

April 21, 2005

H 1541. HOMEOWNER ASSOCIATION AMENDMENTS. TO AMEND THE LAWS GOVERNING HOMEOWNER ASSOCIATIONS TO PROVIDE GREATER PROTECTIONS FOR

HOMEOWNERS. As title indicates. Adds a variety of features to existing law affecting both homeowners' associations and condominium unit owners' associations. Amends GS Chapter 47F (homeowners' associations) and GS Chapter 47C (condominium unit owners' associations) as follows: (1) allows association to impose charges for late payment of assessments, not to exceed greater of \$15 or 10% of the amount of the unpaid assessment; (2) provides that the adjudicatory panel for imposing fines or suspending privileges must be composed of association members who are not officers of the association or members of the executive board, but that decisions are appealable to the full executive board; (3) caps initial fine at \$100 (was, \$150) but allows a \$100 fine for each day of violation more than 10 days after the determination of violation, up to a maximum of \$1000; (4) provides that meetings of the association and board of directors must be open to members or their designated representatives; (5) provides for right of member or representative to speak at meetings; (6) prohibits an association from foreclosing an assessment lien if the debt secured by the lien consists solely of fines, interest on unpaid fines, or attorneys' fees; (7) gives lot owner 180 days after written notice to redeem property from any purchaser at a foreclosure sale; (8) authorizes foreclosure order to include reasonable attorneys' fees (was, requires); (9) provides that after January 1, 2006, collections for delinquent assessments less than \$2500 may not be collected through foreclosure, but may be collected through small claims court procedures or by recording a lien that is unforeclosable until assessments exceed \$2500; (10) provides that for delinquent assessments over \$2500, foreclosure may be used and sets forth special requirements for doing so; (11) directs the association to prepare an annual financial report after the close of the fiscal year and provide each lot owner a copy within 75 days after the close of the fiscal year; (12) establishes requirements for financial reporting linked to the annual revenues of the association, but also allows for 20% of the parcel owners to force vote on whether more demanding financial reporting will be required; (13) places limits on attorneys' fees; and (14) limits the ability of covenants to regulate display of the US flag no greater in size than four feet by six feet and certain political signs. Effective October 1, 2005, and applies to violations occurring on or after that date and fiscal years beginning on or after that date.

Intro. by Earle, Weiss, Stam, Barnhart.

Ref. to Finance

GS 47C, 47F

May 26, 2005

H 1541. HOMEOWNER ASSOCIATION AMENDMENTS. Intro. 4/21/05. House committee substitute makes the following changes to 1st edition. Amends GS Chapter 47F (homeowners' associations) and GS Chapter 47C (condominium unit owners' associations) as follows: (1) allows association to impose charges for late payment of assessments, not to exceed greater of \$25 (was, \$15) or 10% of the amount of the unpaid assessment; (2) requires that association publish the names and addresses of all officers and board members of the association within 30 days after their election; (3) provides that hearings for imposing fines or suspending privileges may be held before the executive board or an adjudicatory panel appointed by the board (was, panel only); (4) allows a \$100/day fine for violations that continue more than 5 days (was, 10 days) after the determination of violation, and deletes maximum fine; (5) establishes procedure for appeal of panel's decision; (6) deletes provision requiring that meetings of the executive board be open to members or their designated representatives and instead requires that executive board provide lot owners with an opportunity to attend a portion of a board meeting at regular intervals and speak on their concerns; (7) authorizes association to enforce assessment liens by judicial foreclosure; (8) prohibits association from levying, charging, or attempting to collect a service, collection, consulting, or administration fee from a lot owner unless the fee is expressly allowed in the declaration and provides that a lien securing a debt consisting solely of those fees may be enforced only by judicial foreclosure; (9) deletes provision giving lot owner 180 days after written notice to redeem property from any purchaser at a foreclosure sale and amendment making award of attorney's fees optional and sets forth circumstances under which attorney's fees will be awarded, up to a maximum of \$1,200; (10) authorizes the association to agree to

