

**House Bill 4211**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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

(b) The purchase agreement and any other agreement or rules governing the residential arrangement or the ownership interest in the entity may not require 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.

SENATE VERSION (CS)

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CONFERENCE

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

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

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

Sec. 223.006. CERTAIN CHARGES PROHIBITED. A managing entity may not charge a fee for or share 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) A violation of this chapter is a deceptive trade practice actionable under Subchapter E, Chapter 17, Business & Commerce Code.

(b) A court that finds a violation of this chapter may 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 for the creation of a district under Chapter 49, Water Code;
- (2) taking action in connection with a petition for the creation of a district described by Subdivision (1) filed with

SENATE VERSION (CS)

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

(b) A court that finds a violation of this chapter may 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 for the creation of a **municipal utility** district under Chapter 49, Water Code;
- (2) taking action in connection with a petition for the creation of a district described by Subdivision (1) filed with

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| <p><u>the Texas Commission on Environmental Quality before the issuance of the injunction; or</u></p> <p><u>(3) receiving, directly or indirectly, any public money or benefit.</u></p>  | <p><u>the Texas Commission on Environmental Quality before the issuance of the injunction; or</u></p> <p><u>(3) receiving, directly or indirectly, any public money or benefit.</u></p>  |            |
| <p>SECTION 2. Section 301.042, Property Code, is amended by adding Subsection (a-1) to read as follows:</p> <p><u>(a-1) Subsection (a) 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.</u></p> | <p>SECTION 2. Same as House version.</p>   |            |
| <p>SECTION 3. This Act takes effect September 1, 2025.</p>   | <p>SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.</p> |            |