



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.

<u>Maria Martinez dba Cameron Real Estate</u>	<u>658417</u>	<u>maria@emsiem.com</u>	<u>(956)688-9051</u>
Licensed Broker /Broker Firm Name or	License No.	Email	Phone
Primary Assumed Business Name			
<u>Maria Martinez</u>	<u>658417</u>	<u>maria@emsiem.com</u>	<u>(956)688-9051</u>
Designated Broker of Firm	License No.	Email	Phone
<u>Maria Martinez</u>	<u>658417</u>	<u>maria@emsiem.com</u>	<u>(956)688-9051</u>
Licensed Supervisor of Sales Agent/	License No.	Email	Phone
Associate			
<u>Maria Martinez</u>	<u>658417</u>	<u>maria@emsiem.com</u>	<u>(956)688-9051</u>
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date

Regulated by the Texas Real Estate Commission

Information available at www.trec.texas.gov

IABS 1-0 Date

**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**

**YOU CAN SEND A COMPLAINT AGAINST A LICENSE HOLDER TO TREC
A COMPLAINT FORM IS AVAILABLE ON THE TREC WEBSITE**

**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.
REAL ESTATE INSPECTORS ARE REQUIRED TO MAINTAIN ERRORS AND OMISSIONS INSURANCE
TO COVER LOSSES ARISING FROM THE PERFORMANCE OF A REAL ESTATE
INSPECTION IN A NEGLIGENT OR INCOMPETENT MANNER.**

**PLEASE NOTE: INSPECTORS MAY LIMIT LIABILITY THROUGH PROVISIONS IN THE CONTRACT
OR INSPECTION AGREEMENT BETWEEN THE INSPECTOR AND THEIR CLIENTS. PLEASE BE
SURE TO READ ANY CONTRACT OR AGREEMENT CAREFULLY. IF YOU DO NOT UNDERSTAND
ANY TERMS OR PROVISIONS, CONSULT AN ATTORNEY.**

**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**

CN 1-2
TXR-2503



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:

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

Maria Martinez dba Cameron Real Estate

Broker's Printed Name

☐ Seller ☐ Buyer _____ Date

By: _____

Broker's Associate's Signature

Date

Maria Martinez

☐ Seller ☐ Buyer _____ Date

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.



HUD-92564 (6/14)





INSPECTOR INFORMATION

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TO: _____ (☐ Buyer ☐ Seller)

FROM: Maria Martinez dba Cameron Real Estate (Broker's Firm)

RE: _____ (Property)

DATE: _____

The attached list includes inspectors licensed by the Texas Real Estate Commission and may also include other persons authorized by law to perform certain inspections (for example, termite inspectors, engineers, electricians, or plumbers). The list is not a complete list of all inspectors that may perform inspections. You may also obtain a list from other sources (for example, the local telephone directory or the Internet).

This firm strongly recommends that you hire inspectors to help you evaluate the condition of the Property.

Inspections are of conditions which are present and *visible* at the time of the inspections. Property conditions change with time and use. Inspectors are not likely to point out small problems or defects that are not reasonably observable at the time of inspection. Inspectors will not move furniture, appliances, permanent coverings, or other obstructions. Neither inspectors nor real estate licensees can guarantee future performance of any item.

This firm does not recommend any particular inspector and does not warrant the quality of any inspector's inspection.

It is recommended that you accompany the inspectors during the inspections. You should address any questions about an inspection directly to your inspector.

Real estate licensees are not inspectors by virtue of their real estate licenses.

It may be necessary to make certain arrangements for the inspectors, such as providing access and turning on utilities.

Property Inspectors

Oscar Leal P. (956)239-1107 E. oscarcleal@hotmail.com

Luis Pacheco P. (956)400-4743 E. luispacheco@allresidentialservices.net

Dean Lizotte P. (956)821-8500 P. dean@rgvinspect.com

Frank Cepeda P. (956)631-3797

Termite Inspectors

Oscar Leal P. (956)239-1107 E. oscarcleal@hotmail.com

Dave Gutierrez P. (956)212-2137 E. jimcoforce@gmail.com

Receipt of this notice is acknowledged and:

☐ I choose to hire an inspector.

