMENTS: If Seller is a "foreign person," as defined by Internal Revenue Code and its regulations, or if Seller fails to deliver an affidavit or a certificate of non-foreign status to Buyer that Seller is not a "foreign person," then Buyer shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if currency in excess of specified amounts is received in the transaction.

21. NOTICES: All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by fax or electronic transmission as follows:

<p>To Buyer at: _____</p> <p>_____</p> <p>Phone: () _____</p> <p>Fax: () _____</p> <p>E-mail: _____</p>	<p>To Seller at: _____</p> <p>_____</p> <p>Phone: () _____</p> <p>Fax: () _____</p> <p>E-mail: _____</p>
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22. AGREEMENT OF PARTIES: This contract contains the entire agreement of the parties and cannot be changed except by their written agreement. Addenda which are a part of this contract are (Check all applicable boxes):

- | | |
|---|--|
| <ul style="list-style-type: none"> <input type="checkbox"/> Third Party Financing Addendum <input type="checkbox"/> Seller Financing Addendum <input type="checkbox"/> Addendum for Property Subject to Mandatory Membership in a Property Owners Association <input type="checkbox"/> Buyer's Temporary Residential Lease <input type="checkbox"/> Loan Assumption Addendum <input type="checkbox"/> Addendum for Sale of Other Property by Buyer <input type="checkbox"/> Addendum for Reservation of Oil, Gas and Other Minerals <input type="checkbox"/> Addendum for "Back-Up" Contract <input type="checkbox"/> Addendum for Coastal Area Property <input type="checkbox"/> Addendum for Authorizing Hydrostatic Testing <input type="checkbox"/> Addendum Concerning Right to Terminate Due to Lender's Appraisal | <ul style="list-style-type: none"> <input type="checkbox"/> Environmental Assessment, Threatened or Endangered Species and Wetlands Addendum <input type="checkbox"/> Seller's Temporary Residential Lease <input type="checkbox"/> Short Sale Addendum <input type="checkbox"/> Addendum for Property Located Seaward of the Gulf Intracoastal Waterway <input type="checkbox"/> Addendum for Seller's Disclosure of Information on Lead-based Paint and Lead-based Paint Hazards as Required by Federal Law <input type="checkbox"/> Addendum for Property in a Propane Gas System Service Area <input type="checkbox"/> Other (list): _____

 _____ |
|---|--|

23. TERMINATION OPTION: For nominal consideration, the receipt of which is hereby acknowledged by Seller, and Buyer's agreement to pay Seller \$_____ (Option Fee) within 3 days after the Effective Date of this contract, Seller grants Buyer the unrestricted right to terminate this contract by giving notice of termination to Seller within _____ days after the Effective Date of this contract (Option Period). Notices under this paragraph must be given by 5:00 p.m. (local time where the Property is located) by the date specified. If no dollar amount is stated as the Option Fee or if Buyer fails to pay the Option Fee to Seller within the time prescribed, this paragraph will not be a part of this contract and Buyer shall not have the unrestricted right to terminate this contract. If Buyer gives notice of termination within the time prescribed, the Option Fee will not be refunded; however, any earnest money will be refunded to Buyer. The Option Fee will will not be credited to the Sales Price at closing. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

24. CONSULT AN ATTORNEY BEFORE SIGNING: TREC rules prohibit real estate license holders from giving legal advice. READ THIS CONTRACT CAREFULLY.

Buyer's Attorney is: _____

Seller's Attorney is: _____

Phone: () _____

Phone: () _____

Fax: () _____

Fax: () _____

E-mail: _____

E-mail: _____

**EXECUTED the _____ day of _____, 20____ (Effective Date).
(BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)**

Buyer

Seller

Buyer

Seller



The form of this contract has been approved by the Texas Real Estate Commission. TREC forms are intended for use only by trained real estate license holders. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, (512) 936-3000 (<http://www.trec.texas.gov>) TREC NO. 20-14. This form replaces TREC NO. 20-13.

BROKER INFORMATION
(Print name(s) only. Do not sign)

Other Broker Firm License No.

represents Buyer only as Buyer's agent
 Seller as Listing Broker's subagent

Associate's Name License No.

Associate's Email Address Phone

Licensed Supervisor of Associate License No.

Other Broker's Address Phone

City State Zip

Listing Broker Firm License No.

represents Seller and Buyer as an intermediary
 Seller only as Seller's agent

Listing Associate's Name License No.

Listing Associate's Email Address Phone

Licensed Supervisor of Listing Associate License No.

Listing Broker's Office Address Phone

City State Zip

Selling Associate's Name License No.

Selling Associate's Email Address Phone

Licensed Supervisor of Selling Associate License No.

Selling Associate's Office Address

City State Zip

Listing Broker has agreed to pay Other Broker _____ of the total sales price when the Listing Broker's fee is received. Escrow agent is authorized and directed to pay Other Broker from Listing Broker's fee at closing.

OPTION FEE RECEIPT

Receipt of \$ _____ (Option Fee) in the form of _____
is acknowledged.

Seller or Listing Broker Date

EARNEST MONEY RECEIPT

Receipt of \$ _____ Earnest Money in the form of _____
is acknowledged.

Escrow Agent Received by Email Address Date/Time

Address Phone

City State Zip Fax

CONTRACT RECEIPT

Receipt of the Contract is acknowledged.

Escrow Agent Received by Email Address Date

Address Phone

City State Zip Fax

ADDITIONAL EARNEST MONEY RECEIPT

Receipt of \$ _____ additional Earnest Money in the form of _____
is acknowledged.

Escrow Agent Received by Email Address Date/Time

Address Phone

City State Zip Fax



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)
FARM AND RANCH CONTRACT

2-12-18



1. 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.

2. PROPERTY: The land, improvements, accessories, and crops except for the exclusions and reservations, are collectively referred to as the "Property".

A. LAND: The land situated in the County of , Texas, described as follows:

or as described on attached exhibit, also known as (address/zip code), together with all rights, privileges, and appurtenances pertaining thereto, including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships.

