

By: Darby, Menendez

H.B. No. 2403

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting fees for future transfers of real property.

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. FEE FOR FUTURE TRANSFERS OF REAL PROPERTY PROHIBITED. (a) A deed restriction or other covenant running with the land applicable to the transfer of real property that requires a transferee of real property or the transferee's heirs, successors, or assigns to pay a declarant or other person imposing the deed restriction or covenant on the property or a third party designated by a transferor of the property, other than a properly created property owners' association or its agent, a fee in connection with a future transfer of the property is prohibited. A deed restriction or other covenant running with the land that violates this section or a lien purporting to secure a right under a deed restriction or other covenant running with the land that violates this section is void and unenforceable. For purposes of this section, a transfer of real property includes a conveyance or other transfer of an interest or estate in real property.

(b) This section does not apply to a fee associated with the transfer of property in a subdivision that is managed or regulated by a property owners' association and that contains more than one platted lot.

1 SECTION 2. The change in law made by this Act applies only
2 to a transfer of property that occurs on or after the effective date
3 of this Act. A transfer of property that occurs before the
4 effective date of this Act is covered by the law in effect
5 immediately before that date, and that law remains in effect for
6 that purpose. For the purposes of this section, a transfer of
7 property occurs before the effective date of this Act if an
8 executory contract binding a purchaser to purchase the property is
9 executed before that date.

10 SECTION 3. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2007.