

Understanding the Texas 1-4 Family Residential Real Estate Contract



TREC 20-16 or TAR 1601



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION ONE TO FOUR FAMILY RESIDENTIAL

NOTICE: Not For Use For Condominiums

Regarding marital status it is a good idea to write something like "Sam Seller and wife, Sally Seller" OR "Bill Buyer, a single man"

1. **PARTIES:** The parties to this contract are Samantha Seller (Seller) and Bruce Buyer, Betty Buyer (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 (Property).
 - A. **LAND:** Lot 17 Block 3, Kings Colony Estates Sec.3 Addition, City of Houston, County of Harris, Texas, known as 2021 Newport Trace Lane 77535 (address and zip code), or as described on attached exhibit.
 - B. **IMPROVEMENTS:** The house, garage and all other fixtures and improvements attached to the described real property, including without limitation, the following **permanently installed items**, if any: all equipment and appliances, valances, screens, shutters, wall-to-wall carpeting, mirrors, ceiling fans, attic fans, mail boxes, television mounts and brackets for televisions and speakers, heating and air-conditioning units, 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 attached to the above described real property.
 - C. **ACCESSORIES:** The following described related accessories, if any: window air conditioning units, stove, fireplace screens, curtains, door keys, mailbox keys, and other accessories, artificial fireplace, garage doors, (ii) entry gates, and (iii) other improvements. Seller's transferable rights to the (i) software and applications used to access and control improvements or accessories, and (ii) hardware used to control improvements or accessories.
 - D. **EXCLUSIONS:** The following improvements and accessories will be retained by Seller and must be removed prior to delivery of possession: 3 Rose Bushes planted behind the back patio
 - E. **RESERVATIONS:** Any reservation for oil, gas, or other minerals, water, timber, or other interests is made in accordance with an attached addendum.

You can find the LOT and BLOCK description in the Tax Rolls

Anything that would normally stay with the home but the seller is taking with them must be listed here

PAGE 1, PARAGRAPHS 3 & 4

What is the sales price of the house

How much are you borrowing?

How much is your Down Payment?

Be sure to check the correct box in 3B if any type of financing is being used to indicate that an addendum is needed

3. SALES PRICE:

A. Cash portion of Sales Price payable by Buyer at closing	\$	<u>14,962.50</u>
B. Sum of all financing described in the attached: <input checked="" type="checkbox"/> Third Party Financing Addendum, <input type="checkbox"/> Loan Assumption Addendum, <input type="checkbox"/> Seller Financing Addendum	\$	<u>284,287.50</u>
C. Sales Price (Sum of A and B)	\$	<u>299,250.00</u>

4. LEASES:

Except as disclosed in this contract, Seller is not aware of any leases affecting the Property. After the Effective Date, Seller may not, without Buyer's written consent, create a new lease, amend any existing lease, or convey any interest in the Property. (Check all applicable boxes)

- A. RESIDENTIAL LEASES: The Property is subject to one or more residential leases and the Addendum Regarding Residential Leases is attached to this contract.
- B. FIXTURE LEASES: Fixtures on the Property are subject to one or more fixture leases (for example, solar panels, propane tanks, water softener, security system) and the Addendum Regarding Fixture Leases is attached to this contract.
- C. NATURAL RESOURCE LEASES: "Natural Resource Lease" means an existing oil and gas, mineral, water, wind, or other natural resource lease affecting the Property to which Seller is a party.
 - (1) Seller has delivered to Buyer a copy of all the Natural Resource Leases
 - (2) Seller has not delivered to Buyer a copy of all the Natural Resource Leases. Seller shall provide to Buyer a copy of all the Natural Resource Leases on or before the Effective Date. Buyer may terminate the contract if Seller does not provide a copy of all the Natural Resource Leases to Buyer.

A) Is there a tenant with a current lease
B) Do you have anything like solar panels or a security system that is being leased
C) Any natural resource leases

Buyer and Seller initials



Name and Address of Title Company

Contract Concerning 2021 Newport Trace Lane, Houston, TX Page 2 of 11 11-08-2021
(Address of Property)

5. EARNEST MONEY AND TERMINATION OPTION:

3 Days

A. DELIVERY OF EARNEST MONEY AND OPTION FEE: Within 3 days after the Effective Date, Buyer must deliver to First American Title, as escrow agent, at 4567 Beamer Rd., Houston TX 77534 (address): \$ 2,993.00 as earnest money and \$200.00 as the Option Fee. The earnest money and Option Fee shall be made payable to escrow agent and may be paid separately or combined in a single payment.

Amount of Option Fee

Amount of Earnest Money

(1) Buyer shall deliver additional earnest money of \$ N/A to escrow agent within N/A days after the Effective Date of this contract.

