

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1221
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A seller of residential real property located in Texas is required to give the purchaser of the property a written notice detailing the property's condition, containing, at a minimum, all of the items prescribed by Section 5.008 (Seller's Disclosure of Property Condition), Property Code, which includes, but is not limited to, the disclosure of known defects, repairs made without necessary permits, and whether the property is subject to a homeowners' association. Disclosure of these items better informs a potential buyer of the condition of the property and what the buyer may encounter after closing. At this time, a seller is not required to disclose whether the real property is located in an area subject to groundwater regulation, despite the significant impact this may have on the buyer's ability to draw groundwater.

This bill amends Section 5.008(b) of the Property Code to include disclosure of whether any portion of the property is located in a groundwater conservation district, a subsidence district, or other special purpose district with the authority to regulate the withdrawal of groundwater.

C.S.H.B. 1221 amends current law relating to seller's disclosures in connection with residential real property subject to groundwater regulation.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5.008(b), Property Code, to require that a seller's disclosure be executed and, at a minimum, read substantially similar to the notice as set forth.

SECTION 2. Provides that Section 5.008(b), Property Code, as amended by this Act, applies only to a transfer of property that occurs on or after the effective date of this Act. Provides that a transfer of property that occurs before the effective date of this Act is governed by the law applicable to the transfer immediately before that date, and the former law is continued in effect for that purpose. Provides that for purposes of this section, a transfer of property occurs before the effective date of this Act if the contract binding the purchaser to purchase the property is executed before that date.

SECTION 3. Effective date: January 1, 2016.