

CHAPTER 116

H.B. No. 275

AN ACT

relating to home improvement contracts affecting homesteads.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Subchapter A, Chapter 41, Property Code, is amended by adding Section 41.005 to read as follows:

*Sec. 41.005. HOME IMPROVEMENT CONTRACT. (a) A contract described by Section 41.001(b)(3) must contain the following warning conspicuously printed, stamped, or typed in a size equal to at least 10-point bold type or computer equivalent, next to the owner's signature line on each instrument creating an encumbrance on homestead property:*

*"IMPORTANT NOTICE: You and your contractor are responsible for meeting the terms and conditions of this contract. If you sign this contract and you fail to meet the terms and conditions of this contract, you may lose your legal ownership rights in your home. KNOW YOUR RIGHTS AND DUTIES UNDER THE LAW."*

*(b) A violation of Subsection (a) of this section is a false, misleading, or deceptive act or practice within the meaning of Section 17.46, Business & Commerce Code, and is actionable in a public or private suit brought under the provisions of the Deceptive Trade Practices-Consumer Protection Act (Subchapter E, Chapter 17, Business & Commerce Code).*

SECTION 2. This Act applies only to a contract executed on or after the effective date of this Act.

SECTION 3. This Act takes effect September 1, 1987.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on March 23, 1987, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 275 on May 6, 1987, by a non-record vote. Passed by the Senate, with amendments, on April 30, 1987, by a viva-voce vote.

Approved May 19, 1987.

Effective Sept. 1, 1987.