

## **BILL ANALYSIS**

C.S.H.B. 3815  
By: Morrison  
Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There are concerns that there is a lack of knowledge that certain homes are located in a floodplain. C.S.H.B. 3815 seeks to address this concern by making information regarding a property's susceptibility to flooding more readily available.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3815 amends the Property Code to require the disclosure of a property's condition that a seller of residential real property is required to give to the purchaser of the property to include notice of whether:

- the seller is aware of conditions relating to the property's:
  - present flood insurance coverage,
  - previous flooding due to a failure or breach of a reservoir or a controlled or emergency release of water from a reservoir, or
  - previous water penetration into a structure on the property due to a natural flood event;
- the seller is aware the property is located wholly or partly in a 100-year floodplain, 500-year floodplain, floodway, flood pool, or reservoir, as well as a requirement to explain the meaning of applicable terms;
- the seller has ever filed a claim for flood damage to the property with any insurance provider, as well as a requirement, if such a claim has been filed, to supply additional information, including information relating to the requirement that a home in high risk flood zones with federally regulated or insured lenders have flood insurance; and
- the seller has ever received assistance from FEMA or the U.S. Small Business Administration for flood damage to the property, as well as a requirement to supply additional information if such assistance has been received.

The bill defines "100-year floodplain," "500-year floodplain," "flood insurance rate map," "floodway," "flood pool," and "reservoir," as those terms are defined by the bill for purposes of the applicable notices.

**EFFECTIVE DATE**

September 1, 2019.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3815 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute contains similar increased notice provisions but includes these provisions in the standard disclosure notice a seller of residential real property is required give to the purchaser of the property rather than in a separate document as provided by the original. The substitute includes a provision requiring the notice to include disclosure, if applicable, relating to the requirement that a home in a high risk flood zone with federally regulated or insured lenders have flood insurance.

The substitute changes the definitions of "100-year floodplain" and "500-year floodplain" and includes a definition for "floodway."

The substitute does not include provisions relating to information that must be recorded in subdivision plats.