AN ACT

relating to the operation of certain property owners' associations, condominium unit owners' associations, and councils of owners.

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

SECTION 1. Section 82.157(a), Property Code, is amended to read as follows:

(a) Except as provided by Subsection (c), if a unit owner other than a declarant intends to sell a unit, before executing a contract or conveying the unit, the unit owner must furnish to the purchaser a current copy of the declaration, bylaws, any association rules, and a resale certificate that must have been prepared not earlier than three months before the date it is delivered to the purchaser. The resale certificate must be issued by the association and must contain the current operating budget of the association and statements of:

(1) any right of first refusal or other restraint contained in the declaration that restricts the right to transfer a unit;

(2) the amount of the periodic common expense assessment and the unpaid common expenses or special assessments currently due and payable from the selling unit owner;

(3) other unpaid fees or amounts payable to the association by the selling unit owner;

(4) capital expenditures, if any, approved by the
association for the next 12 months;
(5) the amount of reserves, if any, for capital expenditures and of portions of those reserves designated by the association for a specified project;
(6) any unsatisfied judgments against the association;
(7) the nature of any pending suits against the association;
(8) insurance coverage provided for the benefit of unit owners;
(9) whether the board has knowledge that any alterations or improvements to the unit or to the limited common elements assigned to that unit violate the declaration, bylaws, or association rules;
(10) whether the board has received notice from a governmental authority concerning violations of health or building codes with respect to the unit, the limited common elements assigned to that unit, or any other portion of the condominium;
(11) the remaining term of any leasehold estate that affects the condominium and the provisions governing an extension or renewal of the lease; [and]
(12) the name, mailing address, and telephone number of the association's managing agent, if any;
(13) the association's current operating budget and balance sheet; and
(14) all fees payable to the association or an agent of the association that are associated with the transfer of ownership,
including a description of each fee, to whom the fee is paid, and the amount of the fee.

SECTION 2. Section 207.001(2), Property Code, is amended to read as follows:

(2) "Dedicatory instrument," "property owners' association," and "restrictive covenant" have the meanings assigned by Section 209.002.

SECTION 3. Section 207.002, Property Code, is amended to read as follows:

Sec. 207.002. APPLICABILITY. (a) This chapter applies to a subdivision with a property owners' association that is entitled to levy regular or special assessments.

(b) This chapter does not apply to a condominium council of owners governed by Chapter 81 or a condominium unit owners' association governed by Chapter 82.

SECTION 4. Section 209.002, Property Code, is amended by amending Subdivision (4-a) and adding Subdivision (13) to read as follows:

(4-a) "Development period" means a period stated in a declaration during which a declarant reserves:

(A) a right to facilitate the development, construction, and marketing of the subdivision; or

(B) a right to direct the size, shape, and composition of the subdivision.

(13) "Verified mail" means any method of mailing for which evidence of mailing is provided by the United States Postal Service or a common carrier.
SECTION 5. Section 209.003(d), Property Code, is amended to read as follows:

(d) This chapter does not apply to a condominium as defined [development governed] by Section 81.002 or 82.003 [Chapter 82].

SECTION 6. Section 209.0041, Property Code, is amended by amending Subsection (h) and adding Subsections (h-1) and (h-2) to read as follows:

(h) Except as provided by Subsection (h-1) or (h-2) [this subsection], a declaration may be amended only by a vote of 67 percent of the total votes allocated to property owners entitled to vote on the amendment of the declaration [in the property owners' association], in addition to any governmental approval required by law.

(h-1) If the declaration contains a lower percentage than prescribed by Subsection (h), the percentage in the declaration controls.

(h-2) If the declaration is silent as to voting rights for an amendment, the declaration may be amended by a vote of owners owning 67 percent of the lots subject to the declaration.

SECTION 7. Chapter 209, Property Code, is amended by adding Section 209.0042 to read as follows:

Sec. 209.0042. METHODS OF PROVIDING NOTICES TO OWNERS.

(a) Subject to this section, a property owners' association may adopt a method that may be used by the association to provide a notice from the association to a property owner.

(b) A property owners' association may use an alternative method of providing notice adopted under this section to provide a
notice for which another method is prescribed by law only if the
property owner to whom the notice is provided has affirmatively
opted to allow the association to use the alternative method of
providing notice to provide to the owner notices for which another
method is prescribed by law.

