

BILL ANALYSIS

Senate Research Center
89R32846 SCR-D

C.S.H.B. 4211
By: Noble et al. (Hughes)
Business & Commerce
5/25/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Some business entities offer residential arrangements where buyers purchase an interest in a company rather than owning real estate directly. Without clear regulations, these arrangements can create confusion about property rights and allow entities to impose unfair restrictions on buyers. Existing laws do not explicitly address these structures, leaving consumers without protections typically applied to real estate transactions.

H.B. 4211 establishes rules for business entity-owned residential arrangements to ensure transparency and fair treatment of buyers. It requires clear disclosure that buyers are purchasing an interest in a company, not real property, and prohibits managing entities from imposing restrictions on transfers or charging fees for resales. The bill also prevents discrimination and classifies violations as deceptive trade practices, strengthening consumer protections in these housing arrangements.

If a court finds a violation, the managing entity may not take any further actions of development or construction including any type of district created by TCEQ. Additionally, no other public money or benefit should be extended.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 4211 amends current law relating to certain residential property interests controlled by certain entities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 12, Property Code, by adding Chapter 223, as follows:

CHAPTER 223. BUSINESS ENTITY-OWNED RESIDENTIAL ARRANGEMENTS

Sec. 223.001. DEFINITIONS. Defines "business entity," "managing entity," "residential arrangement," and "residential property."

Sec. 223.002. APPLICABILITY. Provides that this chapter does not apply to a timeshare plan, as defined by Section 221.002 (Definitions).

Sec. 223.003. AGREEMENTS AND RULES. (a) Requires that an agreement for the purchase of an interest in a managing entity disclose to the purchaser that the agreement is for the purchase of an interest in the entity and not in any residential property itself.

(b) Prohibits the purchase agreement and any other agreement or rules governing the residential arrangement or the ownership interest in the entity from requiring that a dispute concerning the arrangement or interest be brought before a tribunal other than a court established under the laws of this state or the United States.

Sec. 223.004. **DISCRIMINATION PROHIBITED.** Prohibits a managing entity from taking an action with respect to an interest in the entity in a manner that would be a violation of Chapter 301 (Texas Fair Housing Act) if the interest in the entity were an interest in real property, including restricting the transfer of the interest, imposing requirements to maintain the interest, or refusing to grant an interest to an otherwise qualified person.

Sec. 223.005. **TRANSFER OF INTEREST.** Authorizes an owner of an interest in a managing entity, notwithstanding any provision in an agreement between the owner and a managing entity, to transfer the interest without approval from the managing entity.

Sec. 223.006. **CERTAIN CHARGES PROHIBITED.** Prohibits a managing entity from charging a fee for or sharing in the proceeds of the transfer of an interest in the managing entity from an owner to a subsequent purchaser.

Sec. 223.007. **ENFORCEMENT.** (a) Provides that a violation of this chapter is a deceptive trade practice actionable under Subchapter E (Deceptive Trade Practices and Consumer Protection), Chapter 17 (Deceptive Trade Practices), Business & Commerce Code.

(b) Authorizes a court that finds a violation of this chapter to enjoin a managing entity or a person affiliated with the managing entity from taking action in furtherance of development of or construction on residential property used in a residential arrangement subject to an action under this section, including:

(1) filing a petition with the Texas Commission on Environmental Quality (TCEQ) for the creation of a municipal utility district under Chapter 49 (Provisions Applicable to All Districts), Water Code;

(2) taking action in connection with a petition for the creation of a district described by Subdivision (1) filed with TCEQ before the issuance of the injunction; or

(3) receiving, directly or indirectly, any public money or benefit.

SECTION 2. Amends Section 301.042, Property Code, by adding Subsection (a-1), as follows:

(a-1) Provides that Subsection (a) (relating to providing that the Texas Fair Housing Act does not prohibit certain entities from performing certain actions) does not apply to the sale, rental, or occupancy of a dwelling that is a single-family house, duplex, triplex, or quadruplex located on a subdivided lot in a parcel of land 25 acres or greater owned by a religious organization, association, or society or a nonprofit institution or organization operated, supervised, or controlled by or in conjunction with a religious organization, association, or society.

SECTION 3. Effective date: upon passage or September 1, 2025.