

By: Paxton

H.B. No. 1824

A BILL TO BE ENTITLED

AN ACT

relating to foreclosure of a property owners' association's assessment lien.

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

SECTION 1. Chapter 209, Property Code, is amended by adding Section 209.0091 to read as follows:

Sec. 209.0091. PREREQUISITES TO FORECLOSURE OF ASSOCIATION LIEN. (a) A property owners' association may not file suit to foreclose an assessment lien or initiate foreclosure of the lien under Section 51.002 unless:

(1) an assessment secured by the lien is overdue by at least three months; and

(2) the property owners' association has complied with this section.

(b) Not later than the 10th day before the end of the third month in which the assessment is overdue, the property owners' association must send the property owner written notice of the delinquency by certified mail, return receipt requested. The notice must also inform the owner of the owner's right to a hearing under this section.

(c) The property owners' association must give the property owner the opportunity to appear at a hearing before the association board. Any hearing under this subsection must occur on or before the 30th day after the date the owner receives the notice required

1 by this section. An owner is entitled to be represented by counsel
2 at any hearing under this subsection.

3 (d) If the association board determines after the hearing
4 that the owner has not paid the delinquent assessments, the
5 property owners' association shall offer the property owner the
6 opportunity to pay the delinquent assessments in monthly
7 installments for a period of 12 months.

8 (e) A property owners' association may file suit to
9 foreclose the assessment lien or initiate a foreclosure of the
10 assessment lien under Section 51.002 if:

11 (1) a property owner does not respond to a notice sent
12 under Subsection (b) before the period prescribed for holding a
13 hearing under Subsection (c) expires; or

14 (2) after a hearing under this section, a property
15 owner is delinquent in paying assessments for a fourth consecutive
16 month.

17 SECTION 2. The change in law made by this Act applies only
18 to an assessment that becomes delinquent on or after the effective
19 date of this Act. An assessment that becomes delinquent before the
20 effective date of this Act is governed by the law in effect
21 immediately before the effective date of this Act, and that law is
22 continued in effect for that purpose.

23 SECTION 3. This Act takes effect September 1, 2009.