

By: West

S.B. No. 235

A BILL TO BE ENTITLED

AN ACT

1
2 relating to prohibiting a restrictive covenant granting a right of
3 first refusal to a property owners' association in certain
4 circumstances.

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

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

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

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

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

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

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

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

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

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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.