



ADDENDUM FOR PROPERTY SUBJECT TO MANDATORY MEMBERSHIP IN A PROPERTY OWNERS ASSOCIATION (NOT FOR USE WITH CONDOMINIUMS) ADDENDUM TO CONTRACT CONCERNING THE PROPERTY AT

6188 Galloway Ln

League City

(Street Address and City)

Association Houston Mgmt Co / 832-864-1200

(Name of Property Owners Association, (Association) and Phone Number)

A. SUBDIVISION INFORMATION: "Subdivision Information" means: (i) a current copy of the restrictions applying to the subdivision and bylaws and rules of the Association, and (ii) a resale certificate, all of which are described by Section 207.003 of the Texas Property Code.

(Check only one box):

- 1. Within \_\_\_ days after the effective date of the contract, Seller shall obtain, pay for, and deliver the Subdivision Information to the Buyer.
2. Within \_\_\_ days after the effective date of the contract, Buyer shall obtain, pay for, and deliver a copy of the Subdivision Information to the Seller.
3. Buyer has received and approved the Subdivision Information before signing the contract. Buyer \_\_\_ does \_\_\_ does not require an updated resale certificate.
4. Buyer does not require delivery of the Subdivision Information.

The title company or its agent is authorized to act on behalf of the parties to obtain the Subdivision Information ONLY upon receipt of the required fee for the Subdivision Information from the party obligated to pay.

- B. MATERIAL CHANGES. If Seller becomes aware of any material changes in the Subdivision Information, Seller shall promptly give notice to Buyer.
C. FEES: Except as provided by Paragraphs A, D and E, Buyer shall pay any and all Association fees or other charges associated with the transfer of the Property not to exceed \$ 250.00 and Seller shall pay any excess.
D. DEPOSITS FOR RESERVES: Buyer shall pay any deposits for reserves required at closing by the Association.
E. AUTHORIZATION: Seller authorizes the Association to release and provide the Subdivision Information and any updated resale certificate if requested by the Buyer, the Title Company, or any broker to this sale.

NOTICE TO BUYER REGARDING REPAIRS BY THE ASSOCIATION: The Association may have the sole responsibility to make certain repairs to the Property. If you are concerned about the condition of any part of the Property which the Association is required to repair, you should not sign the contract unless you are satisfied that the Association will make the desired repairs.

Buyer lines and signatures of Christopher J Cotton and Rosharon D Cotton with dates and times.

The form of this addendum has been approved by the Texas Real Estate Commission for use only with similarly approved or promulgated forms of contracts. Such approval relates to this contract form only. TREC forms are intended for use only by trained real estate licensees.



# Information About Brokerage Services

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

## TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

## A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

## A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

**AS AGENT FOR OWNER (SELLER/LANDLORD):** The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

**AS AGENT FOR BUYER/TENANT:** The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

**AS AGENT FOR BOTH - INTERMEDIARY:** To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - o that the owner will accept a price less than the written asking price;
  - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

**AS SUBAGENT:** A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

## TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

**LICENSE HOLDER CONTACT INFORMATION:** This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

<b>Home Smart Fine Properties</b> Licensed Broker /Broker Firm Name or Primary Assumed Business Name	<b>9006309</b> License No.	<b>CHUCK@HSFINE.COM</b> Email	<b>(713)461-1230</b> Phone
<b>CARL E. POTEET, JR</b> Designated Broker of Firm	<b>0346177</b> License No.	<b>BROKER@HSFINE.COM</b> Email	<b>(713)461-1230-</b> Phone
<b>CHUCK POTEET</b> Licensed Supervisor of Sales Agent/ Associate	<b>0346637</b> License No.	<b>CHUCK@HSFINE.COM</b> Email	<b>(713)304-5420-</b> Phone
<b>Bridgete L Jackson</b> <i>BLJ</i> Sales Agent/Associate's Name	<b>0471530</b> License No.	<b>AllAccessToProperties@gmail.com</b> Email	<b>(713)461-1230</b> Phone
<i>CJC</i> Buyer/Tenant/Seller/Landlord Initials	<i>RDC</i>	06/30/2020 12:18 PM CDT 06/25/2020 11:22 PM CDT Date	

Regulated by the Texas Real Estate Commission

TXR-2501

Offerpad Brokerage, LLC, 1525 W Walnut Hill Lane Irving TX 75038  
Bridgete Jackson

Information available at [www.trec.texas.gov](http://www.trec.texas.gov)

IABS 1-0 Date

6188 Galloway Ln

Phone: 2814259694

Fax:

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 [www.zipLogix.com](http://www.zipLogix.com)



## INFORMATION ABOUT SPECIAL FLOOD HAZARD AREAS

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6188 Galloway Ln  
League City, TX 77573-6360

### CONCERNING THE PROPERTY AT

#### A. FLOOD AREAS:

- (1) The Federal Emergency Management Agency (FEMA) designates areas that have a high risk of flooding as special flood hazard areas.
- (2) A property that is in a special flood hazard area lies in a “V-Zone” or “A-Zone” as noted on flood insurance rate maps. Both V-Zone and A-Zone areas are areas with high risk of flooding.
- (3) Some properties may also lie in the “floodway” which is the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge a flood under FEMA rules. Communities must regulate development in these floodways.

#### B. AVAILABILITY OF FLOOD INSURANCE:

- (1) Generally, flood insurance is available regardless of whether the property is located in or out of a special flood hazard area. Contact your insurance agent to determine if any limitations or restrictions apply to the property in which you are interested.
- (2) FEMA encourages every property owner to purchase flood insurance regardless of whether the property is in a high, moderate, or low risk flood area.
- (3) A homeowner may obtain flood insurance coverage (up to certain limits) through the National Flood Insurance Program. Supplemental coverage is available through private insurance carriers.
- (4) A mortgage lender making a federally related mortgage will require the borrower to maintain flood insurance if the property is in a special flood hazard area.

#### C. GROUND FLOOR REQUIREMENTS:

- (1) Many homes in special flood hazard areas are built-up or are elevated. In elevated homes the ground floor typically lies below the base flood elevation and the first floor is elevated on piers, columns, posts, or piles. The base flood elevation is the highest level at which a flood is likely to occur as shown on flood insurance rate maps.
- (2) Federal, state, county, and city regulations:
  - (a) restrict the use and construction of any ground floor enclosures in elevated homes that are in special flood hazard areas.
  - (b) may prohibit or restrict the remodeling, rebuilding, and redevelopment of property and improvements in the floodway.
- (3) The first floor of all homes must now be built above the base flood elevation.
  - (a) Older homes may have been built in compliance with applicable regulations at the time of construction and may have first floors that lie below the base flood elevation, but flood insurance rates for such homes may be significant.

- (b) It is possible that modifications were made to a ground floor enclosure after a home was first built. The modifications may or may not comply with applicable regulations and may or may not affect flood insurance rates.
  - (c) It is important for a buyer to determine if the first floor of a home is elevated at or above the base flood elevation. It is also important for a buyer to determine if the property lies in a floodway.
- (4) Ground floor enclosures that lie below the base flood elevation may be used only for: (i) parking; (ii) storage; and (iii) building access. Plumbing, mechanical, or electrical items in ground floor enclosures that lie below the base flood elevation may be prohibited or restricted and may not be eligible for flood insurance coverage. Additionally:
- (a) in A-Zones, the ground floor enclosures below the base flood elevation must have flow-through vents or openings that permit the automatic entry and exit of floodwaters;
  - (b) in V-Zones, the ground floor enclosures must have break-away walls, screening, or lattice walls; and
  - (c) in floodways, the remodeling or reconstruction of any improvements may be prohibited or otherwise restricted.