☐ I choose not to hire an inspector.

Buyer/Seller

Date

(TXR-2506) 01/01/14

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TEXAS REAL ESTATE CONSUMER NOTICE CONCERNING HAZARDS OR DEFICIENCIES

Each year, Texans sustain property damage and are injured by accidents in the home. While some accidents may not be avoidable, many other accidents, injuries, and deaths may be avoided through the identification and repair of certain hazardous conditions. Examples of such hazards include:

- # malfunctioning, improperly installed, or missing ground fault circuit protection (GFCI) devices for electrical receptacles in garages, bathrooms, kitchens, and exterior areas;
- # malfunctioning arc fault protection (AFCI) devices;
- # ordinary glass in locations where modern construction techniques call for safety glass;
- # malfunctioning or lack of fire safety features, such as smoke alarms, fire-rated doors in certain locations, and functional emergency escape and rescue openings in bedrooms;
- # malfunctioning carbon monoxide alarms;
- # excessive spacing between balusters on stairways and porches;
- # improperly installed appliances;
- # improperly installed or defective safety devices;
- # lack of electrical bonding and grounding; and
- # lack of bonding on gas piping, including corrugated stainless steel tubing (CSST).

To ensure that consumers are informed of hazards such as these, the Texas Real Estate Commission (TREC) has adopted Standards of Practice requiring licensed inspectors to report these conditions as "Deficient" when performing an inspection for a buyer or seller, if they can be reasonably determined.

These conditions may not have violated building codes or common practices at the time of the construction of the home, or they may have been "grandfathered" because they were present prior to the adoption of codes prohibiting such conditions. While the TREC Standards of Practice do not require inspectors to perform a code compliance inspection, TREC considers the potential for injury or property loss from the hazards addressed in the Standards of Practice to be significant enough to warrant this notice.

Contract forms developed by TREC for use by its real estate license holders also inform the buyer of the right to have the home inspected and can provide an option clause permitting the buyer to terminate the contract within a specified time. Neither the Standards of Practice nor the TREC contract forms requires a seller to remedy conditions revealed by an inspection. The decision to correct a hazard or any deficiency identified in an inspection report is left to the parties to the contract for the sale or purchase of the home.

This form has been approved by the Texas Real Estate Commission for voluntary use by its license holders. Copies of TREC rules governing real estate brokers, salesperson and real estate inspectors are available from TREC. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 512-936-3000 (<http://www.trec.texas.gov>)



GENERAL INFORMATION AND NOTICE TO BUYERS AND SELLERS

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Be an informed seller or buyer. The following information may assist you during your real estate transaction.

ANNEXATION. If a property is outside the limits of a municipality, the buyer should be aware that the property may later be annexed by a nearby municipality. The buyer may find information on the boundaries of nearby municipalities by contacting the municipalities directly.

APPRAISAL. An appraisal is a valuation of the property. An appraiser renders an estimate of value as of a certain date under assumptions and conditions stated in the appraisal report. Typically, a buyer's lender requires an appraisal to verify that the loan is secured by property that is worth a certain amount. An appraisal is not the same as an inspection.

BROKERS. A real estate broker *represents* a party (buyer or seller) in a real estate transaction or may act as an intermediary between the parties. A party may work with the broker or with one of the broker's agents. Both a buyer and seller will be provided a form titled "Information About Brokerage Services" (TXR 2501) which defines agency relationships. An agent may help a seller market the property or help a buyer locate a property. The agent is obligated to *negotiate* the transaction and may assist in gathering information and may coordinate many details in the transaction. Brokers and agents are not inspectors. They do not possess the expertise to conduct inspections and therefore do not make any representations, warranties, or guarantees about a property's condition. Agents are not attorneys. Parties are encouraged to seek the assistance of an attorney to help in understanding any of the legal consequences and provisions of the contract or transaction.