payment of an outstanding balance in installments, including administrative fees for processing installments; (11) deletes proposed GS 47F-3-116.1 and 47C-3-116.1 regarding collections for delinquent assessments and proposed GS 47F-3-117 and 47C-3-116.2 regarding financial reporting; (12) specifies record keeping and accounting requirements; (13) limits the ability of covenants to regulate display of the US and the North Carolina flag (was, US flag only) and political signs, but permits association to regulate the size of political signs and the time period during which those signs are displayed; and (14) enacts new GS 47C-3-118(b) to require that condominium owners' association provide a unit owner a statement setting forth unpaid assessments within ten business days after the request. Changes act's effective date to January 1, 2006.

May 31, 2005

H 1541. HOMEOWNER ASSOCIATION AMENDMENTS. Intro. 4/21/05. House amendments make the following changes to 2nd edition. Amendment #1 amends GS 47F-3-118 and 47C-3-118 to specify that no payments, including payments made in the form of goods and services, may be made to any officer or member of association's board unless the payments are made for services and expenses on behalf of the association and given prior approval by the board. Amendment #2 makes conforming changes to GS 47F-1-102 9 (applicability of provisions relating to homeowners' associations) and GS 47C-1-102 (applicability of provisions relating to condominium unit owners' associations). Amendment #3 amends GS 47F-3-121 and 47C-3-121 to specify that limits on restricting display of American flags apply only to flags "displayed in accordance with or in a manner consistent with federal patriotic customs."

August 11, 2005

H 1541. HOMEOWNER ASSOCIATION AMENDMENTS. Intro. 4/21/05. Senate committee substitute makes the following changes to 3rd edition. Amends both Article 3 of GS Chapter 47F (management of planned community) and Article 3 of GS Chapter 47C (management of the condominium) as follows: (1) Specifies that the maximum charges for late payment of assessments are calculated, per assessment due. (2) Deletes requirement that owner be given an additional notice by hand-delivery or certified mail of the association's intent to seek payment of attorneys' fees and court costs in connection with an unpaid assessment. (3) Requires that association prepare an extensive compilation, review, or audit of the association's books and records if approved by a majority (was, two-thirds) of the lot owners present and voting. (4) Clarifies that the prohibition against financial payments to members of the executive board is in addition to the limitations imposed by Article 8 of GS Chapter 55A (Nonprofit Corporation Act) and is inapplicable to payments expressly permitted in the bylaws of the association. (5) Makes technical changes.

Further amends Article 3 of GS Chapter 47C as follows: (1) Amends GS 47C-3-102(a)(11) to also authorize a condominium homeowner's association to penalize an owner for nonpayment of an assessment by suspending owner's privileges or services. (2) Amends GS 47C-3-102(a)(14) to allow assignment of future income even if the declaration does not expressly so provide. (3) Enacts new GS 47C-3-116(g) to require that a condominium claim of lien include the association's name and address and other information concerning the lien and the lot against which the lien is filed.

August 12, 2005

H 1541. HOMEOWNER ASSOCIATION AMENDMENTS. Intro. 4/21/05. Senate committee substitute makes the following changes to 4th edition. Provides that charge for late payment of assessment may not exceed \$20 per month (was, \$25) or 10% of unpaid assessment installment, whichever is greater. Provides that meetings of association and executive board must be conducted in accordance with most recent edition of Robert's Rules of Order (was, general principles of parliamentary procedure).

August 12, 2005

H 1541. HOMEOWNER ASSOCIATION AMENDMENTS. Intro. 4/21/05. Senate amendment makes the following changes to 5th edition. Makes technical changes.

October 5, 2005

SL 2005-422 (H 1541). HOMEOWNER ASSOCIATION AMENDMENTS. AN ACT TO AMEND THE LAWS GOVERNING HOMEOWNER ASSOCIATIONS TO PROVIDE GREATER PROTECTIONS FOR HOMEOWNERS. Summarized in *Daily Bulletin* 4/21/05, 5/26/05, 5/31/05, 8/11/05, and 8/12/05. Enacted September 22, 2005. Effective January 1, 2006.