**D. COMPLIANCE:**

- (1) The above-referenced property may or may not comply with regulations affecting ground floor enclosures below the base flood elevation.
- (2) A property owner's eligibility to purchase or maintain flood insurance, as well as the cost of the flood insurance, is dependent on whether the property complies with the regulations affecting ground floor enclosures.
- (3) A purchaser or property owner may be required to remove or modify a ground floor enclosure that is not in compliance with city or county building requirements or is not entitled to an exemption from such requirements.
- (4) A flood insurance policy maintained by the current property owner does not mean that the property is in compliance with the regulations affecting ground floor enclosures or that the buyer will be able to continue to maintain flood insurance at the same rate.
- (5) Insurance carriers calculate the cost of flood insurance using a rate that is based on the elevation of the lowest floor.
  - (a) If the ground floor lies below the base flood elevation and does not meet federal, state, county, and city requirements, the ground floor will be the lowest floor for the purpose of computing the rate.
  - (b) If the property is in compliance, the first elevated floor will be the lowest floor and the insurance rate will be significantly less than the rate for a property that is not in compliance.
  - (c) If the property lies in a V-Zone the flood insurance rate will be impacted if a ground floor enclosure below the base flood elevation exceeds 299 square feet (even if constructed with break-away walls).

**E. ELEVATION CERTIFICATE:**


The elevation certificate is an important tool in determining flood insurance rates. It is used to provide elevation information that is necessary to ensure compliance with floodplain management laws. To determine the proper insurance premium rate, insurers rely on an elevation certificate to certify building elevations at an acceptable level above flood map levels. If available in your area, it is recommended that you obtain an elevation certificate for the property as soon as possible to accurately determine future flood insurance rates.

**You are encouraged to: (1) inspect the property for all purposes, including compliance with any ground floor enclosure requirement; (2) review the flood insurance policy (costs and coverage) with your insurance agent; and (3) contact the building permitting authority if you have any questions about building requirements or compliance issues.**

Receipt acknowledged by:

Christopher J Cotton  06/30/2020 12:18 PM CDT

Signature \_\_\_\_\_ Date  
**Christopher J Cotton**

Rosharon D Cotton  06/25/2020 11:22 PM CDT

Signature \_\_\_\_\_ Date  
**Rosharon D Cotton**



# Notice to a Purchaser of Real Property in a Water District

Note: This Notice should be completed and given to a prospective purchaser prior to execution of a binding contract of sale and purchase, should be executed by the seller and purchaser and should be attached as a separate portion of a purchase contract. Please see NOTE at bottom of page.

1) The real property, described below, that you are about to purchase is located in the Galveston MUD 39 District. The district has taxing authority separate from any other taxing authority and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. As of this date, the rate of taxes levied by the district on real property located in the district is \$0.61 on each \$100 of assessed valuation. If the district has not yet levied taxes, the most recent projected rate of tax, as of this date, is \$0.61 on each \$100 of assessed valuation. The total amount of bonds, excluding refunding bonds and any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may, at this date, be issued in \$39,000,000.00, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the district and payable in whole or in part from property taxes is \$31,870,000.00.

2) The district has the authority to adopt and impose a standby fee on property in the district that has water, sanitary sewer, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity available to the property. The district may exercise the authority without holding an election on the matter. As of this date, the most recent amount of the standby fee is \$                    . An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the district stating the amount, if any, of unpaid standby fees on a tract of property in the district.


3) Mark an "X" in one of the following three spaces and then complete as instructed.

- Notice for Districts Located in Whole or in Part within the Corporate Boundaries of a Municipality (Complete Paragraph A).**
- Notice for Districts Located in Whole or in Part in the Extraterritorial Jurisdiction of One or More Home-Rule Municipalities and Not Located within the Corporate Boundaries of a Municipality (Complete Paragraph B).**
- Notice for Districts that are NOT Located in Whole or in Party within the Corporate Boundaries of a Municipality or the Extraterritorial Jurisdiction of One or More Home-Rule Municipalities.**

A) The district is located in whole or in part within the corporate boundaries of the City of League City. The taxpayers of the district are subject to the taxes imposed by the municipality and by the district until the district is dissolved. By law, a district located within the corporate boundaries of a municipality may be dissolved by municipal ordinance without the consent of the district or the voters of the district.

