

By: Garcia of Bexar

H.B. No. 5642

A BILL TO BE ENTITLED

AN ACT

relating to the disclosure of information regarding a transfer on death deed in certain residential real property transactions.

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

SECTION 1. Subchapter L, Chapter 1101, Occupations Code, is amended by adding Section 1101.562 to read as follows:

Sec. 1101.562. DISCLOSURE OF INFORMATION REGARDING TRANSFER ON DEATH DEED. (a) In this section:

(1) "Residential real property" means a:

(A) single-family house;

(B) duplex, triplex, or quadraplex; or

(C) unit in a multiunit residential structure in which title to an individual unit is transferred to the owner of the unit under a condominium or cooperative system.

(2) "Transfer on death deed" has the meaning assigned by Section 114.002, Estates Code.

(b) At the time of a license holder's first substantive communication with a party relating to a proposed purchase of specific residential real property, the license holder shall provide to the party written notice in at least a 10-point font that provides information regarding a transfer on death deed. The notice must:

(1) describe a transfer on death deed, including:

(A) the benefits of a transfer on death deed;

1                   (B) the impact of a transfer on death deed on a  
2 will; and

3                   (C) the repercussions of an owner of real  
4 property dying without a will or transfer on death deed; and

5                   (2) include a statement regarding the ability of a  
6 purchaser to execute a transfer on death deed when closing the real  
7 estate purchase and the role of the purchaser's title insurance  
8 company in assisting with the execution and filing of the transfer  
9 on death deed.

10                  (c) The commission by rule shall prescribe the text of the  
11 notice required under Subsection (b).

12                  (d) A license holder shall provide the notice required under  
13 Subsection (b) by:

14                   (1) personal delivery;

15                   (2) first class mail or overnight common carrier  
16 delivery service; or

17                   (3) e-mail, including by providing the notice:

18                               (A) in the body of the e-mail;

19                               (B) as an attachment to an e-mail; or

20                               (C) through a link in the body of the e-mail, with  
21 a specific reference to the notice in the body of the e-mail.

22                  (e) A license holder is not required to provide the notice  
23 required by Subsection (b) if:

24                   (1) the license holder meets with a party who the  
25 license holder knows is represented by another license holder; or

26                   (2) the communication occurs at a property that is  
27 held open for any prospective buyer and the communication concerns

1 that property.

2 (f) The commission shall publish and make available on the  
3 commission's Internet website the notice required under Subsection  
4 (b).

5 (g) A license holder shall maintain a link to the notice  
6 required under Subsection (b) in a prominent location on the home  
7 page of each Internet website maintained by the license holder for  
8 advertising the license holder's services.

9 (h) At the time an offer to purchase residential real  
10 property is signed, the license holder assisting the buyer with the  
11 offer shall advise each buyer, in writing, that the buyer may  
12 execute a transfer on death deed for the property.

13 SECTION 2. (a) Not later than December 1, 2025, the Texas  
14 Real Estate Commission shall adopt rules to implement Section  
15 1101.562, Occupations Code, as added by this Act.

16 (b) Section 1101.562, Occupations Code, as added by this  
17 Act, applies only to conduct that occurs on or after January 1,  
18 2026. Conduct that occurs before January 1, 2026, is governed by  
19 the law in effect immediately before the effective date of this Act,  
20 and the former law is continued in effect for that purpose.

21 SECTION 3. This Act takes effect September 1, 2025.