By:  Holland, et al. (Senate Sponsor - Hughes) H.B. No. 1993

(In the Senate - Received from the House April 21, 2021; May 4, 2021, read first time and referred to Committee on Business & Commerce; May 21, 2021, reported favorably by the following vote: Yeas 6, Nays 0; May 21, 2021, sent to printer.)

COMMITTEE VOTE

                    Yea Nay Absent  PNV

Hancock              X

Nichols                        X

Campbell             X

Creighton            X

Johnson              X

Menéndez             X

Paxton               X

Schwertner                     X

Whitmire                       X

A BILL TO BE ENTITLED

AN ACT

relating to certain seller's disclosures for the sale of residential real property.

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

SECTION 1.  Section 5.008(b), Property Code, is amended to read as follows:

(b)  The notice must be executed and must, at a minimum, read substantially similar to the following:

SELLER'S DISCLOSURE NOTICE

CONCERNING THE PROPERTY AT \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

                           (Street Address and City)

THIS NOTICE IS A DISCLOSURE OF SELLER'S KNOWLEDGE OF THE CONDITION OF THE PROPERTY AS OF THE DATE SIGNED BY SELLER AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THE PURCHASER MAY WISH TO OBTAIN. IT IS NOT A WARRANTY OF ANY KIND BY SELLER OR SELLER'S AGENTS.

Seller \_\_ is \_\_ is not occupying the Property.

If unoccupied, how long since Seller has occupied the Property?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1.  The Property has the items checked below:

Write Yes (Y), No (N), or Unknown (U).

|  |
| --- |
|  |
| \_\_ Range |  | \_\_ Oven |  | \_\_ Microwave |
| \_\_ Dishwasher |  | \_\_ Trash Compactor |  | \_\_ Disposal |
| \_\_ Washer/Dryer |  | \_\_ Window |  | \_\_ Rain Gutters |
| Hookups |  | Screens |  |  |
| \_\_ Security |  | \_\_ Fire Detection |  | \_\_ Intercom |
| System |  | Equipment |  | System |
|  |  | \_\_ Smoke Detector |  |  |
|  |  | \_\_ Smoke Detector - |  |  |
|  |  | Hearing Impaired |  |  |
|  |  | \_\_ Carbon Monoxide |  |  |
|  |  | Alarm |  |  |
|  |  | \_\_ Emergency Escape |  |  |
|  |  | Ladder(s) |  |  |
| \_\_ TV Antenna |  | \_\_ Cable TV |  | \_\_ Satellite |
|  |  | Wiring |  | Dish |
| \_\_ Ceiling Fan(s) |  | \_\_ Attic Fan(s) |  | \_\_ Exhaust |
|  |  |  |  | Fan(s) |
| \_\_ Central A/C |  | \_\_ Central Heating |  | \_\_ Wall/Window |
|  |  |  |  | Air |
|  |  |  |  | Conditioning |
| \_\_ Plumbing System |  | \_\_ Septic System |  | \_\_ Public Sewer |
|  |  |  |  | System |
| \_\_ Patio/Decking |  | \_\_ Outdoor Grill |  | \_\_ Fences |
| \_\_ Pool |  | \_\_ Sauna |  | \_\_ Spa |
|  |  |  |  | \_\_ Hot Tub |
| \_\_ Pool Equipment |  | \_\_ Pool Heater |  | \_\_ Automatic Lawn |
|  |  |  |  | Sprinkler |
|  |  |  |  | System |
| \_\_ Fireplace(s) & |  |  |  | \_\_ Fireplace(s) & |
| Chimney |  |  |  | Chimney |
| (Woodburning) |  |  |  | (Mock) |
| \_\_ Natural Gas Lines |  |  |  | \_\_ Gas Fixtures |
| \_\_ Liquid Propane Gas: |  | \_\_ LP Community |  | \_\_ LP on Property |
|  |  | (Captive) |  |  |
| \_\_ Fuel Gas Piping: |  | \_\_ Black Iron Pipe |  | \_\_ Corrugated |
|  |  | \_\_ Copper |  | Stainless Steel |
|  |  |  |  | Tubing |
| Garage: \_\_ Attached |  | \_\_ Not Attached |  | \_\_ Carport |
| Garage Door Opener(s): |  | \_\_ Electronic |  | \_\_ Control(s) |
| Water Heater: |  | \_\_ Gas |  | \_\_ Electric |
| Water Supply: \_\_ City |  | \_\_ Well \_\_ MUD |  | \_\_ Co-op |

Roof Type:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Age:  \_\_\_\_\_(approx)

Are you (Seller) aware of any of the above items that are not in working condition, that have known defects, or that are in need of repair?  \_\_ Yes  \_\_ No  \_\_ Unknown.

