

1-1 By: Noble, et al. (Senate Sponsor - Hughes, et al.) H.B. No. 4211
1-2 (In the Senate - Received from the House May 9, 2025;
1-3 May 14, 2025, read first time and referred to Committee on Business
1-4 & Commerce; May 25, 2025, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 11, Nays 0;
1-6 May 25, 2025, sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Schwertner	X			
1-10	King	X			
1-11	Blanco	X			
1-12	Campbell	X			
1-13	Creighton	X			
1-14	Johnson	X			
1-15	Kolkhorst	X			
1-16	Menéndez	X			
1-17	Middleton	X			
1-18	Nichols	X			
1-19	Zaffirini	X			

1-20 COMMITTEE SUBSTITUTE FOR H.B. No. 4211 By: Campbell

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to certain residential property interests controlled by
1-24 certain entities.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Title 12, Property Code, is amended by adding
1-27 Chapter 223 to read as follows:

1-28 CHAPTER 223. BUSINESS ENTITY-OWNED RESIDENTIAL ARRANGEMENTS

1-29 Sec. 223.001. DEFINITIONS. In this chapter:

1-30 (1) "Business entity" means a partnership,
1-31 corporation, joint venture, limited liability company, or other
1-32 business organization or business association, however organized.

1-33 (2) "Managing entity" means a business entity that
1-34 owns residential property used in a residential arrangement.

1-35 (3) "Residential arrangement" means an arrangement in
1-36 which the purchaser of an interest in a business entity is entitled
1-37 to exclusive possession of residential property owned by the entity
1-38 as long as the purchaser holds the interest in the business entity.

1-39 (4) "Residential property" means the real property and
1-40 improvements for a single-family house, duplex, triplex, or
1-41 quadruplex.

1-42 Sec. 223.002. APPLICABILITY. This chapter does not apply
1-43 to a timeshare plan, as defined by Section 221.002.

1-44 Sec. 223.003. AGREEMENTS AND RULES. (a) An agreement for
1-45 the purchase of an interest in a managing entity must disclose to
1-46 the purchaser that the agreement is for the purchase of an interest
1-47 in the entity and not in any residential property itself.

1-48 (b) The purchase agreement and any other agreement or rules
1-49 governing the residential arrangement or the ownership interest in
1-50 the entity may not require that a dispute concerning the
1-51 arrangement or interest be brought before a tribunal other than a
1-52 court established under the laws of this state or the United States.

1-53 Sec. 223.004. DISCRIMINATION PROHIBITED. A managing entity
1-54 may not take an action with respect to an interest in the entity in a
1-55 manner that would be a violation of Chapter 301 if the interest in
1-56 the entity were an interest in real property, including:

- 1-57 (1) restricting the transfer of the interest;
1-58 (2) imposing requirements to maintain the interest; or
1-59 (3) refusing to grant an interest to an otherwise
1-60 qualified person.

2-1 Sec. 223.005. TRANSFER OF INTEREST. Notwithstanding any
2-2 provision in an agreement between the owner and a managing entity,
2-3 an owner of an interest in a managing entity may transfer the
2-4 interest without approval from the managing entity.

2-5 Sec. 223.006. CERTAIN CHARGES PROHIBITED. A managing
2-6 entity may not charge a fee for or share in the proceeds of the
2-7 transfer of an interest in the managing entity from an owner to a
2-8 subsequent purchaser.

2-9 Sec. 223.007. ENFORCEMENT. (a) A violation of this chapter
2-10 is a deceptive trade practice actionable under Subchapter E,
2-11 Chapter 17, Business & Commerce Code.

2-12 (b) A court that finds a violation of this chapter may
2-13 enjoin a managing entity or a person affiliated with the managing
2-14 entity from taking action in furtherance of development of or
2-15 construction on residential property used in a residential
2-16 arrangement subject to an action under this section, including:

2-17 (1) filing a petition with the Texas Commission on
2-18 Environmental Quality for the creation of a municipal utility
2-19 district under Chapter 49, Water Code;

2-20 (2) taking action in connection with a petition for
2-21 the creation of a district described by Subdivision (1) filed with
2-22 the Texas Commission on Environmental Quality before the issuance
2-23 of the injunction; or

2-24 (3) receiving, directly or indirectly, any public
2-25 money or benefit.

2-26 SECTION 2. Section 301.042, Property Code, is amended by
2-27 adding Subsection (a-1) to read as follows:

2-28 (a-1) Subsection (a) does not apply to the sale, rental, or
2-29 occupancy of a dwelling that is a single-family house, duplex,
2-30 triplex, or quadruplex located on a subdivided lot in a parcel of
2-31 land 25 acres or greater owned by a religious organization,
2-32 association, or society or a nonprofit institution or organization
2-33 operated, supervised, or controlled by or in conjunction with a
2-34 religious organization, association, or society.

2-35 SECTION 3. This Act takes effect immediately if it receives
2-36 a vote of two-thirds of all the members elected to each house, as
2-37 provided by Section 39, Article III, Texas Constitution. If this
2-38 Act does not receive the vote necessary for immediate effect, this
2-39 Act takes effect September 1, 2025.

2-40 * * * * *