

By: Paxton

H.B. No. 1353

A BILL TO BE ENTITLED

AN ACT

relating to the contents and effect of a deed conveying property sold at an ad valorem tax sale.

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

SECTION 1. Subchapter A, Chapter 34, Tax Code, is amended by adding Section 34.052 to read as follows:

Sec. 34.052. WARRANTY BY TAXING UNIT. (a) This section applies only to a sale under Section 34.01, 34.05, or 34.051 of real property that has a market value of not more than \$100,000 as determined under Section 33.50(a).

(b) If the sale is to a purchaser other than a taxing unit, the deed must contain a warranty by the taxing unit selling the property or on whose behalf the property is being sold that the taxing unit will defend the title against an action brought by a defendant in the foreclosure action before the second anniversary of the date the deed is filed of record seeking to invalidate the sale on the ground that:

(1) notice of the foreclosure action or of the sale was not given to the defendant or the defendant's attorney in the manner required by law; or

(2) the defendant or the defendant's attorney did not receive the notice.

SECTION 2. Section 34.07(e), Tax Code, is amended to read as follows:

1           (e) If the purchaser prevails in a suit filed under  
2 Subsection (d), the court shall expressly provide in its final  
3 judgment that:

4                   (1) the tax sale is vacated and set aside; [~~and~~]

5                   (2) the deed conveying the property to the purchaser  
6 is void; and

7                   (3) any lien on the property extinguished by the tax  
8 sale is reinstated on the property effective as of the date on which  
9 the lien originally attached to the property.

10           SECTION 3. The changes in law made by this Act apply only to  
11 an ad valorem tax sale conducted on or after the effective date of  
12 this Act. An ad valorem tax sale conducted before the effective  
13 date of this Act is governed by the law as it existed immediately  
14 before the effective date of this Act, and that law is continued in  
15 effect for that purpose.

16           SECTION 4. This Act takes effect September 1, 2007.