

By: Orr

H.B. No. 366

A BILL TO BE ENTITLED

AN ACT

relating to priority of payment relating to property owners' association assessments.

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

SECTION 1. Section 209.009, Property Code, is amended to read as follows:

Sec. 209.009. FORECLOSURE SALE PROHIBITED IN CERTAIN CIRCUMSTANCES. (a) A property owners' association may not foreclose a property owners' association's assessment lien if the debt securing the lien consists solely of:

(1) fines assessed by the association; or

(2) attorney's fees incurred by the association solely associated with fines assessed by the association.

(b) Unless otherwise provided in writing by the property owner, a payment received by a property owners' association from the owner shall be applied to the owner's debt in the following order of priority:

(1) any delinquent assessment;

(2) any current assessment;

(3) any fines assessed by the association; and

(4) any attorney's fees incurred by the association solely associated with fines assessed by the association.

SECTION 2. This Act applies to a payment received by a property owners' association on or after the effective date of this

1 Act. A payment received before the effective date of this Act is  
2 governed by the law in effect when the payment was received, and the  
3 former law is continued in effect for that purpose.

4 SECTION 3. This Act takes effect September 1, 2011.