

By: Darby

H.B. No. 2403

Substitute the following for H.B. No. 2403:

By: Zedler

C.S.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 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 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.

SECTION 2. The change in law made by this Act applies only to a transfer of property that occurs on or after the effective date of this Act. A transfer of property that occurs before the effective date of this Act is covered by the law in effect immediately before that date, and that law remains in effect for

1 that purpose. For the purposes of this section, a transfer of
2 property occurs before the effective date of this Act if an
3 executory contract binding a purchaser to purchase the property is
4 executed before that date.

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