B. IMPROVEMENTS:

- (1) FARM and RANCH IMPROVEMENTS: The following permanently installed and built-in items, if any: windmills, tanks, barns, pens, fences, gates, sheds, outbuildings, and corrals.
(2) RESIDENTIAL IMPROVEMENTS: The house, garage, and all other fixtures and improvements attached to the above-described real property, including without limitation, the following permanently installed and built-in items, if any: all equipment and appliances, valances, screens, shutters, awnings, wall-to-wall carpeting, mirrors, ceiling fans, attic fans, mail boxes, television antennas, mounts and brackets for televisions and speakers, heating and air-conditioning units, security and fire detection equipment, wiring, plumbing and lighting fixtures, chandeliers, water softener system, kitchen equipment, garage door openers, cleaning equipment, shrubbery, landscaping, outdoor cooking equipment, and all other property owned by Seller and attached to the above described real property.

C. ACCESSORIES:

- (1) FARM AND RANCH ACCESSORIES: The following described related accessories: (check boxes of conveyed accessories) portable buildings hunting blinds game feeders livestock feeders and troughs irrigation equipment fuel tanks submersible pumps pressure tanks corrals gates chutes other:
(2) RESIDENTIAL ACCESSORIES: The following described related accessories, if any: window air conditioning units, stove, fireplace screens, curtains and rods, blinds, window shades, draperies and rods, door keys, mailbox keys, above ground pool, swimming pool equipment and maintenance accessories, artificial fireplace logs, and controls for: (i) garages, (ii) entry gates, and (iii) other improvements and accessories.

D. CROPS: Unless otherwise agreed in writing, Seller has the right to harvest all growing crops until delivery of possession of the Property.

E. EXCLUSIONS: The following improvements, accessories, and crops will be retained by Seller and must be removed prior to delivery of possession:

F. RESERVATIONS: Any reservation for oil, gas, or other minerals, water, timber, or other interests is made in accordance with an attached addendum.

3. SALES PRICE:

- A. Cash portion of Sales Price payable by Buyer at closing \$
B. Sum of all financing described in the attached: Third Party Financing Addendum, Loan Assumption Addendum, Seller Financing Addendum ... \$
C. Sales Price (Sum of A and B) \$
D. The Sales Price will will not be adjusted based on the survey required by Paragraph 6C. If the Sales Price is adjusted, the Sales Price will be calculated on the basis of \$ per acre. If the Sales Price is adjusted by more than 10%, either party may terminate this contract by providing written notice to the other party within days after the terminating party receives the survey. If neither party terminates this contract or if the variance is 10% or less, the adjustment will be made to the amount in 3A 3B proportionately to 3A and 3B.

4. LICENSE HOLDER DISCLOSURE: Texas Law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable:

5. EARNEST MONEY: Within 3 days after the Effective Date, Buyer must deliver \$ as earnest money to, as escrow agent, at (address). Buyer shall deliver additional earnest money of \$ to escrow agent within days after the Effective Date of this contract. If Buyer fails to deliver the earnest money within the time required, Seller may terminate this contract or exercise Seller's remedies under Paragraph 15, or both, by providing notice to Buyer before Buyer delivers the earnest money. If the last day to deliver the earnest money falls on a Saturday, Sunday, or legal holiday, the time to deliver the earnest money is extended until the end of the next day that is not a Saturday, Sunday, or legal holiday. Time is of the essence for this paragraph.

6. TITLE POLICY AND SURVEY:

A. TITLE POLICY: Seller shall furnish to Buyer at Seller's Buyer's expense an owner policy of title insurance (Title Policy) issued by: _____ (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 ordinances) and the following exceptions:

- (1) The standard printed exception for standby fees, taxes and assessments.
- (2) Liens created as part of the financing described in Paragraph 3.
- (3) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
- (4) The standard printed exception as to marital rights.
- (5) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
- (6) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements:
 - (i) will not be amended or deleted from the title policy; or
 - (ii) will be amended to read, "shortages in area" at the expense of Buyer Seller.
- (7) The exception or exclusion regarding minerals approved by the Texas Department of Insurance.

B. COMMITMENT: Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment (Exception Documents) other than the standard printed exceptions. Seller authorizes the Title Company to deliver the Commitment and Exception Documents to Buyer at Buyer's address shown in Paragraph 21. If the Commitment and Exception Documents are not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to 15 days or 3 days before the Closing Date, whichever is earlier. If the Commitment and Exception Documents are not delivered within the time required, Buyer may terminate this contract and the earnest money will be refunded to Buyer.

C. SURVEY: The survey must be made by a registered professional land surveyor acceptable to the Title Company and Buyer's lender(s). (Check one box only):

- (1) Within _____ days after the Effective Date of this contract, Seller shall furnish to Buyer and Title Company Seller's existing survey of the Property and a Residential Real Property Affidavit promulgated by the Texas Department of Insurance (T-47 Affidavit). **If Seller fails to furnish the existing survey or affidavit within the time prescribed, Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to Closing Date.** The existing survey will will not be recertified to a date subsequent to the Effective Date of this contract at the expense of Buyer Seller. If the existing survey is not approved by the Title Company or Buyer's lender(s), a new survey will be obtained at the expense of Buyer Seller no later than 3 days prior to Closing Date.
- (2) Within _____ days after the Effective Date of this contract, Buyer shall obtain a new survey at Buyer's expense. Buyer is deemed to receive the survey on the date of actual receipt or the date specified in this paragraph, whichever is earlier.
- (3) Within _____ days after the Effective Date of this contract, Seller, at Seller's expense shall furnish a new survey to Buyer.
- (4) No survey is required.

D. OBJECTIONS: Buyer may object in writing to (i) defects, exceptions, or encumbrances to title disclosed on the survey other than items 6A(1) through (5) above; or disclosed in the Commitment other than items 6A(1) through (7) above; (ii) any portion of the Property lying in a special flood hazard area (Zone V or A) as shown on the current Federal Emergency Management Agency map; or (iii) any exceptions which prohibit the following use or activity:

Buyer must object the earlier of (i) the Closing Date or (ii) _____ days after Buyer receives the Commitment, Exception Documents, and the survey. Buyer's failure to object within the time allowed will constitute a waiver of Buyer's right to object; except that the requirements in Schedule C of the Commitment are not waived by Buyer. Provided Seller is not obligated to incur any expense, Seller shall cure any timely objections of Buyer or any third party lender within 15 days after Seller receives the objections (Cure Period) and the Closing Date will be extended as necessary. If objections are not cured within the Cure Period, Buyer may, by delivering notice to Seller within 5 days after the end of the Cure Period: (i) terminate this contract and the earnest money will be refunded to Buyer; or (ii) waive the objections. If Buyer does not terminate within the time required, Buyer shall be deemed to have waived the objections. If the Commitment or Survey is revised or any new Exception Document(s) is delivered, Buyer may object to any new matter revealed in the revised Commitment or Survey or new Exception Document(s) within the same time stated in this paragraph to make objections beginning when the revised Commitment, Survey, or Exception Document(s) is delivered to Buyer.

