



TO: Texas BOMA Board

FROM: Texas BOMA Executive Committee

DATE: June 24, 2025

RE: Robert D. Miller, TXBOMA Legislative Representative
Client Alert: Impact of SB 17 on Real Estate Transactions

Each legislative year, Texas BOMA stays abreast of possible House and Senate proposed bills that might impact our industry. During the last Texas Advocacy session, we identified several concerning House and Senate bills and, through discussions and formal submittals by our lobbyist, Troutman Services, successfully mitigated changes.

However, Senate Bill 17 is a different matter. It was signed into law by Governor Abbott. The issue is that the Attorney General has provided no clear mechanism to monitor and process violations. Texas BOMA has submitted their concerns to the Attorney General's office. With the assistance of Troutman Services, we will continue to monitor this bill.

Review the information below that was presented to us by Troutman Services. It should be distributed to all BOMA members who will hopefully submit it to their company and the ownerships they represent.

If you need additional information, please reach out to the Texas BOMA Executive Committee.

Key Provisions of SB 17

Designated Countries: The bill currently applies to individuals and entities from China, Iran, North Korea, and Russia ("Designated Country" and collectively "Designated Countries"). The Governor has the authority to designate additional countries under this legislation.

Restrictions: SB 17 prohibits individuals and business entities from the Designated Countries from purchasing or leasing real property in Texas. This includes all types of real property, with an exception for leases shorter than one year and residential homesteads.

Restricted Parties

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Individuals: Citizens or residents of a Designated Country, with an exception for residential properties.

Entities: Governmental entities of a Designated Country, companies headquartered in a Designated Country, or those controlled or majority-owned by individuals from a Designated Country.

Prohibitions:

Restricted individuals or entities are barred from purchasing or leasing real property in Texas. The Texas Attorney General is empowered to investigate violations and enforce divestiture of prohibited transactions.

Violations by restricted individuals are classified as a state jail felony.

There are no penalties for the seller or lessor in a prohibited transaction, but prohibited leases are voidable.

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**Effective Date:**

The legislation is effective September 1, 2025, and only applies to transaction on or after that date. It does not require divestiture of properties bought or leased prior to September 1.

Potential Impacts

Leasing Restrictions: SB 17 will halt leasing to companies and citizens from Designated Countries, notably affecting People's Republic of China companies and citizens. The bill's provisions may also apply to renewals and extensions of existing leases and the exercise of expansion options. Landlords will need to establish due diligence procedures to ensure that SB 17 does not apply to new leases. Lease forms may need to be revised to provide that an assignment to a company or citizen of a Designated Country is not a permitted transfer under the lease.

Lending Restrictions: Lenders from Designated Countries may not be able to receive or enforce a secured lien on real estate.

Title Insurance: Title companies will need to revise their title insurance policies to address SB 17.

Rulemaking: The attorney general is instructed to adopt rules for the implementation of SB 17 as soon as practicable after September 1.

Conclusion

SB 17 introduces stringent measures that will reshape the landscape of commercial and industrial real estate transactions in Texas, particularly impacting foreign investments from Designated Countries. We recommend reviewing your current and prospective real estate engagements and documents to ensure compliance with this new legislation.

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