B) The district is located in whole or in part in the extraterritorial jurisdiction of the City of League City. By law, a district located in the extraterritorial jurisdiction of a municipality may be annexed without the consent of the district or the voters of the district. When a district is annexed, the district is dissolved.

4) The purpose of this district is to provide water, sewer, drainage, or flood control facilities and services within the district through the issuance of bonds payable in whole or in part from property taxes. The cost of these utility facilities is not included in the purchase price of your property, and these utility facilities are owned or to be owned by the district. The legal description of the property you are acquiring is as follows: WESTOVER PARK SEC 6A (2004) ABST 9 & 606, BLOCK 2, LOT 18, ACRES 0.149

Christopher J Cotton  06/30/2020 12:18 PM CT  
Signature of Seller Date  
**Christopher J Cotton**

Rosharon D Cotton  06/25/2020 11:22 PM CT  
Signature of Seller Date  
**Rosharon D Cotton**

PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES TAX RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE YEAR IN WHICH THE TAX RATES ARE APPROVED BY THE DISTRICT. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

\_\_\_\_\_  
Signature of Purchaser Date

\_\_\_\_\_  
Signature of Purchaser Date

NOTE: Correct district name, tax rate, bond amounts, and legal description are to be placed in the appropriate space. Except for notices included as an addendum or paragraph of a purchase contract, the notice shall be executed by the seller and purchaser, as indicated. If the district does not propose to provide one or more of the specified facilities and services, the appropriate purpose may be eliminated. If the district has not yet levied taxes, a statement of the district's most recent projected rate of tax is to be placed in the appropriate space. If the district does not have approval from the commission to adopt and impose a standby fee, the second paragraph of the notice may be deleted. For the purposes of the notice form required to be given to the prospective purchaser prior to execution of a binding contract of sale and purchase, a seller and any agent, representative, or person acting on the seller's behalf may modify the notice by substitution of the words "January 1, 2019" for the words "this date" and place the correct calendar year in the appropriate space.

**T-47 RESIDENTIAL REAL PROPERTY AFFIDAVIT  
(MAY BE MODIFIED AS APPROPRIATE FOR COMMERCIAL TRANSACTIONS)**

Date: \_\_\_\_\_

GF No. \_\_\_\_\_

Name of Affiant(s): Christopher J Cotton, Rosharon D Cotton

Address of Affiant: 6188 Galloway Ln, League City, TX 77573

Description of Property: Single Family  
County Galveston, Texas

"Title Company" as used herein is the Title Insurance Company whose policy of title insurance is issued in reliance upon the statements contained herein.

Before me, the undersigned notary for the State of Texas, personally appeared Affiant(s) who after by me being sworn, stated:

1. We are the owners of the Property. (Or state other basis for knowledge by Affiant(s) of the Property, such as lease, management, neighbor, etc. For example, "Affiant is the manager of the Property for the record title owners."): N/A

2. We are familiar with the property and the improvements located on the Property.

3. We are closing a transaction requiring title insurance and the proposed insured owner or lender has requested area and boundary coverage in the title insurance policy(ies) to be issued in this transaction. We understand that the Title Company may make exceptions to the coverage of the title insurance as Title Company may deem appropriate. We understand that the owner of the property, if the current transaction is a sale, may request a similar amendment to the area and boundary coverage in the Owner's Policy of Title Insurance upon payment of the promulgated premium.

4. To the best of our actual knowledge and belief, since December 29, 2003 there have been no:  
a. construction projects such as new structures, additional buildings, rooms, garages, swimming pools or other permanent improvements or fixtures;  
b. changes in the location of boundary fences or boundary walls;  
c. construction projects on immediately adjoining property(ies) which encroach on the Property;  
d. conveyances, replattings, easement grants and/or easement dedications (such as a utility line) by any party affecting the Property.