ENVIRONMENTAL CONCERNS.

General. Over the years the market has identified environmental conditions that buyers should know may exist. Environmental hazards include, but are not limited to, conditions such as: asbestos, lead-based paint, mold, pesticides, radon gas, toxic waste, underground storage tanks, urea-formaldehyde insulation, and other pollutants. Wetlands or endangered species on the property may restrict the use of the property.

Environmental Inspections. If the buyer is concerned that environmental hazards, wetlands, or endangered species may be present on the property, the buyer should hire a qualified expert to inspect the property for such items. The parties may include a promulgated addendum (TXR 1917) in the contract that may address such matters.

Lead-Based Paint. If a property was built before 1978, federal law requires that the seller provide the buyer with: (1) the pamphlet titled "Protect Your Family from Lead in Your Home" (TXR 2511); (2) the records and reports the seller has concerning lead-based paint or hazards; and (3) an opportunity to have the property inspected for lead-based paint or hazards.

Mold. It is not uncommon to find mold spores in a property. The concern about mold increases when there are large amounts of mold found in a property. The Texas Department of Insurance publishes a document titled "Protect Your Home from Mold" (TXR 2507) which discusses mold in more detail.

Oak Wilt and Diseased Trees. There are diseases such as oak wilt and other conditions that may affect trees and other plants. Oak wilt is a fungus that affects certain oak trees. If the buyer is concerned about such matters, the buyer may have the trees and other plants inspected by a professional.

Noise. Surrounding properties are used for a variety of purposes. Some of the uses cause noise (for example, airports, railways, highways, restaurants, bars, schools, arenas and construction). The buyer is encouraged to drive to review the area around the property at various times and days.

EXPANSIVE SOILS. Soil conditions vary greatly throughout Texas. Many soils will move; some more than others. This movement will, many times, affect the foundation of homes and buildings and may cause cracks to appear in walls or other parts of the building. Additionally, if a property is newly constructed, the concrete curing process may also cause the foundation of the building to move. Seasonal changes in the moisture in the soil may also cause foundations to move. The buyer should check with an inspector and other experts on preventive methods to minimize the risk of such movement.

FIRPTA. The Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) may require buyers in certain transactions involving a seller who qualifies as a "foreign person" to withhold up to 15% of the amount realized by the seller (usually the sales price) for federal taxes. A "foreign person" is defined as a: (1) nonresident alien individual; (2) foreign corporation that has not made an election under section 897(i) of the Internal Revenue Code to be treated as a domestic corporation; or (3) foreign partnership, trust, or estate. The definition does not include a resident alien individual. A seller should notify the buyer whether the seller is a "foreign person" as defined by federal law. If the seller is unsure whether he or she qualifies as a "foreign person", the seller should consult a tax professional or an attorney.

FLOOD HAZARD, FLOODWAYS, AND FLOOD INSURANCE. Many properties are in flood hazard areas. Lenders who make loans on properties located in special flood hazard areas typically require the owner to maintain flood insurance. Additionally, some properties may lie in the floodway. Texas REALTORS® publishes a form titled, "Information about Special Flood Hazard Areas" (TXR 1414), which discusses flood hazard areas and floodways in more detail. The buyer is encouraged to buy flood insurance regardless of whether the property is in a high, moderate, or low risk flood area.

HISTORIC OR CONSERVATION DISTRICTS. Properties located in historic or conservation districts may have restrictions on use and architecture of the properties. Local governments may create historic or conservation districts for the preservation of certain architectural appeal. A property owner may or may not be aware if the property is located in such a district. If the buyer is concerned whether the property is located in such a district, contact the local government for specific information.

INSPECTION, REPAIRS, & WALK-THROUGH.