If the last day to deliver the earnest money, Option Fee, or the additional earnest money falls on a Saturday, Sunday, or legal holiday, the time to deliver the Option Fee, or the additional earnest money, as applicable, is extended to the next business day that is not a Saturday, Sunday, or legal holiday.

(3) The amount(s) escrow agent receives under this paragraph shall be applied first to the Option Fee, then to the earnest money, and then to the additional earnest money.

(4) Buyer authorizes escrow agent to release and deliver the Option Fee to Seller at any time without further notice to or consent from Buyer, and releases escrow agent from liability for delivery of the Option Fee to Seller. The Option Fee will be credited to the Sales Price at closing.

How many days is The Option Period

B. TERMINATION OPTION: For nominal consideration, the receipt of which Seller acknowledges, and Buyer's agreement to pay the Option Fee within the time required, Seller grants Buyer the unrestricted right to terminate this contract by giving notice of termination to Seller within 10 days after the Effective Date of this contract. (Option Fee) The notice of termination paragraph must be given by 5:00 p.m. (local time where specified). If Buyer gives notice of termination within the time prescribed, the Option Fee shall not be refunded and escrow agent shall release any Option Fee remaining in escrow to Seller; and (ii) any earnest money will be refunded to Buyer.

C. FAILURE TO TIMELY DELIVER EARNEST MONEY: 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.

D. FAILURE TO TIMELY DELIVER OPTION FEE: If no dollar amount is stated as the Option Fee or if Buyer fails to deliver the Option Fee within the time required, Buyer shall not have the unrestricted right to terminate this contract under this paragraph 5.

E. TIME: **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

Who is paying for the Title Policy

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 First American Title (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, 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.

(i) No concerns about the survey or encroachments or easements

(ii) If there are any concerns at all about the survey, encroachments or easements this should always be checked. This is the safest choice

B. COMMITMENT: Within 20 days after the Title Company receives a commitment for title insurance (Commitment) and legible copies of restrictive covenants and documents evidencing exceptions (Exception Documents) other than the standard printed exceptions. Seller shall cause the Title Company to deliver the Commitment and Exception Documents to Buyer within the specified time, the time for delivery will be automatically extended to 30 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.



If there is an existing survey already, check 6C1

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 3 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 Affidavit promulgated by the Texas Department of Insurance (T-47 Affidavit). **furnish the existing survey or affidavit within the time prescribed. If the existing survey or affidavit is not acceptable to Title Company, Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to Closing Date.**
 - Seller's
 - Buyer's expense no later than 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.

No existing survey? Check 6C2 if Buyer is paying or 6C3 if Seller is paying for new one

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 to be permitted to park their 14' bass boat on the property

Buyer must object the earlier of (i) the Closing Date or (ii) 3 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. The exceptions listed in Schedule C of the Commitment are not waived by Buyer. If Buyer objects, Seller shall incur any expense, Seller shall cure any timely objections of Buyer within 15 days after Seller receives the objections (Cure Period) extended as necessary. If objections are not cured within the time required, Buyer delivering notice to Seller within 5 days after the end of the Cure Period, the contract and the earnest money will be refunded to Buyer; or if Buyer does not terminate within the time required, Buyer shall be bound by 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.

If buyer has specific objections to use of the property, address them here. Otherwise leave this blank or N/A

Is the property in a HOA that has mandatory membership & dues?
YES or NO

E. TITLE NOTICES:

(1) ABSTRACT OR TITLE POLICY: Broker advises Buyer to have an abstract Property examined by an attorney of Buyer's selection, or Buyer should obtain a Title Policy. If a Title Policy is furnished, the Commitment reviewed by an attorney of Buyer's choice due to the time limitations 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,

May require
Additional
Addenda

Each property
Is unique
because of its
age, location
and amenities

- 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, Seller must give Buyer written notice as required by §5.014, Property Code. An addendum containing the required notice shall be attached to this contract.
 - (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."

7B1: The buyer received a copy of the Seller's Disclosure Notice
7B2: If not, how long before the seller must provide it to them?

7. PROPERTY CONDITION:

A. ACCESS, INSPECTIONS AND UTILITIES: Seller shall provide access to the Property at reasonable times. Buyer may have the Property inspected by inspectors selected by Buyer and licensed by TREC or other authority permitted by law to make inspections. Any hydrostatic testing must be separately arranged for 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 _____ 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.

7B3: If it is a FORECLOSURE, ESTATE SALE or GOVERNMENT AUCTION the Seller's Disclosure Notice will most likely not be required.

(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.

TXR 1601

Initialed for identification by Buyer _____ and Seller _____

TREC NO. 20-16

D. ACCEPTANCE OF PROPERTY CONDITION: "As Is" means the Property is accepted with any and all defects and without warranty except for warranties in this contract. Buyer's agreement to accept the Property under 7D(1) or (2) does not preclude Buyer from inspecting the Property, negotiating repairs or treatments in a subsequent amendment to this contract during the Option Period, if any.

