

By: Ellis

S.B. No. 1757

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the effect of the sale of real property to certain land
3 banks on certain causes of action.

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

5 SECTION 1. Section 379D.010, Local Government Code, is
6 amended by amending Subsection (a) and adding Subsection (e) to
7 read as follows:

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

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

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

19 (e) Subsections (b), (c), and (d) do not apply to property
20 sold to an eligible adjacent property owner.

21 SECTION 2. 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 FOR VALUE; LIMITATION ON CERTAIN CAUSES OF ACTION.

1 After the first anniversary of a sale of property to a land bank
2 under this chapter:

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

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

14 (B) any other subsequent purchaser for value; and

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

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

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 3. 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 4. This Act takes effect September 1, 2007.