

BILL ANALYSIS

C.S.S.B. No. 1631
By: Carona
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The committee substitute for Senate Bill No. 1631 offers private citizens the same protections afforded to homeowners' associations after a foreclosure, thus encouraging the private sector to participate in these difficult situations. This bill protects property values, reduces foreclosures, strengthens property owners redemption rights, reduces the burdens on homeowners' association, and increases tax revenues. It provides incentives for repairs on foreclosed properties during the redemption period.

This bill allows investors who purchase properties at homeowners' association foreclosure sales to pay off delinquent liens on the property. This action strengthens the redemption right of the original owner by preventing lien holders from terminating the owner's state-mandated redemption rights through subsequent foreclosure.

The committee substitute for Senate Bill No. 1631 puts investors on equal footing as homeowners' associations and protects investors and owners from subsequent foreclosures, benefitting the owner, investor, homeowners' association, neighboring property owners, and taxing authorities.

RULEMAKING AUTHORITY

It is the opinion of the Committee on Business and Industry that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

SECTION-BY-SECTION ANALYSIS

SECTION 1. Amends Sections 209.11(d), (i), and (j), Property Code, as follows:

(d) Requires the lot owner, to redeem property purchased by a sale foreclosing a property owners' association's assessment lien, to make certain payments to the association and the third party who purchased the property at the foreclosure sale.

Subsections (i) and (j) make conforming changes.

SECTION 2. Repealer: Section 209.011(e)(redeeming property purchased at the foreclosure sale by a person other than the property owners' association), Property Code.

SECTION 3. Effective date.

EFFECTIVE DATE

September 1, 2005

HOW THE SUBSTITUTE DIFFERS FROM THE ORIGINAL BILL

SECTION 1. Provides that if a lot owner redeems property purchased at a foreclosure sale, the lot owner must repay any mortgage payments made by the purchaser which differs from the original bill

SECTION 2. Makes the scope of this Act prospective. In the original bill, this was a repealer.

SECTION 3. The effective date of this Act remains September 1, 2005 as in the original bill.