

By: Smith of Harris

H.B. No. 2991

A BILL TO BE ENTITLED

AN ACT

relating to circumstances under which an executory contract for conveyance is prohibited.

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

SECTION 1. Section 5.062(a), Property Code, is amended to read as follows:

(a) This subchapter applies only to a transaction entered into before September 1, 2005, involving an executory contract for conveyance of real property used or to be used as the purchaser's residence or as the residence of a person related to the purchaser within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code. For purposes of this subchapter, a lot measuring one acre or less is presumed to be residential property.

SECTION 2. Chapter 5, Property Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. EXECUTORY CONTRACT FOR CONVEYANCE

PROHIBITED FOR CERTAIN TRANSACTIONS

Sec. 5.101. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to the sale or purchase of real property that is intended to be used as the purchaser's residence or as the residence of a person related to the purchaser within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code. For purposes of this subchapter, a lot measuring

1 one acre or less is presumed to be residential property.

2 Sec. 5.102. PROHIBITED USE OF EXECUTORY CONTRACT FOR
3 CONVEYANCE. (a) Notwithstanding any other law, a person may not
4 sell or purchase real property described by Section 5.101 under an
5 executory contract for conveyance.

6 (b) An executory contract for conveyance that purports to
7 convey real property described by Section 5.101 is void and has no
8 effect.

9 SECTION 3. This Act takes effect September 1, 2005.