

NEW COMMERCIAL CONTRACT FORM

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The North Texas Commercial Association of Realtors® (“NTCAR”) recently published a new Commercial Contract of Sale form. The form is being used for many commercial property transactions in Texas. You can distinguish the new form from the old form by looking at the bottom of each page -- the new form shows (8/99) after the copyright notice.

If you have any doubt about whether you should be using the new form for Texas properties instead of the old form, then read on. A new Texas statute was enacted in 1999 requiring a notice, which is in the new form as a new Section 5E **Notice Regarding Possible Annexation**. The new Texas broker’s lien statute also requires a notice, which has been added to the new form as Section 15C **Right to Claim a Lien**. A federal statute on disclosure of information on lead-based paint applies to residential real property including multi-family properties. An **Addendum E** was added to the new contract to enable that disclosure to be given.

Many other changes to the Contract form were made to improve the form. In some cases, the NTCAR forms committee determined that substantive changes were necessary to avoid confusion or possible misunderstandings. For example, the old form required the Seller to pay for the Survey, but there was a separate sentence that required the Purchaser to pay for the Survey if the Purchaser terminated the Contract. The new form simply provides for the Seller to pay for the Survey -- the separate sentence was removed. Other changes were made for clarification and ease of reading. A lot of work went into improving this form by a number of different people. We think you will like the new form, and we encourage you to use it.

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The foregoing article is intended to give an overview of the topic discussed but is not intended as legal advice. If you have a specific legal question or need legal advice, contact an attorney of your choice.