

## **BILL ANALYSIS**

Senate Research Center

H.B. 2224  
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State Affairs  
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Engrossed

### **DIGEST**

Currently, the purchaser of a home may not be aware that the seller is a member of a property owners' association is not required to provide the purchaser of the home with notice of the purchaser's required membership in the property owners' association. This bill would require a seller of a residential real property that is subject to membership in a property owners' association to give to the purchaser a written notice that informs the purchaser of the restrictions and obligations associated with a purchase of this kind of home.

### **PURPOSE**

As proposed, H.B. 2224 requires the provision of disclosure notices for the sale of real property governed by a property owners' association, and requires the filing of dedicatory instruments governing property owners' associations.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 5A, Property Code, by adding Section 5.012, as follows:

Sec. 5.012. NOTICE OF OBLIGATIONS RELATED TO MEMBERSHIP IN PROPERTY OWNERS' ASSOCIATION. Requires a seller of residential real property (seller) that is subject to membership in a property owners' association and that comprises not more than one dwelling unit located in this state to give a notice of membership in a property owners' association (notice) to the purchaser of the property (purchaser). Sets forth the required text and format of the notice. Requires the seller to deliver the notice to the purchaser before the date the executory contract binds the purchaser to purchase the property. Authorizes the notice to be given separately, as part of the contract during negotiations, or as part of any other notice the seller delivers to the purchaser. Authorizes references to a street address and date in a notice, and the purchaser's signature on the notice, to be omitted if the notice is included as part of the executory contract or other notice. Provides that this section does not apply to certain specified transfers. Authorizes the purchaser to terminate an executory contract for any reason, if an executory contract is entered into without the seller providing the notice, within the earlier of seven days after the date the purchaser receives the notice or the date the transfer occurs as provided by the executory contract. Provides that the purchaser's right to terminate the executory contract under Subsection (d) is the purchaser's exclusive remedy for the seller's failure to provide the required notice.

SECTION 2. Amends Chapter 202, Property Code, by adding Section 202.006, as follows:

Sec. 202.006. PUBLIC RECORDS. Requires each county clerk to maintain records called "Property Owners' Association Records" in which the clerk is required to record dedicatory instruments governing property owners' associations. Requires a property owners' association to file the dedicatory instrument in the real property records of each county in which the property to which the dedicatory instrument relates is located.

SECTION 3. Effective date: September 1, 1999, except for Section 5.012, Property Code, which takes effect January 1, 2000 and applies only to an executory contract that is binding on a seller and purchaser on or after that date.

SECTION 4. Requires the county clerk of each county to establish the “Property Owners’ Association Records” on or before December 1, 1999, and requires each property owners’ association to present each dedicatory instrument governing the association for filing, not later than January 1, 2000.

SECTION 5. Emergency clause.