

BILL ANALYSIS

S.B. 1918
By: West
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

When a property is sold in a subdivision with a property owners' association, it is typical practice to obtain a resale certificate at the beginning of the process. Once a property is under contract and about to close, some associations require issuance of a new resale certificate, with the concomitant time requirements and expense, when only a dues update is necessary.

S.B. 1918 requires an association that has provided a resale certificate to provide on request an updated certificate with the status of dues attributable to the property prior to the closing of a sale of the property without the necessity of a new resale certificate. The bill also requires an association to provide the status of a waiver or non-waiver of a first right of refusal on a sale, if such a right exists, and any changes to the information provided in the previously issued resale certificate.

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

S.B. 1918 amends the Property Code to require a property owners' association, not later than the seventh day after the date a written request for an update to a previously issued resale certificate is received from an owner, owner's agent, or title insurance company or its agent acting on behalf of the owner, to deliver to such a person or entity an updated resale certificate that contains a statement of whether the association waives the restraint on sale, if a right of first refusal or other restraint on sale is contained in the restrictions; the status of any unpaid special assessments, dues, or other payments attributable to the owner's property; and any changes to the information provided in the previously issued resale certificate.

S.B. 1918 requires requests for an updated resale certificate to be made within 180 days of the date a resale certificate is initially issued. The bill authorizes the update request to be made only by the party requesting the original resale certificate.

EFFECTIVE DATE

September 1, 2009.