

WELCOME TO TEXAS! We're delighted to have you as a neighbor. If you've just moved here from another state, there are a few things about our laws that may be a bit different from what you're used to, so we've put together this brochure to give you a little information about some of them.

PURCHASING AND OWNING PROPERTY:

1. Community Property Laws. Texas is one of eight states with community property laws. This means that, as a general rule, everything acquired by *either* party to a marriage during the marriage is considered to be owned equally by both of the husband and the wife (even if they are separated). There are a few exceptions to this rule, such as property obtained by gift or inheritance, which generally is regarded to be the separate property of the party to whom it was given or bequeathed, and property owned prior to marriage (which usually stays the separate property of the spouse who originally owned it). And, when you move to Texas, property generally retains the character (separate or community) it had in the state you are moving from. Also, spouses can divide their community property into separate property estates, if they want to, by signing a legal instrument called a "partition agreement," but this document must meet certain legal requirements and should generally be prepared by a lawyer. Additionally, separate property will lose its character as such if "co-mingled" with community property. The characterization of property as "community" or "separate" can have important consequences, especially in connection with distributing property after death (inheritance laws), control of property and its disposition (property rights), determining which assets are subject to being used to pay debts or liabilities of spouses, tax matters, and, of course, in the event of a divorce. The important point is to talk to a lawyer and find out about these things *before* you make a mistake without realizing it, for example in taking title to property, co-mingling funds, or incurring debts.

2. Property Tax Exemptions Unlike other states, Texas does not have a state income tax. As a result,

tax revenue is based mainly upon sales taxes and taxes on real property ("ad valorem" taxes). Many local taxing authorities do provide exemptions from a portion of the ad valorem taxes if the property is a "homestead" (that is, the principal place of residence of the taxpayer). (Such exemptions are not available for renters or apartment dwellers because property taxes are only assessed against property owners.) The exemptions (including additional exemptions for persons over 65 years of age, disabled persons, and qualified veterans) must be claimed, however, by filing a form with the local property tax appraisal authorities (IN Harris County, the Harris County Appraisal District, known as "HCAD") no later than _____ of the year for which you are first claiming an exemption on a piece of property. (After that, it's pretty much automatic unless you move or otherwise become disentitled to the exemption. [DON'T YOU HAVE TO BE MARRIED TO CLAIM A HOMESTEAD EXEMPTION; IF SO, WE NEED TO SAY SO].

3. Buying a Home. Especially if you are new to Texas, it is probably a good idea (but not required) that you have a lawyer review the earnest money contract for your purchase of your new home *before you sign it* and review the title commitment and closing documents (especially the deed) *before closing* to assure that everything is in order and in compliance with Texas laws.

4. Homeowners Associations and Deed Restrictions. The City of Houston is unique in that it does not have zoning laws. Restrictions on use of property are therefore primarily effectuated through deed restrictions. While the City has authority to enforce deed restrictions, for the most part enforcement has been undertaken primarily by homeowners associations in various subdivisions or neighborhoods through the city. These types of organizations are also frequently authorized to levy mandatory assessments or fees on all owners of property within that particular subdivision and to enforce that obligation by filing (and foreclosing) liens on the property if the assessments are not paid (even if the property is a

homestead). It is, therefore, important that you obtain and review a copy of the deed restrictions applicable to property you are contemplating buying *before closing*. Generally, the title company will provide you with a copy of the restrictions if you request it – and you should.

5. Homestead Laws and Garnishment of Wages. Texas is a relatively debtor-friendly state with homestead laws that tend to protect wage earners more than some other states. Generally, for example, wages cannot be garnished to pay debts (other than child support obligations or some tax claims). Also, a homestead generally cannot be seized by creditors (although it can, of course, be taken by foreclosure by a mortgagee or valid lienholder).

