

## **BILL ANALYSIS**

H.B. 2936  
By: Farrar  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The 78<sup>th</sup> Texas Legislature created the Texas Residential Construction Commission (commission) to establish a registry of homebuilders and of new homes being built in Texas. Homebuilders must register with the commission and register with the commission each home constructed. Non-profit homebuilders were accommodated in the creation of the commission by reducing the costs associated with the registration process, but otherwise must comply with the provisions set forth by the commission if the non-profit acts as a homebuilder.

Some non-profits serve not as homebuilders directly, but as developers of affordable housing and retain ownership of the land and improvements to be sold to income qualified buyers. In this situation, the non-profit contracts with a third party to construct and/or manage the construction of the house and does not act as the homebuilder directly. House Bill 2936 clarifies that the third party builder is responsible for being registered with the commission as a homebuilder and registering the home constructed with the commission.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

House Bill 2936 amends the Property Code to clarify that a non-profit, as evidenced by an IRS 501 (c)(3) status, acting as a developer and seller of a house, but not acting as the homebuilder, does not have to register as a homebuilder with the Texas Residential Construction Commission (commission). The bill provides that if the house is built by a third party actor that is a registered homebuilder and registers the home constructed with the commission and is contractually obligated to the homeowner for the warranties and building and performance standards of the improvement sold to the homeowner by the non-profit, then the non-profit does not have to register as a homebuilder.

### **EFFECTIVE DATE**

September 1, 2007.