(c) A property owners' association may not require an owner
to allow the association to use an alternative method of providing
notice adopted under this section to provide to the owner any notice
for which another method of providing notice is prescribed by law.

SECTION 8. Section 209.0051, Property Code, is amended by
amending Subsections (b), (c-1), and (h) and adding Subsection
(c-2) to read as follows:

(b) In this section, "board[+"..

(1) "Board] meeting":

(1) ["A"] means a deliberation between a quorum of the
voting board of the property owners' association, or between a
quorum of the voting board and another person, during which
property owners' association business is considered and the board
takes formal action; and

(2) ["A"] does not include the gathering of a quorum
of the board at a social function unrelated to the business of the
association or the attendance by a quorum of the board at a
regional, state, or national convention, ceremonial event, or press
conference, if formal action is not taken and any discussion of
association business is incidental to the social function,
convention, ceremonial event, or press conference.

[(2) "Development period" means a period stated in a]
declaration during which a declarant reserves:

(A) a right to facilitate the development, construction, and marketing of the subdivision; and

(B) a right to direct the size, shape, and composition of the subdivision.]

(c-1) Except for a meeting held by electronic or telephonic means under Subsection (c-2) [(h)], a board meeting must be held in a county in which all or part of the property in the subdivision is located or in a county adjacent to that county.

(c-2) A board meeting may be held by electronic or telephonic means provided that:

(1) each board member may hear and be heard by every other board member;

(2) except for any portion of the meeting conducted in executive session:

(A) all owners in attendance at the meeting may hear all board members; and

(B) owners are allowed to listen using any electronic or telephonic communication method used or expected to be used by a board member to participate; and

(3) the notice of the meeting includes instructions for owners to access any communication method required to be accessible under Subdivision (2)(B).

(h) Except as provided by this subsection, a [A] board may take action outside of a meeting [meet by any method of communication], including voting by electronic or [and] telephonic means, without prior notice to owners under Subsection (e), if each
board member is given a reasonable opportunity to express the board member's opinion to all other board members and to vote [director may hear and be heard by every other director, or the board may take action by unanimous written consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate board action]. Any action taken without notice to owners under Subsection (e) must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting. The board may not, unless done in an open meeting for which [without] prior notice was given to owners under Subsection (e), consider or vote on:

(1) fines;
(2) damage assessments;
(3) initiation of foreclosure actions;
(4) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
(5) increases in assessments;
(6) levying of special assessments;
(7) appeals from a denial of architectural control approval; [or]
(8) a suspension of a right of a particular owner before the owner has an opportunity to attend a board meeting to present the owner's position, including any defense, on the issue;
(9) lending or borrowing money;
(10) the adoption or amendment of a dedicatory instrument;

(11) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than 10 percent;

(12) the sale or purchase of real property;

(13) the filling of a vacancy on the board;

(14) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or

(15) the election of an officer.

SECTION 9. Section 209.0056, Property Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) For an election or vote taken at a meeting of the owners, not later than the 10th day or earlier than the 60th day before the date of the election or vote, a property owners' association shall give written notice of the election or vote to:

(1) each owner of property in the property owners' association, for purposes of an association-wide election or vote;

or

(2) each owner of property in the property owners' association entitled under the dedicatory instruments to vote in a particular representative election, for purposes of a vote that involves election of representatives of the association who are vested under the dedicatory instruments of the property owners' association with the authority to elect or appoint board members of
For an election or vote of owners not taken at a meeting, the property owners' association shall give notice of the election or vote to all owners entitled to vote on any matter under consideration. The notice shall be given not later than the 20th day before the latest date on which a ballot may be submitted to be counted.

SECTION 10. Section 209.0057, Property Code, is amended by amending Subsections (b), (c), and (d) and adding Subsections (b-1), (b-2), (b-3), and (b-4) to read as follows:

(b) Any owner may, not later than the 15th day after the later of the date of any [the] meeting of owners at which the election or vote was held or the date of the announcement of the results of the election or vote, require a recount of the votes. A demand for a recount must be submitted in writing either:

(1) by verified [certified] mail[, return receipt requested] or by delivery by the United States Postal Service with signature confirmation service to the property owners' association's mailing address as reflected on the latest management certificate filed under Section 209.004; or

(2) in person to the property owners' association's managing agent as reflected on the latest management certificate filed under Section 209.004 or to the address to which absentee and proxy ballots are mailed.

