

AN ACT

relating to certain residential property interests controlled by certain entities.

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

SECTION 1. Title 12, Property Code, is amended by adding Chapter 223 to read as follows:

CHAPTER 223. BUSINESS ENTITY-OWNED RESIDENTIAL ARRANGEMENTS

Sec. 223.001. DEFINITIONS. In this chapter:

(1) "Business entity" means a partnership, corporation, joint venture, limited liability company, or other business organization or business association, however organized.

(2) "Managing entity" means a business entity that owns residential property used in a residential arrangement.

(3) "Residential arrangement" means an arrangement in which the purchaser of an interest in a business entity is entitled to exclusive possession of residential property owned by the entity as long as the purchaser holds the interest in the business entity.

(4) "Residential property" means the real property and improvements for a single-family house, duplex, triplex, or quadruplex.

Sec. 223.002. APPLICABILITY. This chapter does not apply to a timeshare plan, as defined by Section [221.002](#).

Sec. 223.003. AGREEMENTS AND RULES. (a) An agreement for the purchase of an interest in a managing entity must disclose to

1 the purchaser that the agreement is for the purchase of an interest
2 in the entity and not in any residential property itself.

3 (b) The purchase agreement and any other agreement or rules
4 governing the residential arrangement or the ownership interest in
5 the entity may not require that a dispute concerning the
6 arrangement or interest be brought before a tribunal other than a
7 court established under the laws of this state or the United States.

8 Sec. 223.004. DISCRIMINATION PROHIBITED. A managing entity
9 may not take an action with respect to an interest in the entity in a
10 manner that would be a violation of Chapter 301 if the interest in
11 the entity were an interest in real property, including:

12 (1) restricting the transfer of the interest;
13 (2) imposing requirements to maintain the interest; or
14 (3) refusing to grant an interest to an otherwise
15 qualified person.

16 Sec. 223.005. TRANSFER OF INTEREST. Notwithstanding any
17 provision in an agreement between the owner and a managing entity,
18 an owner of an interest in a managing entity may transfer the
19 interest without approval from the managing entity.

20 Sec. 223.006. CERTAIN CHARGES PROHIBITED. A managing
21 entity may not charge a fee for or share in the proceeds of the
22 transfer of an interest in the managing entity from an owner to a
23 subsequent purchaser.

24 Sec. 223.007. ENFORCEMENT. (a) A violation of this chapter
25 is a deceptive trade practice actionable under Subchapter E,
26 Chapter 17, Business & Commerce Code.

27 (b) A court that finds a violation of this chapter may

1 enjoin a managing entity or a person affiliated with the managing
2 entity from taking action in furtherance of development of or
3 construction on residential property used in a residential
4 arrangement subject to an action under this section, including:

5 (1) filing a petition with the Texas Commission on
6 Environmental Quality for the creation of a municipal utility
7 district under Chapter 49, Water Code;

8 (2) taking action in connection with a petition for
9 the creation of a district described by Subdivision (1) filed with
10 the Texas Commission on Environmental Quality before the issuance
11 of the injunction; or

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

14 SECTION 2. Section 301.042, Property Code, is amended by
15 adding Subsection (a-1) to read as follows:

16 (a-1) Subsection (a) does not apply to the sale, rental, or
17 occupancy of a dwelling that is a single-family house, duplex,
18 triplex, or quadruplex located on a subdivided lot in a parcel of
19 land 25 acres or greater owned by a religious organization,
20 association, or society or a nonprofit institution or organization
21 operated, supervised, or controlled by or in conjunction with a
22 religious organization, association, or society.

23 SECTION 3. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2025.

H.B. No. 4211

President of the Senate

Speaker of the House

I certify that H.B. No. 4211 was passed by the House on May 8, 2025, by the following vote: Yeas 104, Nays 41, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4211 on May 29, 2025, by the following vote: Yeas 110, Nays 26, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 4211 was passed by the Senate, with amendments, on May 27, 2025, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor