



# HOUSE BILL 444: Homeowners Association Reform Bill.

2025-2026 General Assembly

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<b>Committee:</b>	House Commerce and Economic Development. If favorable, re-refer to Judiciary 1. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	May 5, 2025
<b>Introduced by:</b>	Reps. Liu, Iler	<b>Prepared by:</b>	Bill Patterson
<b>Analysis of:</b>	PCS to Second Edition H444-CSTG-19		Committee Co-Counsel

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## ***OVERVIEW: The Proposed Committee Substitute for House Bill 444 would:***

- *Make various revisions to the laws governing unit and lot owners' associations set forth in the Condominium Act and the Planned Community Act.*
- *Require prelitigation mediation of disputes between owners' associations and their members unless waived by all parties*
- *Require the Department of Justice to receive complaints by members of owners' associations concerning disputes with their associations and submit an annual report to House and Senate commerce committees and the Fiscal Research Division summarizing information compiled from the complaints.*

*The PCS would require DOJ to receive and report only on complaints sent by members of owners' associations and not also require DOJ to receive and report on complaints made by owners' associations.*

## **CURRENT LAW:**

Chapter 47C (Condominium Act) and Chapter 47F (Planned Community Act) of the General Statutes set forth the powers granted to owners' associations responsible for enforcing requirements in the declarations governing condominiums and planned communities.

Under current law, all property owners in a condominium or planned community are subject to any amendment to the declaration that is adopted by an affirmative vote of owners holding at 67% of the votes of the association, or any larger majority required by the declaration.

A dispute between an association and its members currently is not subject to mediation prior to the commencement of a civil action unless all parties agree to mediate the dispute.

No State agency currently is required to receive complaints involving disputes between owners' associations and their members or report to the General Assembly on the types of issues giving rise to such complaints.

## **BILL ANALYSIS:**

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**Sections 1 and 2** of the bill would provide that an amendment to the declaration for a condominium or planned community is only effective against owners who acquired their units or lots after the effective date of the amendment.

**Sections 3 and 8** would modify powers of an owners' association to contract with managing agents, regulate parking of personal vehicles on public streets, impose fines for violations of certain restrictions, impose fees on for copies of association records, and respond to owner requests for permission to make alterations to their property.

**Section 4(a) and 4(b)** would prohibit an association's executive board from taking any action after the association's budget has been ratified that would increase the budgeted common expense liability for that fiscal year by more than 5%, without the approval of a majority of all owners or any larger vote specified in the declaration.

**Sections 5 and 9** would require an owner to receive at least 10 days' written notice of a hearing to determine whether a fine should be imposed for an alleged violation, would require the notice to specify the action, if any, required to cure the alleged violation, and would limit the total amount of all daily fines imposed for a continuing violation to \$2,500.

**Sections 6 and 10** would make the following changes to an association's power to enforce its liens:

- Prohibit an association from foreclosing on a lien unless:
  - The debt equals at least six months of assessments or \$2,500, whichever is less; and
  - The owner has either 1) refused the association's reasonable offer to allow the default to be cured by making installment payments or 2) defaulted in making payments required under an agreed installment schedule.
- For any association liens securing a debt consisting solely of fines or related interest or attorneys' fees:
  - Require the claim of lien to be filed within 90 days after the imposition of the fine, and to be filed separately from any claim of lien securing another type of debt.
  - Remove the association's current authority to use judicial foreclosure to enforce the lien.
  - Require the association to commence a civil action seeking a judgment within one year after filing the claim of lien.

**Sections 7 and 11** would modify an association's obligation to make requested records available for examination by a member or the member's agent to require the association:

- To produce requested records within 30 days after receiving the member's request unless the bylaws specify a shorter time.
- To permit requested inspection and copying by a member of any contract entered by the association with a managing agent upon written request made in compliance with statutory requirements.

**Section 12** would require a dispute between an association and its members to be submitted to prelitigation mediation unless this requirement is waived by all parties to the dispute. This requirement would not apply to disputes solely related to a member's failure to timely pay an assessment or any fines or fees associated with levying or collecting an assessment.

**Section 13** would require the Department of Justice to:

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- Provide information on its website to educate associations and their members about their rights and obligations under applicable laws, and to provide instructions for submitting complaints to the Department.
- Receive complaints from members of owners' associations involving disputes with their associations and forward a copy of the complaint to the other parties to the dispute.
- Collect information about the issues giving rise to disputes as reflected in these complaints.
- Submit an annual report summarizing the information compiled from these complaints to the House Committee on Commerce and Economic Development, the Senate Committee on Commerce and Insurance, and the Fiscal Research Division, and publish the report on the Department's website.

**EFFECTIVE DATE:** Sections 6 and 10 of this act relating to the enforcement of association liens would become effective December 1, 2025, and apply to claims of lien filed and instruments presented for registration on or after that date.

Section 12 of this act relating to prelitigation mediation would become effective October 1, 2025, and apply to actions filed on or after that date.

Section 13 of this act relating to the Department of Justice would become effective July 1, 2025.

The remainder of this act would be effective when it becomes law, and the provisions of Sections 3 and 8 of this act relating to managing agent compensation would apply to contracts between an association and a managing agent entered into on or after that date.

*LAD staff attorney Howard Marsilio substantially contributed to this summary.*