

AN ACT

relating to an executory contract for the conveyance of real property; providing a civil penalty.

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

SECTION 1. Section 5.062(e), Property Code, is amended to read as follows:

(e) Sections 5.066, 5.067, 5.071, 5.075, 5.079, 5.081, and 5.082 do not apply to an executory contract described by Subsection (a)(2).

SECTION 2. Section 5.064, Property Code, is amended to read as follows:

Sec. 5.064. SELLER'S REMEDIES ON DEFAULT. A seller may enforce the remedy of rescission or of forfeiture and acceleration against a purchaser in default under an executory contract for conveyance of real property only if:

(1) the seller notifies the purchaser of:

(A) the seller's intent to enforce a remedy under this section; and

(B) the purchaser's right to cure the default within the 30-day period described by Section 5.065;

(2) the purchaser fails to cure the default within the 30-day period described by Section 5.065; ~~and~~

(3) Section 5.066 does not apply; and

(4) the contract has not been recorded in the county in

1 which the property is located.

2 SECTION 3. Section 5.066(a), Property Code, is amended to
3 read as follows:

4 (a) If a purchaser defaults after the purchaser has paid 40
5 percent or more of the amount due or the equivalent of 48 monthly
6 payments under the executory contract or, regardless of the amount
7 the purchaser has paid, the executory contract has been recorded,
8 the seller is granted the power to sell, through a trustee
9 designated by the seller, the purchaser's interest in the property
10 as provided by this section. The seller may not enforce the remedy
11 of rescission or of forfeiture and acceleration after the contract
12 has been recorded.

13 SECTION 4. Section 5.070, Property Code, is amended by
14 adding Subsection (d) to read as follows:

15 (d) If the executory contract is recorded, the seller is not
16 required to continue insuring the property.

17 SECTION 5. Section 5.076, Property Code, is amended by
18 adding Subsection (e) to read as follows:

19 (e) A seller who violates this section is liable to the
20 purchaser in the same manner and for the same amount as a seller who
21 violates Section 5.079 is liable to a purchaser, except the damages
22 may not exceed \$500 for each calendar year of noncompliance. This
23 subsection does not limit or affect any other rights or remedies a
24 purchaser has under other law.

25 SECTION 6. Section 5.077, Property Code, is amended by
26 adding Subsection (e) to read as follows:

27 (e) The requirements of this section continue to apply after

1 a purchaser obtains title to the property by conversion or any other
2 process.

3 SECTION 7. Section 5.079(a), Property Code, is amended to
4 read as follows:

5 (a) A recorded executory contract shall be the same as a
6 deed with a vendor's lien. The vendor's lien is for the amount of
7 the unpaid contract price, less any lawful deductions, and may be
8 enforced by foreclosure sale under Section 5.066 or by judicial
9 foreclosure. A general warranty is implied unless otherwise
10 limited by the recorded executory contract. If an executory
11 contract has not been recorded or converted under Section 5.081,
12 the [The] seller shall transfer recorded, legal title of the
13 property covered by the executory contract to the purchaser not
14 later than the 30th day after the date the seller receives the
15 purchaser's final payment due under the contract.

16 SECTION 8. Section 5.081, Property Code, is amended by
17 amending Subsection (a) and adding Subsection (h) to read as
18 follows:

19 (a) A purchaser, at any time and without paying penalties or
20 charges of any kind, is entitled to convert the purchaser's
21 interest in property under an executory contract into recorded,
22 legal title in accordance with this section, regardless of whether
23 the seller has recorded the executory contract.

24 (h) This section may not be construed to limit the
25 purchaser's interest in the property established by other law, if
26 any, or any other rights of the purchaser under this subchapter.

27 SECTION 9. (a) The changes in law made by this Act to

1 Sections 5.064 and 5.066, Property Code, apply only to a default
2 that occurs on or after the effective date of this Act. A default
3 that occurred before the effective date of this Act is governed by
4 the law in effect on the date the default occurred, and that law is
5 continued in effect for that purpose.

6 (b) Sections 5.079 and 5.081, Property Code, as amended by
7 this Act, apply to an executory contract entered into before, on, or
8 after the effective date of this Act.

9 (c) The changes in law made by this Act to Sections 5.070 and
10 5.076, Property Code, apply to an executory contract entered into
11 on or after the effective date of this Act. An executory contract
12 entered into before the effective date of this Act is governed by
13 the law in effect on the date the contract was entered into, and
14 that law is continued in effect for that purpose.

15 (d) The changes in law made by this Act to Section 5.077,
16 Property Code, apply to an executory contract that is converted to
17 transfer legal title on or after the effective date of this Act. An
18 executory contract that is converted to transfer legal title before
19 the effective date of this Act is governed by the law in effect on
20 the date the contract was entered into, and that law is continued in
21 effect for that purpose.

22 SECTION 10. This Act takes effect September 1, 2015.

President of the Senate

Speaker of the House

I certify that H.B. No. 311 was passed by the House on April 23, 2015, by the following vote: Yeas 132, Nays 7, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 311 on May 26, 2015, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 311 on May 30, 2015, by the following vote: Yeas 131, Nays 11, 3 present, not voting.

Chief Clerk of the House

H.B. No. 311

I certify that H.B. No. 311 was passed by the Senate, with amendments, on May 22, 2015, by the following vote: Yeas 27, Nays 3; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 311 on May 30, 2015, by the following vote: Yeas 26, Nays 4, 1 present, not voting.

Secretary of the Senate

APPROVED: _____

Date

Governor