Inspections. The buyer is encouraged to have the property inspected by licensed inspectors. The buyer should have the inspections completed during any option period. The buyer should accompany the inspectors during the inspections and ask the inspectors any questions. Brokers and agents do not possess any special skills, knowledge or expertise concerning inspections or repairs. If the buyer requests names of inspectors or repair professionals from an agent, the buyer should note that the agent is not making any representation or warranty as to the ability or workmanship of the inspector or repair professionals.

Repairs. The buyer and the seller should resolve, in writing, any obligation and any timing of the obligation to complete repairs the buyer may request before the option period expires.

Walk-Through. Before the close of the sale, the buyer should walk through the property and verify that any repairs are complete. If the condition of the property does not satisfy the contractual provisions, the buyer should notify the buyer's agent before closing.

MANDATORY OWNERS' ASSOCIATIONS. An owners' association may require a property owner to be a member. The buyer may obtain subdivision information (the restrictions applying to the subdivision, the bylaws and rules of the owners' association, and a resale certificate). The buyer may be required to pay for the subdivision information unless otherwise negotiated in the contract. If membership in an owners' association is required, the buyer will probably be obligated to pay periodic dues or assessments. Failure to pay such dues could result in a lien on and foreclosure of the property.

MINERAL INTERESTS. Determining who owns the mineral interests under a property (for example, rights to oil and gas interests) normally requires an expert to review the chain of title to the property. Many times the mineral interests may have been severed from the property and may be owned by persons other than the seller. Contract forms commonly used in Texas provide that the seller's interest, if any, in the mineral interests convey to the buyer as part of the property. However, a seller may wish to retain all or part of the mineral interests. Texas REALTORS® publishes a form titled "Information about Mineral Clauses in Contract Forms" (TXR 2509) which discusses this issue in more detail.

MULTIPLE LISTING SERVICE. The Multiple Listing Service (MLS) is a database and cooperative tool between brokers. Agents who use the MLS must comply with the MLS's rules. The listing agent is required to timely report the current status of a listing, including when the property is sold or leased or is no longer available, as well as the sales price. Subscribers (other brokers, agents, appraisers, and other real estate professionals) and appraisal districts have access to the information for market evaluation purposes. Much of the information in the MLS, such as square footage, assessed value, taxes, school boundaries, and year built is obtained from different sources such as the county appraisal district, an appraiser, or builder. The broker or agent who provides information from the MLS does not verify the accuracy of the information. The buyer should independently verify the information in the MLS and not rely on the information.

PERMITS. Permits may be required to construct, alter, repair, or improve the property. The buyer is encouraged to contact the local government to verify that all required permits have been obtained, as this may impact future plans for the property.

POSSESSION. Most contracts provide that the seller will deliver possession of the property to the buyer at the time the sale *closes and funds or according to a temporary residential lease or other written lease required by the parties*. There may be a short delay between closing and actual funding; especially if the buyer is obtaining funds from a lender. The buyer may need to verify with the lender if the loan will fund on the day of closing. The buyer should also take this potential delay into account when planning the move into the property. Any possession by the buyer before the sale closes and funds (or by the seller after the sale closes and funds) must be authorized by a written lease.

PROPERTY INSURANCE. Promptly after entering into a contract to buy a property and before any option period expires, the buyer should contact an insurance agent to determine the availability and affordability of insurance for the property. There are numerous variables that an insurance company will evaluate when offering insurance at certain coverage levels and at certain prices. Most lenders require that the property be insured in an amount not less than the loan amount. The failure to obtain property insurance before closing may delay the transaction or cause it to end. Texas REALTORS® publishes a document titled, "Information about Property Insurance for a Buyer or Seller" (TXR 2508), which discusses property insurance in more detail.

RESIDENTIAL SERVICE CONTRACTS. A residential service contract is a product under which a residential service company, for an annual fee, agrees to repair or replace certain equipment or items in a property (for example, covered appliances, air conditioning and heating systems, and plumbing systems). Co-payments typically apply to most service calls. If the buyer requests names of residential service companies from an agent, the buyer should note that the agent is not making any representation or warranty about the service company.

