



# HOUSE BILL 1047: LRC HOA Dispute Resolution/PED Study.

This Bill Analysis reflects the contents of the bill as it was presented in committee.

2017-2018 General Assembly

<b>Committee:</b>	House Judiciary II	<b>Date:</b>	June 4, 2018
<b>Introduced by:</b>	Rep. Stevens	<b>Prepared by:</b>	Howard Marsilio
<b>Analysis of:</b>	PCS to First Edition H1047-CSBG-32		Committee Counsel

**OVERVIEW:** *The Proposed Committee Substitute for House Bill 1047 would direct the Program Evaluation Division (PED) to study the creation of alternative dispute resolution (ADR) processes, as applied to disputes between property owners and owners' associations, as recommended by the Legislative Research Commission.*

- *The PCS changed the deadline for PED to submit its study from October 1, 2018 to February 1, 2019.*

**CURRENT LAW:** Chapter 47F of the General Statutes, entitled North Carolina Planned Community Act, regulates planned communities and the management of planned communities (Article 3 of Chapter 47F), including owners' associations.

One of the enumerated powers of an owners' association is the power to adopt bylaws and rules and regulations for the planned community. G.S. 47F-102(1). Unless provided for in specific bylaws, there are generally no state level procedural requirements (other than procedures for fines and suspension of planned community privileges or services) for property owner and owners' association disputes. Disputes which cannot be resolved independently, would ultimately require litigation.

**BILL ANALYSIS:** The bill would direct PED, through the Joint Legislative Program Evaluation Oversight Committee work plan, to evaluate the creation of a process for alternative dispute resolution methods for property owner and owners' associations, such as mediation and arbitration. The bill further directs that all of the following would need to be included in the study:

- (i) the potential financial burdens of ADR methods, and which party should bear the burden.
- (ii) whether the ADR process should be binding upon the parties.
- (iii) whether a body should be established to administer ADR matters.
- (iv) what role the State should have in establishing a framework for managing disputes.

PED would report its findings to the Joint Legislative Program Evaluation Oversight Committee before February 1, 2019.

**EFFECTIVE DATE:** The act would be effective when it becomes law.

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Director



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