

## BILL ANALYSIS

Senate Research Center  
79R7651 JD-F

S.B. 1505  
By: Armbrister  
Intergovernmental Relations  
4/13/2005  
As Filed

### AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, Section 32.06 (Transfer of Tax Lien), Tax Code, allows real estate owners to pay for property taxes with loans. Concerns have been raised about certain ambiguities in the statutory language.

As proposed, S.B. 1505 provides a definition of costs, clarifies the terms for redemption of the property, and clarifies the requirements for notification to the mortgage lender.

### 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 Section 32.06, Tax Code, by amending Subsections (a), (b), and (e) and adding Subsections (j) and (k), as follows:

- (a) Includes a person's personal property in addition to a person's real property as being subject to taxation described in this subsection.
- (b) Requires a collector or person designated by the collector to certify on the sworn document that certain payments on the described property have been made by a person other than the person liable for the taxes when imposed and that the taxing unit's tax lien is transferred to the person paying taxes. Requires the collector to attach to the document the collector's seal of office or sign the document before a notary public and deliver the document to the person paying the taxes.
- (e) Includes closing costs as a cost on which a person holding a tax lien transferred as provided by this section is prohibited from charging a greater rate of interest than 18 percent a year.
- (j) Entitles a person who owns or holds a first lien on property sold under this section to redeem the property from the purchaser by paying the purchaser the foreclosure sale purchase price plus costs, fees, and interest to the date of redemption at the rate of 18 percent per year, or 125 percent of the purchase price during the first year of the redemption period or 150 percent of the purchase price during the second year of the redemption period, whichever is less. Authorizes the right of redemption to be exercised on or before the second anniversary of the date on which the purchaser's deed is filed of record if the property sold was the residence homestead of the owner, was land designated for agricultural use, or was a mineral interest. Requires, for any other property, the right of redemption to be exercised not later than the 180th day after the date on which the purchaser's deed is filed of record.
- (k) Requires a purchaser at the foreclosures sale, if a person redeems property under Subsection (j), to deliver a deed to the person redeeming the property. Provides that if that person was the owner of the property at the time of foreclosure, any lien existing on the property at the time of the foreclosure sale remains in effect to the extent not paid from the proceeds of the foreclosure sale.

SECTION 2. Amends Section 32.065, Tax Code, by amending Subsections (a) - (c) and adding Subsections (g) and (h), as follows:

(a) Provides that Section 32.06 does not abridge the right of an owner of real property to enter into a contract for the payment of taxes to a taxing unit and for the transfer of a tax lien from the taxing unit in the manner provided by section 32.06(a)-(d) with a transferee under Section 32.06 or this section. Provides that Section 32.06 does not authorize a claim to a tax lien transferred under this section or affect a contract between the owner and holder of a lien for the payment of taxes on the property. Deletes existing text making this subsection applicable to the holder of a lien on the property.

(b) Requires a contract entered into under Subsection (a) to be secured by a priority tax lien and authorizes it to provide for certain circumstances.

(c) Provides that, in addition to each right or remedy included in a contract authorized by this section and notwithstanding any other provision of this code, a transferee of a tax lien is subrogated to and is entitled to exercise any right or remedy possessed by the transferring taxing unit, including or related to foreclosure or judicial sale.

(g) Entitles a person who owns or holds a first lien on property sold under this section to redeem the property from the purchaser by paying the purchaser the foreclosure sale purchase price plus costs, fees, and interest to the date of redemption at the rate of 18 percent per year, or 125 percent of the purchase price during the first year of the redemption period or 150 percent of the purchase price during the second year of the redemption period, whichever is less. Authorizes the right of redemption to be exercised on or before the second anniversary of the date on which the purchaser's deed is filed of record if the property sold was the residence homestead of the owner, was land designated for agricultural use, or was a mineral interest. Requires, for any other property, the right of redemption to be exercised not later than the 180th day after the date on which the purchaser's deed is filed of record.

(h) Requires, if a person redeems property under Subsection (g), the purchaser at the foreclosure sale to deliver a deed to the person redeeming the property. Provides that if that person was the owner of the property at the time of the foreclosure, any lien existing on the property at the time of the foreclosure sale remains in effect to the extent not paid from the proceeds of the foreclosure sale.

SECTION 3. Repealers: Sections 32.06(f) and (i) (Transfer of Tax Lien), Tax Code.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2005.