

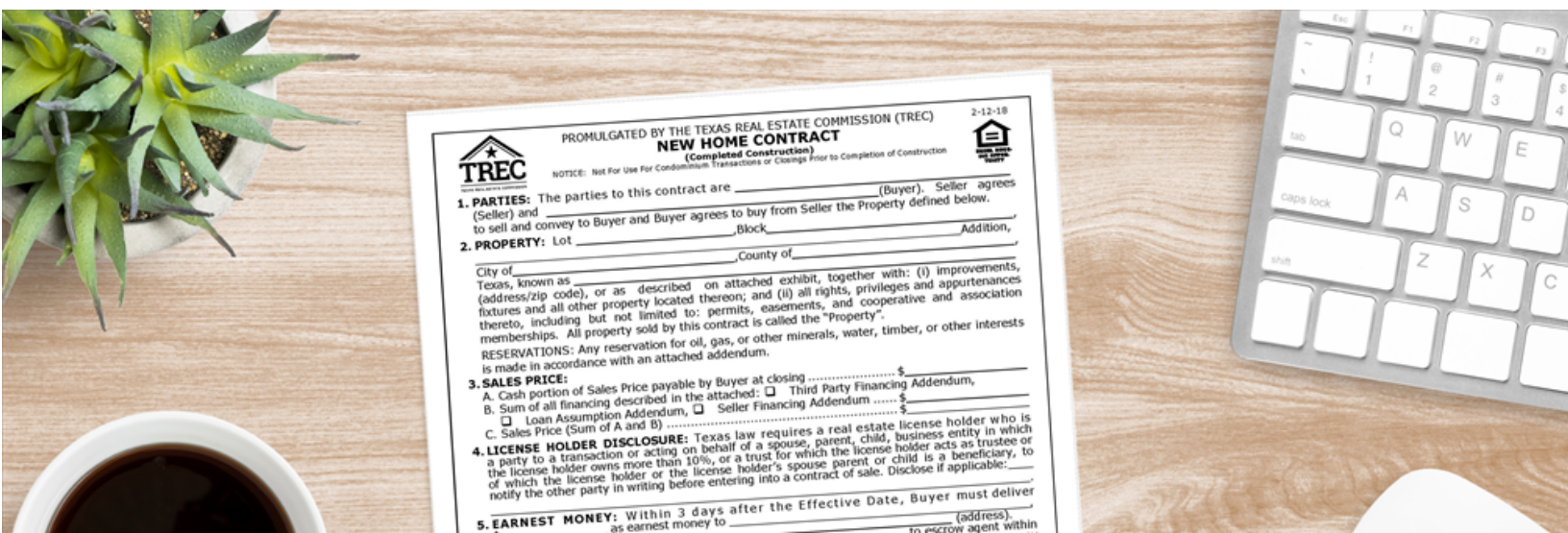
Effective April 1, 2021



TRINITY TITLE
OF TEXAS

The Texas Real Estate Commission (TREC) adopted changes to its contract forms and two new addendums, which become **mandatory** on April 1, 2021.

- The earnest money and option fee are to be made payable to the escrow agent;
- The earnest money and option fee may be paid separately or combined in a single payment;
- The amount the escrow agent receives shall be applied first to the option fee, then to earnest money, and any remainder to additional earnest money;
- The buyer authorizes the escrow agent to release and deliver the option fee to the seller at any time, without further notice to or consent from the buyer;
- The buyer releases the escrow agent from liability for delivery of the option fee to the seller;
- The option fee is to be credited to the sales price at closing; and



- If the buyer gives notice of termination within the prescribed time, then:
 - The option fee **will not** be refunded;
 - Any option fee remaining with the escrow agent will be released to the seller; and
 - Any earnest money will be refunded to the buyer.
- **Texas Department of Insurance Basic Manual Procedural Rule P-27's requirements regarding good funds still applies to disbursement from escrow accounts.** Paragraph 18 of the TREC contract expressly provides that the escrow agent may require any disbursement to be conditioned on the escrow agent's collection of good funds acceptable to the escrow agent.
- New Paragraph 4 in the TREC contract focuses solely on leases. It includes language regarding disclosure of existing leases and prohibits, without the buyer's consent, any new leases, amendments to existing leases, or conveyance of interest in the property. The following specific three types of leases are identified:
 - Residential leases when the seller is leasing the property to tenants;
 - Fixture leases when the seller is leasing items such as solar panels, water softeners, or propane tanks; and
 - Natural resource leases such as oil and gas, water or wind leases to which the seller is a party.
- **Addendums for properties subject to a residential or fixture lease were adopted** to provide for how the lease is to be addressed between parties.

