

## **BILL ANALYSIS**

Senate Research Center  
76R3658 MLS-D

S.B. 318  
By: Ellis  
State Affairs  
2/12/1999  
As Filed

### **DIGEST**

Currently, a property owners' association (association) can file a lien on real property without submitting to an alternative dispute resolution procedure (ADR) for establishing the existence and amount of debt owed. The implementation of an ADR would save associations money. This bill will require submission to an ADR by both the association and the property owner before filing a lien.

### **PURPOSE**

As proposed, S.B. 318 prohibits a property owners' association from filing a lien before submitting to an alternative dispute resolution procedure to determine the property owner's amount of debt.

### **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 202, Property Code, by adding Section 202.006, as follows:

Sec. 202.006. ALTERNATIVE DISPUTE RESOLUTION REQUIRED TO ESTABLISH LIEN FOR ASSESSMENTS. Prohibits a property owner's association (association) from filing a lien on real property under certain conditions unless the association submits to an alternative dispute resolution procedure (procedure) to determine the amount of debt. Requires the association to provide the property owner with written notice of the intention to initiate a procedure, and requires the property owner's participation. Sets forth an ultimatum for the property owner's refusal to participate. Authorizes both the property owner and the association (the parties) to file a petition requesting the court to refer the dispute to an alternative procedure if the parties fail to agree on the type of procedure by a certain date. Requires the court to refer the dispute by a certain date. Provides that if the property owner agrees to be bound by the procedure decision, the association is required to bear the cost of the procedure.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.