E. EXCEPTION DOCUMENTS: Prior to the execution of the contract, Seller has provided Buyer with copies of the Exception Documents listed below or on the attached exhibit. Matters reflected in the Exception Documents listed below or on the attached exhibit will be permitted exceptions in the Title Policy and will not be a basis for objection to title:

<u>Document</u>	<u>Date</u>	<u>Recording Reference</u>
_____	_____	_____
_____	_____	_____

F. SURFACE LEASES: Prior to the execution of the contract, Seller has provided Buyer with copies of written leases and given notice of oral leases (Leases) listed below or on the attached exhibit. The following Leases will be permitted exceptions in the Title Policy and will not be a basis for objection to title: _____

G. TITLE NOTICES:

- (1) ABSTRACT OR TITLE POLICY: Broker advises Buyer to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.
- (2) STATUTORY TAX DISTRICTS: If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.
- (3) TIDE WATERS: If the Property abuts the tidally influenced waters of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract. An addendum containing the notice promulgated by TREC or required by the parties must be used.
- (4) ANNEXATION: If the Property is located outside the limits of a municipality, Seller notifies Buyer under §5.011, Texas Property Code, that the Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, contact all municipalities located in the general proximity of the Property for further information.
- (5) PROPERTY LOCATED IN A CERTIFICATED SERVICE AREA OF A UTILITY SERVICE PROVIDER: Notice required by §13.257, Water Code: The real property, described in Paragraph 2, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned Buyer hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in Paragraph 2 or at closing of purchase of the real property.
- (6) PUBLIC IMPROVEMENT DISTRICTS: If the Property is in a public improvement district, §5.014, Property Code, requires Seller to notify Buyer as follows: As a purchaser of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.
- (7) TEXAS AGRICULTURAL DEVELOPMENT DISTRICT: The Property is is not located in a Texas Agricultural Development District. For additional information contact the Texas Department of Agriculture
- (8) TRANSFER FEES: If the Property is subject to a private transfer fee obligation, §5.205, Property Code, requires Seller to notify Buyer as follows: The private transfer fee obligation may be governed by Chapter 5, Subchapter G of the Texas Property Code.
- (9) PROPANE GAS SYSTEM SERVICE AREA: If the Property is located in a propane gas system service area owned by a distribution system retailer, Seller must give Buyer written notice as required by §141.010, Texas Utilities Code. An addendum containing the notice approved by TREC or required by the parties should be used.
- (10) NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code,

that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."

7. PROPERTY CONDITION:

A. ACCESS, INSPECTIONS AND UTILITIES: Seller shall permit Buyer and Buyer's agents access to the Property at reasonable times. Buyer may have the Property inspected by inspectors selected by Buyer and licensed by TREC or otherwise permitted by law to make inspections. Any hydrostatic testing must be separately authorized by Seller in writing. Seller at Seller's expense shall immediately cause existing utilities to be turned on and shall keep the utilities on during the time this contract is in effect .

NOTICE: Buyer should determine the availability of utilities to the Property suitable to satisfy Buyer's needs.

B. SELLER'S DISCLOSURE NOTICE PURSUANT TO §5.008, TEXAS PROPERTY CODE (Notice):
(Check one box only)

- (1) Buyer has received the Notice
- (2) Buyer has not received the Notice. Within _____ days after the Effective Date of this contract, Seller shall deliver the Notice to Buyer. If Buyer does not receive the Notice, Buyer may terminate this contract at any time prior to the closing and the earnest money will be refunded to Buyer. If Seller delivers the Notice, Buyer may terminate this contract for any reason within 7 days after Buyer receives the Notice or prior to the closing, whichever first occurs, and the earnest money will be refunded to Buyer.
- (3) The Texas Property Code does not require this Seller to furnish the Notice.

C. SELLER'S DISCLOSURE OF LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS is required by Federal law for a residential dwelling constructed prior to 1978.

D. ACCEPTANCE OF PROPERTY CONDITION: "As Is" means 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. Buyer's agreement to accept the Property As Is under Paragraph 7D (1) or (2) does not preclude Buyer from inspecting the Property under Paragraph 7A, from negotiating repairs or treatments in a subsequent amendment, or from terminating this contract during the Option Period, if any.

(Check one box only)

- (1) Buyer accepts the Property As Is.
- (2) Buyer accepts the Property As Is provided Seller, at Seller's expense, shall complete the following specific repairs and treatments: _____

(Do not insert general phrases, such as "subject to inspections," that do not identify specific repairs and treatments.)

E. COMPLETION OF REPAIRS: Unless otherwise agreed in writing: (i) Seller shall complete all agreed repairs and treatments prior to the Closing Date; and (ii) all required permits must be obtained, and repairs and treatments must be performed by persons who are licensed to provide such repairs or treatments or, if no license is required by law, are commercially engaged in the trade of providing such repairs or treatments. At Buyer's election, any transferable warranties received by Seller with respect to the repairs will be transferred to Buyer at Buyer's expense. If Seller fails to complete any agreed repairs prior to the Closing Date, Buyer may exercise remedies under Paragraph 15 or extend the Closing Date up to 5 days if necessary for Seller to complete repairs.

F. LENDER REQUIRED REPAIRS AND TREATMENTS: Unless otherwise agreed in writing, neither party is obligated to pay for lender required repairs, which includes treatment for wood destroying insects. If the parties do not agree to pay for the lender required repairs or treatments, this contract will terminate and the earnest money will be refunded to Buyer. If the cost of lender required repairs and treatments exceeds 5% of the Sales Price, Buyer may terminate this contract and the earnest money will be refunded to Buyer.

