Reverse and Remand and Opinion Filed October 24, 2025

In The
Court of Appeals
Fifth District of Texas at Dallas

No. 05-25-00030-CV

MEGATEL HOMES, LLC, Appellant
V.
ALEXANDRA MARTIN AND CHARLES MARTIN, Appellees

On Appeal from the County Court at Law No. 1
Dallas County, Texas
Trial Court Cause No. CC-21-01276-A

MEMORANDUM OPINION

Before Justices Kennedy, Barbare, and Jackson
Opinion by Justice Barbare

Alexandra and Charles Martin (collectively, the Martins) signed a Residential Construction Contract to engage Megatel Homes, LLC (Megatel) to build a house. The Martins subsequently sued Megatel. Megatel filed a motion to compel arbitration, which the trial court denied. On appeal, Megatel argues that the denial of its motion was erroneous. We reverse the trial court's December 19, 2024 Order Denying Defendants' Motion to Compel Arbitration and Plea in Abatement, and we remand this cause to the trial court with instructions to enter an order compelling the Martins' claims against Megatel to proceed to arbitration and to conduct further proceedings consistent with this opinion.

BACKGROUND

On June 10, 2019, the Martins signed a document titled "Residential Construction Contract" (the June Document), which stated that the Martins would purchase a property at 6020 Aster Drive, McKinney, Texas, and Megatel would build a residential home on that property for an agreed-upon "Sales Price." The form agreement specifies that it is between Megatel, which it defined as "'Builder', 'Megatel Homes', or 'Megatel'" and the Martins, collectively defined as "'Purchaser', 'Customer', or 'Buyer.'" It further states: "Builder hereby agrees to construct the Improvements in substantial compliance (as herein defined) and cause the completed Improvements and Property (as herein defined) to be conveyed [to] Purchaser." The Martins initialed the bottom of each page and signed in the Purchaser's signature block. A signature block for the Builder appears on the same page.

Megatel signed the construction contract on July 11, 2019 (the July Document). In this lawsuit, the Martins claim that Megatel removed pages from the June Document before signing, which caused the July Document to be materially different from the June Document. Specifically, the Martins argue that the July Document lacks the Standard Features handout,[1] which "is especially material, because Plaintiffs were charged for features included on this sheet."

[1] The Standard Features handout (also called a Standard Features Sheet and Standard Features List) is a list of the standard features that could be included in the home at no extra cost. The June Document states that the Purchaser could "choose[] to upgrade a material to a higher quality" at a higher price.

The Martins sued Megatel on April 6, 2021. The original petition states that their "claim arose from your sale of a [sic] 6020 Aster Drive, McKinney, Texas 75071. In the course of your sale of that property, Defendants" made material misrepresentations about the location of a water tower, and they "would have never purchased a home in the location they did if they knew there was a water tower in view." Furthermore, they alleged that Megatel misrepresented the list of standard features that would be included in their home. In their original petition, the Martins asserted claims for DTPA violations, fraud, and fraud by non-disclosure. Megatel filed a general denial, and its original answer stated that the Martins' claims were subject to binding arbitration pursuant to the parties' June 19, 2019 sales contract.

Nearly one year later, on March 14, 2022, the Martins filed a motion to compel mediation, which states: "This action arises from a contract dispute filed on or about" April 06, 2021, in Dallas County. The motion notes that Megatel had moved to enforce an arbitration and mediation clause, but the parties had not agreed on a mediator or a mediation date. The trial court's order states that it considered the motion, and "after reviewing the evidence and hearing the arguments, the Court finds that the motion should be **GRANTED**."[2]

Approximately three months later, Megatel filed a motion to compel arbitration and a plea in abatement, requesting that the trial court compel all claims

[2] The judge interlineated that "Defendant did not appear," indicating that Megatel did not appear at the hearing to compel mediation. The hearing transcript is not included in our appellate record.

and parties to arbitration. It argued that both the June Document and the July Document include an arbitration provision, which states that, if a dispute arises between the parties, then they will attempt to resolve that dispute by negotiation and, subsequently, mediation. However, the provision continues:

> If such mediation does not result in a resolution of the decision, controversy or Dispute, such decision, controversy or Dispute shall be settled by binding arbitration by an arbitrator agreed upon bv the parties in accordance with the procedures and conditions of the American Arbitration Association ("AAA")—Construction Industry Rules, applying the AAA rules, procedures, and protocols determined bv the arbitrator to be most applicable to the nature of the Dispute, as herein defined, including, where applicable, the Supplementary Rules for Residential Construction Disputes. Any such arbitration shall take place in [the] Dallas/Fort Worth Metroplex. The term "Dispute" includes, but is not limited to, claims, disputes and/or causes of action arising in connection with: (i) this Contract, including the negotiation, formation, subject matter, breach, modification, cancellation, or termination thereof; (ii) development, design, construction, preparation, maintenance, or repair of the Improvements; (iii) marketing or sale of the Property; (iv) any representations, omissions, promises, or warranties, express or implied, alleged to have been made by Builder or Builder's representatives; (v) violations of any statute, including without limitation any claim under the Texas Deceptive Trade Practices Act or similar statutes or regulations; (vi) personal injury or damage; (vii) claims of fraud or misrepresentation; and/or (viii) any other agreement, transaction, occurrence or event giving rise to a disagreement over breach of legal duties, rights, or obligations which involve Builder and Purchaser and/or their respective agents, representatives, and/or assigns.

The Martins opposed the motion, asserting that the parties never entered into a valid and binding contract and, therefore, are not bound by an arbitration clause. Specifically, they claimed that on July 16, 2019, Megatel provided them with a signed document containing terms that "differed materially from the agreement

[they] originally signed." The Martins stated that they were not informed of these changes and never authorized or signed any addendums acknowledging modifications to the June Document. Therefore, they argued that the July Document was a counteroffer that they never accepted, and no contract was formed, meaning their dispute should not be subject to arbitration.

The trial court held an initial hearing on Megatel's motion to compel arbitration and ordered the parties to conduct discovery regarding contract formation. The Martins then filed an amended response to the motion, Megatel filed a supplement to its motion, and the Martins supplemented their response. These additional pleadings include the Martins' responses to depositions by written questions.[3]

> 1. Please state your name
>
> Mr. Martin: Charles Martin
>
> Ms. Martin: Alex Martin
>
> . . .
>
> 4. Please turn to Exhibit A attached to these questions. Do you recognize Exhibit A?
>
> Mr. Martin: *Yes*.
>
> Ms. Martin: *Yes*.
>
> 5. What is Exhibit A, based on your understanding?
>
> Mr. Martin: *The contract we signed to purchase 6020 Aster*.
>
> Ms. Martin: *Contract to purchase 6020 Aster.*
>
> 6. Please explain whether or not you signed and initialed Exhibit A on June 10, 2019[,] where indicated by your signature and initials?
>
> Mr. Martin: *Yes*.

[3] For brevity, we provide the Martins' answers to each question together rather than repeating the questions. The Martins provided handwritten responses, which are italicized.

Ms. Martin: *Yes*.

. . .

19. Please explain your understanding as to whether or not page[s] 37 and 38 [the "Standard Features" list] were to be a part of the contract offer being presented to you for signature?

Mr. Martin: *Yes*[,] *these were to be part of the house*.

Ms. Martin: *Yes*[,] *they are a part of the contract*.

. . .

21. Please explain whether or not the features that were listed on this sheet being included in the contract offer were a material and significant condition of your decision to sign this contract offer?

Mr. Martin: *Yes[,] these were to be part of the house[,] and we would not have signed without them*.

Ms. Martin: *Yes, we would not have signed without them*.

22. Would you have signed any part of Exhibit A if the "Standard Features" on pages 37 and 38 were not going to be included in the contract offer?

Mr. Martin: *No*.

Ms. Martin: *No*.

. . .

25. Is Exhibit A a true and correct copy of the document you signed in attempting to purchase a home at 6020 Aster Drive?

Mr. Martin: *Yes*.

Ms. Martin: *Yes*.

After a subsequent hearing, the trial court denied Megatel's motion. This appeal followed.

LAW & ANALYSIS

We review a denial of a motion to compel arbitration for an abuse of discretion, considering questions of law de novo and factual determinations under a no-evidence standard of review that defers to the trial court's factual determinations supported by evidence. *Caprocq Core Real Est. Fund, LP v. Essa K. Alley Revocable*

Tr. No. 2, No. 05-22-01021-CV, 2024 WL 4579064, at *3 (Tex. App.—Dallas Oct. 25, 2024, no pet.) (mem. op.).

