

BILL ANALYSIS

C.S.H.B. 886
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Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many constituents across Texas live in subdivisions that have a property owners' association (POA), commonly referred to as "homeowner association" or "community association." These Texans are responsible for paying dues to their POA. Under state law a POA has the power to place a lien on a property that has not paid dues, which can lead to a foreclosure. C.S.H.B. 886 seeks to increase property owner protection under POA governance. The bill requires a POA to provide multiple notices of delinquency before they can file an assessment lien on a property and prohibits the association from filing the lien before a waiting period has elapsed.

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. 886 amends the Property Code to require a property owners' association (POA), before filing an assessment lien, to provide delinquency notices as follows:

- the first notice must be provided by first class mail to the property owner's last known mailing address as reflected in records maintained by the POA, or by email to an email address the property owner has provided to the POA; and
- the second notice of delinquency must be provided by certified mail, return receipt requested, to a property owner's last known mailing address as reflected in records maintained by the POA, not earlier than the 30th day after the first notice is given.

The bill prohibits a POA from filing the lien before the 90th day after the date the second delinquency notice was sent to the owner. The bill applies only to an assessment that becomes delinquent on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 886 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.

Whereas the introduced required a POA to provide three separate monthly notices of delinquency by certified mail, return receipt requested, to the property owner's last known mailing address, the substitute requires the POA to provide two notices, the first notice provided by first class mail to the last known mailing address or by email to an email address the owner provided to the POA, and the second notice by certified mail, return receipt requested, to the property owner's last known mailing address.

Whereas the introduced prohibited a POA from filing a lien before the 180th day after the date the third notice was sent to the owner, the substitute prohibits the POA from filing a lien before the 90th day after the date the second notice was sent.