

By: Edwards

H.B. No. 2789

A BILL TO BE ENTITLED

AN ACT

relating to a limitation on property owners' associations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Title 11, Property Code, is amended by adding Chapter 210 to read as follows:

CHAPTER 210. LIMITATION ON PROPERTY OWNERS' ASSOCIATIONS

Sec. 210.001. APPLICABILITY. This chapter applies to all residential real estate subdivisions in this state.

Sec. 210.002. DEFINITIONS. In this chapter:

(1) "Owner" has the meaning assigned by Section 201.003.

(2) "Petition" has the meaning assigned by Section 201.003.

(3) "Property owners' association" means an association described by Section 204.004.

(4) "Residential real estate subdivision" has the meaning assigned by Section 201.003.

(5) "Restriction" has the meaning assigned by Section 201.003.

Sec. 210.003. AUTOMATIC EXPIRATION. Except as provided by this chapter, a restriction establishing a property owners' association automatically expires on the 15th anniversary of:

(1) the date the restriction is filed or incorporated in the county real property records, map records, or deed records;

1 and

2 (2) if the restriction is renewed under this chapter,
3 the last date on which the renewal is effective.

4 Sec. 210.004. PETITION TO RETAIN PROPERTY OWNERS'
5 ASSOCIATION. (a) Not sooner than one year before the date on which
6 a restriction establishing a property owners' association is
7 scheduled to expire, the property owners' association may circulate
8 a petition to renew the restriction for an additional term of 15
9 years.

10 (b) The petition is effective if the petition is:

11 (1) approved by the owners, excluding lienholders,
12 contract purchasers, and owners of mineral interests, of at least
13 60 percent of the real property in the residential real estate
14 subdivision; and

15 (2) filed with the county clerk of the county in which
16 the subdivision is located.

17 (c) If a subdivision consisting of multiple sections, each
18 with its own restrictions, is represented by a single property
19 owners' association, the approval requirement may be satisfied by
20 obtaining approval of at least 60 percent of the owners on a
21 section-by-section basis or of the total number of properties in
22 the property owners' association's jurisdiction.

23 (d) If approved, the petition is binding on all properties
24 in the subdivision or section, as applicable.

25 (e) A property owners' association that circulates a
26 petition must notify all record owners of property in the
27 subdivision in writing of the petition. Notice may be

1 hand-delivered to residences in the subdivision or sent by regular
2 mail to the owner's last known mailing address as reflected in the
3 ownership records maintained by the property owners' association.
4 The approval of multiple owners of a property may be reflected by
5 the signature of a single co-owner.

6 SECTION 2. The change in law made by this Act applies only
7 to a restriction that establishes a property owners' association on
8 or after the effective date of this Act. A restriction that
9 established a property owners' association before the effective
10 date of this Act is governed by the law in effect on the date the
11 property owners' association was established, and the former law is
12 continued in effect for that purpose.

13 SECTION 3. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2003.