

AG's Office

NCDOJ Remarks – House Select Committee on HOAs, January 11, 2024

Good morning. My name is Sunila Chilukuri, and I am the Legislative Liaison with the North Carolina Department of Justice.

DOJ appreciates the opportunity to be here today, and we are grateful for the Committee's leadership and interest in protecting North Carolina homeowners.

We are aware that many North Carolinians are frustrated with their HOAs, and we support reforms in two key areas that have been considered in different versions of House Bill 542. Our office believes these changes are an important step to help address disputes between homeowners and their HOAs.

First, DOJ supports stronger transparency requirements for HOAs. For example, our laws could better explain the specific types of records that homeowners have the right to inspect – such as governing documents, accounting records, and contracts with third parties. The General Assembly could also require associations to provide records to homeowners within a specific timeframe, for example within 15 to 30 days depending on the documents and the time span requested. And you could limit the charge to no more than the actual cost of copying.

A homeowner's inability to easily access records can breed mistrust and misunderstanding between the HOA and its members. We expect that better transparency will help to minimize disputes.

Second, DOJ is concerned by reports of North Carolinians who genuinely did not know that they were about to lose their homes because they owed modest sums of money to their HOAs. Our office supports a minimum dollar threshold for unpaid assessments before an HOA may seek foreclosure. Property owners also deserve adequate notice through all means on record with the HOA before their home is subject to foreclosure.

We appreciate the opportunity to share our thoughts today and are pleased to be a resource for the Select Committee as you continue your work. Please feel free to reach out to us. Thank you again for your time and consideration.