

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting a restrictive covenant granting a right of first refusal to a property owners' association in certain circumstances.

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

SECTION 1. Chapter 202, Property Code, is amended by adding Section 202.008 to read as follows:

Sec. 202.008. RIGHT OF FIRST REFUSAL PROHIBITED. (a) In this section, "development period" means a period stated in a declaration during which a declarant reserves:

(1) a right to facilitate the development, construction, and marketing of the subdivision;

(2) a right to direct the size, shape, and composition of the subdivision; or

(3) any other right customarily reserved by a declarant for the benefit of developers and builders.

(b) To the extent a restrictive covenant provides a right of first refusal for the sale or lease of a residential unit or residential lot in favor of the property owners' association or the association's members, the covenant is void.

(c) This section does not apply to a restrictive covenant that provides a right of first refusal in favor of a developer or builder during the development period.

SECTION 2. Section 202.008, Property Code, as added by this

1 Act, applies to a deed restriction enacted before, on, or after the
2 effective date of this Act.

3 SECTION 3. This Act takes effect January 1, 2010.