

By: Ellis

S.B. No. 1757

A BILL TO BE ENTITLED

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AN ACT

relating to certain real property transactions involving certain land banks.

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

SECTION 1. Subsection (a), Section 379D.010, Local Government Code, is amended to read as follows:

(a) The land bank shall impose deed restrictions with appropriate terms and conditions on property sold to qualified participating developers and eligible adjacent property owners that require:

(1) the development and sale or rental of the property to low income households, if the property is sold to a qualified participating developer; or

(2) the use of the property to be consistent and compatible with the residential character of the neighborhood and any applicable standards for use adopted by the land bank, if the property is sold to an eligible adjacent property owner.

SECTION 2. Section 379D.011, Local Government Code, is amended to read as follows:

Sec. 379D.011. RIGHT OF FIRST REFUSAL IN ELIGIBLE ADJACENT PROPERTY OWNERS; CONDITIONS OF PURCHASE. (a) Property acquired by the land bank shall be offered for sale, at fair market value as determined by the appraisal district in which the property is located, to eligible adjacent property owners under a right of

1 first refusal on terms and conditions developed by the land bank  
2 that are consistent with this chapter.

3 (b) To be eligible to exercise a right of first refusal  
4 under this section, an owner of property adjacent to property  
5 acquired by the land bank:

6 (1) must have owned and continuously occupied that  
7 property for at least the five preceding years as that person's  
8 principal residence; and

9 (2) must meet any eligibility requirements adopted by  
10 the land bank.

11 (c) An adjacent property owner who purchases property under  
12 this section may not lease, sell, or otherwise transfer the  
13 property to another party before the 10th anniversary of the date  
14 the adjacent property owner purchases the property. This  
15 prohibition does not apply to a transfer of property, as allowed by  
16 policies adopted by the land bank:

17 (1) to a family member of the adjacent property owner;  
18 or

19 (2) in the case of the death of the adjacent property  
20 owner.

21 SECTION 3. Chapter 379D, Local Government Code, is amended  
22 by adding Section 379D.015 to read as follows:

23 Sec. 379D.015. EFFECT OF SALE TO LAND BANK OR SUBSEQUENT  
24 PURCHASERS OR LENDERS FOR VALUE; LIMITATION ON CERTAIN CAUSES OF  
25 ACTION. After the first anniversary of a sale of property to a land  
26 bank under this chapter:

27 (1) a third party, other than a qualified

1 participating developer or eligible adjacent property owner who  
2 purchased the property from the land bank under this chapter or a  
3 person with a cause of action based on a right, title, interest, or  
4 other claim described by Subdivision (2)(A)(ii), may not bring a  
5 cause of action to set aside or otherwise challenge the sale of the  
6 property to the land bank, including a cause of action that is  
7 brought against:

8 (A) a qualified participating developer or  
9 eligible adjacent property owner who purchases property from the  
10 land bank under Section 379D.009 or 379D.011, as applicable; or

11 (B) any other subsequent purchaser for value or  
12 lender for value; and

13 (2) a qualified participating developer or eligible  
14 adjacent property owner who purchases property from a land bank  
15 under this chapter or any other subsequent purchaser for value or,  
16 if applicable, a lender for a developer, owner, or purchaser  
17 described by this subdivision or any other subsequent lender for  
18 value:

19 (A) has, with the following characteristics, a  
20 full title to the property:

21 (i) except as provided by Subparagraph  
22 (ii), the title is not subject to any right, title, interest, or  
23 other claim a person acquired in the property before or after the  
24 sale of the property to the land bank, including a right of first  
25 refusal, right of second refusal, and any other right, title,  
26 interest, or other claim provided by this chapter, other than the  
27 right of reverter provided by Section 379D.009(d); and

1                   (ii) the title is subject only to:

2                   (a) the recorded restrictive  
3 covenants, liens, and valid easements of record described by  
4 Section 34.01(n), Tax Code;

5                   (b) any rights of redemption  
6 applicable to the property;

7                   (c) any cause of action to impeach the  
8 property deed based on a claim of fraud;

9                   (d) the right of reverter provided by  
10 Section 379D.009(d) and the recorded deed restrictions described by  
11 Section 379D.010; and

12                   (e) any right, title, interest, or  
13 other claim with respect to the property that arose after the sale  
14 of the property to the land bank under a law other than this  
15 chapter; and

16                   (B) may conclusively presume that:

17                   (i) the sale of the property to the land  
18 bank under this chapter was valid; and

19                   (ii) a mortgage on or a subsequent sale of  
20 the property complies with this chapter and is subject only to a  
21 right, title, interest, or other claim provided by Paragraph  
22 (A)(ii).

23                   SECTION 4. Section 379D.015, Local Government Code, as  
24 added by this Act, applies only to a cause of action that accrues on  
25 or after the effective date of this Act and concerns property that  
26 is first purchased by a land bank under Section 379D.015, Local  
27 Government Code, on or after the effective date of this Act.

1 SECTION 5. This Act takes effect September 1, 2007.