

Revisions to Unit Boundaries for Detached Condominiums

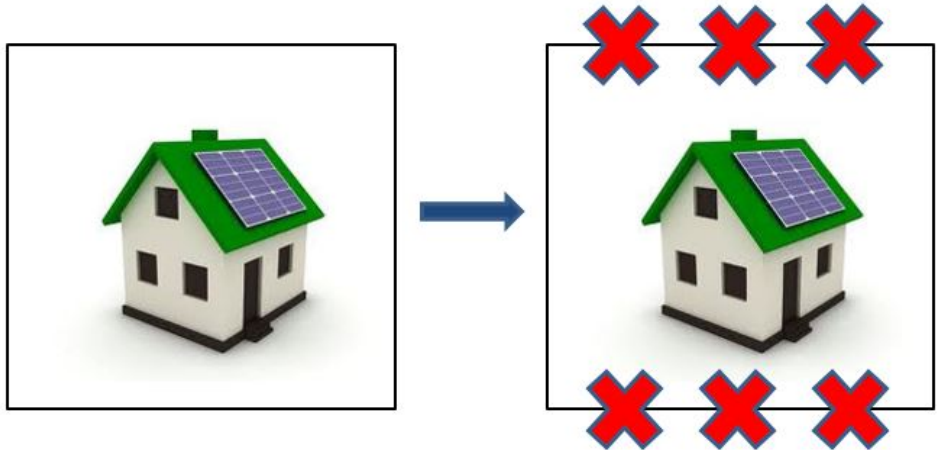
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On June 10, Governor Abbott signed House Bill 2569 (the "Bill"), relating to condominium unit boundaries. For more than a decade, Texas builders and developers have used the condominium process to create "detached" condominiums. A detached condominium subdivision is similar to a traditional platted lot subdivision in that the homes are separate and established on a land area that includes the home and

exclusive yard area. The two principal agencies that issue mortgage insurance (FHA and Fannie Mae) have exempted condominium projects that consist of detached residences from their project approval process, saving the developer time and expense.

Although this detached condominium exemption has been readily available through Fannie Mae, FHA issued verbal guidance threatening the availability of the detached exemption for Texas detached condominium projects. The guidance provided that if a detached condominium has an upper or lower boundary, the detached condominium exemption is not available. Prior to passage of the Bill, there was no support under the Texas Uniform Condominium Act for the creation of a detached condominium without an upper or lower boundary.

The Bill was drafted by Bob Burton of Winstead and makes two changes to the Act to allow detached condominium units to be described without providing an artificial upper and lower boundary. The Bill will be effective on September 1, 2019.



[Click here for a copy of the Bill.](#)