

By: Gallego

H.B. No. 2207

A BILL TO BE ENTITLED

AN ACT

relating to the conveyance of certain residential real property encumbered by a lien.

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

SECTION 1. Subchapter A, Chapter 5, Property Code, is amended by adding Section 5.016 to read as follows:

Sec. 5.016. CONVEYANCE OF RESIDENTIAL PROPERTY ENCUMBERED BY LIEN. (a) This section does not apply to a sale of residential real property where the purchaser of real property obtains a title insurance policy or a commitment for title insurance insuring the transfer of title to the real property.

(b) A person may not sell residential real property that is encumbered by a recorded lien unless, on or before the seventh day before the effective date of an executory contract binding the purchaser to purchase the property, the person provides the purchaser and each lienholder a written disclosure statement in at least 12-point type that:

(1) conspicuously identifies the seller, lienholder, and purchaser and includes the name, address, and phone number of the lienholder if the lienholder is a person other than the seller;

(2) states the amount of the debt that is secured by each lien;

(3) specifies the terms of any contract or law under which the debt that is secured by the lien was incurred, including,

1 as applicable:

2 (A) the rate of interest;

3 (B) the periodic installments required to be
4 paid; and

5 (C) the account number; and

6 (4) indicates whether the lienholder has consented to
7 the transfer of the property to the purchaser.

8 (c) A statement provided under this section must be in the
9 language used by the parties to negotiate the transaction.

10 (d) Except as provided by Subsection (e), a violation of
11 this section is a false, misleading, or deceptive act or practice
12 within the meaning of Section 17.46, Business & Commerce Code, and
13 is actionable in a public or private suit brought under Subchapter
14 E, Chapter 17, Business & Commerce Code.

15 (e) A violation of this section is not actionable if the
16 person required to give notice reasonably believes and takes any
17 necessary action to ensure that each lien for which notice was not
18 provided will be released on or before the 30th day after the date
19 on which title to the property is transferred.

20 SECTION 2. The change in law made by this Act applies only
21 to a transfer of property that occurs on or after the effective date
22 of this Act. For the purposes of this section, a transfer of
23 property occurs before the effective date of this Act if the
24 executory contract binding the purchaser to purchase the property
25 is executed before that date. Property transferred before the
26 effective date of this Act is governed by the law in effect
27 immediately before the effective date of this Act, and that law is

1 continued in effect for that purpose.

2 SECTION 3. This Act takes effect January 1, 2008.