(b-1) The property owners' association must estimate the costs for performance of the recount by a person qualified to tabulate votes under Subsection (c) and must send an invoice for the
estimated costs to the requesting owner at the owner's last known
address according to association records not later than the 20th
day after the date the association receives the owner's demand for
the recount.

(b-2) The owner demanding a recount under this section must
pay the invoice described by Subsection (b-1) in full to the
property owners' association on or before the 30th day after the
date the invoice is sent to the owner.

(b-3) If the invoice described by Subsection (b-1) is not
paid by the deadline prescribed by Subsection (b-2), the owner's
demand for a recount is considered withdrawn and a recount is not
required.

(b-4) If the estimated costs under Subsection (b-1) are
lesser or greater than the actual costs, the property owners'
association must send a final invoice to the owner on or before the
30th business day after the date the results of the recount are
provided. If the final invoice includes additional amounts owed by
the owner, any additional amounts not paid to the association
before the 30th business day after the date the invoice is sent to
the owner may be added to the owner's account as an assessment. If
the estimated costs exceed the final invoice amount, the owner is
entitled to a refund. The refund shall be paid to the owner at the
time the final invoice is sent under this subsection.

(c) Following receipt of payment under Subsection (b-2),
the [The] property owners' association shall, at the expense of the
owner requesting the recount, retain for the purpose of performing
the recount[1] the services of a person qualified to tabulate votes
under this subsection. The association shall enter into a contract for the services of a person who:

(1) is not a member of the association or related to a member of the association board within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code; and

(2) is:

(A) a current or former:

(i) county judge;

(ii) county elections administrator;

(iii) justice of the peace; or

(iv) county voter registrar; or

(B) a person agreed on by the association and each person requesting the recount.

(d) On or before the 30th day after the date of receipt of payment for a recount in accordance with Subsection (b-2), the recount must be completed and the property owners' association must provide each owner who requested the recount with notice of the results of the recount. If the recount changes the results of the election, the property owners' association shall reimburse the requesting owner for the cost of the recount not later than the 30th day after the date the results of the recount are provided. The property owners' association shall provide the results of the recount to each owner who requested the recount. Any action taken by the board in the period between the initial election vote tally and the completion of the recount is
SECTION 11. Section 209.0058, Property Code, is amended by amending Subsections (a) and (c) and adding Subsections (a-1) and (d) to read as follows:

(a) Except as provided by Subsection (d), a vote cast in an election or vote by a member of a property owners' association must be in writing and signed by the member if the vote is cast:

(1) outside of a meeting;
(2) in an election to fill a position on the board;
(3) on a proposed adoption or amendment of a dedicatory instrument;
(4) on a proposed increase in the amount of a regular assessment or the proposed adoption of a special assessment; or
(5) on the proposed removal of a board member.

(a-1) If a property owners' association elects to use a ballot for a vote on a matter other than a matter described by Subsection (a), the ballot must be:

(1) in writing and signed by the member; or
(2) cast by secret ballot in accordance with Subsection (d).

(c) In a property owners' association [an association-wide] election, written and signed ballots are not required for uncontested races.

(d) A property owners' association may adopt rules to allow voting by secret ballot by association members. The association must take measures to reasonably ensure that:
(1) a member cannot cast more votes than the member is eligible to cast in an election or vote;
(2) the association counts each vote cast by a member that the member is eligible to cast; and
(3) in any election for the board, each candidate may name one person to observe the counting of the ballots, provided that this does not entitle any observer to see the name of the person who cast any ballot, and that any disruptive observer may be removed.

SECTION 12. Section 209.0059, Property Code, is amended by adding Subsection (c) to read as follows:
(c) In a residential development with 10 or fewer lots for which the declaration was recorded before January 1, 2015, a person may not vote in a property owners' association election unless the person is subject to a dedicatory instrument governing the association through which the association exercises its authority.