If yes, then describe.  (Attach additional sheets if necessary):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2.  Does the property have working smoke detectors installed in accordance with the smoke detector requirements of Chapter 766, Health and Safety Code?\*  \_\_ Yes  \_\_ No  \_\_ Unknown.

If the answer to the question above is no or unknown, explain.  (Attach additional sheets if necessary):

\*Chapter 766 of the Health and Safety Code requires one-family or two-family dwellings to have working smoke detectors installed in accordance with the requirements of the building code in effect in the area in which the dwelling is located, including performance, location, and power source requirements.  If you do not know the building code requirements in effect in your area, you may check unknown above or contact your local building official for more information.  A buyer may require a seller to install smoke detectors for the hearing impaired if:  (1) the buyer or a member of the buyer's family who will reside in the dwelling is hearing impaired; (2) the buyer gives the seller written evidence of the hearing impairment from a licensed physician; and (3) within 10 days after the effective date, the buyer makes a written request for the seller to install smoke detectors for the hearing impaired and specifies the locations for installation.  The parties may agree who will bear the cost of installing the smoke detectors and which brand of smoke detectors to install.

3.  Are you (Seller) aware of any known defects/malfunctions in any of the following?

Write Yes (Y) if you are aware, write No (N) if you are not aware.

|  |
| --- |
|  |
| \_\_ Interior Walls |  | \_\_ Ceilings |  | \_\_ Floors |  |
| \_\_ Exterior Walls |  | \_\_ Doors |  | \_\_ Windows |  |
| \_\_ Roof |  | \_\_ Foundation/ |  | \_\_ Basement |  |
|  |  | Slab(s) |  |  |  |
| \_\_ Walls/Fences |  | \_\_ Driveways |  | \_\_ Sidewalks |  |
| \_\_ Plumbing/Sewers/ |  | \_\_ Electrical |  | \_\_ Lighting |  |
| Septics |  | Systems |  | Fixtures |  |

\_\_ Other Structural Components (Describe):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

If the answer to any of the above is yes, explain.  (Attach additional sheets if necessary):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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4.  Are you (Seller) aware of any of the following conditions?

Write Yes (Y) if you are aware, write No (N) if you are not aware.

|  |
| --- |
|  |
| \_\_ Active Termites |  | \_\_ Previous Structural |
| (includes |  | or Roof Repair |
| wood-destroying insects) |  |  |
| \_\_ Termite or Wood Rot Damage |  | \_\_ Hazardous or Toxic Waste |
| Needing Repair |
| \_\_ Previous Termite Damage |  | \_\_ Asbestos Components |
| \_\_ Previous Termite |  | \_\_ Urea formaldehyde |
| Treatment |  | Insulation |
|  |  | \_\_ Radon Gas |
| \_\_ Improper Drainage |  | \_\_ Lead Based Paint |
| \_\_ Water Damage Not Due to a |  | \_\_ Aluminum Wiring |
| Flood Event |
|  |  | \_\_ Previous Fires |
|  |
|  |  | \_\_ Unplatted Easements |
|  |
| \_\_ Landfill, Settling, Soil |  | \_\_ Subsurface |
| Movement, Fault Lines |  | Structure or Pits |
| \_\_ Single Blockable Main |  | \_\_ Previous Use of Premises |
| Drain in Pool/Hot |  | for Manufacture of |
| Tub/Spa\* |  | Methamphetamine |

If the answer to any of the above is yes, explain.  (Attach additional sheets if necessary):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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\*A single blockable main drain may cause a suction entrapment hazard for an individual.

5.  Are you (Seller) aware of any item, equipment, or system in or on the property that is in need of repair?  \_\_ Yes (if you are aware)  \_\_ No (if you are not aware).  If yes, explain (attach additional sheets as necessary). \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6.  Are you (Seller) aware of any of the following conditions?\*  Write Yes (Y) if you are aware, write No (N) if you are not aware.

\_\_  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

\_\_  Previous water penetration into a structure on the property due to a natural flood event

Write Yes (Y) if you are aware and check wholly or partly as applicable, write No (N) if you are not aware.

\_\_ Located ( ) wholly  ( ) partly in a 100-year floodplain (Special Flood Hazard Area-Zone A, V, A99, AE, AO, AH, VE, or AR)

\_\_ Located ( ) wholly  ( ) partly in a 500-year floodplain (Moderate Flood Hazard Area-Zone X (shaded))

\_\_ Located ( ) wholly  ( ) partly in a floodway

\_\_ Located ( ) wholly  ( ) partly in a flood pool

\_\_ Located ( ) wholly  ( ) partly in a reservoir

If the answer to any of the above is yes, explain (attach additional sheets as necessary):

\* For purposes of this notice:

"100-year floodplain" means any area of land that:

(A)  is identified on the flood insurance rate map as a special flood hazard area, which is designated as Zone A, V, A99, AE, AO, AH, VE, or AR on the map;

(B)  has a one percent annual chance of flooding, which is considered to be a high risk of flooding; and

(C)  may include a regulatory floodway, flood pool, or reservoir.