G. ENVIRONMENTAL MATTERS: Buyer is advised that the presence of wetlands, toxic substances, including asbestos and wastes or other environmental hazards, or the presence of a threatened or endangered species or its habitat may affect Buyer's intended use of the Property. If Buyer is concerned about these matters, an addendum promulgated by TREC or required by the parties should be used.

H. SELLER'S DISCLOSURES: Except as otherwise disclosed in this contract, Seller has no knowledge of the following:

- (1) any flooding of the Property which has had a material adverse effect on the use of the Property;
- (2) any pending or threatened litigation, condemnation, or special assessment affecting the Property;
- (3) any environmental hazards that materially and adversely affect the Property;
- (4) any dumpsite, landfill, or underground tanks or containers now or previously located on the Property;
- (5) any wetlands, as defined by federal or state law or regulation, affecting the Property; or
- (6) any threatened or endangered species or their habitat affecting the Property.

I. RESIDENTIAL SERVICE CONTRACTS: Buyer may purchase a residential service contract from a residential service company licensed by TREC. If Buyer purchases a residential service contract, Seller shall reimburse Buyer at closing for the cost of the residential service contract in an amount not exceeding \$_____. Buyer should review any residential service contract for the scope of coverage, exclusions and limitations. **The purchase of a residential service contract is optional. Similar coverage may be purchased from various companies authorized to do business in Texas.**

J. GOVERNMENT PROGRAMS: The Property is subject to the government programs listed below or on the attached exhibit:_____.
Seller shall provide Buyer with copies of all governmental program agreements. Any allocation or proration of payment under governmental programs is made by separate agreement between the parties which will survive closing.

8. **BROKERS' FEES:** All obligations of the parties for payment of brokers' fees are contained in separate written agreements.

9. **CLOSING:**

A. The closing of the sale will be on or before _____, 20_____, or within 7 days after objections made under Paragraph 6D have been cured or waived, whichever date is later (Closing Date). If either party fails to close the sale by the Closing Date, the non-defaulting party may exercise the remedies contained in Paragraph 15.

B. At closing:

- (1) Seller shall execute and deliver a general warranty deed conveying title to the Property to Buyer and showing no additional exceptions to those permitted in Paragraph 6, an assignment of Leases, and furnish tax statements or certificates showing no delinquent taxes on the Property.
- (2) Buyer shall pay the Sales Price in good funds acceptable to the escrow agent.
- (3) Seller and Buyer shall execute and deliver any notices, statements, certificates, affidavits, releases, loan documents and other documents reasonably required for the closing of the sale and the issuance of the Title Policy.
- (4) There will be no liens, assessments, or security interests against the Property which will not be satisfied out of the sales proceeds unless securing the payment of any loans assumed by Buyer and assumed loans will not be in default.
- (5) If the Property is subject to a residential lease, Seller shall transfer security deposits (as defined under §92.102, Property Code), if any, to Buyer. In such an event, Buyer shall deliver to the tenant a signed statement acknowledging that the Buyer has acquired the Property and is responsible for the return of the security deposit, and specifying the exact dollar amount of the security deposit.

10. **POSSESSION:**

A. Buyer's Possession: Seller shall deliver to Buyer possession of the Property in its present or required condition, ordinary wear and tear excepted: upon closing and funding according to a temporary residential lease form promulgated by TREC or other written lease required by the parties. Any possession by Buyer prior to closing or by Seller after closing which is not authorized by a written lease will establish a tenancy at sufferance relationship between the parties. **Consult your insurance agent prior to change of ownership and possession because insurance coverage may be limited or terminated. The absence of a written lease or appropriate insurance coverage may expose the parties to economic loss.**

B. Leases:

- (1) After the Effective Date, Seller may not execute any lease (including but not limited to mineral leases) or convey any interest in the Property without Buyer's written consent.
- (2) If the Property is subject to any lease to which Seller is a party, Seller shall deliver to Buyer copies of the lease(s) and any move-in condition form signed by the tenant within 7 days after the Effective Date of the contract.

11. **SPECIAL PROVISIONS:** (Insert only factual statements and business details applicable to the sale. TREC rules prohibit license holders from adding factual statements or business details for which a contract addendum or other form has been promulgated by TREC for mandatory use.)

12. SETTLEMENT AND OTHER EXPENSES:

- A. The following expenses must be paid at or prior to closing:
- (1) Expenses payable by Seller (Seller's Expenses):
 - (a) Releases of existing liens, including prepayment penalties and recording fees; release of Seller's loan liability; tax statements or certificates; preparation of deed; one-half of escrow fee; and other expenses payable by Seller under this contract.
 - (b) Seller shall also pay an amount not to exceed \$ _____ to be applied in the following order: Buyer's Expenses which Buyer is prohibited from paying by FHA, VA, Texas Veterans Land Board or other governmental loan programs, and then to other Buyer's Expenses as allowed by the lender.
 - (2) Expenses payable by Buyer (Buyer's Expenses) Appraisal fees; loan application fees; origination charges; credit reports; preparation of loan documents; interest on the notes from date of disbursement to one month prior to dates of first monthly payments; recording fees; copies of easements and restrictions; loan title policy with endorsements required by lender; loan-related inspection fees; photos; amortization schedules; one-half of escrow fee; all prepaid items, including required premiums for flood and hazard insurance, reserve deposits for insurance, ad valorem taxes and special governmental assessments; final compliance inspection; courier fee; repair inspection; underwriting fee; wire transfer fee; expenses incident to any loan; Private Mortgage Insurance Premium (PMI), VA Loan Funding Fee, or FHA Mortgage Insurance Premium (MIP) as required by the lender; and other expenses payable by Buyer under this contract.
- B. If any expense exceeds an amount expressly stated in this contract for such expense to be paid by a party, that party may terminate this contract unless the other party agrees to pay such excess. Buyer may not pay charges and fees expressly prohibited by FHA, VA, Texas Veterans Land Board or other governmental loan program regulations.

