

BILL ANALYSIS

C.S.H.B. 4693
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Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

One of the primary functions of most property owners' associations is to enforce restrictions, bylaws, and other rules of the association with respect to properties within their jurisdiction. Property owners' associations generally contract with management companies to perform this function.

C.S.H.B. 4693 authorizes a property owners' association, an agent of the association, a management company, or an agent of the company to charge a property owner only the actual costs incurred by the entity to notify the owner of a violation of a restriction, bylaw, rule, or guideline of the association, other than those that involve payment of assessments, or to cure a violation of such a measure.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4693 amends the Property Code to authorize a property owners' association, an agent of the association, a management company, or an agent of the company to charge a property owner only the actual costs incurred by the association, agent, or company to notify an owner of a violation of a restriction, bylaw, rule, or guideline of the association, other than those that involve payment of assessments, or to cure a violation of any restriction, bylaw, rule, or guideline of the association.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 4693 adds a provision not in the original authorizing a property owners' association, an agent of the association, a management company, or an agent of the company to charge a property owner only the actual costs incurred by the entity to notify the owner of a violation of a restriction, bylaw, rule, or guideline of the association, other than those that involve payment of assessments, or to cure a violation of such a restriction, bylaw, rule, or guideline.

C.S.H.B. 4693 removes a provision in the original prohibiting a property owners' association or a person in privity with an association from contracting with or compensating any person to manage, enforce, or represent the association in connection with enforcing restrictions, bylaws, rules, or guidelines unless the association or person in privity with the association is expressly authorized to pay a management company a flat fee plus actual postage costs for enforcing such

measures, except those involving the payment of assessments. The substitute removes a provision in the original prohibiting a member of the association board or a person related to a member within the third degree of consanguinity or second degree of affinity from being compensated for providing legal representation or management services to the association.