EXCEPT for the following (If None, Insert "None" Below): None

5. We understand that Title Company is relying on the truthfulness of the statements made in this affidavit to provide the area and boundary coverage and upon the evidence of the existing real property survey of the Property. This Affidavit is not made for the benefit of any other parties and this Affidavit does not constitute a warranty or guarantee of the location of improvements.

6. We understand that we have no liability to Title Company that will issue the policy(ies) should the information in this Affidavit be incorrect other than information that we personally know to be incorrect and which we do not disclose to the Title Company.

SWORN AND SUBSCRIBED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Notary Public



## WIRE FRAUD WARNING

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### Buyers and Sellers Beware: Criminals are targeting real estate transactions. Don't be a victim of wire fraud.

**What is wire fraud and how does it occur?** Criminals are targeting real estate transactions by gaining access to electronic communications or sending emails that appear to be from a real estate agent, a title company, a lender, or another trusted source. These fraudulent emails seem legitimate and direct you to wire funds to a fraudulent account. Once you wire funds to the fraudulent account, your money is gone.

**How can you protect yourself from wire fraud?** You should not send personal information, such as bank account numbers or other financial information, via email or other unsecured electronic communication.

If you receive any electronic communication regarding wiring instructions, even if the communication appears to come from a legitimate source, you should verify the communication's authenticity prior to the transfer of funds in person or via phone call using a recognized phone number that is not found in the communication.

**Notice: This brokerage will never use any electronic communications, such as email, text messages, or social media messages, to ask you to wire funds or provide personal information.**

**If you think you are being targeted in a wire fraud scam, immediately notify law enforcement, your lender, the title company, and your agent.**

This form was provided by:

**Home Smart Fine Properties**

Broker's Printed Name

By: *Bridgete L Jackson*  07/01/2020 10:49 AM CDT

Broker's Associate's Signature

**Bridgete Jackson**

Date

By signing below I acknowledge that I received, read, and understand this information and notice.

*Christopher J Cotton*  06/30/2020 12:18 PM CDT

Seller  Buyer

Date

**Christopher J Cotton**

*Rosharon D Cotton*  06/25/2020 11:22 PM CDT

Seller  Buyer

Date

**Rosharon D Cotton**





DISCLOSURE OF RELATIONSHIP WITH RESIDENTIAL SERVICE COMPANY

RESIDENTIAL SERVICE CONTRACTS. A residential service contract is a product under which a residential service company, for a fee, agrees to repair or replace certain equipment or items in a property.

THE PURCHASE OF A RESIDENTIAL SERVICE CONTRACT IS OPTIONAL. The TREC promulgated residential contract forms contain a paragraph in which the parties may negotiate whether the seller will reimburse the buyer the cost of a residential service contract.

- Other Broker/Sale Agent will receive no compensation from a residential service company. Listing Broker/Sales Agent will receive no compensation from a residential service company.

The compensation is not contingent upon a party to the real estate transaction purchasing a contract or services from the residential service company.

The compensation is the fee for the services that Listing Broker or Other Broker, either directly or through an agent, provides to the company.

Other Broker's Name License No. By:

Home Smart Fine Properties Listing Broker's Name 0471530 License No. By: Bridaete L Jackson Bridgete L Jackson

The undersigned acknowledges receipt of this notice:

Buyer Buyer

Christopher J Cotton Seller Christopher J Cotton Rosharon D Cotton Seller Rosharon D Cotton

The form of this addendum has been approved by the Texas Real Estate Commission for use only with similarly approved or promulgated forms or contracts.

# For Your Protection: Get a Home Inspection

## Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- Evaluate the physical condition: structure, construction, and mechanical systems; Identify items that need to be repaired or replaced; and
- Estimate the remaining useful life of the major systems, equipment, structure, and finishes.

## You Must Ask for a Home Inspection

A home inspection will only occur if you arrange for one. FHA does not perform a home inspection. Decide early. You may be able to make your contract contingent on the results of the inspection.