13. PRORATIONS AND ROLLBACK TAXES:

- A. PRORATIONS: Taxes for the current year, interest, maintenance fees, assessments, dues and rents will be prorated through the Closing Date. The tax proration may be calculated taking into consideration any change in exemptions that will affect the current year's taxes. If taxes for the current year vary from the amount prorated at closing, the parties shall adjust the prorations when tax statements for the current year are available. If taxes are not paid at or prior to closing, Buyer shall pay taxes for the current year. Rentals which are unknown at time of closing will be prorated between Buyer and Seller when they become known.
- B. ROLLBACK TAXES: If this sale or Buyer's use of the Property after closing results in the assessment of additional taxes, penalties or interest (Assessments) for periods prior to closing, the Assessments will be the obligation of Buyer. If Assessments are imposed because of Seller's use or change in use of the Property prior to closing, the Assessments will be the obligation of Seller. Obligations imposed by this paragraph will survive closing.

14. CASUALTY LOSS: If any part of the Property is damaged or destroyed by fire or other casualty after the Effective Date of this contract, Seller shall restore the Property to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller fails to do so due to factors beyond Seller's control, Buyer may (a) terminate this contract and the earnest money will be refunded to Buyer, (b) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (c) accept the Property in its damaged condition with an assignment of insurance proceeds, if permitted by Seller's insurance carrier, and receive credit from Seller at closing in the amount of the deductible under the insurance policy. Seller's obligations under this paragraph are independent of any other obligations of Seller under this contract.

15. DEFAULT: If Buyer fails to comply with this contract, Buyer will be in default, and Seller may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract. If Seller fails to comply with this contract for any other reason, Seller will be in default and Buyer may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money, thereby releasing both parties from this contract.

16. MEDIATION: It is the policy of the State of Texas to encourage resolution of disputes through alternative dispute resolution procedures such as mediation. Any dispute between Seller and Buyer related to this contract which is not resolved through informal discussion will be submitted to a mutually acceptable mediation service or provider. The parties to the mediation shall bear the mediation costs equally. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

17. ATTORNEY'S FEES: A Buyer, Seller, Listing Broker, Other Broker, or escrow agent who prevails in any legal proceeding related to this contract is entitled to recover reasonable attorney's fees and all costs of such proceeding.

18. ESCROW:

- A. ESCROW: The escrow agent is not (i) a party to this contract and does not have liability for the performance or nonperformance of any party to this contract, (ii) liable for interest on the earnest money and (iii) liable for the loss of any earnest money caused by the failure of any financial institution in which the earnest money has been deposited unless the financial institution is acting as escrow agent.
- B. EXPENSES: At closing, the earnest money must be applied first to any cash down payment, then to Buyer's Expenses and any excess refunded to Buyer. If no closing occurs, escrow agent may: (i) require a written release of liability of the escrow agent from all parties, (ii) require payment of unpaid expenses incurred on behalf of a party, and (iii) only deduct from the earnest money the amount of unpaid expenses incurred on behalf of the party receiving the earnest money.
- C. DEMAND: Upon termination of this contract, either party or the escrow agent may send a release of earnest money to each party and the parties shall execute counterparts of the release and deliver same to the escrow agent. If either party fails to execute the release, either party may make a written demand to the escrow agent for the earnest money. If only one party makes written demand for the earnest money, escrow agent shall promptly provide a copy of the demand to the other party. If escrow agent does not receive written objection to the demand from the other party within 15 days, escrow agent may disburse the earnest money to the party making demand reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors. If escrow agent complies with the provisions of this paragraph, each party hereby releases escrow agent from all adverse claims related to the disbursement of the earnest money.
- D. DAMAGES: Any party who wrongfully fails or refuses to sign a release acceptable to the escrow agent within 7 days of receipt of the request will be liable to the other party for (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.
- E. NOTICES: Escrow agent's notices will be effective when sent in compliance with Paragraph 21. Notice of objection to the demand will be deemed effective upon receipt by escrow agent.

19. REPRESENTATIONS: All covenants, representations and warranties in this contract survive closing. If any representation of Seller in this contract is untrue on the Closing Date, Seller will be in default. Unless expressly prohibited by written agreement, Seller may continue to show the Property and receive, negotiate and accept back up offers.

20. FEDERAL TAX REQUIREMENTS: If Seller is a "foreign person," as defined by Internal Revenue Code and its regulations, or if Seller fails to deliver an affidavit or a certificate of non-foreign status to Buyer that Seller is not a "foreign person," then Buyer shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if currency in excess of specified amounts is received in the transaction.

21. NOTICES: All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by fax or electronic transmission as follows:

To Buyer
at: _____

To Seller
at: _____

Phone: () _____

Phone: () _____

Fax: () _____

Fax: () _____

E-mail: _____

E-mail: _____

22. AGREEMENT OF PARTIES: This contract contains the entire agreement of the parties and cannot be changed except by their written agreement. Addenda which are a part of this contract are (check all applicable boxes):

- | | |
|---|--|
| <input type="checkbox"/> Third Party Financing Addendum | <input type="checkbox"/> Environmental Assessment, Threatened or Endangered Species and Wetlands Addendum |
| <input type="checkbox"/> Seller Financing Addendum | <input type="checkbox"/> Seller's Temporary Residential Lease |
| <input type="checkbox"/> Addendum for Property Subject to Mandatory Membership in a Property Owners Association | <input type="checkbox"/> Short Sale Addendum |
| <input type="checkbox"/> Buyer's Temporary Residential Lease | <input type="checkbox"/> Addendum for Property Located Seaward of the Gulf Intracoastal Waterway |
| <input type="checkbox"/> Loan Assumption Addendum | <input type="checkbox"/> Addendum for Seller's Disclosure of Information on Lead-based Paint and Lead-based Paint Hazards as Required by Federal Law |
| <input type="checkbox"/> Addendum for Sale of Other Property by Buyer | <input type="checkbox"/> Addendum for Property in a Propane Gas System Service Area |
| <input type="checkbox"/> Addendum for "Back-Up" Contract | <input type="checkbox"/> Other (list): _____ |
| <input type="checkbox"/> Addendum for Coastal Area Property | _____ |
| <input type="checkbox"/> Addendum for Authorizing Hydrostatic Testing | _____ |
| <input type="checkbox"/> Addendum Concerning Right to Terminate Due to Lender's Appraisal | _____ |
| <input type="checkbox"/> Addendum for Reservation of Oil, Gas and Other Minerals | _____ |

