By: Campbell S.B. No. 396

A BILL TO BE ENTITLED

AN ACT

relating to the qualifications of a trustee authorized or appointed to exercise the power of sale of real property under a security instrument.

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

SECTION 1. The heading to Section 51.0074, Property Code, is amended to read as follows:

Sec. 51.0074. TRUSTEE DUTIES AND QUALIFICATIONS [~~OF TRUSTEE~~].

SECTION 2. Section 51.0074, Property Code, is amended by amending Subsection (a) and adding Subsections (c) and (d) to read as follows:

(a) Subject to Subsection (c), one [~~One~~] or more persons may be authorized to exercise the power of sale under a security instrument.

(c) The following may not be authorized or appointed to exercise the power of sale under a security instrument:

(1) a subsidiary or affiliate of the mortgagee; or

(2) a subsidiary or affiliate of the mortgage servicer.

(d) For purposes of Subsection (c), "mortgage servicer" includes the holder of the contractual obligation to service a mortgage loan and the right to receive compensation for such services in accordance with the contract, if other than the

mortgage servicer.

SECTION 3. Section 51.0074, Property Code, as amended by this Act, applies only to the designation of a trustee under a security instrument executed on or after the effective date of this Act. The designation of a trustee under a security instrument executed before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 4. 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, 2027.