RESTRICTIONS ON PROPERTY NEAR AN INTERNATIONAL BORDER. Be aware that in certain counties located near an international border, Texas law may prohibit the sale of property lacking required water and sewer services. Even if a sale of such property is permitted, a buyer may face additional costs or restrictions under Texas law due to a lack of basic infrastructure (water, sewer, roads, and drainage). Texas REALTORS® publishes a form titled, "Information Regarding Property Near an International Border" (TXR 2519), which provides more information. Brokers and agents cannot guarantee that a sale of the property is permitted under Texas law or otherwise give legal advice. Consult an attorney.

SCHOOL BOUNDARIES. School boundaries may change and are, at times, difficult to determine. The school boundaries that an agent may provide or that may be provided through a Multiple Listing Service are only mapped estimates from other sources. The buyer is encouraged to verify with the school district which schools residents in the property will attend.

SEPTIC TANKS AND ON-SITE SEWER FACILITIES. Many properties have septic tanks or other on-site sewer facilities. There are several types of such systems. Special maintenance requirements may apply to certain systems. Please refer to a document titled, "Information about On-Site Sewer Facility" (TXR 1407) for

more information. The buyer should also determine if the county requires any registration or other action to begin using the septic system or on-site sewer facility.

SEX OFFENDERS AND CRIMINAL ACTIVITY. Neither a seller nor a seller's agent of a residential property has a duty to disclose any information about registered sex offenders. If the buyer is concerned about sex offenders who may reside in the area, access <https://publicsite.dps.texas.gov/SexOffenderRegistry>. Contact the local police department to obtain information about any criminal activity in the area.

SQUARE FOOTAGE. If the purchase price is based on the size of the property's building and structures, the buyer should have any information the buyer receives about the square footage independently verified. Square footage information comes from other sources such as appraisal districts, appraisers, and builders. Such information is only an estimate. The actual square footage may vary.

STATUTORY TAX DISTRICTS. The property may be located in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services (for example a Municipal Utility District, Water Improvement District, or a Public Improvement District). The buyer is likely to receive a prescribed notice when buying property in such a district.

SURVEILLANCE. Be aware that when viewing a property, a seller might record or otherwise electronically monitor a buyer without the buyer's knowledge or consent, and a buyer might photograph or otherwise record the property without the seller's knowledge or consent. The parties should consult an attorney before recording or photographing another person or property.

SURVEY. A survey identifies the location of boundaries, major improvements, fence lines, drives, encroachments, easements, and other items on the property. The buyer should obtain a survey early enough in the transaction to help the buyer identify any encroachments, encumbrances to title, or restrictions. The contract will typically contain a provision which identifies who is responsible for providing a survey and the right to object to encumbrances to title disclosed in the survey.

SYNTHETIC STUCCO. Synthetic stucco (sometimes known as EIFS) is an exterior siding product that was placed on some properties in the recent past. If the product was not properly installed, it has been known to cause damage to the structure (such as wood rot and moisture). If the property has synthetic stucco, the buyer should ask an inspector to carefully inspect the siding and answer any questions.

TAX PRORATIONS. Typically, a buyer and seller agree to prorate a property's taxes through the closing date. Property taxes are due and payable at the end of each calendar year. The escrow agent will estimate, at closing, the taxes for the current year. If the seller is qualified for tax exemptions (for example, homestead, agricultural, or over-65 exemption), such exemptions may or may not apply after closing. After closing the taxes may increase because the exemptions may no longer apply. When buying new construction, the taxes at closing may be prorated based on the land value only and will later increase when the appraisal district includes the value of the new improvements. The actual taxes due, therefore, at the end of the year and in subsequent years may be different from the estimates used at closing.

