

By: Leibowitz

H.B. No. 1649

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to requiring notice by a seller of real property of  
3 potential annexation of the property by a municipality.

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

5 SECTION 1. Section 5.011(d), Property Code, is amended to  
6 read as follows:

7 (d) In addition to the [~~If the~~] notice required by [~~is~~  
8 ~~delivered as provided by~~] this section, the seller is required to  
9 provide the notice required by Section 5.0111 [~~has no duty to~~  
10 ~~provide additional information regarding the possible annexation~~  
11 ~~of the property by a municipality~~].

12 SECTION 2. Subchapter A, Chapter 5, Property Code, is  
13 amended by adding Section 5.0111 to read as follows:

14 Sec. 5.0111. SELLER'S DISCLOSURE REGARDING ANNEXATION  
15 PLAN. (a) In addition to the notice required by Section 5.011, if  
16 the seller has received written notice from a municipality under  
17 Section 43.052, Local Government Code, that the property is  
18 included in the municipality's annexation plan, then the seller  
19 shall notify the purchaser in writing that the seller has received  
20 notice of potential annexation from the municipality.

21 (b) The seller shall deliver the notice to the purchaser  
22 before the date the executory contract binds the purchaser to  
23 purchase the property. The notice may be given separately, as part  
24 of the contract during negotiations, or as part of any other notice

1 the seller delivers to the purchaser.

2 (c) This section does not apply to a transfer:

3 (1) under a court order or foreclosure sale;

4 (2) by a trustee in bankruptcy;

5 (3) to a mortgagee by a mortgagor or successor in  
6 interest or to a beneficiary of a deed of trust by a trustor or  
7 successor in interest;

8 (4) by a mortgagee or a beneficiary under a deed of  
9 trust who has acquired the land at a sale conducted under a power of  
10 sale under a deed of trust or a sale under a court-ordered  
11 foreclosure or has acquired the land by a deed in lieu of  
12 foreclosure;

13 (5) by a fiduciary in the course of the administration  
14 of a decedent's estate, guardianship, conservatorship, or trust;

15 (6) from one co-owner to another co-owner of an  
16 undivided interest in the real property;

17 (7) to a spouse or a person in the lineal line of  
18 consanguinity of the seller;

19 (8) to or from a governmental entity;

20 (9) of only a mineral interest, leasehold interest, or  
21 security interest; or

22 (10) of real property that is located wholly within a  
23 municipality's corporate boundaries.

24 (d) If an executory contract is entered into without the  
25 seller providing the notice required by this section, the purchaser  
26 may terminate the contract for any reason before the earlier of:

27 (1) the eighth day after the date the purchaser

1 receives the notice; or

2 (2) the date the transfer occurs.

3 SECTION 3. This Act applies only to a transfer of property  
4 that occurs on or after the effective date of this Act. A transfer  
5 of property that occurs before the effective date of this Act is  
6 covered by the law in effect at the time the transfer occurs, and  
7 the former law is continued in effect for that purpose. For the  
8 purposes of this section, a transfer of property occurs before the  
9 effective date of this Act if the contract binding the purchaser to  
10 purchase the property is executed before that date.

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