23. TERMINATION OPTION: For nominal consideration, the receipt of which is hereby acknowledged by Seller, and Buyer's agreement to pay Seller \$_____ (Option Fee) within 3 days after the Effective Date of this contract, Seller grants Buyer the unrestricted right to terminate this contract by giving notice of termination to Seller within _____ days after the Effective Date of this contract (Option Period). Notices under this paragraph must be given by 5:00 p.m. (local time where the Property is located) by the date specified. If no dollar amount is stated as the Option Fee or if Buyer fails to pay the Option Fee to Seller within the time prescribed, this paragraph will not be a part of this contract and Buyer shall not have the unrestricted right to terminate this contract. If Buyer gives notice of termination within the time prescribed, the Option Fee will not be refunded; however, any earnest money will be refunded to Buyer. The Option Fee will will not be credited to the Sales Price at closing. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

24. CONSULT AN ATTORNEY BEFORE SIGNING: TREC rules prohibit real estate license holders from giving legal advice. READ THIS CONTRACT CAREFULLY.

Buyer's Attorney is: _____	Seller's Attorney is: _____
Phone: () _____	Phone: () _____
Fax: () _____	Fax: () _____
E-mail: _____	E-mail: _____

**EXECUTED the _____ day of _____, 20____ (Effective Date).
 (BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)**

 Buyer Seller

 Buyer Seller



The form of this contract has been approved by the Texas Real Estate Commission. TREC forms are intended for use only by trained real estate license holders. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, (512) 936-3000 (<http://www.trec.texas.gov>) TREC NO. 25-12. This form replaces TREC NO. 25-11.

RATIFICATION OF FEE

Listing Broker has agreed to pay Other Broker _____ of the total Sales Price when Listing Broker's fee is received. Escrow Agent is authorized and directed to pay Other Broker from Listing Broker's fee at closing.

Other Broker: _____ Listing Broker: _____
 By: _____ By: _____

BROKER INFORMATION AND AGREEMENT FOR PAYMENT OF BROKERS' FEES

Other Broker _____	License No. _____	Listing or Principal Broker _____	License No. _____
Associate's Name _____	License No. _____	Listing Associate's Name _____	License No. _____
Associate's Email Address _____	Phone _____	Listing Associate's Email Address _____	Phone _____
Licensed Supervisor of Associate _____	License No. _____	Licensed Supervisor of Listing Associate _____	License No. _____
Other Broker's Office Address _____	Phone _____	Listing Broker's Office Address _____	Phone _____
City _____ State _____ Zip _____		City _____ State _____ Zip _____	

represents Buyer only as Buyer's agent
 Seller as Listing Broker's subagent

Selling Associate _____ License No. _____
 Selling Associate's Email Address _____ Phone _____
 Licensed Supervisor of Selling Associate _____ License No. _____
 Selling Associate's Office Address _____
 City _____ State _____ Zip _____

represents Seller only
 Buyer only
 Seller and Buyer as an intermediary

Upon closing of the sale by Seller to Buyer of the Property described in the contract to which this fee agreement is attached: (a) Seller Buyer will pay Listing/Principal Broker a cash fee of \$ _____ or _____% of the total Sales Price; and (b) Seller Buyer will pay Other Broker a cash fee of \$ _____ or _____% of the total Sales Price. Seller/Buyer authorizes and directs Escrow Agent to pay the brokers from the proceeds at closing.

Brokers' fees are negotiable. Brokers' fees or the sharing of fees between brokers are not fixed, controlled, recommended, suggested or maintained by the Texas Real Estate Commission.

 Seller Buyer

 Seller Buyer

Do not sign if there is a separate written agreement for payment of Brokers' fees.

OPTION FEE RECEIPT

Receipt of \$ _____ (Option Fee) in the form of _____
is acknowledged.

Seller or Listing Broker _____ Date

EARNEST MONEY RECEIPT

Receipt of \$ _____ Earnest Money in the form of _____
is acknowledged.

Escrow Agent _____ Received by _____ Email Address _____ Date/Time _____

Address _____ Phone _____

City _____ State _____ Zip _____ Fax _____

CONTRACT RECEIPT

Receipt of the Contract is acknowledged.

Escrow Agent _____ Received by _____ Email Address _____ Date _____

Address _____ Phone _____

City _____ State _____ Zip _____ Fax _____

ADDITIONAL EARNEST MONEY RECEIPT

Receipt of \$ _____ additional Earnest Money in the form of _____
is acknowledged.

Escrow Agent _____ Received by _____ Email Address _____ Date/Time _____

Address _____ Phone _____

City _____ State _____ Zip _____ Fax _____



ADDENDUM FOR PROPERTY SUBJECT TO MANDATORY MEMBERSHIP IN A PROPERTY OWNERS ASSOCIATION (NOT FOR USE WITH CONDOMINIUM ASSOCIATIONS [CONDOMINIUMS]) ADDENDUM TO CONTRACT CONCERNING THE PROPERTY AT

(Street Address and City)

(Name of Property Owners Association, (Association) and Phone Number)

A. SUBDIVISION INFORMATION: "Subdivision Information" means: (i) a current copy of the restrictions applying to the subdivision and bylaws and rules of the Association, and (ii) a resale certificate, all of which are described by Section 207.003 of the Texas Property Code.

(Check only one box):

- 1. Within _____ days after the Effective Date [effective-date] of the contract, Seller shall obtain, pay for, and deliver the Subdivision Information to the Buyer.
2. Within _____ days after the Effective Date [effective-date] of the contract, Buyer shall obtain, pay for, and deliver a copy of the Subdivision Information to the Seller.
3. Buyer has received and approved the Subdivision Information before signing the contract. Buyer [] does [] does not require an updated resale certificate.
4. Buyer does not require delivery of the Subdivision Information.

The title company or its agent is authorized to act on behalf of the parties to obtain the Subdivision Information ONLY upon receipt of the required fee for the Subdivision Information from the party obligated to pay.

B. MATERIAL CHANGES. If Seller becomes aware of any material changes in the Subdivision Information, Seller shall promptly give notice to Buyer. Buyer may terminate the contract prior to closing by giving written notice to Seller if: (i) any of the Subdivision Information provided was not true; or (ii) any material adverse change in the Subdivision Information occurs prior to closing, and the earnest money will be refunded to Buyer.

