

DID YOU KNOW?

IRS Code 528 and How It Affects Our POA Dues and Spending

Tri-County Point Property Owners Association operates under IRS Code 528, which allows us to remain a nonprofit and limits how we can legally spend the funds we collect. Here's what that means for you as a property owner:

- ◇ 90% of POA Funds Must Be Spent on the Community as a Whole

At least 90% of total annual expenses must go toward "exempt function" expenses — things that benefit the community collectively.

These include but are not limited to:

Upkeep of shared amenities: swimming pools, piers, boat ramps, bulkheads, etc.

Maintenance of roads, drainage systems, ditches, common areas.

Insurance for common areas

Salaries or contractor fees for employees managing operations and maintenance

Utilities and services for shared property

General administrative functions (billing, notices, meeting prep, communication, etc.)

- ◇ Only 10% of Funds Can Be Used for Individually Owned Lot Oversight

No more than 10% of the POA's expenses can be used on activities related to enforcing deed restrictions or managing private lot compliance.

This includes:

Violation notices and enforcement letters

Mowing overgrown lots or removing trash/debris (even if reimbursed)

Legal expenses related to individual lot violations

Architectural Controls

Legal expenses related to architectural controls

Inspections of private lots for compliance

Salary for employees while working on private lot enforcements

Administrative costs (office supplies, mailing expenses)

This limit is why the POA must prioritize the most serious issues — like tall grass and other safety-related problems — rather than other, less severe infractions.

◇ Property Owners Have a Role Too

Per our deed restrictions, any property owner may also take legal action to address violations. The POA isn't the only enforcer — we all share responsibility for keeping the community in compliance and protecting property values.

◇ Who's Responsible for the Violations — and What Does "Enforcement" Actually Mean?

If a property owner violates the deed restrictions, the responsibility lies solely with that property owner — not with the POA Board or staff. The Board and staff do not create violations on individual lots, and they are not to blame when someone chooses to break the rules. Their role is to enforce the deed restrictions, which apply equally to everyone in the community.

It's also important to understand that "enforcement" does not mean taking corrective action. Enforcement means the POA is following the legal process: identifying the violation, sending notices, giving the owner an opportunity to correct it, and—if needed—pursuing further steps like legal action while making certain not to exceed the 10% allowed by IRS Code 528.

Corrective action, like mowing or removing debris, MAY occur in serious cases (as time and funds allow), but it's not automatic and is not the same as enforcement. The POA is not required to fix violations for property owners — it is the owner's responsibility to resolve the issue they created.

◇ New 2024 Texas Law: Fines Now Require Explicit Authority in the Deed Restrictions

As of January 1, 2024, House Bill 614 amended Texas Property Code § 209.0061. The law now requires POAs to adopt a written enforcement policy that includes:

1. Categories of deed restriction violations subject to fines

2. A schedule of fines for each category

3. A hearing process under Texas Property Code § 209.007

However — this only applies if the POA's deed restrictions explicitly allow fines.

Because the current deed restrictions for Tri-County Point POA do not include that fining authority, the association can no longer assess fines for violations.

This means that if a property owner ignores the rules, the POA's only enforcement option is legal action — not fines. This increases the seriousness and cost of unresolved violations for everyone.

◇ Can This Be Changed? Only If Property Owners Act Together

Yes — but only if enough property owners are involved.

The only way to give the POA the authority to issue fines again (more cost efficient than legal counsel) is for the community to formally amend the deed restrictions. This requires:

A majority (or supermajority) of property owners. 75% per the deed restrictions

A properly written amendment

A formal vote with notice and documentation

This can't be done by the board alone. It must come from property owner participation and approval.

If you want the POA to be able to issue fines instead of going straight to legal action (which is costly), it starts with getting involved, understanding the rules, and helping organize a community effort to make responsible changes.

◇ Posting on Facebook Isn't Enough

The POA cannot operate through Facebook nor should that be expected. If you have a concern, question, complaint, or suggestion — it needs to be submitted formally (in writing or at a meeting). Board members and staff must follow the law and need proper documentation to act. Please email the office. Office@tricountypoa.com

The POA Is Not “Them” — It’s You

Every property owner is the POA. The Board simply carries out the responsibilities on behalf of the owners. If you want your voice heard, make it count through voting, attending meetings, and direct communication. The Board welcomes community input and participation and the Annual Membership Meeting is the perfect opportunity for owners to do just that.

Questions? Want to Get Involved?

Contact the POA office directly: office@tricountypoa.com

Next Membership Meeting will be held November 8, 2025 at 2pm located at the Community Center.

Reminder: The last day to submit letters of intent for the President's position is Sept. 9, 2025.

Let’s all work together to protect and improve our community.