

By: Carona

S.B. No. 362

A BILL TO BE ENTITLED

AN ACT

relating to certain condominium owners' right to redeem real property following certain foreclosure sales.

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

SECTION 1. Section 82.113, Property Code, is amended by amending Subsection (g) and adding Subsections (g-1)-(g-7) to read as follows:

(g) The owner of a unit used for residential purposes and purchased ~~[by an association]~~ at a foreclosure sale of an ~~[the]~~ association's lien for assessments may redeem the unit not later than the 90th day after the date of the foreclosure sale.

(g-1) To redeem a ~~[the]~~ unit purchased by the association, the owner must pay to the association all amounts due the association at the time of the foreclosure sale, interest from the date of foreclosure sale to the date of redemption at the rate provided by the declaration for delinquent assessments, reasonable attorney's fees and costs incurred by the association in foreclosing the lien, any assessment levied against the unit by the association after the foreclosure sale, and any reasonable cost incurred by the association as owner of the unit, including costs of maintenance and leasing.

(g-2) To redeem a unit purchased by a person other than the association, the owner must pay:

(1) to the association:

1                   (A) all amounts due the association at the time  
2 of foreclosure, less the foreclosure sales price received by the  
3 association from the purchaser;

4                   (B) interest from the date of the foreclosure  
5 sale to the date of redemption at the rate provided by the  
6 declaration for delinquent assessments;

7                   (C) reasonable attorney's fees and costs  
8 incurred by the association in foreclosing the lien; and

9                   (D) any unpaid assessments levied against the  
10 unit by the association after the date of the foreclosure sale; and

11                   (2) to the purchaser:

12                   (A) any assessment levied by the association  
13 after the date of the foreclosure sale and paid by the purchaser;

14                   (B) the purchase price paid by the purchaser at  
15 the foreclosure sale;

16                   (C) the amount of the deed recording fee; and

17                   (D) the amount paid by the purchaser in ad  
18 valorem taxes, penalties, and interest on the unit after the date of  
19 the foreclosure sale.

20                   (g-3) On redemption, the association or other purchaser  
21 shall execute a deed to the redeeming unit owner.

22                   (g-4) The exercise of the right of redemption is not  
23 effective against a subsequent purchaser or lender for value  
24 without notice of the redemption after the redemption period  
25 expires unless the redeeming unit owner records the deed from the  
26 association or other purchaser, as applicable, or an affidavit  
27 stating that the owner has exercised the right of redemption.

1        (g-5) A unit that has been redeemed remains subject to all  
2        liens and encumbrances on the unit before foreclosure.

3        (g-6) All rents and other income collected from the unit by  
4        the association or other purchaser from the date of foreclosure  
5        sale to the date of redemption belong to the association or  
6        purchaser, as applicable, but the rents and income shall be  
7        credited against the redemption amount.

8        (g-7) An association or other purchaser purchasing a unit at  
9        a sale foreclosing the association's ~~[its]~~ lien may not transfer  
10       ownership of the unit during the redemption period to a person other  
11       than a redeeming owner.

12       SECTION 2. Sections 82.113(g) and (g-1)-(g-7), Property  
13       Code, as amended and as added by this Act, apply only to the rights  
14       of a redeeming owner of a condominium unit purchased at a  
15       foreclosure sale on or after the effective date of this Act. The  
16       rights of a redeeming owner of a condominium unit purchased at a  
17       foreclosure sale before the effective date of this Act are governed  
18       by the law in effect on the date of the foreclosure sale, and that  
19       law is continued in effect for that purpose.

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