TERMINATION OPTION. Most contract forms contain an option clause which provides the buyer with an unrestricted right to terminate the contract. Most buyers choose to buy the termination option. The buyer will be required to pay for the termination option in advance. The option fee is negotiable. Most buyers will conduct many of their reviews, inspections, and other due diligence during the option period. The buyer must strictly comply with the time period under the option. The option period is not suspended or extended if the buyer and the seller negotiate repairs or an amendment. If the buyer wants to extend the option period, the buyer must negotiate an extension separately, obtain the extension in writing, and pay an additional fee for the extension. The buyer should not rely on any oral extensions.

TIDE WATERS. If the property adjoins any of the state's tidal waters, the seller will provide the buyer with a prescribed notice titled, "Addendum for Coastal Area Notice" (TXR 1915). Boundaries of properties along such waters may change and building restrictions will apply. If the property is located seaward of the Gulf

Intracoastal Waterway, the seller will provide the buyer with a prescribed notice titled, "Addendum for Property Located Seaward of the Gulf Intracoastal Waterway" (TXR 1916).

TITLE INSURANCE OR ABSTRACT OF TITLE. The buyer should obtain a title insurance policy or have an abstract of title covering the property examined by an attorney. If the buyer obtains a title insurance policy, the buyer should have the commitment of title insurance reviewed by an attorney not later than the time required under the contract.

UTILITIES. The buyer should evaluate what utilities the buyer will require and check to be sure that the utilities available in the area suit the buyer's needs. Some structures may or may not have utilities and electrical facilities to support many modern appliances or equipment.

WATER LEVEL FLUCTUATIONS. State law requires the seller to notify a buyer of a property that adjoins a lake, reservoir, or other impoundment of water with a storage capacity of at least 5,000 acre-feet at its normal operating level that the water level may fluctuate. The buyer and seller can find a list of lakes and reservoirs with at least 5,000 acre-feet storage capacity by accessing <http://texasalmanac.com/topics/environment/lakes-and-reservoirs>.

WATER WELLS. If the property has a water well, the buyer should have, and the lender may require, the equipment inspected and water tested. The buyer should also determine if the county requires any registration or other action to begin using the water well.

WIRE FRAUD. 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, lender, or another trusted source. Refrain from transmitting personal information, such as bank account numbers or other financial information, via unsecured email or other electronic communication. If the buyer receives any electronic communication regarding wiring instructions, even if the communication appears to come from a legitimate source, the buyer should verify its 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.

OTHER.

This form was provided by:

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

Maria Martinez dba Cameron Real Estate

Broker's Printed Name

Buyer/Seller

Date

By:

Broker's Associate's Signature

Date

Buyer/Seller

Date

Maria Martinez

Questions and Answers

Complying with the Foreign Investment in Real Property Tax Act (FIRPTA)

Questions answered by Linda Monaco, Esq., Legal Education Attorney

April 12, 2016

The recently-enacted Protecting American Taxpayers from Tax Hikes (PATH) Act (H.R. 2029, P.L. 114-113) includes two NAR-supported provisions affecting the Foreign Investment in Real Property Tax Act (FIRPTA) that are estimated to boost significantly foreign investment in U.S. commercial real estate. However, as part of a package of tax changes to offset the cost of the two provisions, Congress also included an increase in the FIRPTA withholding rate from 10% to 15%. But property acquired from foreign persons that is to be used as a personal residence is exempt from the increase if the sales price does not exceed \$1 million.

To comply with certain U.S. Treasury regulations, we inform you that, unless expressly stated otherwise, any U.S. federal tax advice contained in the text of this communication, is NOT intended or written to be used, and CANNOT be used, by any person for the purpose of avoiding any penalties that may be imposed under the Internal Revenue Code.

What if one of the sellers is a US citizen and the other is a foreign person and they are married? Also, what about if they are not married, just own it together?

As to husband and wife, withhold against the foreign person. If they are not married and the deed is silent as to the portions of ownership then the presumption will be 50/50 or even if more than two people. Withhold and remit against the foreign person.

If the seller is an US LLC corporation owned 80% by a foreigner but their main business is to improve properties do we need to withhold the 15% ?

It depends upon how it is taxed. Seek advice of attorney for the particular transaction.