SECTION 13. Section 209.00591, Property Code, is amended by adding Subsection (a-1) and amending Subsection (c) to read as follows:
(a-1) Notwithstanding any other provision of this chapter, a property owners' association's bylaws may require one or more board members to reside in the subdivision subject to the dedicatory instruments but may not require all board members to reside in that subdivision. A requirement described by this subsection is not applicable during the development period.
(c) The declaration may provide for a period of declarant control of the association during which a declarant, or persons
designated by the declarant, may appoint and remove board members
and the officers of the association, other than board members or
officers elected by members of the property owners' association. Regardless of the period of declarant control
provided by the declaration, on or before the 120th day after the
date 75 percent of the lots that may be created and made subject to
the declaration are conveyed to owners other than a declarant or a
builder in the business of constructing homes who purchased the
lots from the declarant for the purpose of selling completed homes
built on the lots, at least one-third of the board members must be
elected by owners other than the declarant. If the declaration
does not include the number of lots that may be created and made
subject to the declaration, at least one-third of the board members
must be elected by owners other than the declarant not later than
the 10th anniversary of the date the declaration was recorded.

SECTION 14. Section 209.00592, Property Code, is amended by
amending Subsection (a) and adding Subsections (a-1) and (b-1) to
read as follows:

(a) Subject to Subsection (a-1), the voting rights of
an owner may be cast or given:

(1) in person or by proxy at a meeting of the property
owners' association;

(2) by absentee ballot in accordance with this
section;

(3) by electronic ballot in accordance with this
section; or

(4) by any method of representative or delegated
voting provided by a dedicatory instrument.

(a-1) Except as provided by this subsection, unless a dedicatory instrument provides otherwise, a property owners' association is not required to provide an owner with more than one voting method. An owner must be allowed to vote by absentee ballot or proxy.

(b-1) For purposes of Subsection (b), a nomination taken from the floor in a board member election is not considered an amendment to the proposal for the election.

SECTION 15. Section 209.00593, Property Code, is amended by adding Subsections (a-1), (a-2), and (a-3) and amending Subsection (d) to read as follows:

(a-1) At least 10 days before the date a property owners' association composed of more than 100 lots disseminates absentee ballots or other ballots to association members for purposes of voting in a board member election, the association must provide notice to the association members soliciting candidates interested in running for a position on the board. The notice must contain instructions for an eligible candidate to notify the association of the candidate's request to be placed on the ballot and the deadline to submit the candidate's request. The deadline may not be earlier than the 10th day after the date the association provides the notice required by this subsection.

(a-2) The notice required by Subsection (a-1) must be:

(1) mailed to each owner; or

(2) provided by:

(A) posting the notice in a conspicuous manner
reasonably designed to provide notice to association members:

(i) in a place located on the association's common property or, with the property owner's consent, on other conspicuously located privately owned property within the subdivision; or

(ii) on any Internet website maintained by the association or other Internet media; and

(B) sending the notice by e-mail to each owner who has registered an e-mail address with the association.

(a-3) An association described by Subsection (a-1) shall include on each absentee ballot or other ballot for a board member election the name of each eligible candidate from whom the association received a request to be placed on the ballot in accordance with this section.

(d) This section does not apply to the appointment of a board member during a development period. [In this subsection, "development period" means a period stated in a declaration during which a declarant reserves:

[(1) a right to facilitate the development, construction, and marketing of the subdivision; and

[(2) a right to direct the size, shape, and composition of the subdivision.]

SECTION 16. Section 209.00594, Property Code, is amended by amending Subsections (b) and (c) and adding Subsections (b-1) and (d) to read as follows:

(b) A person other than a person described by Subsection (a) may tabulate votes in an association election or vote [but may not
disclose to any other person how an individual voted.

(b-1) A person who tabulates votes under Subsection (b) or who performs a recount under Section 209.0057(c) may not disclose to any other person how an individual voted.

(c) Notwithstanding any other provision of this chapter or any other law, only a person [other than a person] who tabulates votes under Subsection (b) or who performs a recount under Section 209.0057(c) [, including a person described by Subsection (a),] may be given access to the ballots cast in the election or vote [only as part of a recount process authorized by law].

(d) This section may not be construed to affect a person's obligation to comply with a court order for the release of ballots or other voting records.

SECTION 17. Section 209.006, Property Code, is amended to read as follows:

Sec. 209.006. NOTICE REQUIRED BEFORE ENFORCEMENT ACTION.

(a) Before a property owners' association may suspend an owner's right to use a common area, file a suit against an owner other than a suit to collect a regular or special assessment or foreclose under an association's lien, charge an owner for property damage, or levy a fine for a violation of the restrictions or bylaws or rules of the association, the association or its agent must give written notice to the owner by certified mail[, return receipt requested].

