

BILL ANALYSIS

Senate Research Center

H.B. 1021
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Business & Commerce
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Some real property declarations contain a provision that in the event that a property owner wishes to sell the property, the developer (or its successors in interest) shall be given immediate written notice of any bona fide offer from a prospective purchaser. The holder of interest shall then have the right to purchase the subject property upon the same terms and conditions as set forth in the offer, provided that written notice of such purchase is given to the selling owner within a given time period immediately following the delivery of the notice of the offer. In the event an owner does not afford the holder of interest the right of first refusal, the declaration states that the sale is wholly null and void.

H.B. 1021 incorporates this "right of first refusal" into any instrument of conveyance requiring all subsequent grantees to do the same.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 5, Property Code, by adding Section 5.014, as follows:

Sec. 5.014. PROHIBITED FEES. Prohibits a person who has a right of first refusal in real property from charging a fee for declining to exercise that right, such as a fee for providing written evidence of the declination.

SECTION 2. Makes application of this Act, except as provided by a contract entered into before the effective date of this Act, prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.