

By: Representative Snowden

To: Judiciary A

HOUSE BILL NO. 886

1 AN ACT TO PROHIBIT THE PAYMENT OF A FEE TO A PERSON IMPOSING
2 CERTAIN COVENANTS ON FUTURE CONVEYANCES OF REAL PROPERTY; AND FOR
3 RELATED PURPOSES.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

5 **SECTION 1.** (1) In this section, "property owners'
6 association" means an incorporated or unincorporated association
7 that:

8 (a) Is designated as the representative of the owners
9 of property in a residential subdivision;

10 (b) Has a membership primarily consisting of the owners
11 of the property covered by the dedicatory instrument for the
12 residential subdivision; and

13 (c) Manages or regulates the residential subdivision
14 for the benefit of the owners of property in the residential
15 subdivision.

16 (2) A deed restriction or other covenant running with the
17 land applicable to the conveyance of residential real property
18 that requires a transferee of residential real property or the
19 transferee's heirs, successors, or assigns to pay a declarant or
20 other person imposing the deed restriction or covenant on the
21 property or a third party designated by a transferor of the
22 property a fee in connection with a future transfer of the
23 property is prohibited. A deed restriction or other covenant
24 running with the land that violates this section or a lien
25 purporting to encumber the land to secure a right under a deed
26 restriction or other covenant running with the land that violates
27 this section is void and unenforceable. For purposes of this



28 section, a conveyance of real property includes a conveyance or
29 other transfer of an interest or estate in residential real
30 property.

31 (3) This section does not apply to a deed restriction or
32 other covenant running with the land that requires a fee
33 associated with the conveyance of property in a subdivision that
34 is payable to:

35 (a) A property owners' association that manages or
36 regulates the subdivision or the association's managing agent if
37 the subdivision contains more than one (1) platted lot;

38 (b) An entity organized under Section 501(c)(3),
39 Internal Revenue Code of 1986; or

40 (c) A governmental entity.

41 **SECTION 2.** This act shall take effect and be in force from
42 and after July 1, 2010.