7D1: Buyer can still have inspections done and ask for repairs, or terminate

(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: _____

7D2: This is if the buyer already knows what repairs they want done by the seller.

(Do not insert general phrases, such as "subject to repairs and treatments.")

Repairs: Required? Who Pays? Who is qualified to do the repairs?

- 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. 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 \$ 550.00. 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.**

7H: If the buyer wants a Home Warranty it is addressed here. Seller reimburses buyer at closing

If either agent is a party (Buyer/Seller) to the transaction or if they are directly related to the Buyer or Seller, it must be disclosed here

8. BROKERS AND SALES AGENTS:

A. **BROKER OR SALES AGENT DISCLOSURE:** Texas law requires a real estate broker or sales agent who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the broker or sales agent owns more than 10%, or a trust for which the broker or sales agent acts as a trustee or of which the broker or sales agent or the broker or sales agent'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: N/A

B. **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 November 17, 2022, 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 Property. Any loans assumed by Buyer and assumed loans will not be in default.

TXR 1601

Initialed for identification by Buyer _____

Initials



What is the projected date for closing? Look on a calendar to make sure it's not a weekend or a holiday since the Title Company will be closed. Check your client's availability as well

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If the buyer will take possession at the closing, check this box

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. SMART DEVICES: "Smart Device" means a device that connects to the internet to enable remote use, monitoring, and management of: (i) the Property; (ii) items identified in a Non-Realty Items Addendum; or (iii) items in a Fixture Lease assigned to Buyer. At the time Seller delivers possession of the Property to Buyer, Seller shall:

- (1) deliver to Buyer written information containing all access codes, usernames, passwords, and applications Buyer will need to access, operate, manage, and control the Smart Devices; and
- (2) terminate and remove all access and connections to the improvements and devices from any of Seller's personal devices including but not limited to phones and computers.

11. SPECIAL PROVISIONS: (Insert only factual statements and business details relevant 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.) **N/A**

11) Before adding anything here, be sure there is not already a place in the contract or on an addendum that addresses the issue. It is rare that you would need to add anything here.

If the buyer is moving in BEFORE closing or if the seller is staying in the house AFTER closing, check this box

Paragraph 11 is the most misused paragraph on the contract. You should NEVER insert items that already have a place on the contract (ie: Residential Service Contract, Seller Contribution to Buyer Closing Costs). Avoid trying to write legal statements, you are not a lawyer.

Is the seller contributing to the buyer's closing costs? If so, enter the amount here in Paragraph 12

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; 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 \$ N/A 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

Initials 

TXR 1601 Initialed for identification by Buyer _____ and Seller _____

Taxes and assessments will be prorated by the title company and shown on the Closing Disclosure as a credit or debit to the buyer or seller

(Address of Property)

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.

More statutory disclosures

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. Escrow agent may require any disbursement made in connection with this contract to be conditioned on escrow agent's collection of good funds acceptable to 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; and (ii) require payment of unpaid expenses incurred on behalf of a party. Escrow agent may deduct authorized expenses from the earnest money payable to a party. "Authorized expenses" means expenses incurred by escrow agent on behalf of the party entitled to the earnest money that were authorized by this contract or that party.
- 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

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: Bruce & Betty Buyer

To Seller at: Samantha Seller

933 Spencer Highway, #226, Pasadena TX 77505

2021 Newport Trace Ln, Houston TX 77535

Phone: (713)555-1234

Phone: (281)555-4321

E-mail/Fax: bandb2015@gmail.com

E-mail/Fax: samanthas@outlook.com

E-mail/Fax: _____

E-mail/Fax: _____

Putting the Names, Addresses and Contact Information for the Buyer and Seller here is helpful to everyone that will be dealing with this contract (i.e. Both agents, the Title Company and the lenders) . Be sure to explain to your client that they should not be contacting the other client (buyer / seller). All communication should go through the agents to avoid any misunderstandings or side deals that could be illegal.

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):

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

Check the box next to the addenda that are required to be included with this particular transaction.

Don't check boxes for addenda that are NOT NEEDED, but don't leave out addenda that ARE NEEDED either!!!!!!

