

1-1 By: West S.B. No. 1919  
1-2 (In the Senate - Filed March 12, 2009; March 24, 2009, read  
1-3 first time and referred to Committee on Intergovernmental  
1-4 Relations; April 20, 2009, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;  
1-6 April 20, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1919 By: West

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the requirements for recording a property owners'  
1-11 association management certificate.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 209.004, Property Code, is amended by  
1-14 amending Subsections (a) and (c) and adding Subsections (d), (e),  
1-15 and (f) to read as follows:

1-16 (a) A property owners' association shall record in each  
1-17 county in which any portion of the residential subdivision is  
1-18 located a management certificate, signed and acknowledged by an  
1-19 officer or the managing agent of the association, stating:

1-20 (1) the name of the subdivision;

1-21 (2) the name of the association;

1-22 (3) the recording data for the subdivision;

1-23 (4) the recording data for the declaration;

1-24 (5) the name and mailing address of the association;

1-25 (6) ~~or~~ the name and mailing address of the person  
1-26 managing the association or the association's designated  
1-27 representative; and

1-28 (7) ~~(6)~~ other information the association considers  
1-29 appropriate.

1-30 (c) Except as provided under Subsections (d) and (e), the  
1-31 [The] property owners' association and its officers, directors,  
1-32 employees, and agents are not subject to liability to any person for  
1-33 a delay in recording or failure to record a management certificate,  
1-34 unless the delay or failure is wilful or caused by gross negligence.

1-35 (d) If a property owners' association fails to record a  
1-36 management certificate or an amended management certificate under  
1-37 this section, the purchaser, lender, or title insurance company or  
1-38 its agent in a transaction involving property in the property  
1-39 owners' association is not liable to the property owners'  
1-40 association for:

1-41 (1) any amount due to the association on the date of a  
1-42 transfer to a bona fide purchaser; and

1-43 (2) any debt to or claim of the association that  
1-44 accrued before the date of a transfer to a bona fide purchaser.

1-45 (e) A lien of a property owners' association that fails to  
1-46 file a management certificate or an amended management certificate  
1-47 under this section to secure an amount due on the effective date of  
1-48 a transfer to a bona fide purchaser is enforceable only for an  
1-49 amount incurred after the effective date of sale.

1-50 (f) For purposes of this section, "bona fide purchaser"  
1-51 means:

1-52 (1) a person who pays valuable consideration without  
1-53 notice of outstanding rights of others and acts in good faith; or

1-54 (2) a third-party lender who acquires a security  
1-55 interest in the property under a deed of trust.

1-56 SECTION 2. The change in law made by this Act applies only  
1-57 to a transfer of an interest to a bona fide purchaser on or after the  
1-58 effective date of this Act. A transfer of an interest to a bona fide  
1-59 purchaser before the effective date of this Act is covered by the  
1-60 law in effect when the transaction occurred, and the former law is  
1-61 continued in effect for that purpose.

1-62 SECTION 3. A property owners' association that exists on  
1-63 September 1, 2009, shall file the information required by the

2-1 changes in law made by this Act not later than May 1, 2010.

2-2 SECTION 4. This Act takes effect September 1, 2009.

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