

By: McClendon, Capriglione

H.B. No. 3803

Substitute the following for H.B. No. 3803:

By: Workman

C.S.H.B. No. 3803

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a fidelity bond or insurance requirement for property
3 owners' association and unit owners' association board members.

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

5 SECTION 1. Subchapter C, Chapter 82, Property Code, is
6 amended by adding Section 82.1031 to read as follows:

7 Sec. 82.1031. FIDELITY BOND OR INSURANCE REQUIREMENT. The
8 board of a unit owners' association of 20 units or more shall obtain
9 and maintain a fidelity bond or fidelity insurance that covers
10 losses resulting from dishonest or fraudulent acts. The board must
11 maintain the bond or insurance in force for all officers,
12 directors, and employees of the association and all other persons
13 handling or responsible for funds administered by the board. The
14 coverage must be not less than a sum equal to three months'
15 aggregate assessments on all units plus reserve funds. The
16 governing documents of the association may provide for higher
17 limits of coverage.

18 SECTION 2. Chapter 209, Property Code, is amended by adding
19 Section 209.00595 to read as follows:

20 Sec. 209.00595. FIDELITY BOND OR INSURANCE REQUIREMENT.
21 The board of a property owners' association of 20 lots or more shall
22 obtain and maintain a fidelity bond or fidelity insurance that
23 covers losses resulting from dishonest or fraudulent acts. The
24 board must maintain the bond or insurance in force for all officers,

1 directors, and employees of the association and all other persons
2 handling or responsible for funds administered by the board. The
3 coverage must be not less than a sum equal to three months'
4 aggregate assessments on all lots plus reserve funds. The governing
5 documents of the association may provide for higher limits of
6 coverage.

7 SECTION 3. This Act takes effect September 1, 2013.