

By: Hughes

S.B. No. 977

A BILL TO BE ENTITLED

AN ACT

relating to the authority to transfer real property in the name of an entity.

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

SECTION 1. Chapter 12, Property Code, is amended by adding Section 12.019 to read as follows:

Sec. 12.019. AFFIDAVIT OF AUTHORITY TO TRANSFER. (a) In this section, "domestic entity," "foreign entity," and "jurisdiction of formation" have the meanings assigned by Section 1.002, Business Organizations Code.

(b) A domestic entity or foreign entity that is active or in good standing under the laws of the entity's jurisdiction of formation may execute and record an affidavit identifying an individual with authority to transfer on behalf of the entity an estate or interest in real property in the name of the entity.

(c) An estate or interest in real property in the name of a domestic entity or foreign entity may be transferred by an individual identified as authorized to do so in an affidavit described by Subsection (b).

(d) An affidavit described by Subsection (b) must:

(1) be executed under penalty of perjury by an individual who swears that the individual:

(A) is at least 18 years of age;

(B) is authorized to act on behalf of the entity;

1 (C) is fully competent to execute the affidavit;

2 and

3 (D) understands that:

4 (i) third parties will rely on the
5 truthfulness of the statements made in the affidavit; and

6 (ii) the affidavit is made under penalty of
7 perjury; and

8 (2) state:

9 (A) the name of the domestic entity or foreign
10 entity that holds title to the real property and that the entity is
11 active or in good standing under the laws of the entity's
12 jurisdiction of formation;

13 (B) the address, including street address, of the
14 domestic entity's or foreign entity's principal place of business
15 in this state or, if the entity does not have a principal place of
16 business in this state, the address of the entity's principal place
17 of business in the state or country that is the entity's
18 jurisdiction of formation;

19 (C) the legal description of the real property an
20 estate or interest in which is to be transferred and specify the
21 nature of the transfer authorized; and

22 (D) the name and title of a person authorized to
23 transfer on the entity's behalf an estate or interest in the real
24 property described in the affidavit.

25 (e) Except as provided by Subsection (f), the individual
26 executing an affidavit described by Subsection (b) may not be the
27 individual authorized to transfer an estate or interest in the real

1 property described in the affidavit.

2 (f) The individual executing the affidavit described by
3 Subsection (b) may be the individual identified as authorized in
4 the affidavit if:

5 (1) the entity is a for-profit corporation and the
6 affidavit includes a representation by the affiant that the affiant
7 is the sole shareholder, director, and officer of the corporation;
8 or

9 (2) the entity is a limited liability company and the
10 affidavit includes a representation by the affiant that the affiant
11 is the sole member and manager of the limited liability company.

12 (g) The affidavit may be recorded in the county clerk's
13 office in the county in which the real property is located. The
14 county clerk may collect a fee for recording an affidavit under this
15 section in the amount authorized for recording a transfer of real
16 property.

17 (h) An affidavit that complies with this section and is
18 filed as authorized by Subsection (g) is conclusive proof of the
19 factual matters stated in the affidavit. A bona fide purchaser or
20 mortgagee for value, a successor or assign of a bona fide purchaser
21 or mortgagee for value, or a title insurance company may rely
22 conclusively on the affidavit.

23 (i) A person who in good faith acts in reliance on an
24 affidavit that complies with this section and is filed as
25 authorized by Subsection (g), without knowledge that the
26 representations contained in the affidavit are incorrect, is not
27 liable to any person for that act and may assume without inquiry the

1 existence of the facts contained in the affidavit.

2 SECTION 2. This Act takes effect September 1, 2019.