

Summary of Contract Form Revisions

The Texas Real Estate Commission met on February 12th, 2018 and approved revisions to several current forms and also adopted two new forms. These forms are available for use now and will become mandatory on May 15th, 2018. Below is a highlight of some of the revisions and additions.

One to Four Family Residential Contract (Resale)

Paragraph 2: Property

Amended to clarify that any reservations of mineral rights must be done in a separate addendum.

Paragraph 5: Earnest Money

Amended to require Earnest Money to be delivered within 3 days after the contract Effective Date. If the 3rd day falls on a Saturday, Sunday, or legal holiday, the Earnest Money is due on the next day that is not a Saturday, Sunday, or legal holiday. Seller may terminate the contract if buyer fails to deliver the Earnest Money as required. Seller must notify the buyer of seller's election to terminate the contract before buyer delivers the Earnest Money.

"Effective Date"

The term "Effective Date" is now a defined term throughout the contracts.

Paragraph 6A(9): Title Policy and Survey

Amended to include a title policy exception for minerals as approved by the Texas Department of Insurance.

Paragraph 6B: Commitment

The phrase "due to factors beyond Seller's control" has been removed.

Paragraph 6D: Objections

Amended to define the time by which seller is to cure objections as the "Cure Period". It also provides a specific time frame by which the buyer must notify the seller that the buyer will terminate or waive the objections if they are not cured within the "Cure Period". Additional changes address additional time periods for the buyer to object and seller to cure if a revised commitment, revised survey, or updated exception docs are provided. A reference in this paragraph to items in 6A was updated to include the new item – 6A(9).

Paragraph 20: Federal Tax Requirements

Amended to clarify what is meant by "applicable law" and an "affidavit" when the seller is a "foreign person".

Page 9: Broker Information

The spaces for fax number have been removed; a space for the brokers' phone numbers have been added. Seller/buyer initial boxes have been removed.

Page 9: Earnest Money Receipt

Separate receipt boxes have been added for the Contract, Earnest Money and additional Earnest Money. A space for the time of Earnest Money receipt has been added. Seller/buyer initial boxes have been removed.

Condominium Contract

All of the changes listed above under One to Four Family Residential Contract

Paragraph 2B(2) and 2C: Association Documents

Amended to clarify that the seller bears the expense to deliver the condominium documents and the resale certificate to buyer.

Farm and Ranch Contract

All of the changes listed above under One to Four Family Residential Contract

Paragraph 2F: Reservations

Amended to strike the parenthetical stating the reservations may be included in special provisions. Reservations are to be addressed in the Addendum for Reservation of Oil, Gas and Other Minerals.

New Form: Addendum for Authorizing Hydrostatic Testing

Authorizes hydrostatic testing to be performed at buyer's expense and specifies who will be responsible for damages caused by the test.

New Form: Addendum Concerning Right To Terminate Due To Lender's Appraisal

Addresses the situation where the parties want to create a special contingency based on the appraisal performed by the lender. There are three options available to the parties in this addendum.