If the buyer or seller want to have an attorney review the contract before signing, they are allowed to and can put the name and contact information of their attorney here. You cannot discourage them from doing so, however it is very rare that anyone does this since these promulgated contracts are prepared by the Broker-Lawyer Committee and have been approved by TREC

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

Buyer's Attorney is: <u>N/A</u>	Seller's Attorney is: _____
_____	_____
Phone: _____	Phone: _____
Fax: _____	Fax: _____
E-mail: _____	E-mail: _____

Initials 

TXR 1601 Initialed for identification by Buyer _____ and Seller _____ TREC NO. 20-16

PAGE 9, Execution Date & Signatures

It is the responsibility of the agents to ensure that the execution date is inserted here after everyone has signed and accepted the contract. Usually whichever agent's client signed last will be the one who inserts the date, however DO NOT ASSUME that the other agent executed the contract. Always check to be sure a date is entered here before the contract is sent off to the Title Company or Lender. If there is no date, add it yourself



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



Signatures

Buyer **Bruce Buyer**

Seller **Samantha Seller**

Buyer **Betty Buyer**

Seller

PAGE 10, BROKER INFORMATION

Contract Concerning 2021 Newport Trace Lane, Houston, TX 77535 Page 10 of 11 11-09-2021
(Address of Property)

BUYER'S AGENT INFORMATION

LISTING AGENT INFORMATION

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

<u>H-Town Realty</u> Other Broker Firm	<u>935221</u> License No.	<u>William Greene Properties</u> Listing Broker Firm	<u>921554</u> License No.
represents <input checked="" type="checkbox"/> Buyer only as Buyer's agent	<input type="checkbox"/> Seller as Listing Broker's subagent	represents <input type="checkbox"/> Seller and Buyer as an intermediary	<input checked="" type="checkbox"/> Seller only as Seller's agent
<u>Paul Ennis</u> Associate's Name	<u>045771</u> License No.	<u>Vivian Taylor</u> Listing Associate's Name	<u>053211</u> License No.
Team Name		<u>The Taylor Team</u> Team Name	
<u>pauleennisrealtor@gmail.com</u> Associate's Email Address	<u>(713)456-7890</u> Phone	<u>vtaylorssoldit@yahoo.com</u> Listing Associate's Email Address	<u>(281)433-2288</u> Phone
<u>Tracy Haley</u> Licensed Supervisor of Associate	<u>059076</u> License No.	<u>Yesenia Jones</u> Licensed Supervisor of Listing Associate	<u>049899</u> License No.
<u>644 Fuqua, #100</u> Other Broker's Address	<u>(712)334-1000</u> Phone	<u>8890 Sam Houston Pkwy, Ste 210</u> Listing Broker's Office Address	
<u>Houston</u> City	<u>TX</u> State	<u>77082</u> Zip	<u>Houston</u> City
			<u>TX</u> State
			<u>77373</u> Zip
		Selling Associate's Name	License No.
		Team Name	
		Selling Associate's Email Address	Phone
		Licensed Supervisor of Selling Associate	License No.
		Selling Associate's Office Address	
		City	State Zip

Disclosure: Pursuant to a previous, separate agreement (such as a MLS offer of compensation or other agreement between brokers), Listing Broker has agreed to pay Other Broker a fee (3% _____). This disclosure is for informational purposes and does not change the previous agreement between brokers to pay or share a commission.

Look up the other Broker & Agent license numbers on the TREC website if they did not provide them for you

Don't forget to add this if you plan on getting paid

Option Fee and Earnest Money can be combined into one check, written out to the Title Company. Many Title Companies now offer Cash Transfer apps to send the money as well

The TITLE COMPANY will complete much this page once the Contract, Option Fee and Earnest Money have been received

OPTION FEE RECEIPT

Receipt of \$200.00 (Option Fee) in the form of Check #1943 is acknowledged.

Escrow Agent _____ Date _____

EARNEST MONEY RECEIPT

Receipt of \$2,993.00 Earnest Money in the form of Check #1943 is acknowledged.

First American Title

Escrow Agent _____ Received by _____ Email Address _____ Date/Time _____
4567 Beamer Rd.

Address _____ Phone (713)543-7000

Houston TX 77534 _____
 City State Zip Fax _____

CONTRACT RECEIPT

Receipt of the Contract is acknowledged.

First American Title

Escrow Agent _____ Received by _____ Email Address _____ Date _____
4567 Beamer Rd.

Address _____ Phone (713)543-7000

Houston TX 77534 _____
 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 _____

REMINDERS

Proof read each page when you are done and look for spelling errors , math errors or blanks that should not be left blank and boxes that are checked that should not be checked. CARELESS ERRORS can cause big problems later if they aren't caught before the contract is signed and executed.

Make sure both the buyer and the seller have initialed at the bottom of pages 1-8 and signed page 9. It is common for either the buyer or seller to forget to initial one or more of the pages so pay attention and check each page.

Take the time to fill in the other broker's information on page 10 (or at least as much as you can). The more of the contract that is pre-printed the easier it will be to read and the cleaner it will look.

Make sure that if you are the agent that has the contract after the last person signs, that you don't forget to EXECUTE the contract by putting the date on Page 9. Make sure that both parties have signed before executing the contract.