

By: Bonnen

H.B. No. 2825

A BILL TO BE ENTITLED

AN ACT

relating to certain transactions involving real property located near military bases.

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

SECTION 1. Chapter 341, Finance Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. DUTIES REGARDING CERTAIN REAL ESTATE LOANS NEAR
MILITARY BASES

Sec. 341.701. DEFINITIONS. In this subchapter:

(1) "Commission" means the Texas Military Preparedness Commission.

(2) "Financial institution" means a bank, savings association, or credit union.

Sec. 341.702. APPLICABILITY. This subchapter applies only to a loan made by a financial institution for the purchase, development, or renovation of real property that is not zoned or intended to be used for residential use only.

Sec. 341.703. NOTICE AND REPORTING BY FINANCIAL INSTITUTIONS. (a) Prior to approving an application for a loan for real property located within 25 nautical miles of the boundaries of a military base located in this state, a financial institution shall determine if the applicant is a scrutinized company under Section 2270.0001(9), Government Code.

(b) If the financial institution determines that the

1 applicant is a scrutinized company and the loan would be for the
2 purchase or lease of real property, the financial institution shall
3 promptly provide notice of that fact to the seller or lessor of the
4 real property.

5 (c) Not later than December 31 of each year, a financial
6 institution shall submit a report to the commission that identifies
7 each loan made to a scrutinized company for real property located
8 within 25 nautical miles of the boundaries of a military base
9 located in this state.

10 (d) In making a determination under Subsection (a), a
11 financial institution may rely on the list maintained by the
12 comptroller under Section 2270.0201, Government Code.

13 (e) This section does not prohibit a financial institution
14 from approving an application for a loan submitted by or connected
15 to a scrutinized company.

16 SECTION 2. Chapter 2704, Insurance Code, is amended by
17 adding Subchapter D to read as follows:

18 SUBCHAPTER D. DUTIES REGARDING TITLE INSURANCE COVERING CERTAIN
19 AREAS NEAR MILITARY BASES

20 Sec. 2704.151. DEFINITIONS. In this subchapter,
21 "commission" means the Texas Military Preparedness Commission.

22 Sec. 2704.152. APPLICABILITY. This subchapter applies only
23 to a title insurance policy or contract issued by a title insurance
24 company for real property that is not zoned or intended to be used
25 for residential use only.

26 Sec. 2704.153. NOTICE AND REPORTING BY TITLE INSURANCE
27 COMPANIES. (a) Prior to approving an application for a title

1 insurance policy or contract in connection with real property
2 located within 25 nautical miles of the boundaries of a military
3 base located in this state, a title insurance company shall
4 determine if the applicant is a scrutinized company under Section
5 2270.0001(9), Government Code.

6 (b) If the title insurance company determines that the
7 applicant is a scrutinized company and the policy or contract would
8 be issued in connection with the purchase or lease of real property,
9 the title insurance company shall promptly provide notice of that
10 fact to the seller or lessor of the real property.

11 (c) Not later than December 31 of each year, a title
12 insurance company shall submit a report to the commission that
13 identifies each title insurance policy or contract entered into
14 with a scrutinized company for real property located within 25
15 nautical miles of the boundaries of a military base located in this
16 state.

17 (d) In making a determination under Subsection (a), a title
18 insurance company may rely on the list maintained by the
19 comptroller under Section 2270.0201, Government Code.

20 (e) This section does not prohibit a title insurance company
21 from approving an application for a title insurance policy or
22 contract submitted by or connected to a scrutinized company.

23 SECTION 3. Subchapter C, Chapter 436, Government Code, is
24 amended by adding Section 436.1031 to read as follows:

25 Sec. 436.1031. INFORMATION REGARDING CERTAIN TRANSACTIONS
26 INVOLVING REAL PROPERTY NEAR MILITARY BASES. (a) The commission
27 shall include in its biennial report in Section 436.103 a list of

1 the financial institutions and title insurance companies that have,
2 during the two preceding years, reported a transaction to the
3 commission under Section 341.703(c), Finance Code, or Section
4 2704.153(c), Insurance Code, and the scrutinized company involved
5 in each transaction.

6 (b) Except as provided in Subsection (a), a report made to
7 the commission by a financial institution or a title insurance
8 company under Section 341.703(c), Finance Code, or Section
9 2704.153(c), Insurance Code, is confidential and not subject to
10 disclosure under Chapter 552.

11 SECTION 4. The duties imposed under Subchapter H, Chapter
12 341, Finance Code, as added by this Act and Subchapter D, Chapter
13 2704, Insurance Code, as added by this Act apply only to an
14 application for a loan or title insurance policy or contract
15 received by a bank, savings association, credit union, or title
16 insurance company on or after the effective date of this Act.

17 SECTION 5. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2021.