



2023 TREC CHANGES

CONTRACTS AND FORM CHANGES EFFECTIVE FEB. 1, 2023

ADOPTED CHANGES TO THE THIRD PARTY FINANCING ADDENDUM FORM.

The Third Party Financing Addendum is amended to add an "other financing" box in Paragraph 1. Paragraph 3 is amended to add that a note must be secured by vendor's and deed of trust liens only if required by the buyer's lender. Finally, the phrase "provided in relation to the closing of this sale" is struck from Paragraph 5B to streamline the paragraph.



ADOPTED CHANGES TO THE SELLER FINANCING ADDENDUM FORM.

- A notice encouraging consultation with an attorney and a financial professional and informing parties of the complicated nature of these transactions is added to the top of the form.
- Paragraph B is amended to modify the time period within which the seller may terminate.
- A new instructional parenthetical is added in Paragraph C. Additionally, the interest is modified to reflect a per annum interest rate.
- Paragraph D2(a) and (b) are amended to clarify the casualty insurance requirements and new Paragraph D2 is added to address casualty insurance.
- Paragraph D2(b) is further amended to add a requirement that the seller provide the buyer with an annual accounting of the escrow account, use escrow deposits to pay taxes and insurance premiums in a timely manner in certain circumstances, and hold the escrow deposit in a separate account. Language is also added to specify whether the escrow account will or will not be serviced by a third-party servicer at either the buyer's or seller's expense.

ADOPTED CHANGES TO THE LOAN ASSUMPTION ADDENDUM FORM.

- "Effective Date" and "Title Company" are capitalized throughout.
- Paragraph A is amended to add that the noteholder of the loan being assumed is authorized to receive a copy of the buyer's credit reports.
- Paragraph B is amended to modify the time period within which the seller may terminate.
- Paragraph C is amended to clarify that the buyer will assume in writing the following notes at closing, to remove the reference to \$500 and instead insert a blank, and to add the following sentence: "Within 7 days after the Effective Date, Seller will deliver to Buyer copies of the note(s) to be assumed, the deed(s) of trust, and the most recent loan statement(s) from the lender."
- New Paragraph H is added related to authorization to release information.
- A new due on sale notice is added.