



New laws from the 89th Texas Legislature

FOREIGN ACQUISITION OF TEXAS PROPERTY (SB 17)

Law restricts property purchases and leases for people and entities from certain countries.

Effective date: September 1, 2025

WHAT DOES SB 17 DO?

SB 17 restricts the acquisition of real property interests in Texas by certain individuals, entities, and governments associated with countries designated by the U.S. director of national intelligence as a national security threat.

The Texas governor may also expand the application of the law to additional countries or entities.

WHICH COUNTRIES ARE CURRENTLY ON THE LIST? (August 11, 2025)

China, Russia, Iran, and North Korea.

WHAT TYPES OF PROPERTIES ARE AFFECTED?

The restrictions apply to the acquisition of a broad range of real property interests, including residential, commercial, industrial, agricultural land and improvements, minerals, mines and quarries, timber, groundwater, and water rights.

The law applies to purchases, acquisitions, and leases of one year or more.

WHAT ABOUT TRANSACTIONS THAT CLOSED BEFORE SEPTEMBER?

The law does not impact the purchase of real property if the closing occurs prior to SB 17's effective date of September 1, 2025, nor does it affect a lease entered into before the effective date.

WHO DOES SB 17 AFFECT?

SB 17 applies to those domiciled in a designated country, citizens of or acting on behalf of a designated country, or those affiliated with a designated country's ruling political party. However, certain individuals lawfully present in the U.S. at the time of purchase may acquire property for use as a homestead.

The bill also applies to entities headquartered in a designated country or that are affiliated with, owned, or controlled by the government of such a country or by other prohibited persons or entities.

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Foreign Acquisition of Texas Property

Exceptions include U.S. citizens, lawful permanent residents, and entities they own or control—unless such entities are owned or controlled by prohibited parties.

HOW IS THIS LAW ENFORCED?

The Texas attorney general is responsible for enforcing the law and must implement procedures to review property transactions to determine whether an investigation is warranted.

If the attorney general determines a violation has occurred, the attorney general may file a legal action against the property, and the court may order the divestment or other disposition of any unlawfully acquired ownership interest. A leasehold interest may also be terminated or voided.

Violations may also result in criminal prosecution, including a potential state jail felony for individuals, or civil penalties for entities of either \$250,000 or 50% of the unlawfully acquired interest's market value—whichever is greater. These potential sanctions only apply to individuals or entities not permitted by the law to acquire such an interest.

SB 17 does not invalidate a purchase contract even if the transaction would otherwise fall under the law's restrictions.

Real estate professionals are not responsible for applying or enforcing this new law.

Texas REALTORS® is considering whether form changes are necessary to apprise buyers and tenants of the new law. We will also be monitoring any updates from the attorney general's office and will provide more information as it becomes available.

BE AWARE

Nothing in SB 17 changes your obligation to comply with the federal Fair Housing Act. Additionally, the REALTOR® Code of Ethics obligates REALTORS® to provide equal professional services to all consumers.

SB 17 goes into effect September 1, 2025.

At least one lawsuit has already been filed challenging the constitutionality of the new restrictions. Texas REALTORS® is monitoring legal challenges to the law and will provide additional information when available.