

VETERANS LAND PROGRAM OF THE STATE OF TEXAS



APPLICATION AND CONTRACT OF SALE

(Please Type or Print)

STATE OF TEXAS

COUNTY OF _____

1. PARTIES

The parties to this contract are:

(A) VETERAN-PURCHASER _____

Veteran's Spouse _____
(only if joining veteran as co-buyer)

Address _____

City/State/Zip _____

Phone: (Home) _____ (Work) _____

(B) and SELLER _____

Address _____

City/State/Zip _____

Phone: (Home) _____ (Work) _____

In this contract, the veteran-purchaser, and spouse if applicable, shall be referred to as "Buyer," and the Texas Veterans Land Board shall be referred to as the "VLB." (See paragraph 13.)

2. TRACT

In this contract the word "property" or "tract" shall refer to that certain parcel(s) of land containing _____ gross acres (_____ net acres AFTER SUBTRACTING any inundated or submerged or otherwise unusable acreage), situated in _____ County, Texas, part of the _____ (Survey Name), being approximately _____ miles from _____, Texas (the county seat). **A metes and bounds description more fully identifying this tract is attached as EXHIBIT A to this contract or, if applicable: Lot# _____, Block# _____, of the _____ Subdivision, as shown on the plat recorded in _____ of the map or plat records of said county. NOTE: To be eligible the tract must contain a minimum of one acre. "Flag pole" shaped tracts must contain 1.0 acres in the main body of the tract, and the "pole" portion must be usable by a standard automobile in inclement weather.**

3. PURCHASE PRICE ,
DOWN PAYMENT,
FEES

(A) The Seller agrees to accept \$ _____ cash at closing as the full purchase price for the tract, in exchange for which the seller agrees to deliver a general warranty deed for the tract. The Buyer agrees to forward this contract to the VLB and a copy to the closing agent, and:

- Pay to the closing agent a down payment of \$ _____, being at least 5% of the purchase price.
- Pay to the VLB its fees for processing and closing the Buyer's loan application (in the amount set forth in the VLB's rules on the date this contract is received by the VLB).

(B) The consideration to support this contract is found in the mutual promises made by Seller and Buyer and the sum of \$1.00 cash in hand paid to the Seller, the receipt and sufficiency of which is acknowledged.

(C) If the purchase price exceeds the maximum amount of the loan, Buyer agrees to pay, in cash, the amount in excess of the maximum loan. Buyer shall deposit this amount with the closing agent, and it shall be paid to the Seller at closing as part of the purchase price. ("Loan" as used in this application refers to the financing provided by the VLB.)

(D) If this contract is canceled, the closing agent will refund to the Buyer the down payment and the unused portion of all fees deposited with the closing agent.

4. TAXES

Seller shall furnish, at closing, tax certificates showing that all taxes on the property for all prior years have been paid. Seller affirms that the tract _____ (is/is not) currently taxed at a lower rate because of its use. Buyer understands that if the property is currently taxed at a lower rate because of its use, this sale or the subsequent change in use of the property **may in the future** cause additional taxes ("rollback taxes") to be assessed for years prior to the date of this sale. **The payment of taxes for the current year and any rollback taxes that may be assessed in the future shall be the responsibility of the Buyer, unless (a) below is checked and the prorated amount agreed to is collected at closing.**

Buyer and Seller agree to prorate all taxes for the current year at closing. If the property is currently taxed at a lower value or rate because of its use, Buyer and Seller agree to:

- (A) change the tax status of the property and pay rollback taxes at closing as they shall agree in writing, or,
- (B) continue the present tax status of the property with the Buyer liable for future rollback taxes.

5. IMPROVEMENTS
AND OTHER
CONDITIONS

The following buildings and/or permanent improvements shall be on the tract on the date of the VLB's appraisal and shall be conveyed with the tract. Other conditions affecting the transaction are as follows (list ALL conditions concerning roadway constructions, utilities and the date by which each will be satisfied):

(If additional space is needed, attach an EXHIBIT B to this contract fully describing all conditions, etc.)

6. RESERVATIONS AND EXCEPTIONS

Seller and Buyer agree that the tract is subject to all reservations and exceptions of record in the county clerk's office of the county in which the land tract is located. ADDITIONAL restrictions, reservations or easements are as follows:

7. ACCESS

The Seller represents that **(Seller must initial one box)**:

() the tract DOES directly abut or connect to a public road (that is; any dedicated public roadway, designated county road, state or federal highway, or city street).

() the tract does NOT abut or connect to a public road (that is; any dedicated public roadway, designated county road, state or federal highway, or city street) and Seller shall convey a perpetual easement that provides access from the tract to a public road. The parties shall provide the VLB a plat showing the relative locations of the tract, the easement and the public road, together with a metes and bounds description of the easement. The plat and description shall be prepared by a Registered Professional Land Surveyor. The Seller shall convey the easement by General Warranty Deed together with the tract. The easement shall be included in the Title Insurance Policy. The easement shall be usable by a standard automobile in inclement weather. The easement shall be at least as wide as the county currently requires for the dedication of roadways for maintenance at public expense, but in the event no requirement exists, said easement shall be at least sixty (60) feet in width.

The VLB's decision as to what constitutes a "public road" shall be final and binding on Buyer and Seller.

8. SURVEY

The VLB shall be furnished a plat and a metes and bounds description of the property prepared by a Registered Professional Land Surveyor at the expense of _____ (Buyer/Seller). The plat and description shall conform to the survey requirements of the VLB and to the requirements of the title company issuing the policy, as set forth in Paragraph 10 of this contract. The VLB will examine the plat and descriptions for sufficiency, and the VLB's computation of acreage shall override any contrary computation. An appropriate lot and block description should be submitted rather than metes and bounds description for each individual tract in a recorded subdivision if: (A) a certified copy of the recorded subdivision plat is furnished to the Buyer and the VLB, and (B) the VLB approves the plat as an acceptable substitute. Under certain conditions, a plat showing a current survey of a subdivision tract may be required. The surveyor's seal and original signature must appear on all plats and descriptions, together with written certification that the survey was done on the ground. Access by easement or other means must be shown and described as provided for in Paragraph 7 above.

9. APPRAISAL
AND
COMMITMENT

The VLB will appraise the property and notify the Buyer and Seller by a letter of commitment of the amount the VLB will invest (which shall be referred to as the "commitment amount"). This letter shall also state the conditions under which the VLB would accept title, which is hereby incorporated by reference herein. The commitment amount shall not exceed the LESSER of: 95% of the land's appraised value, or 95% of the final agreed purchase price. The MAXIMUM loan amount cannot exceed \$60,000. The veteran must have AT LEAST a 5% down payment invested as cash equity in the property.

10. TITLE
INSURANCE

Within thirty (30) days from the issuance of the VLB's letter of commitment, the closing agent shall deliver to the VLB and Buyer an owner's title insurance commitment showing the property to be insured as (A) the tract described in Paragraph 2 of this contract, and (B) the access easement described in Paragraph 7 of this contract if the tract does not abut a public road. The owner's title insurance commitment shall make no exception to access. The parties also agree to furnish the VLB an updated owner's title insurance commitment at closing with schedule B Item 2 amended to read "shortages in area" only, and the _____ (Seller/Buyer) agrees to pay the required premium to have the owner's title insurance policy issued upon closing. Notwithstanding any other provision hereof, it is agreed and understood that this contract may be terminated by the Buyer if title defects are not remedied prior to closing.

11. WARRANTY
DEED

The Seller will receive the purchase price recited above, in cash or certified funds, at closing, less all appropriate closing costs and other adjustments simultaneously with delivery by Seller of a General Warranty Deed to the tract.

12. CANCELING
CONTRACT

(A) Notwithstanding any other provisions of this contract to the contrary, if the appraised value as determined by the VLB is less than the purchase price, Buyer may cancel this contract. Notice of cancellation must be submitted in writing to the Seller and the VLB within thirty (30) days of the issuance of the letter of commitment (Paragraph 9). The contract shall be canceled immediately upon the VLB's receipt of this written notice. If the VLB does not receive a cancellation notice or an amendment to the contract within this thirty-(30) day period, Buyer waives this right and agrees to pay at closing the difference between the commitment amount and the purchase price.

(B) At any time, both parties may mutually agree to close this transaction or to cancel this contract. Notice of cancellation must be submitted to the VLB in writing by both parties, and the cancellation shall be effective immediately upon receipt of this notice by the VLB.

(C) After ninety (90) days from the date of this contract either the Buyer or Seller may set a date for closing this transaction. Written notice of setting this date must be given to the VLB, the closing agent, and the other party. This date must be not less than 30 days after the written notice is mailed. If the transaction fails to close by the closing date, then the party setting the date may cancel the transaction by providing written notice of cancellation to the other party and the VLB. Cancellation of this contract shall become effective upon receipt of said cancellation notice by all parties.

(D) This contract shall remain in full force until the cancellation shall be effective,

and Buyer and Seller are bound by the terms of this contract. Rights and remedies of the parties include, but are not limited to, actions for damages and/or specific performance of the contract.

- (E) If, for any reason, the VLB determines that the Buyer or this transaction does not qualify under the Texas Veterans Land Program, then this contract shall be of no further force or effect.

13. ASSIGNMENT
OF
CONTRACT

- (A) The Seller understands that the Buyer is applying for a Texas Veterans Land Program loan as described in Chapter 161 of the Texas Natural Resources Code. Seller agrees that Buyer may assign Buyer's interest in this contract to the VLB. Buyer and Seller understand that any changes to the printed terms of this contract or any alteration thereof may disqualify this transaction from approval under the rules, regulations and laws governing the Texas Veterans Land Program. In such event the parties shall have the option of deleting such changes or having the contract cancelled by the VLB under the provision of Paragraph 12(E). Furthermore, Seller agrees to comply with all reasonable requests made by the VLB to facilitate Buyer's loan application. The filing of this contract with the VLB as a loan application constitutes Buyer's request that the VLB accept the assignment of this contract. The issuance by VLB of its part of the purchase money for the tract to the closing agent constitutes the VLB's conditional acceptance of the assignment of this contract, provided this contract is in full force and effect at the time of issuance, and the contract is not later cancelled by the Buyer.
- (B) Buyer and Seller agree and understand that the VLB may, in its sole discretion and without liability, refuse to accept an assignment of this contract or revoke its acceptance of the assignment of this contract for any reason at any time prior to the acceptance of title to the tract by the VLB. It is agreed and understood by the parties that the VLB shall have no liability or responsibility for breach of this contract by either the Buyer or Seller and that the VLB shall not be a party to any litigation which is initiated before title to the tract is accepted by the VLB.
- (C) Regardless of any provision in this contract to the contrary, the Buyer may, at any time during which this contract is in force, elect to revoke the assignment to the VLB and perform this contract without the participation of the VLB. The Buyer must give written notice of this intention to the Seller and the VLB.
- (D) After the VLB takes title to the tract, it shall be sold to Buyer by Contract of Sale and Purchase on terms and conditions specified by the VLB. Buyer understands that the Buyer may not transfer his interest in the Contract for Sale and Purchase for three (3) years, except in the event the Buyer dies or becomes financially incapable of making payments. The Buyer understands that no interest in the tract may be sold or conveyed at any time by Buyer without the VLB's express written authorization and that the loan interest rate is subject to change upon approval of a transfer of the loan.

14. OTHER
PROVISIONS

- (A) Seller agrees that if loss or damage to the tract occurs before the Seller's deed is accepted, the Buyer may, without liability to the Seller, cancel this contract. In the alternative, Buyer may choose to complete the purchase with an agreed adjustment of the purchase price.

(B) Buyer represents that: Buyer is a qualified veteran under the provisions of the Veterans Land Act; Buyer is purchasing the tract for Buyer and that no other person or entity has or will have any financial or other interest in this purchase, either directly or indirectly, except for community property rights of the Buyer's spouse; neither Buyer nor Buyer's spouse has owned any interest in the tract within the past three years; Buyer will personally pay the required down payment, difference money (if applicable) and all required fees.

15. DISCLOSURES

(A) Seller and Buyer understand that state law may make a contract **voidable by the Buyer** if the Seller fails to make certain explicit, written disclosures to the Buyer (e.g., assessments by water districts). In order to protect its investment in the tract, the VLB will not accept an assignment of this contract until the VLB is assured that all such disclosures have been made by the Seller and accepted by the Buyer. Therefore, in order to protect the position of the VLB, to fulfill the requirements of the law, and to secure the financing from the VLB anticipated by this contract, the Seller agrees to obtain from the Buyer, at Seller's sole expense, written acceptances of all such disclosure statements. These acceptances shall be in recordable form and shall be furnished to the VLB prior to closing.

(B) In some areas of the state, geographically specific governmental requirements may directly affect the suitability of the tract for the purposes intended by the Buyer (e.g., water pollution abatement requirements for land located in the recharge zone of the Edward's Aquifer, local governmental platting requirements for home construction, conditions for obtaining septic permits). Both Seller and Buyer agree that **the VLB shall have no obligation to determine that the tract is suitable for the Buyer's intended purposes.**

(C) Seller agrees to assist Buyer in determining that the tract is suitable for Buyer's intended purposes and shall disclose to Buyer all information Seller possesses which is reasonably relevant to Buyer's intended purposes.

The effective date of this contract is: _____

Seller

Seller

Seller

Buyer

Co-Buyer

NOTARY ACKNOWLEDGEMENTS (REQUIRED)

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____, ____ by _____
Seller (print)

(if necessary) on behalf of _____ . Notary Public: _____

My Commission Expires: _____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____, ____ by _____
Seller (print)

(if necessary) on behalf of _____ . Notary Public: _____

My Commission Expires: _____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____, ____ by _____
Seller (print)

(if necessary) on behalf of _____ . Notary Public: _____

My Commission Expires: _____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____, ____ by _____
Buyer (print)

(if necessary) on behalf of _____ . Notary Public: _____

My Commission Expires: _____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____, ____ by _____
Co-Buyer (print)

(if necessary) on behalf of _____ . Notary Public: _____

My Commission Expires: _____