

By: Rodriguez of Travis

H.B. No. 2527

A BILL TO BE ENTITLED

1 AN ACT
2 relating to disclosure of the nature and remediation of
3 construction defects in residences that certain contractors
4 repurchase because of the defects and subsequently resell.

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

6 SECTION 1. Sections 27.001(4) and (5), Property Code, are
7 amended to read as follows:

8 (4) "Construction defect" [~~has the meaning assigned by~~
9 ~~Section 401.004 for an action to which Subtitle D, Title 16, applies~~
10 ~~and for any other action~~] means a matter concerning the design,
11 construction, or repair of a new residence, of an alteration of or
12 repair or addition to an existing residence, or of an appurtenance
13 to a residence, on which a person has a complaint against a
14 contractor. The term may include any physical damage to the
15 residence, any appurtenance, or the real property on which the
16 residence and appurtenance are affixed proximately caused by a
17 construction defect.

18 (5) "Contractor":

19 (A) means:

20 (i) a person [~~builder, as defined by~~
21 ~~Section 401.003,~~] contracting with an owner for the construction or
22 repair of a new residence, for the repair or alteration of or an
23 addition to an existing residence, or for the construction, sale,
24 alteration, addition, or repair of an appurtenance to a new or

1 existing residence;

2 (ii) any person contracting with a
3 purchaser for the sale of a new residence constructed by or on
4 behalf of that person; or

5 (iii) a person contracting with an owner or
6 the developer of a condominium for the construction of a new
7 residence, for an alteration of or an addition to an existing
8 residence, for repair of a new or existing residence, or for the
9 construction, sale, alteration, addition, or repair of an
10 appurtenance to a new or existing residence; and

11 (B) includes:

12 (i) an owner, officer, director,
13 shareholder, partner, or employee of the contractor; and

14 (ii) a risk retention group registered
15 under Chapter 2201 [~~Article 21.54~~], Insurance Code, that insures
16 all or any part of a contractor's liability for the cost to repair a
17 residential construction defect.

18 SECTION 2. Chapter 27, Property Code, is amended by adding
19 Section 27.008 to read as follows:

20 Sec. 27.008. REQUIRED FULL DISCLOSURE CONCERNING DEFECTIVE
21 RESIDENCE REPURCHASED AND RESOLD BY CONTRACTOR. (a) This section
22 applies only to a contractor described by Sections 27.001(5)(A)(i)
23 and (iii).

24 (b) Before a contract may be executed or money exchanged
25 between a contractor and a buyer for purchase of a residence that,
26 because of one or more construction defects in the residence, the
27 contractor repurchased from a person who had previously bought the

1 residence from the contractor, the contractor must provide to the
2 buyer a document that fully discloses the nature of and the
3 contractor's remediation of each of those construction defects.

4 (c) In addition to disclosing the nature of each
5 construction defect and the remediation work performed, the
6 disclosure under Subsection (b) must include information
7 disclosing:

8 (1) any product installed in the residence relating to
9 the remediation;

10 (2) the care and component warranty of each remedial
11 product;

12 (3) building standards used in performing the
13 remediation; and

14 (4) any risk or hazard of the residence after
15 remediation.

16 SECTION 3. Section 27.008, Property Code, as added by this
17 Act, applies only to a contract executed by a contractor and a buyer
18 as described by Section 27.008, Property Code, as added by this Act,
19 on or after the effective date of this Act. A contract executed
20 before the effective date of this Act is governed by the law in
21 effect when the contract was executed, and the former law is
22 continued in effect for that purpose.

23 SECTION 4. This Act takes effect September 1, 2013.