If we are telling our members to ask if they are a U.S. citizen in order to comply with FIRPTA are we saying that it should be a standard in practice for all of our members to ask about citizenship status during all buyer or seller interviews? I think because of the protected status by national origin many want to be careful with that.

Good point. However the inquire after the fully executed contract thus the inquire would not have an impact into fair housing. The question is not if you are a citizen, but if you are a foreigner. The nationality is irrelevant. If you are still concerned seek advice of an attorney for a form and the timing of having the form filled out.

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If a property is owned by a US corporation which is 100% subsidiary of a French holding company. Will the shareholders of the French Holding Company be considered as Foreign sellers?

It depends upon how the corporation is taxed.

If I have a foreign seller willing to agree to a 15% withholding on a sale for a property he owns in the United States with no mortgage, what is the procedure to get a refund on the overpayment for taxes? He expects a minimal gain or even a possible loss.

Seller's agreement is irrelevant – it is federal law to withhold. The seller should file for a tax return. The seller may file right away for tax refund.

If a foreigner is selling a timeshare at a loss, do the FIRPTA rules apply?

FIRPTA applies to timeshares. FIRPTA withholding of 15% is required even if the seller is selling at a loss.

If a non US citizen Seller has formed a US-based entity for the original asset transaction, does Buyer still require that Seller withhold 15% of profit proceeds?

It depends. Some US based entities are treated as flow through entities and would be subject to the FIRPTA withholding. In this case seek the advice of an attorney for your specific entity.

In other words does Seller have to have the withholding?

It depends upon the specific entity and how it is taxed, seek the advice of an attorney.

Do real estate agents have any legal duties to check or verify or report if the foreign buyer or seller is in the United States legally or illegally?

FIRPTA does not make that requirement. If the seller is going to lie about their status to the buyer, the real estate agent needs to provide notice to the buyer and the settlement agent not

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to rely upon statements or certifications of the seller. In that case the buyer should withhold and remit 15%.

Do real estate agents have any duties to check or verify or report the source of funds used in real estate deals with foreign buyers or sellers? If so, any threshold amounts of money?

FIRPTA does not impose this duty on real estate agents.

Is E2 (investor visa) visa holder counted as foreigner?

If they do not have a “green card” or meet the substantial presents test, withhold and remit.

What if the seller or buyer is a mix of foreign and US citizen? Say husband is USA citizen but spouse is foreigner...or corporation is owned by mix of US citizens and foreigners...

As to husband and wife, withhold against the foreign person. As to the corporation it depends upon how they have elected to be taxed – Seek advice of attorney for the particular transaction.

If we have someone who we are not 100% certain on their immigration status, would it be good to ask them to consult with an immigration attorney then?

Immigration status is not relevant. They might meet the substantial presence test, and thus not withholding required. Seek advice of attorney for the particular transaction.

What if sellers are mix of USA citizens and foreigners? One spouse is USA citizen and one spouse is foreigner...or corporate owners are a mix of USA citizens and foreigners...

As to husband and wife, withhold against the foreign person.

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Can the sellers complete some sort of affidavit or government form that states what their gain in the transaction really is instead of taking withholding of 15% off the top?

Seller may apply for a Withholding certificate 8288-B.

If seller is reinvesting in US property, does this need to still be done (15%, etc)?

If it is a like kind simultaneous exchange and there is no "boot" (cash to seller) then the buyer may rely upon the notice of non-recognition. Seek advice of attorney for the particular transaction.

Can a foreign seller enter into a section 1031 exchange and avoid the FIRPTA withholding requirements?

Treasury regulations allow the buyer to rely upon a "notice of non-recognition" sent by a foreign seller and not make a FIRPTA withholding if the like kind exchange is a simultaneous exchange and there is no "boot" (cash to seller). However, if the like kind exchange is not completed at the same time, the buyer may not rely upon the notice of non-recognition but the seller may still apply for a withholding certificate.

How does the 15% withholding impact 1031 exchanges?