C. FEES: Except as provided by Paragraphs A, D and E, Buyer shall pay any and all Association fees or other charges associated with the transfer of the Property not to exceed \$_____ and Seller shall pay any excess.

D. DEPOSITS FOR RESERVES: Buyer shall pay any deposits for reserves required at closing by the Association.

E. AUTHORIZATION: Seller authorizes the Association to release and provide the Subdivision Information and any updated resale certificate if requested by the Buyer, the Title Company, or any broker to this sale. If Buyer does not require the Subdivision Information or an updated resale certificate, and the Title Company requires information from the Association (such as the status of dues, special assessments, violations of covenants and restrictions, and a waiver of any right of first refusal), [] Buyer [] Seller shall pay the Title Company the cost of obtaining the information prior to the Title Company ordering the information.

NOTICE TO BUYER REGARDING REPAIRS BY THE ASSOCIATION: The Association may have the sole responsibility to make certain repairs to the Property. If you are concerned about the condition of any part of the Property which the Association is required to repair, you should not sign the contract unless you are satisfied that the Association will make the desired repairs.

Buyer _____

Seller _____

Buyer _____

Seller _____



The form of this addendum has been approved by the Texas Real Estate Commission for use only with similarly approved or promulgated forms of contracts. Such approval relates to this contract form only. TREC forms are intended for use only by trained real estate license holders [licensees]. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, (512) 936-3000 (www.trec.texas.gov) TREC No. 36-9[8]. This form replaces TREC No. 36-8[7].



AMENDMENT TO CONTRACT CONCERNING THE PROPERTY AT



(Street Address and City)

Seller and Buyer amend the contract as follows: (check each applicable box)

- (1) The Sales Price in Paragraph 3 of the contract is:
A. Cash portion of Sales Price payable by Buyer at closing
B. Sum of financing described in the contract
C. Sales Price (Sum of A and B)
(2) In addition to any repairs and treatments otherwise required by the contract, Seller, at Seller's expense, shall complete the following repairs and treatments:
(3) The date in Paragraph 9 of the contract is changed to
(4) The amount in Paragraph 12A(1)(b) of the contract is changed to
(5) The cost of lender required repairs and treatment, as itemized on the attached list, will be paid as follows:
(6) Buyer has paid Seller an additional Option Fee of \$ for an extension of the unrestricted right to terminate the contract on or before 5:00 p.m. on
(7) Buyer waives the unrestricted right to terminate the contract for which the Option Fee was paid.
(8) The date for Buyer to give written notice to Seller that Buyer cannot obtain Buyer Approval as set forth in the Third Party Financing Addendum is changed to
(9) Other Modifications: (Insert only factual statements and business details applicable to this sale.)

EXECUTED the ___ day of ___, 20___. (BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)

Buyer

Seller

Buyer

Seller



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Agenda Item 8 – Comments on Third Party Financing Addendum

From: kenneth collins [<mailto:legacydfwre@gmail.com>]
Sent: Saturday, March 3, 2018 10:42 AM
To: Info
Subject: Third Party Financing Addendum change suggestion

Im sorry for not knowing where to make this suggestion so I hope this falls into the right hands. On the TPF addendum under Par B.2 it states:

“Property Approval: Property Approval will be deemed to have been obtained when the Property has satisfied lender's underwriting requirements for the loan, including but not limited to appraisal, insurability, and lender required repairs. If Property Approval is no obtained, Buyer may terminate this contract by giving notice to Seller before closing and the earnest money will be refunded to Buyer.”

I suggest a deadline for notice of termination. Based on this wording, a buyer could receive a low appraisal 10 days after execution and then not formally terminate until right before they were suppose to sign closing docs at the title company. With a 2 or 3 day notice window, the process could speed up and avoid last minute terminations by a disgruntled buyers agent.

Thank You
Kenneth Collins
Broker / Owner

From: Greg Glenn <gglenn@sweethomeamarillo.com>
Sent: Friday, March 23, 2018 10:49 AM
To: Kerri Lewis <Kerri.Lewis@trec.texas.gov>
Subject: BL Committee - Financing

Good morning,

A thought for a slight modification on the Third Party Financing Addendum (40-1):

Reserve mortgage has a input field for ‘years’ and it is my understanding is that there isn’t a set term on the pay back.

Greg Glenn
Certified Real Estate Broker



THIRD PARTY FINANCING ADDENDUM

TO CONTRACT CONCERNING THE PROPERTY AT

9450 Strawberry Fields

Amarillo

(Street Address and City)

A. TYPE OF FINANCING AND DUTY TO APPLY AND OBTAIN APPROVAL: Buyer shall apply promptly for all financing described below and make every reasonable effort to obtain approval for the financing, including but not limited to furnishing all information and documents required by Buyer's lender. (Check applicable boxes):

- 1. Conventional Financing:
 - (a) A first mortgage loan in the principal amount of \$ _____ (excluding any financed PMI premium), due in full in _____ year(s), with interest not to exceed _____ % per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____ % of the loan.
 - (b) A second mortgage loan in the principal amount of \$ _____ (excluding any financed PMI premium), due in full in _____ year(s), with interest not to exceed _____ % per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____ % of the loan.
- 2. Texas Veterans Loan: A loan(s) from the Texas Veterans Land Board of \$ _____ for a period in the total amount of _____ years at the interest rate established by the Texas Veterans Land Board.
- 3. FHA Insured Financing: A Section _____ FHA insured loan of not less than \$ _____ (excluding any financed MIP), amortizable monthly for not less than _____ years, with interest not to exceed _____ % per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____ % of the loan.
- 4. VA Guaranteed Financing: A VA guaranteed loan of not less than \$ _____ (excluding any financed Funding Fee), amortizable monthly for not less than _____ years, with interest not to exceed _____ % per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____ % of the loan.
- 5. USDA Guaranteed Financing: A USDA-guaranteed loan of not less than \$ _____ (excluding any financed Funding Fee), amortizable monthly for not less than _____ years, with interest not to exceed _____ % per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____ % of the loan.
- 6. Reverse Mortgage Financing: A reverse mortgage loan (also known as a Home Equity Conversion Mortgage loan) in the original principal amount of \$ **124,600.00** (excluding any financed PMI premium or other costs), with interest not to exceed **4.810%** % per annum for the first **30+** year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed **6.462%** % of the loan. The reverse mortgage loan will will not be an FHA insured loan.

