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understanding the residential purchase contract.

(TREC One to Four Family Residential Contract - resale)
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3.

A. Shows cash portion of offer

B. Shows potential financing of offer (pre-approval letter to be assessed)

C. Shows the combined total of cash and financing of offer

5. A

Earnest money is a deposit made to the seller that represents the buyer's good faith to buy something. The more offered, the more interested the buyer is. Normally 1% of the total offer is presented (even in a seller's market) but in a buyer's market can be less.

An Option Fee is a payment to the seller that provides the buyer with a certain amount of days in which to cancel the deal for any given reason (and for the buyer to keep their earnest money). Normally around \$300 is offered (\$500 in a seller's market, \$100 in a buyer's market).

5. B

“Termination Option” states the number of days the option fee covers. 5-7 days is normal (4 in seller’s market / up to 11 in buyer’s market).

6. A

In Texas, the seller normally pays for the Title Policy but in a seller’s market or bidding war this can be negotiated. Generally, whoever pays for the Title Policy chooses the Title Company.

6. A. 8

If “6. A. 8 i” is selected then it is easier to grant title because if there are any discrepancies on the existing title, they will simply be included in the new title. If “6. A. 8 ii” is selected then either the buyer or seller will financially cover the “shortages”.

6. C. 1

Seller should upload the survey and T47 to the MLS to avoid delays, and 6. C. 1 should then be selected. If it is not uploaded to the MLS and 6. C. 1 is selected, then the seller will have the specified number of days (normally 5) to provide the survey and T47. If it is not provided within this timeframe, the buyers can obtain a survey at the seller's expense.

7. B. 1

The buyer will have 7 days after receiving the SDN to terminate the contract and retrieve earnest money, regardless of which is selected here.

Ideally for all parties, the seller should upload the SDN to the MLS to avoid delays, and 7. B. 1 should then be selected.

7. B. 2

If 7. B. 2 is selected; the seller will have the specified number of days to provide the SDN. If it is not provided within this timeframe, the buyers can terminate the contract at any point prior to closing and retrieve earnest money.

7. D. 1

In most cases, the best way to start any offer is to select 7. D. 1. This states “Buyer accepts property As Is”.

The seller is happy to sell their home without completing repairs, and the buyer still has time to negotiate.

7. H

This shows what the seller will reimburse a buyer for a Residential Service Contract (aka home warranty / home service contract). This covers repair and replacement costs of the covered systems and appliances that break down due to normal wear and tear. In a seller's market \$0 is normal, in a buyer's market up to \$600 is normal.

9. A

Make sure the Closing Date is within a timeframe that suits you. This is normally at least 3 weeks. The average in Texas is 6 weeks.

11.

Any Special Provisions by the buyer complicates any deal.

12. A. 1. B

This stipulates how much money the seller is willing to pay towards the buyer's closing costs. Sellers obviously prefer this to be "0" but in a buyer's market this is sometimes negotiated up to 1% of sales price.

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Disclosure at the bottom of page 10 shows how much the buyer agent is requesting for their role in the deal. **Make sure that this corresponds with how much you discussed with your agent to ensure they are keeping to your agreement.**