If the like kind exchange is a simultaneous exchange and there is no "boot" (cash to seller) then the buyer may rely upon the notice of non-recognition.

If the like kind exchange is not completed at the same time the buyer may not rely upon the notice of non-recognition. However the seller may apply for a withholding certificate.

Seek advice of attorney for the particular transaction.

Are there similar tax withholding laws for foreign seller financing or foreign seller leasing or foreign seller lease to own arrangements where the foreign seller is making money?

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First withholding is required on the underlying sale. Next lease payments or rental payment are also subject to FIRPTA withholding. Finally as a seller financier, taxes would be owed on the profits. Seek advice of attorney for the particular transaction.

Do these rules change if the foreign seller regularly files US income tax returns?

It depends. Usually if the foreigner is filing regular US income tax they will meet the substantial presents test and you will not have to withhold.

Can the 15% be held in escrow for the withholding certificate answer from IRS? Or does the money have to go to IRS within a certain timeframe after closing?

If a timely withholding certificate application is made, then the time to remit is tolled. However, this may or may not comply with the contract. Please review the contract to see if the waiting for the withholding certificate is required or permitted.

When is the 15% withheld, paid from the IRS to the foreign person or corporation?

The 15% is withheld from the proceeds of the transaction. The 15% is due 20 days after the transaction date. The seller will need to file a tax return, which they can do right away. The IRS will send the refund, if any, when they complete their review.

What if the sale is performed in a currency other than US dollars?

15% is 15% regardless of the currency. Check the contract to see if it permits the transaction to be an currency other than US dollars.

What if the sale is performed outside of the United States?

If the sale is for US real property then it is subject to FIRPTA withholding, even if the buyer is foreign.

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What if the transaction is an exchange of real estate? Seller trades their real estate for the real estate owned by the buyer...

If the like kind exchange is a simultaneous exchange and there is no "boot" (cash to seller) then the buyer may rely upon the notice of non-recognition.

If the like kind exchange is not completed at the same time the buyer may not rely upon the notice of non-recognition. However the seller may apply for a withholding certificate.

Does the 15% apply to a sales price that does not exceed \$1 million if the property is used as a personal residence? Isn't the withholding 10% for sales prices above \$300,00 but less than \$1 mil?

Please review the [FIRPTA withholding rate flowchart](#). The rate is 15% however the IRS has carved out an exception and a reduced rate.

Does any of this apply if the buyer is foreign or only on the sell side?

A foreign buyer will need to apply for an ITIN with the W-7 form. If the seller is also foreign, then the foreign buyer will need to withhold against the foreign seller. If the seller is not foreign then the foreign buyer only needs to apply for and ITIN.

Do I need to ask if seller is foreign person to list a single family under \$300,000?

Yes. I would ask after I had the listing agreement signed.

As a realtor, if you don't ask whether the seller is foreign and the seller ends up lying on the affidavit, could the realtor be liable for not even asking?

No. The real estate agent does not need to ask. If the real estate agent finds out about the lie, then they need to send written notice to the buyer and the settlement agent.

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**If the seller is a LLC registered in Florida, but the owner of the LLC is a foreigner?
How do we have to proceed?**

It depends upon how many members in the LLC and if the members are husband and wife. Seek advice of attorney for the particular transaction.

In some US states, especially California, illegal aliens are given driver licenses for political purposes. What is the Realtor liability if a seller is an illegal alien foreigner with a US driver license, who lies about being a foreigner?

If you know that the seller is going to lie. Send written notice to the buyer not to rely upon statements or certifications of the buyer and you will not have liability.

If buyer intends to live in the property for two 12-month periods, but he is transferred to work in a different city, is the buyer in default and liable?

This is a legal question. Was it foreseeable that the buyer might be transferred? If so, he may be liable.

If we are unsure if someone is an undocumented person, how should we proceed?

Treat them as a foreign individual and withhold and remit. For the ITIN, write "applied for" in the box requesting the same.