Initialed for identification by Buyer _____ and Seller _____

TREC NO. 40-7



THIRD PARTY FINANCING ADDENDUM

TO CONTRACT CONCERNING THE PROPERTY AT

(Street Address and City)

1. ~~[A.] TYPE OF FINANCING AND DUTY TO APPLY AND OBTAIN APPROVAL [TYPE OF FINANCING AND DUTY TO APPLY AND OBTAIN APPROVAL]~~: Buyer shall apply promptly for all financing described below and make every reasonable effort to obtain approval for the financing, including but not limited to furnishing all information and documents required by Buyer's lender. (Check applicable boxes):

A. ~~[1.] CONVENTIONAL FINANCING [Conventional Financing]~~:

~~(1) [a]~~ A first mortgage loan in the principal amount of \$ _____ (excluding any financed PMI premium), due in full in _____ year(s), with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

~~(2) [b]~~ A second mortgage loan in the principal amount of \$ _____ (excluding any financed PMI premium), due in full in _____ year(s), with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

B. ~~[2.] TEXAS VETERANS LOAN [Texas Veterans Loan]~~: A loan(s) from the Texas Veterans Land Board of \$ _____ for a period in the total amount of _____ years at the interest rate established by the Texas Veterans Land Board.

C. ~~[3.] FHA INSURED FINANCING [FHA Insured Financing]~~: A Section _____ FHA insured loan of not less than \$ _____ (excluding any financed MIP), amortizable monthly for not less than _____ years, with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

D. ~~[4.] VA GUARANTEED FINANCING [VA Guaranteed Financing]~~: A VA guaranteed loan of not less than \$ _____ (excluding any financed Funding Fee), amortizable monthly for not less than _____ years, with interest not to exceed _____% per annum for the first year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

E. ~~[5.] USDA GUARANTEED FINANCING [USDA Guaranteed Financing]~~: A USDA-guaranteed loan of not less than \$ _____ (excluding any financed Funding Fee), amortizable monthly for not less than _____ years, with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan.

F. ~~[6.] REVERSE MORTGAGE FINANCING [Reverse Mortgage Financing]~~: A reverse mortgage loan (also known as a Home Equity Conversion Mortgage loan) in the original principal amount of \$ _____ (excluding any financed PMI premium or other costs), with interest not to exceed _____% per annum for the first _____ year(s) of the loan with Origination Charges as shown on Buyer's Loan Estimate for the loan not to exceed _____% of the loan. The reverse mortgage loan will will not be an FHA insured loan.

2. ~~[B.] APPROVAL OF FINANCING [APPROVAL OF FINANCING]~~: Approval for the financing described above will be deemed to have been obtained when Buyer Approval and Property Approval are obtained.

A. ~~[1.] BUYER APPROVAL [Buyer Approval] (Check one box only):~~

This contract is subject to Buyer obtaining Buyer Approval. If Buyer cannot obtain Buyer Approval, Buyer may give written notice to Seller within _____ days after the effective date of this contract and this contract will terminate and the earnest money will be

(Address of Property)

refunded to Buyer. If Buyer does not terminate the contract under this provision, the contract shall no longer be subject to the Buyer obtaining Buyer Approval. Buyer Approval will be deemed to have been obtained when (i) the terms of the loan(s) described above are available and (ii) lender determines that Buyer has satisfied all of lender's requirements related to Buyer's assets, income and credit history.

This contract is not subject to Buyer obtaining Buyer Approval.

B. ~~[2-]~~ **PROPERTY APPROVAL** [~~Property Approval~~]: Property Approval will be deemed to have been obtained when the Property has satisfied lender's underwriting requirements for the loan, including but not limited to appraisal, insurability, and lender required repairs. If Property Approval is not obtained, Buyer may terminate this contract by giving notice to Seller before closing and the earnest money will be refunded to Buyer.

C. ~~[3-]~~ **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

3. ~~[6-]~~ **SECURITY** [~~SECURITY~~]: Each note for the financing described above must be secured by vendor's and deed of trust liens.

4. ~~[D-]~~ **FHA/VA REQUIRED PROVISION** [~~FHA/VA REQUIRED PROVISION~~]: If the financing described above involves FHA insured or VA financing, it is expressly agreed that, notwithstanding any other provision of this contract, the purchaser (Buyer) shall not be obligated to complete the purchase of the Property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise: (i) unless the Buyer has been given in accordance with HUD/FHA or VA requirements a written statement issued by the Federal Housing Commissioner, Department of Veterans Affairs, or a Direct Endorsement Lender setting forth the appraised value of the Property of not less than \$_____ ; or (ii) if the contract purchase price or cost exceeds the reasonable value of the Property established by the Department of Veterans Affairs.

A. ~~[+]~~ The Buyer shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation or the reasonable value established by the Department of Veterans Affairs.

B. ~~[2-]~~ If FHA financing is involved, the appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or the condition of the Property. The Buyer should satisfy himself/herself that the price and the condition of the Property are acceptable.

C. ~~[3-]~~ If VA financing is involved and if Buyer elects to complete the purchase at an amount in excess of the reasonable value established by the VA, Buyer shall pay such excess amount in cash from a source which Buyer agrees to disclose to the VA and which Buyer represents will not be from borrowed funds except as approved by VA. If VA reasonable value of the Property is less than the Sales Prices, Seller may reduce the Sales Price to an amount equal to the VA reasonable value and the sale will be closed at the lower Sales Price with proportionate adjustments to the down payment and the loan amount.

5. ~~[E-]~~ **AUTHORIZATION TO RELEASE INFORMATION** [~~AUTHORIZATION TO RELEASE INFORMATION~~]:

A. ~~[+]~~ Buyer authorizes Buyer's lender to furnish to Seller or Buyer or their representatives information relating to the status of the approval for the financing.

B. ~~[2-]~~ Seller and Buyer authorize Buyer's lender, title company, and escrow agent to disclose and furnish a copy of the closing disclosures and settlement statements provided in relation to the closing of this sale to the parties' respective brokers and sales agents identified on the last page of the contract.

Buyer

Seller

Buyer

Seller



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