"500-year floodplain" means any area of land that:

(A)  is identified on the flood insurance rate map as a moderate flood hazard area, which is designated on the map as Zone X (shaded); and

(B)  has a two-tenths of one percent annual chance of flooding, which is considered to be a moderate risk of flooding.

"Flood pool" means the area adjacent to a reservoir that lies above the normal maximum operating level of the reservoir and that is subject to controlled inundation under the management of the United States Army Corps of Engineers.

"Flood insurance rate map" means the most recent flood hazard map published by the Federal Emergency Management Agency under the National Flood Insurance Act of 1968 (42 U.S.C. Section 4001 et seq.).

"Floodway" means an area that is identified on the flood insurance rate map as a regulatory floodway, which includes the channel of a river or other watercourse and the adjacent land areas that must be reserved for the discharge of a base flood, also referred to as a 100-year flood, without cumulatively increasing the water surface elevation more than a designated height.

"Reservoir" means a water impoundment project operated by the United States Army Corps of Engineers that is intended to retain water or delay the runoff of water in a designated surface area of land.

7.  Have you (Seller) ever filed a claim for flood damage to the property with any insurance provider, including the National Flood Insurance Program (NFIP)?\* \_\_ Yes  \_\_ No.  If yes, explain (attach additional sheets as necessary):

\*Homes in high risk flood zones with mortgages from federally regulated or insured lenders are required to have flood insurance.  Even when not required, the Federal Emergency Management Agency (FEMA) encourages homeowners in high risk, moderate risk, and low risk flood zones to purchase flood insurance that covers the structure(s) and the personal property within the structure(s).

8.  Have you (Seller) ever received assistance from FEMA or the U.S. Small Business Administration (SBA) for flood damage to the property? \_\_ Yes  \_\_ No.  If yes, explain (attach additional sheets as necessary):

9.  Are you (Seller) aware of any of the following?

Write Yes (Y) if you are aware, write No (N) if you are not aware.

|  |
| --- |
|  |
| \_\_ | Room additions, structural modifications, or other alterations or repairs made without necessary permits or not in compliance with building codes in effect at that time. |
| \_\_ | Homeowners' Association or maintenance fees or assessments. |
| \_\_ | Any "common area" (facilities such as pools, tennis courts, walkways, or other areas) co-owned in undivided interest with others. |
| \_\_ | Any notices of violations of deed restrictions or governmental ordinances affecting the condition or use of the Property. |
| \_\_ | Any lawsuits directly or indirectly affecting the Property. |
| \_\_ | Any condition on the Property which materially affects the physical health or safety of an individual. |
| \_\_ | Any rainwater harvesting system located on the property that is larger than 500 gallons and that uses a public water supply as an auxiliary water source. |
| \_\_ | Any portion of the property that is located in a groundwater conservation district or a subsidence district. |

If the answer to any of the above is yes, explain.  (Attach additional sheets if necessary):  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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10.  If the property is located in a coastal area that is seaward of the Gulf Intracoastal Waterway or within 1,000 feet of the mean high tide bordering the Gulf of Mexico, the property may be subject to the Open Beaches Act or the Dune Protection Act (Chapter 61 or 63, Natural Resources Code, respectively) and a beachfront construction certificate or dune protection permit may be required for repairs or improvements.  Contact the local government with ordinance authority over construction adjacent to public beaches for more information.

11.  This property may be located near a military installation and may be affected by high noise or air installation compatible use zones or other operations.  Information relating to high noise and compatible use zones is available in the most recent Air Installation Compatible Use Zone Study or Joint Land Use Study prepared for a military installation and may be accessed on the Internet website of the military installation and of the county and any municipality in which the military installation is located.

12.  Are you (Seller) aware of the property being located within a special district? \_\_\_\_ Yes if you are aware \_\_\_\_ No if you are not aware. If yes, provide the following information about each special district in which the property is located:

(A)  the name of the district; and

(B)  the dollar amount of any ad valorem taxes or special assessments imposed by the district for the preceding tax year. (Attach additional sheets if necessary):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_         \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date                     Signature of Seller

The undersigned purchaser hereby acknowledges receipt of the foregoing notice.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_         \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date                     Signature of Purchaser

SECTION 2.  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. 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. For the 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.  This Act takes effect September 1, 2021.

\* \* \* \* \*