(b) The notice must:

(1) describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the association from the owner; [and]
(2) except as provided by Subsection (d), inform the owner that the owner:

(A) is entitled to a reasonable period to cure the violation and avoid the fine or suspension if the violation is of a curable nature and does not pose a threat to public health or safety [unless the owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six months];

(B) may request a hearing under Section 209.007 on or before the 30th day after the date [the owner receives] the notice was mailed to the owner; and

(C) may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. App. app.) Section 501 et seq.), if the owner is serving on active military duty;

(3) specify the date by which the owner must cure the violation if the violation is of a curable nature and does not pose a threat to public health or safety; and

(4) be sent by verified mail to the owner at the owner's last known address as shown on the association records.

(c) The date specified in the notice under Subsection (b)(3) must provide a reasonable period to cure the violation if the violation is of a curable nature and does not pose a threat to public health or safety.

(d) Subsections (a) and (b) do not apply to a violation for which the owner has been previously given notice under this section and the opportunity to exercise any rights available under this
section in the preceding six months.

(e) If the owner cures the violation before the expiration of the period for cure described by Subsection (c), a fine may not be assessed for the violation.

(f) For purposes of this section, a violation is considered a threat to public health or safety if the violation could materially affect the physical health or safety of an ordinary resident.

(g) For purposes of this section, a violation is considered uncurable if the violation has occurred but is not a continuous action or a condition capable of being remedied by affirmative action. For purposes of this subsection, the nonrepetition of a one-time violation or other violation that is not ongoing is not considered an adequate remedy.

(h) The following are examples of acts considered uncurable for purposes of this section:

(1) shooting fireworks;
(2) an act constituting a threat to health or safety;
(3) a noise violation that is not ongoing;
(4) property damage, including the removal or alteration of landscape; and
(5) holding a garage sale or other event prohibited by a dedicatory instrument.

(i) The following are examples of acts considered curable for purposes of this section:

(1) a parking violation;
(2) a maintenance violation;
the failure to construct improvements or
modifications in accordance with approved plans and
specifications; and
(4) an ongoing noise violation such as a barking dog.

SECTION 18. Section 209.0062(c), Property Code, is amended
to read as follows:
(c) A property owners' association is [may] not required to
allow a payment plan for any amount that extends more than 18 months
from the date of the owner's request for a payment plan. The
association is not required to enter into a payment plan with an
owner who failed to honor the terms of a previous payment plan
during the two years following the owner's default under the
previous payment plan. The association is not required to make a
payment plan available to an owner after the period for cure
described by Section 209.0064(b)(3) expires. The association is
not required to allow an owner to enter into a payment plan more
than once in any 12-month period.

SECTION 19. Section 209.0064(b), Property Code, is amended
to read as follows:
(b) A property owners' association may not hold an owner
liable for fees of a collection agent retained by the [property
owners'] association unless the association first provides written
notice to the owner by certified mail[, return receipt requested,]
that:
(1) specifies each delinquent amount and the total
amount of the payment required to make the account current;
(2) if the association is subject to Section 209.0062
or the association's dedicatory instruments contain a requirement
to offer a payment plan, describes the options the owner has to
avoid having the account turned over to a collection agent,
including information regarding availability of a payment plan
through the association; and

(3) provides a period of at least 30 days for the owner
to cure the delinquency before further collection action is taken.

SECTION 20. Section 209.009, Property Code, is amended to
read as follows:

Sec. 209.009. FORECLOSURE SALE PROHIBITED IN CERTAIN
CIRCUMSTANCES. 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;

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

(3) amounts added to the owner's account as an
assessment under Section 209.005(i) or 209.0057(b-4).

SECTION 21. Section 209.0091, Property Code, is amended to
read as follows:

Sec. 209.0091. PREREQUISITES TO FORECLOSURE: NOTICE AND
OPPORTUNITY TO CURE FOR CERTAIN OTHER LIENHOLDERS. (a) A property
owners' association may not file an application for an expedited
court order authorizing foreclosure of the association's
assessment lien as described by Section 209.0092(a) or a petition
for judicial foreclosure of the association's assessment lien as
described by Section 209.0092(d) [foreclose a property owners'
association assessment lien on real property by giving notice of sale under Section 51.002 or commencing a judicial foreclosure action] unless the association has:

(1) provided written notice of the total amount of the delinquency giving rise to the foreclosure to any other holder of a lien of record on the property whose lien is inferior or subordinate to the association's lien and is evidenced by a deed of trust; and

(2) provided the recipient of the notice an opportunity to cure the delinquency before the 61st day after the date the association mails [recipient receives] the notice described in Subdivision (1).

