

Things You Should Know

As a prospective resident of Texas, there are a number of terms that you need to understand. Please note that the following is only a brief summary in layman's terms and is not meant to be legal advice. You should consult an attorney with any specific questions or concerns.

Community Property Laws

Texas is one of the few remaining states that differentiate between two types of property for every married couple: community and separate. Texas law defines what is considered community property, belonging to both partners, and what is considered separate property.

Homestead Act

Protection of one's homestead is a constitutional right in Texas. In Texas Homestead Laws are designed to protect the principal homestead from forced sale by creditors with certain exceptions. More information can be found on the Texas Real Estate web site (LINK)

Homestead Exemptions

A homestead exemption reduces property taxes by lowering a home's taxable value and is not the same as Homestead protection described in the previous paragraph. To qualify you must own your home and occupy it as your principal residence on January 1st of the taxable year. You can only have one residence in which you claim an exemption. Please remember that you must file an application to receive a homestead exemption – it is NOT automatic. For more specific information concerning applying for homestead exemption or any other exemption allowed by the taxing authorities you can visit: www.hcad.org.

Deed Restrictions

Unlike most cities, Houston has no zoning laws that restrict building to specific areas and relies on deed restrictions to control usage. An exception to this is the cities of Bellaire and West University Place plus other incorporated cities which do have zoning laws in addition to deed restrictions. When a land developer develops a residential subdivision, he may file legal documents called "Declarations of Covenants, Conditions and Restrictions", commonly known as deed restrictions. In these documents the developer may cover any number of rules to govern the use of the property. Commonly, these rules will define the ability to use land for other than single-family usage (commercial, multi-family etc.) They can range from prohibiting the parking of boats and RV's to the age of property owners and can obviously be very important in protecting present and future property values. Many neighborhoods are not covered by deed restrictions. Where they are actively in force, however, deed restrictions are legally binding. It is important that you are aware if any home is in a deed restricted area and carefully review all documents. For information concerning how deed restrictions may or may not affect you, contact an Attorney.

Community Homeowners Associations

In many neighborhoods, homeowners associations are the means of enforcing deed restrictions. All property owners can become members when they purchase a property in the subdivision and are bound by the association rules. These rules may include a required assessment for membership in the association. The association may use this money to take care of upkeep of common areas, security patrol or other usage outlined in the association by-laws.

How Property Taxes are Assessed

Each county in Texas has an appraisal district that sets property appraisal values for taxing purposes. Each spring, the district informs every property owner of the proposed valuation for the year. The property owner may either accept the stated valuation or choose to appeal. For more information refer to the following (LINK TO TAR LOWER TAXES)

Homeowners pay property taxes to at least three entities including the city, county and school district. There may be further taxes due to other taxing authorities such as community college districts, water/municipal utility districts or levy districts.

Municipal Utility Districts/Levy Districts

Two additional taxes that may exist for suburban properties are M.U.D. or Levy District taxes. These political districts are started when a developer initially chooses a suburban site for development. Municipal Utility Districts provide water, sewer and drainage services in areas previously not serviced by another city, county or other governing entity. Financing for a M.U.D. is obtained through tax-free municipal bonds and taxes and service fees collected from residents. As a property owner in a M.U.D., you are responsible for your share of the indebtedness. There are more than 400 M.U.D.s serving Harris and adjoining counties.

Houston is in a coastal area and in some suburban locations the raw land has been in the 100-year flood plain (as defined by the Corps of Engineers) and a levy has been built to maintain the integrity of the development. Fees are collected from residents to retire the debt incurred to build and maintain the levy. This fee is known as a Levy District Tax.