

BILL ANALYSIS

Senate Research Center

S.B. 1502
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

An estimated 57 million Americans live in more than 200,000 community associations, including approximately 4.8 million Texans who pay assessments of \$3.2 billion annually. Property owners' associations may be classified as a condominium association, a cooperative association, or a homeowners' association. In Texas, these entities are regulated under the Property Code. As the popularity of homeowners' associations increases, so does the potential for abuse. Existing statutory provisions regarding these associations do not provide adequate protections for homeowners.

S.B. 1502 seeks to ensure the basic private property rights of individuals residing within community associations by allowing homeowners, when a board has failed to call an annual meeting, as required by the association's by-laws or declarations, to petition to the replace the board, following an election of homeowners.

As proposed, S.B. 1502 amends current law relating to changing the composition of a board of a property owners' association in certain circumstances.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 209, Property Code, by adding Section 209.014, as follows:

Sec. 209.014. MANDATORY ELECTIONS IN CERTAIN CIRCUMSTANCES. (a) Requires the governing body of a property owners' association (board), notwithstanding any provision in a dedicatory instrument, to call a special election to elect a new board not later than the 30th day after the date on which the board fails to call a regular meeting of the members of the association as required by a dedicatory instrument.

(b) Authorizes an owner, if the board fails to call a special election as required under Subsection (a), to demand that the election be held within a reasonable time. Requires that the demand be made in writing and sent to each board member by certified mail, return receipt requested.

(c) Authorizes an owner, if the board fails to call the special election before the 61st day after the date the owner mailed the demand under Subsection (b), to compel the association to hold the special election by initiating legal action against the board members. Provides that each owner has a justiciable interest sufficient to initiate and prosecute a legal action described by this subsection.

SECTION 2. Provides that this Act applies to a property owners' association created before, on, or after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2011.