(b) Notice under this section must be sent by certified mail[, return receipt requested,] to the address for the lienholder shown in the deed records relating to the property that is subject to the property owners' association assessment lien.

(c) Notwithstanding any other law, notice under this section may be provided to any holder of a lien of record on the property.

SECTION 22. Section 209.0092, Property Code, is amended by amending Subsection (a) and adding Subsections (d) and (e) to read as follows:

(a) Except as provided by Subsection (c) or (d) and subject to Section 209.009, a property owners' association may not foreclose a property owners' association assessment lien unless the association first obtains a court order in an application for expedited foreclosure under the rules adopted by the supreme court under Subsection (b). A property owners' association may use the
procedure described by this subsection to foreclose any lien described by the association's dedicatory instruments. A property owners' association whose dedicatory instruments grant a right of foreclosure is considered to have any power of sale required by law as a condition of using the procedure described by this subsection.

(d) A property owners' association authorized to use the procedure described by Subsection (a) may in its discretion elect not to use that procedure and instead foreclose the association's assessment lien under court judgment foreclosing the lien and ordering the sale, pursuant to Rules 309 and 646a, Texas Rules of Civil Procedure.

(e) This section does not affect any right an association that is not authorized to use the procedure described by Subsection (a) may have to judicially foreclose the association's assessment lien as described by Subsection (d).

SECTION 23. Title 11, Property Code, is amended by adding Chapter 213 to read as follows:

CHAPTER 213. MODIFICATION OR TERMINATION OF RESTRICTIONS IN CERTAIN REAL ESTATE DEVELOPMENTS BY PROPERTY OWNERS' ASSOCIATION OR PROPERTY OWNER PETITION

Sec. 213.001. DEFINITIONS. In this chapter:

(1) "Amenity property" means real property the use of which is restricted by a dedicatory instrument to use as a golf course or country club.

(2) "Council of owners" has the meaning assigned by Section 81.002 as it relates to an existing condominium in a development.
(3) "Dedicationary instrument" means a governing instrument that:

(A) restricts amenity property to use as amenity property;

(B) designates real property in the development, other than amenity property, as a beneficiary of a restriction described by Paragraph (A); and

(C) addresses the establishment, maintenance, and operation of amenity property.

(4) "Development" means:

(A) amenity property; and

(B) all real property designated as beneficiary property in the dedicationary instrument.

(5) "Owner" means a person, or the person’s personal representative, who holds record title to:

(A) a lot or parcel of real property in a development; or

(B) a unit or apartment of a condominium in the development.

(6) "Petition circulator" means a person authorized to circulate a petition under Section 213.005.

(7) "Property owners' association" means an incorporated or unincorporated association that:

(A) is designated as the representative of the owners of lots or parcels of real property in a development;

(B) has a membership primarily consisting of those owners; and
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(C) manages or regulates all or part of the
development for the benefit of those owners.

(8) "Restrictions" means one or more restrictive
covenants contained or incorporated by reference in a properly
recorded map, plat, replat, declaration, or other instrument filed
in the real property records or map or plat records. The term
includes any amendment or extension of the restrictions.

(9) "Restrictive covenant" means any covenant,
condition, or restriction contained in a dedicatory instrument,
whether mandatory, prohibitive, permissive, or administrative.

(10) "Unit owners' association" means an association
of unit owners organized under Section 82.101 for a condominium in a
development.

Sec. 213.002. FINDINGS AND PURPOSE. (a) The legislature
finds that:

(1) a restriction on the use of an amenity property may
create uncertainty if the owners of an amenity property are
reluctant or unable to properly maintain or operate the amenity
property;

(2) such uncertainty may discourage investment and
negatively impact property values in the development;

(3) investors may be reluctant to or will not invest
funds to revitalize an amenity property burdened with a restriction
on its use;

(4) financial institutions may be reluctant to or will
not provide financing to revitalize an amenity property burdened
with a restriction on its use; and
establishing a procedural option to allow for the modification or termination of the restriction would alleviate the uncertainty and encourage revitalization of the amenity property.

(b) The purpose of this chapter is to provide a procedural option for the modification or termination of a restriction on the use of an amenity property.

