

BILL ANALYSIS

C.S.H.B. 614
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Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas property owners' associations are able to levy disproportionately high fines against property owners for minimal violations. Since current law is ambiguous with respect to the authority of a property owners' association to levy fines, there have been calls for increased clarity regarding the legal standards by which those fines are measured. C.S.H.B. 614 seeks to address this issue by requiring a property owners' association to establish a transparent policy regarding fines and related violations.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 614 amends the Property Code to require a property owners' association board to adopt an enforcement policy regarding the levying of fines by the association. The policy must include the following:

- general categories of restrictive covenants for which the association may assess fines;
- a schedule of the fine for each category of violation; and
- information regarding hearings before the board to discuss and verify facts and resolve a violation.

The adopted enforcement policy may reserve the board's authority to levy a fine from the schedule of fines that varies on a case-by-case basis.

C.S.H.B. 614 requires each property owners' association to do the following with respect to the enforcement policy:

- provide a copy of the policy to an owner of each property in the subdivision by:
 - posting the policy on a website maintained by the association or an agent acting on the association's behalf that is accessible to association members; or
 - annually sending a copy of the policy, separately or included in routine communication from the association to property owners, by personal delivery, mail, or email in the manner prescribed by the bill; and
- make the policy available on any publicly accessible website maintained by the association or by an agent acting on the association's behalf.

C.S.H.B. 614 applies only to a fine that becomes due on or after the bill's effective date and expressly does not apply to a property owners' association that is not authorized by the association's dedicatory instrument to levy a fine.

EFFECTIVE DATE

January 1, 2024.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 614 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision absent from the introduced making the bill's provisions inapplicable to a property owners' association that is not authorized by the association's dedicatory instrument to levy a fine.

Whereas the introduced required the enforcement policy to include each category of restrictive covenant for which an association may assess a reasonable fine, including specified categories, the substitute requires the policy to include general categories of restrictive covenants for which the association may assess fines.

The substitute omits a requirement present in the introduced for each property owners' association to file a copy of the enforcement policy, and each subsequent amendment, with the county clerk of each county in which the subdivision is located.