

SENATE AMENDMENTS

2nd Printing

By: Murr, Lambert

H.B. No. 207

A BILL TO BE ENTITLED

AN ACT

relating to the exclusion of certain conveyances from classification as sham or pretended sales.

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

SECTION 1. Subchapter A, Chapter 41, Property Code, is amended by adding Section 41.0022 to read as follows:

Sec. 41.0022. CERTAIN CONVEYANCES NOT SHAM OR PRETENDED SALES. (a) In this section:

(1) "Entity" means a domestic or foreign:

(A) corporation, professional corporation, or professional association;

(B) limited liability company or professional limited liability company; or

(C) limited partnership.

(2) "Parcel" means one or more parcels.

(b) The conveyance of a parcel not meeting the definition of an urban homestead under Section 41.002(a) or (c) by an individual to an entity in which the individual or individual's spouse has a direct or indirect ownership interest is not a sham or pretended sale, including a pretended sale under Section 50(c), Article XVI, Texas Constitution, if:

(1) the deed conveying the parcel is recorded at least 30 days before the entity grants a mortgage, trust deed, or other lien on the parcel;

1 (2) the individual does not reside on the parcel at the
2 time of the conveyance;

3 (3) the parcel is not contiguous to the parcel on which
4 the individual resides;

5 (4) the deed conveying the parcel does not contain a
6 condition of defeasance; and

7 (5) the individual recorded contemporaneously with
8 the deed an affidavit substantially in the form prescribed by
9 Subsection (d).

10 (c) An individual executing a deed under Subsection (b) is
11 estopped from claiming that:

12 (1) the conveyance is a sham or pretended sale,
13 including a pretended sale under Section 50(c), Article XVI, Texas
14 Constitution; or

15 (2) the individual had not abandoned homestead rights,
16 if any, in the parcel by executing the deed.

17 (d) At the time of recording a deed under Subsection (b), an
18 individual grantor of the deed shall record an affidavit containing
19 the following:

20 (1) a title caption stating "Affidavit Regarding
21 Conveyance To An Entity";

22 (2) the date of the affidavit;

23 (3) a description of the deed containing:

24 (A) the title of the deed;

25 (B) the date of the deed;

26 (C) the name and address of the individual
27 grantor; and

- 1 (D) the name and address of the entity grantee;
2 (4) a description of the parcel being conveyed to the
3 entity;
4 (5) a description of the parcel upon which the
5 individual currently resides;
6 (6) a statement that the parcel being conveyed is not
7 contiguous to the parcel upon which the individual currently
8 resides;
9 (7) a statement that the parcel upon which the
10 individual currently resides is not:
11 (A) located within the limits of a municipality
12 or its extraterritorial jurisdiction or a platted subdivision; or
13 (B) served by police protection, paid or
14 volunteer fire protection, and at least three of the following
15 services provided by a municipality or under contract to a
16 municipality:
17 (i) electric;
18 (ii) natural gas;
19 (iii) sewer;
20 (iv) storm sewer; or
21 (v) water;
22 (8) a statement that:
23 (A) the individual is unmarried; or
24 (B) the individual is married, and including the
25 name of the individual's spouse;
26 (9) a statement that the individual or individual's
27 spouse owns a direct or indirect interest in the entity;

1 (10) a statement that the individual has executed the
2 deed conveying the parcel to the entity;

3 (11) a statement that the individual intends to vest
4 title in the entity;

5 (12) a statement that there are no written or oral
6 agreements regarding a defeasance of the parcel upon the passage of
7 time or occurrence or non-occurrence of any event;

8 (13) a statement that the individual acknowledges that
9 the individual will be estopped from claiming the conveyance to the
10 entity is a sham or pretended sale, including a pretended sale under
11 Section 50(c), Article XVI, Texas Constitution;

12 (14) a statement that the individual acknowledges that
13 the individual will be estopped from claiming the individual had
14 not abandoned homestead rights, if any, in the parcel by executing
15 the deed;

16 (15) a statement that the individual understands that
17 if the parcel is valued for ad valorem tax purposes as qualified
18 open-space land, the entity must reapply in its own name by the
19 applicable filing deadline; and

20 (16) a statement that the individual has had an
21 opportunity:

22 (A) to review the affidavit prior to the
23 affidavit's execution; and

24 (B) to consult with an attorney before the
25 affidavit's execution, whether or not the opportunity to consult
26 with an attorney was exercised.

27 (e) If the individual conveying a parcel under Subsection

1 (b) is married, the individual's spouse must join in the execution

2 of:

3 (1) the deed; and

4 (2) the affidavit described by Subsection (d).

5 (f) The entity or a lender for value may conclusively rely

6 on an affidavit described by Subsection (d).

7 SECTION 2. This Act takes effect September 1, 2023.

ADOPTED

By: Mayer Middleton

H.B. No. 207

Substitute the following for H.B. No. 207:

MAY 16 2023

By: Mayer Middleton

Lacey Spaw
Secretary of the Senate

S. H.B. No. 207

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11 professional association;

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19 direct or indirect ownership interest is not a sham or pretended
20 sale, including a pretended sale under Section 50(c), Article XVI,
21 Texas Constitution, if:

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23 30 days before the entity grants a mortgage, trust deed, or other
24 lien on the parcel;

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2 time of the conveyance;

3 (3) the parcel is not contiguous to the parcel on which
4 the individual resides;

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6 condition of defeasance; and

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12 or its extraterritorial jurisdiction or a platted subdivision; or
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14 volunteer fire protection, and at least three of the following
15 services provided by a municipality or under contract to a
16 municipality:
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7 time or occurrence or non-occurrence of any event;

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1 (b) is married, the individual's spouse must join in the execution
2 of:

3 (1) the deed; and

4 (2) the affidavit described by Subsection (d).

5 (f) The entity or a lender for value may conclusively rely
6 on an affidavit described by Subsection (d).

7 (g) Notwithstanding any other provision of this section, a
8 transaction that does not meet the requirements of this section is
9 not invalid if the homestead has been abandoned or disclaimed as
10 provided by other provisions of law.

11 SECTION 2. This Act takes effect September 1, 2023.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 17, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB207 by Murr (Relating to the exclusion of certain conveyances from classification as sham or pretended sales.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, SD, SZ, BRI

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 12, 2023

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB207** by Murr (relating to the exclusion of certain conveyances from classification as sham or pretended sales.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, SZ, BRI, SD

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 8, 2023

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB207 by Murr (Relating to the exclusion of certain conveyances from classification as sham or pretended sales.), **As Engrossed**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, SZ, SD, BRI

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 10, 2023

TO: Honorable Oscar Longoria, Chair, House Committee on Business & Industry

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB207** by Murr (Relating to the exclusion of certain conveyances from classification as sham or pretended sales.), **As Introduced**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, SZ, SD, BRI