WILLS AND PROBATE:

If you have a will drafted in another state, it is important that you have it reviewed by a Texas lawyer to make sure it complies with the laws of this state. The law of the jurisdiction where a person was domiciled at the time of death applies and controls settlements of estates and distribution of assets after death, regardless of where the will was drafted or signed. It is possible that a will drafted in another state may not comply with the requirements for a valid will in Texas (such as numbers or ages of witnesses). Also, a will drafted elsewhere may not include provisions which simplify (and therefore minimize costs for) probate proceedings in Texas, such as designation of an "independent executor" (who can administer an estate with far fewer costly court hearings, proceedings, and supervision) or a "self-proving affidavit," which, if properly worded, can greatly simplify the process of getting a will admitted to probate. If you do not have a will, you should have one drafted by a Texas lawyer, and execute it, promptly, as if you die without a will, your estate will be divided and distributed according to the Texas laws of intestacy (that means dying without a will). In such an event your property may be distributed in ways different from what you wanted. At all events, probating an estate without a will is

always more expensive. When having a will drafted, you should also discuss with your lawyer such things as a Directive To Physicians (concerning your choices for treatment, or withholding same, if you are terminal and incapable of telling physicians your wishes at the time), or a Durable Power of Attorney, empowering a trusted representative to act for you if you are medically incapable of doing so yourself. Texas law authorizes these things, but they must be drafted with certain language approved by the Texas legislature.

SOME OTHER THINGS YOU SHOULD TEND TO PROMPTLY:

1. Driver's Licenses and Vehicle Title Registration.

You will need to get a new Texas driver's license as soon as possible (the law requires that you do so within 30 days of moving here.) New driver's licenses are obtained from the Texas Department of Public Safety. You will have to show proof of liability insurance coverage, give your Social Security number, surrender your driver's license from another state (or take a new driving and written test in Texas if you have no license from another state), present another item of identification, providing proof of your name and date of birth, pass a vision test and either provide a Texas vehicle registration certificate for your car or sign an affidavit stating you do not own a vehicle.

In order to have your vehicle registered in Texas, it must pass a vehicle safety inspection and a vehicle identification number check (which services are available at a state approved Safety Inspection Stations). The inspection facility will provide you with a verification form that must then be submitted to the county tax office along with an application for certificate of title and payment of the applicable fee (generally under \$100 for most cars). Proof of automobile liability insurance coverage is also required both at the time the safety inspection is performed and with the title certificate application.

2. Voter Registration. [MHL TO PROVIDE].info about how to register at county clerk or by motor voter/ no registration by party/ not affect availability for jury duty – decided by drivers license.

3. Bank Accounts. If you wish your bank account(s) to be set up with rights of survivorship, there is special language to that effect that must be included on the signature card. Be sure you have advised your bank officer of your wishes in this regard.

SOME USEFUL TELEPHONE NUMBERS:

Texas Department of Public Safety
(Drivers License)

Harris County Clerk's Office
(Vehicle Registration & Voter Registration)

Harris County Appraisal District
(Property Tax Homestead Exemptions)

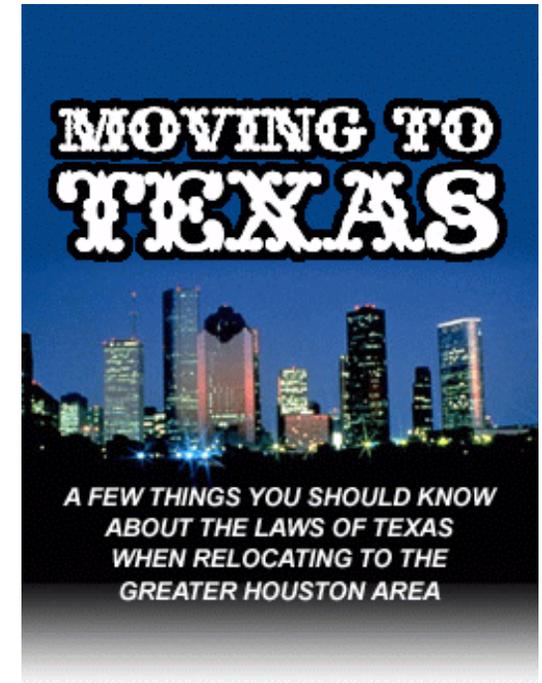
City of Houston
(General City Information)

Harris County
(General County Information)

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The purpose of this publication is to provide information of a general character only. It does not constitute legal advice. An attorney should be consulted before reliance is made on any statement contained in this brochure.

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