



Summary of Revisions to the 1-4 Family Contract

Contract form revisions were adopted at the November 7th TREC meeting and will be for mandatory use on February 1, 2023.

The changes listed below apply to all contract forms unless specified otherwise. Paragraph numbers referenced are from the One to Four Family Residential Contract (Resale).

- The term "Escrow Agent" is capitalized throughout the contract to reflect its status as a defined term.
- Paragraph 3 is amended to add a definition of "cash portion of the sales price."
- A new "required notices" section is added to Paragraph 6, which provides a location where MUD, PID, or other similar notices that have been given or are attached to the contract can be listed.
- Paragraph 7F is revised to require that the seller: (i) provide the buyer with copies of documentation from the repair person that shows both the scope of work and payment for the work completed; and (ii) transfer, at seller's expense, any transferable warranties at closing.
- Paragraph 7H is amended to replace the term "residential service company" with the terminology used by the Texas Department of Licensing and Regulation, which as of September 1, 2021, regulates residential service companies.
- Paragraph 9B(3) is amended to add the transfer of any warranties to correspond with the change in Paragraph 7F. New paragraph 9B(5) provides that private transfer fees will be the obligation of the seller, unless otherwise provided in this contract and that transfer fees assessed by a property owner's association are governed by the Addendum for Property Subject to Mandatory Membership in a Property Owners Association. A similar sentence is added to the Residential Condominium Contract.
- Paragraph 11 is amended to further clarify the intent of the paragraph by replacing the terms "factual statements" and "business details" with "informational items," which is now defined, and adding that real estate brokers cannot practice law and are prohibited from adding to, deleting, or modifying the contract unless drafted by a party to the contract or a party's attorney. Lines have also been inserted into the blank.
- Paragraph 13 is amended to clarify what amounts will be prorated through the closing date.
- Paragraph 18B is amended to add that if no closing occurs, the escrow agent may require a written release of liability before releasing the earnest money.
- Paragraph 21 is amended to add a line for a copy to the buyer's and seller's agent respectively.