

BILL ANALYSIS

Senate Research Center

S.B. 568
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As Filed

DIGEST

Currently, Texas law applies certain protections to the buyers and sellers of real property who resort to the use of contracts for deed or executory contracts in counties that meet the eligibility standards of the Economically Distressed Areas Program (EDAP) and are within 200 miles of an international border. Current law also sets forth special requirements and duties for county officials in qualified counties as well as the buyers and sellers of property using executory contracts in qualified counties.

However, because a county's EDAP eligibility may change from year to year, the requirements imposed upon buyers and sellers of real property as well as county officials may change as a result. S.B. 568 would protect contracts entered into while a county is EDAP-eligible, regardless of whether the county remains EDAP-eligible. In addition, this bill would provide county officials as well as the buyers and sellers of property with consistent requirements by continuing the application of Chapter 5E, Property Code, for five years after the last year the Texas Department of Housing and Community Affairs determines the county is EDAP-eligible.

PURPOSE

As proposed, S.B. 568 provides that an executory contract that covers real property located in a county that, as determined by the Texas Department of Housing and Community Affairs, has certain levels of per capita income and unemployment for the most recent three consecutive years, and is within 200 miles of an international border, is governed by Chapter 5E, Property Code, for the term of the contract regardless of whether the county maintains these levels of per capita income and unemployment. Furthermore, this bill provides that Chapter 5E, Property Code, applies to transactions in such a county for five years after it has these levels of per capita income and unemployment.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5.091, Property Code, by adding Sections (e) and (f), to provide that an executory contract to which this subchapter applies at the time the contract is executed is governed by Chapter 5E, Property Code, for the term of the contract regardless of whether the county in which the property is located is no longer described by Subsection (a). Provides that this subchapter continues to apply to transactions in a county for five years after the last year the Texas Department of Housing and Community Affairs (department) includes the county in the determination made under Section 5.092.

SECTION 2. Amends Section 5.092, Property Code, by adding Section (f), to require the department, upon expiration of the period prescribed by Section 5.091(f), to publish notification in the Texas Register that Chapter 5E no longer applies to the county, and notify the county clerk of the county that this subchapter no longer applies.

SECTION 3. Emergency clause.
Effective date: upon passage.