

# TREC FORM CHANGES



The Texas Real Estate Commission adopted multiple contract form changes at its November 4, 2024 meeting. Some of these updates were made in response to evolving industry practices, particularly related to broker compensation. These revised forms became mandatory for use on January 3, 2025. Below is a summary of the key changes along with the current version of each updated form.



## STANDARD CONTRACT FORM TREC NO. 32-5

### Condominium Resale Certificate

- Amended to conform the language in *Paragraphs K and L* with section 82.157, Texas Property Code regarding the Condominium HOA.



## STANDARD CONTRACT FORM TREC NO. 9-17

### Unimproved Property Contract

- A dollar sign is also added to *Paragraph 3D*.
- See description of changes to Form TREC No. 20-18, One to Four Family Residential Contract (Resale).



## STANDARD CONTRACT FORM TREC NO. 11-8

### Addendum for "Back-Up" Contract

- Modified to provide more clarity on the timing and payment of the earnest money and option fee, addressing the timing and payment of additional fees.



## STANDARD CONTRACT FORM TREC NO. 20-18

### One to Four Family Residential Contract

The changes listed below apply to all contract forms unless specified otherwise.

- Paragraph 4* is amended to add the term "geothermal" to the definition of Natural Resource Leases as a result of a 2023 law change that stipulates property owners own the geothermal energy below the surface of their land and can drill or produce that energy and associated resources.
- Paragraph 6C(1)* is amended to include the option of providing the T-47.1 Declaration (which does not need to be notarized)—in lieu of the T-47 Affidavit—when the Seller furnishes the Buyer with an existing survey. Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to the Closing Date if Seller fails to furnish within the time prescribed both the: (i) existing survey; and (ii) affidavit or declaration. If the Title Company or Buyer's lender does not accept the existing survey, or the affidavit or declaration. Buyer shall obtain a new survey at Seller's or Buyer's expense no later than 3 days prior to the Closing Date.
- In lieu of providing a "no survey required" option, *Paragraph 6C(2)* is amended to read "Buyer may obtain a new survey" instead of "Buyer shall obtain a new survey", and adds that if the Buyer fails to obtain the survey, Buyer may not terminate the contract under *Paragraph 2B* of the Third Party Financing Addendum because the survey was not obtained.
- Because Texas law requires a seller to provide a buyer a copy of any mold remediation certificate issued during the five years preceding the sale of the property, new *Paragraph 6E(11)* is added to provide information regarding this requirement (except in the Unimproved Property Contract).
- Paragraph 6E(12)* is modified to add specific examples of the types of notices that should be listed in the paragraph and to add a caution that Seller's failure to provide required notices may provide Buyer with certain remedies, like the ability to terminate the contract.
- Paragraph 12A(1)(a)* and *12A(2)* adds that each party pays the brokerage fees that they each have agreed to pay. *Paragraph 12A(1)(a)* seller shall pay the following expenses: added word releases of existing liens.
- Paragraph 12A(1)(b)* is amended to allow for a specific seller contribution to the buyer's brokerage fees.
- A new *Paragraph 12A(1)(c)* seller shall pay an amount not to exceed \$\_\_\_\_\_ to be applied to other buyer's expenses.
- The title of *Paragraph 20* is changed to "Federal Requirements" from "Federal Tax Requirements."
- A reference to the new Addendum for Section 1031 Exchange is added to *Paragraph 22* of the contract.
- The compensation disclosure in the Broker Information section of the contracts (except for the Farm and Ranch Contract) has been modified to remove the parenthetical reference to the MLS and to add checkboxes that allow for the fee to be reflected either as a percentage or a dollar amount.



## STANDARD CONTRACT FORM TREC NO. 23-19

### New Home Contract (Incomplete Construction)

- See description of changes to Form TREC No. 20-18, One to Four Family Residential Contract (Resale).



## STANDARD CONTRACT FORM TREC NO. 24-19

### New Home Contract (Completed Construction)

- See description of changes to Form TREC No. 20-18, One to Four Family Residential Contract (Resale).



## STANDARD CONTRACT FORM TREC NO. 25-16

### Farm and Ranch Contract

- A *dollar sign* is also added to *Paragraph 3D*.
- In new *Paragraph 20B*, information regarding the *obligations related to the federal Agriculture Foreign Investment Disclosure Act* has been added.
- See description of changes to Form TREC No. 20-18, One to Four Family Residential Contract (Resale).



## STANDARD CONTRACT FORM TREC NO. 30-17

### Residential Condominium Contract (Resale)

- See description of changes to Form TREC No. 20-18, One to Four Family Residential Contract (Resale).



## STANDARD CONTRACT FORM TREC NO. 39-10

### Amendment to Contract

- Considering recent discussions surrounding *broker compensation*, changes made to *Paragraph 4* of the Amendment to Contract to conform with the *proposed changes in the amount in Paragraph 12A(1)(b)*.
- *Paragraph 5* amended amount as the *Sales Price in Paragraph 12A(1)(c)*.



## STANDARD CONTRACT FORM TREC NO. 40-11

### Third Party Financing Addendum

- To ensure the buyer is terminating appropriately, *Paragraph 2A, Buyer Approval*, has been changed to *require written notice to seller both a notice of termination and a copy of a written statement of the lender's determination* if buyer terminates the contract under this provision.
- The language in *Paragraph 2B, Property Approval*, is modified because the language related to notice of termination timing was different than in other contract provisions and was causing confusion.
- "*Requirements*" in *Paragraph 4* is made *singular* and a *conforming change* is made to a *paragraph citation*.



## STANDARD CONTRACT FORM TREC NO. 60-0

### Addendum for Section 1031 Exchange

- *A. Allows the seller or buyer to disclose intent to use subject Property* to accomplish an exchange of like-kind properties under Section 1031 of the Internal Revenue Code, as amended.
- *B. Includes a statement that the parties will reasonably cooperate to accomplish the exchange provided:* (i) the non-exchanging party will not incur any additional expense or liability; and (ii) closing will not be delayed as a result of the exchange.
- Providing this as an addendum, rather than in the contract, allows the parties to use it when applicable without causing unnecessary confusion. A reference to the new Addendum for Section 1031 Exchange is also added to Paragraph 22 of the contract.