Arbitration agreements are creatures of contract. *Dang v. Van Tran*, No. 05-22-00518-CV, 2023 WL 3772809, at *4 (Tex. App.—Dallas June 2, 2023, no pet.) (mem. op.) (citing *Ladymon v. Lewis*, No. 05-16-00776-CV, 2017 WL 3097652, at *4 (Tex. App.—Dallas July 21, 2017, no pet.) (mem. op.)). A party seeking to compel arbitration must prove that a valid arbitration agreement exists. *MSF Contracting Grp., LLC v. John Hickman, LLC*, No. 05-23-00591-CV, 2024 WL 1477408, at *2 (Tex. App.—Dallas Apr. 5, 2024, no pet.) (mem. op.). To meet this burden, the movant is "required to put forth competent, prima facie evidence of the arbitration agreement itself." *Van Tran*, 2023 WL 3772809, at *4. "A party can satisfy its evidentiary burden to prove an arbitration agreement's existence by submitting authenticated copies of an agreement containing an arbitration clause." *Id*. "Once the party moving for arbitration has offered prima facie evidence of an arbitration agreement's existence, the burden shifts to the party contesting the existence of an arbitration agreement to provide arguments and evidence as to why the arbitration agreement has a formation defect so as to create a triable issue that would defeat summary disposition." *Caprocq Core Real Est. Fund, LP*, 2024 WL 4579064, at *4 (quoting *Ridge Nat. Res., L.L.C. v. Double Eagle Royalty, L.P.*, 564 S.W.3d 105, 118 (Tex. App.—El Paso 2018, no pet.)).

Megatel bore the initial burden to offer prima facie evidence of an arbitration agreement's existence. *See id*. To meet that burden, Megatel provided the trial court with an authenticated copy of the July Document, which included signatures from the Martins and its own representative, along with the arbitration clause quoted above. By doing so, Megatel met its initial burden to put forth competent, prima facie evidence of a contract between the parties that included the arbitration provision. *See Constant v. Gillespie*, No. 05-20-00734-CV, 2022 WL 1564555, at *6 (Tex. App.—Dallas May 18, 2022, no pet.) (mem. op.) ("A party can satisfy its evidentiary burden to prove an arbitration agreement's existence by submitting authenticated copies of an agreement containing an arbitration clause.").

Once Megatel established the existence of a valid arbitration agreement, the burden shifted to the Martins "to provide arguments and evidence as to why the arbitration agreement has a formation defect so as to create a triable issue that would defeat summary disposition." *See Caprocq Core Real Est. Fund, LP*, 2024 WL 4579064, at *6 (quoting *Double Eagle Royalty, L.P.*, 564 S.W.3d at 118). The Martins raise a contract formation defense, arguing that the June Document was their offer to Megatel, Megatel failed to accept their offer in strict compliance with the terms of that offer, and the July Document is a counteroffer that they did not accept; therefore, they believe, the parties never entered into a contract. The Martins do not dispute that the June Document and July Document include the same arbitration clause and their claims are within the scope of that provision.

The elements of a valid and enforceable contract are: (1) an offer; (2) an acceptance in strict compliance with the terms of the offer; (3) a meeting of the minds; (4) each party's consent to the terms; and (5) execution and delivery of the contract with the intent that it be mutual and binding. *See, e.g.*, *Goldman v. Olmstead*, 414 S.W.3d 346, 354 (Tex. App.—Dallas 2013, pet. denied). When determining whether the parties formed a contract, we rely on "the objective standard of what the parties said and how they acted, not on their subjective state of mind." *Matl Const. Co. v. Jim Connelly Masonry, Inc*., No. 03-08-00559-CV, 2009 WL 2341891, at *4 (Tex. App.—Austin July 31, 2009, pet. denied) (mem. op.) (citing *Tex. Disposal Sys. Landfill, Inc. v. Waste Mgt. Holdings, Inc*., 219 S.W.3d 563, 589 (Tex. App.—Austin 2007, pet. denied)); *see also Fiess v. State Farm Lloyds*, 202 S.W.3d 744, 746 (Tex. 2006) ("As with any other contract, the parties' intent is governed by what they said, not by what they *intended* to say but did not.").

A "party's signature on a contract is 'strong evidence' that the party unconditionally assented to its terms," but the "absence of a party's signature does not necessarily destroy an otherwise valid contract and is not dispositive of the question of whether the parties intended to be bound by the terms of the contract." *Law Office of Thomas J. Henry v. Cavanaugh*, No. 05-17-00849-CV, 2018 WL 2126936, at *3 (Tex. App.—Dallas May 7, 2018, pet. denied) (mem. op.). "If a contract is not signed by a party, then other evidence may be used to establish the nonsignatory's unconditional assent to be bound by the contract, including any

arbitration provision." *Ladymon*, 2017 WL 3097652, at *4 (citing *Tukua Invs., LLC v. Spenst*, 413 S.W.3d 786, 794 (Tex. App.—El Paso 2013, pet. denied)); *see also Cavanaugh*, 2018 WL 2126936, at *3 ("other evidence may be used to establish the nonsignatory's unconditional assent to be bound by the contract, including any arbitration provision"). Specifically, "[i]f one party signs a contract, the other party may accept by his acts, conduct, or acquiescence to the terms, making it binding on both parties." *Cavanaugh*, 2018 WL 2126936, at *3.

The evidence in the record establishes that the Martins signed the June Document, which indicated their intent to submit disputes to arbitration. The agreement required Megatel to build a home for the Martins, who the agreement defines as the Purchaser or Buyer, in exchange for the agreed-upon "Sales Price." Approximately two years later, the Martins sued Megatel for claims "arising from [the] sale" of their home. They stated they "would have never purchased" the specific home if they had known about the location of the water tower. The statute of frauds requires that a contract for the sale of real estate be in writing and signed by the person to be charged in order to be enforceable. *See* TEX. BUS. & COM. CODE ANN. § 26.01. Therefore, in order for Megatel to sell the home to the Martins and for the Martins to buy the home as they allege and which the Martins' pleadings state occurred, both parties needed to enter into a valid contract for the sale of the real estate. The contract that they signed contains an arbitration clause.

The parties' conduct objectively manifested an agreement on the subject matter and the essential terms of the contract—Megatel would build a house at a specific address for the Martins in exchange for the Sales Price. Thus, we conclude that the parties entered into a contract that defined their respective rights. Both the June Document and July Document include the same arbitration clause that Megatel seeks to enforce, and to which the parties agreed. *See Jim Connelly Masonry, Inc*., 2009 WL 2341891, at *4–5. Although the Martins maintain that they would not have entered into the contract if they had known about the alleged misrepresentations made by Megatel, those complaints go to the merits of the lawsuit rather than whether a contract was formed. The terms of that contract, based on the undisputed conduct of the parties, necessarily include the arbitration provision even though it may not include the list of Special Features—a matter we do not reach today. Although the parties disagree about whether the contract includes the Special Features, in either case, their agreement includes the arbitration clause that Megatel seeks to enforce.

The Martins failed to prove that the parties did not form a contract for the purchase of a house. Instead they presented evidence that they wish they had not entered into one and would not have if they had known the facts as they now allege them to be. Aside from pointing to Megatel's failure to sign the June Document in the exact form that they did, there is no evidence in the record that the parties did not enter into a contractual relationship. One party's failure to sign is not

determinative. We conclude the Martins did not meet their burden to prove a contract formation defense, and a valid arbitration agreement exists. Therefore, the trial court erred in denying Megatel's motion to compel arbitration. We sustain Megatel's sole issue.

CONCLUSION

We reverse the trial court's December 19, 2024 Order Denying Defendants' Motion to Compel Arbitration and Plea in Abatement, and we remand this cause to the trial court with instructions to enter an order compelling the Martins' claims against Megatel to proceed to arbitration and to conduct further proceedings consistent with this opinion.

/Cynthia Barbare/
CYNTHIA BARBARE
JUSTICE

Court of Appeals
Fifth District of Texas at Dallas

JUDGMENT

MEGATEL HOMES, LLC, Appellant No. 05-25-00030-CV V. ALEXANDRA MARTIN AND CHARLES MARTIN, Appellee	On Appeal from the County Court at Law No. 1, Dallas County, Texas Trial Court Cause No. CC-21-01276-A. Opinion delivered by Justice Barbare. Justices Kennedy and Jackson participating.

In accordance with this Court's opinion of this date, the trial court's December 19, 2024 Order Denying Defendants' Motion to Compel Arbitration and Plea in Abatement is **REVERSED**. We **REMAND** this cause to the trial court with instructions to enter an order compelling the claims asserted by Alexandra Martin and Charles Martin against Megatel Homes, LLC to proceed to arbitration and to conduct further proceedings consistent with this opinion.

It is **ORDERED** that each party bear its own costs of this appeal.

Judgment entered this 24th day of October, 2025.