

By: Noble

H.B. No. 4211

A BILL TO BE ENTITLED

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. DECEPTIVE TRADE PRACTICE. A violation of
25 this chapter is a deceptive trade practice under Subchapter E,
26 Chapter 17, Business & Commerce Code.

27 SECTION 2. Section 301.042, Property Code, is amended by

1 adding Subsection (a-1) to read as follows:

2 (a-1) Subsection (a) does not apply to the sale, rental, or
3 occupancy of a dwelling that is a single-family house, duplex,
4 triplex, or quadruplex located on a subdivided lot in a parcel of
5 land 25 acres or greater owned by a religious organization,
6 association, or society or a nonprofit institution or organization
7 operated, supervised, or controlled by or in conjunction with a
8 religious organization, association, or society.

9 SECTION 3. This Act takes effect September 1, 2025.