

By: Dutton

H.B. No. 927

A BILL TO BE ENTITLED

AN ACT

relating to the foreclosure of certain liens on real property.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 202, Property Code, is amended by adding Section 202.010 to read as follows:

Sec. 202.010. FORECLOSURE OF CERTAIN LIENS. A restrictive covenant may not be adopted that places a lien on real property to secure payment of a debt created by the covenant unless the covenant exempts a homestead, as defined by Section 41.002, from foreclosure of the lien.

SECTION 2. Section 202.010, Property Code, as added by this Act, applies to a restrictive covenant adopted on or after the effective date of this Act. A restrictive covenant adopted before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.