Sec. 213.003. MODIFICATION OR TERMINATION BY PETITION. (a) Except as provided by Subsection (b), a restriction on the use of an amenity property may be modified or terminated by petition in accordance with this chapter.

(b) This chapter does not apply if:

(1) a dedicatory instrument includes a procedure to modify or terminate a restriction on the use of an amenity property on approval of the owners of less than 75 percent of, as applicable, the lots or parcels of land and units or apartments of condominiums in the development; or

(2) a restriction on the use of an amenity property may be modified or terminated under the procedures of Chapter 81, 82, 201, or 209.

Sec. 213.004. PREREQUISITES FOR CIRCULATION. A petition may not be circulated under this chapter unless:

(1) for a continuous period of at least 36 months, the amenity property has not been in operation; and

(2) if zoning regulations apply to the amenity property, the owner of the amenity property has received all required zoning approvals for any proposed redevelopment of the amenity property.
Sec. 213.005. PETITION CIRCULATOR. A petition authorized by Section 213.003 may be circulated by:

(1) an owner;

(2) a property owners' association that owns and manages the amenity property; or

(3) a unit owners' association or council of owners that owns and manages the amenity property.

Sec. 213.006. CONTENTS OF PETITION. (a) The petition must include all relevant information about the proposed modification or termination, including:

(1) the name of the development, if any;

(2) the name of the amenity property, if any;

(3) the recording information of the restriction to be modified or terminated;

(4) the text of the restriction subject to modification or termination;

(5) the text of the restriction as modified or terminated; and

(6) a comparison of the original language of the restriction and the restriction as modified or terminated, showing any insertion and deletion of language or punctuation.

(b) The petition must state:

(1) reasonable times and dates the petition circulator will be available at a location in the development to receive a signed statement required by Section 213.008;

(2) a mailing address, e-mail address, and facsimile number to which a signed statement may be delivered; and
Sec. 213.007. CIRCULATION PROCEDURE. (a) A petition circulator shall deliver a copy of the petition to:

(1) all owners of:

(A) each lot or parcel of real property in the development; and

(B) each unit or apartment of each condominium, if any, in the development; and

(2) each property owners' association, unit owners' association, and council of owners in the development.

(b) The petition circulator may deliver a copy of the petition in any reasonable manner, including:

(1) by regular mail or certified mail, return receipt requested, to the last known address of the owners or entities described by Subsections (a)(1) and (2);

(2) personal delivery to the owners or entities described by Subsections (a)(1) and (2); or

(3) at a regular meeting of a property owners' association, unit owners' association, or council of owners.

(c) If the petition circulator acts in good faith in determining ownership and delivering copies of the petition as required by this section, an owner's lack of receipt of a copy of the petition does not affect the application of a modification or termination of a restriction under this chapter to the amenity property.

Sec. 213.008. VOTE ON PROPOSAL. (a) The modification or
termination of the restriction is adopted if the owners of at least 75 percent of the total number, as applicable, of the lots or parcels of land and the units or apartments of condominiums in the development, including the owner of the amenity property, vote in favor of the modification or termination of the restriction.

(b) An owner may cast a vote only by delivering to the petition circulator in accordance with Section 213.009 a signed statement that includes:

(1) the owner's name, the legal description or street address of the owner's property, and the owner's mailing address;

(2) a statement that the owner holds record title to the property;

(3) if more than one person owns an interest in the property, the name and mailing address of each co-owner; and

(4) a statement indicating whether the owner is in favor of or against the modification or termination proposed by the petition.

(c) An owner may vote only in favor of or against the modification or termination as proposed in the petition.

(d) If more than one person owns an interest in a lot or parcel of land or a unit or apartment of a condominium, the owners may cast only one vote for that lot, parcel, unit, or apartment. Except as otherwise provided by this subsection, the vote of multiple owners in favor of or against the modification or termination may be reflected by the signatures of a majority of the co-owners who return a signed statement. The vote of owners who are married may be reflected by the signature of only one of those
owners.

(e) A person whose only property interest in a lot or parcel of land or unit or apartment of a condominium is that of a contract purchaser, lienholder, or mineral interest holder may not cast a vote for that property under this chapter.

(f) A vote may be counted only if the vote is received before the deadline stated in the petition as required by Section 213.006(b).

(g) The signed statement of an owner conclusively establishes that:

(1) the petition was received by the owner in accordance with Section 213.007; and

(2) the statement accurately reflects the vote of the owner.