## Appraisals are Different from Home Inspections

An appraisal is different from a home inspection and does not replace a home inspection. Appraisals estimate the value of the property for lenders. An appraisal is required to ensure the property is marketable. Home inspections evaluate the condition of the home for buyers.

## FHA Does Not Guarantee the Value or Condition of your Potential New Home

If you find problems with your new home after closing, FHA cannot give or lend you money for repairs, and FHA cannot buy the home back from you. Ask a qualified home inspector to inspect your potential new home and give you the information you need to make a wise decision.

## Radon Gas Testing

The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the toll-free National Radon Information Line at 1-800-SOS-Radon or 1-800-767-7236.

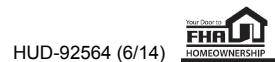
Ask your home inspector about additional health and safety tests that may be relevant for your home.

## Be an Informed Buyer

It is your responsibility to be an informed buyer. You have the right to carefully examine your potential new home with a qualified home inspector. To find a qualified home inspector ask for references from friends, realtors, local licensing authorities and organizations that qualify and test home inspectors.



CJC RDC



**THE TEXAS REAL ESTATE COMMISSION (TREC) REGULATES  
REAL ESTATE BROKERS AND SALES AGENTS, REAL ESTATE INSPECTORS,  
HOME WARRANTY COMPANIES, EASEMENT AND RIGHT-OF-WAY AGENTS,  
AND TIMESHARE INTEREST PROVIDERS**

**YOU CAN FIND MORE INFORMATION AND  
CHECK THE STATUS OF A LICENSE HOLDER AT  
[WWW.TREC.TEXAS.GOV](http://WWW.TREC.TEXAS.GOV)**

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**YOU CAN SEND A COMPLAINT AGAINST A LICENSE HOLDER TO  
TREC**

**A COMPLAINT FORM IS AVAILABLE ON THE TREC WEBSITE**

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**TREC ADMINISTERS TWO RECOVERY FUNDS WHICH MAY BE USED TO  
SATISFY A CIVIL COURT JUDGMENT AGAINST A BROKER, SALES AGENT,  
REAL ESTATE INSPECTOR, OR EASEMENT OR RIGHT-OF-WAY AGENT,  
IF CERTAIN REQUIREMENTS ARE MET**

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**IF YOU HAVE QUESTIONS OR ISSUES ABOUT THE ACTIVITIES OF  
A LICENSE HOLDER, THE COMPLAINT PROCESS OR THE  
RECOVERY FUNDS, PLEASE VISIT THE WEBSITE OR CONTACT TREC AT**

**TEXAS REAL ESTATE COMMISSION  
P.O. BOX 12188  
AUSTIN, TEXAS 78711-2188  
(512) 936-3000**

CJC RDC



## INFORMATION ABOUT PROPERTY INSURANCE FOR A BUYER OR SELLER

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### A. The availability and the affordability of property insurance may affect both the buyer and the seller.

Typically a buyer will seek to insure the property. Most mortgage lenders require that the property be insured in an amount not less than the loan amount. The failure to obtain property insurance at or before closing may delay the transaction or cause it to end, either of which can impose both inconvenience and cost to both the buyer and the seller.

### B. There are a number of factors that affect the availability and affordability of insurance.

- (1) The level of coverage will significantly affect the cost of insurance. There are several levels of insurance coverage. For example:
  - (a) a policy may cover the replacement cost of the improvements and the replacement cost of many personal items in the property in the event of most casualties;
  - (b) a policy may cover only value of the improvements and exclude many casualties; or
  - (c) a policy may cover casualties and costs between the two noted extremes under (a) and (b).
- (2) Coverage levels and prices vary from company to company. There are many insurance companies conducting business in Texas who offer a variety of insurance products at various prices.
  - (a) One insurance company may refuse to insure a particular property or person while another insurance company may elect to do so.
  - (b) One insurance company may charge a significantly lower premium than another insurance company for the same or similar coverage.
  - (c) Generally, each insurance company has specific guidelines by which it prices its insurance policies. The following are examples of criteria that an insurance company may use in evaluating an application for insurance. The criteria vary from company to company.
    - (1) Past claims filed against the property to be insured in the 5 years preceding the application.
    - (2) Past claims filed by the applicant to be insured in the 5 years preceding the application.
    - (3) The applicant's insurance credit score.
    - (4) The past relationship between the insurance company and the applicant.
    - (5) The physical characteristics of the property such as condition, age, location, or construction materials.

### C. Most insurance companies participate in the Comprehensive Loss Underwriting Exchange (CLUE) and obtain a CLUE report to evaluate the claims history of the property and the applicant.

- (1) Most insurance companies contribute information about claims to an insurance industry database known as CLUE (a registered trademark of Equifax, Inc.). An insurance company obtains a CLUE report when evaluating an application for insurance.
- (2) A CLUE report contains information about the claims history of the property and of the applicant for insurance.
  - (a) The CLUE report contains only data and does not inform the buyer or seller whether insurance is or is not available or at what cost.
  - (b) Insurance companies use the CLUE report in different ways.
  - (c) It is best to speak with an insurance agent with respect to how the information in a particular CLUE report affects the affordability and availability of insurance.

Information about Property Insurance for a Buyer or Seller

- (3) While CLUE reports are generally accurate, there may be errors in the reports.
  - (a) An event may be listed as a claim even though the insurance company did not pay any proceeds (for example, the cost of repair did not exceed the deductible or an inquiry may be incorrectly classified as a claim).
  - (b) Federal law permits a person to challenge inaccurate information. One may contact the administrator of the CLUE report (Lexis-Nexis) to correct information in a CLUE report.
- (4) A property owner may, for a fee, obtain the CLUE report on his or her property through companies such as Lexis-Nexis (<https://personalreports.lexisnexis.com>, 1-866-312-9076), A-Plus (800-709-8842) or other companies, most of whose services are accessible via the Internet. An owner may also contact the Equifax Insurance Consumer Center at 800-456-6004.


**D. Promptly after entering into a contract to buy a property in Texas, the buyer should take the following steps to avoid delays in closing and to avoid additional costs.**


**If the buyer has the option to terminate the contract, the buyer should make sure that the buyer and the insurance agent have completed the following steps before the option expires.**

- (1) Contact one or more insurance agents.
  - (a) The buyer should discuss the various levels of coverage with an insurance agent and ask questions that are necessary so the buyer understands the levels of available coverage.
  - (b) Insurance agents can provide applicants with written summaries of the various coverage levels.
  - (c) Basic summaries are available at the websites noted in Paragraph E.
- (2) **Submit an application** for insurance with the insurance agent of the buyer's choice.
  - (a) Applying for insurance promptly after entering into a contract to buy a property helps avoid surprises or delays in closing the transaction.
  - (b) Prompt application permits the buyer time to evaluate various coverage levels and prices.
  - (c) Delaying the application for insurance may limit opportunities to obtain the most suitable coverage and may limit opportunities to address any unforeseen problems or delays in obtaining coverage.
  - (d) In recent years, many transactions have been delayed or terminated because of problems associated with obtaining insurance.
- (3) Ask for written confirmation from the insurance agent that the insurance company:
  - (a) has received the application;
  - (b) has reviewed the applicant's CLUE report; and
  - (c) has conducted all necessary reviews to issue a policy at the particular price quoted (some insurance companies may ask for specific information or may wish to inspect the property).
- (4) Verify that the insurance coverage the buyer chooses is acceptable to the buyer's lender.

**E. If one is not able to obtain insurance at a reasonable price or more information is needed, contact the Texas Department of Insurance ([www.helpinsure.com](http://www.helpinsure.com) or [www.tdi.state.tx.us](http://www.tdi.state.tx.us)).**

Receipt acknowledged by:

Signature *Christopher J Cotton*  10/06/2020 09:47 AM CDT

Signature *Rosharon D Cotton*  10/06/2020 11:38 PM CDT