Sec. 213.009. DELIVERY OF SIGNED STATEMENT. (a) The petition circulator must accept a signed statement described by Section 213.008 that is delivered:

(1) in person under Section 213.006(b) or otherwise;

(2) by first class mail to an address stated in the petition;

(3) by e-mail to an address stated in the petition; or

(4) by facsimile to a facsimile number stated in the petition.

(b) This section supersedes any contrary provision in a dedicatory instrument.

Sec. 213.010. CERTIFICATION OF RESULTS BY RECORDED AFFIDAVIT. (a) The petition circulator shall certify the result
of the votes by filing an affidavit with the county clerk of the
county in which the restriction modified or terminated is recorded.

(b) The affidavit required by Subsection (a) must state:

(1) the name of the development, if any;
(2) the name of the amenity property, if any;
(3) the recording information of the restriction that
    was modified or terminated;
(4) the text of the restriction before modification or
    termination;
(5) the text of the restriction as modified or
    terminated;
(6) the number of votes in favor of and against the
    proposed modification or termination;
(7) the name and address of the petition circulator;
    and
(8) the name, address, and telephone number of the
    person maintaining the documents in accordance with Section
    213.013.

(c) The petition circulator must affirm in the affidavit
that the petition was delivered in accordance with Section 213.007.

Sec. 213.011. NOTICE. (a) The recording of the affidavit
required by Section 213.010 constitutes notice that the restriction
is modified or terminated.

(b) Notwithstanding Subsection (a), the petition circulator
must deliver to each person who resides within 200 feet of the
boundary of the amenity property a copy of the affidavit. The
affidavit may be delivered by regular mail, by certified mail,
return receipt requested, or by personal delivery.

Sec. 213.012. EFFECTIVE DATE OF MODIFICATION OR TERMINATION. The modification or termination of the restriction takes effect on the later of:

(1) the date the affidavit required by Section 213.010 is filed with the county clerk; or
(2) the date, if any, specified as the effective date in the petition.

Sec. 213.013. DOCUMENTATION AVAILABLE. At least one year after the date the affidavit is filed with the county clerk, the petition circulator shall make available for inspection and copying the original petition, the signed statements described by Section 213.008, and the affidavit required by Section 213.010.

Sec. 213.014. EXPIRATION. This chapter expires September 1, 2021.

SECTION 24. Section 209.0041(a), Property Code, is repealed.

SECTION 25. (a) Section 82.157(a), Property Code, as amended by this Act, applies only to a resale certificate issued on or after the effective date of this Act. A resale certificate issued before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

(b) The changes in law made by this Act to Chapter 207, Property Code, apply only to a request for subdivision information made on or after the effective date of this Act and any resale certificate delivered in response to that request. A request for
subdivision information made before the effective date of this Act, any resale certificate delivered in response to that request, and any request for an update of that resale certificate are governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

(c) Sections 209.0041, 209.0056, 209.0057, 209.0058, 209.00592, 209.00593, and 209.00594(c), Property Code, as amended by this Act, apply only to an election or vote held on or after the effective date of this Act. An election or vote held before the effective date of this Act is governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

(d) Section 209.006, Property Code, as amended by this Act, applies only to an enforcement action taken on or after the effective date of this Act. An enforcement action taken before the effective date of this Act is governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

(e) Section 209.0064, Property Code, as amended by this Act, applies only to a collection action taken on or after the effective date of this Act. A collection action taken before the effective date of this Act is governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

(f) Section 209.0091, Property Code, as amended by this Act, applies only to an application or petition filed on or after the effective date of this Act. An application or petition filed before
S.B. No. 1168

1 the effective date of this Act is governed by the law as it existed
2 immediately before that date, and that law is continued in effect
3 for that purpose.
4 SECTION 26. Chapter 213, Property Code, as added by this
5 Act, does not apply to a petition circulated before the effective
6 date of this Act.
7 SECTION 27. This Act takes effect September 1, 2015.
President of the Senate

I hereby certify that S.B. No. 1168 passed the Senate on May 6, 2015, by the following vote: Yeas 27, Nays 4; and that the Senate concurred in House amendments on May 28, 2015, by the following vote: Yeas 26, Nays 5.

Secretary of the Senate

I hereby certify that S.B. No. 1168 passed the House, with amendments, on May 24, 2015, by the following vote: Yeas 142, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor