

For Immediate Release



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MONTANA STATE LEGISLATURE MOVES BILL THAT WILL CREATE CHAOS, LAWSUITS, AND INCREASE COSTS ON RESIDENTS IN CONDOMINIUM AND HOMEOWNERS ASSOCIATIONS

April 3, 2019 — Helena, MT and Falls Church, VA— On April 2, the Montana State Legislature moved forward Senate bill (SB 300), a bad bill for residents in homeowners associations and condominiums, according to [Community Associations Institute \(CAI\)](#). CAI is coordinating efforts to stop the legislation due to the significant opposition from Montana homeowners associations and condominiums, attorneys, and trade groups. CAI believes the proposed legislation, as written, only benefits one homeowner who bought a house in the Red Lodge community.

The owner is in a lawsuit with her homeowners association and her attorney drafted the bill language and has been leading the efforts for its passage. This bill is being positioned by proponents as protecting property rights. However, the bill actually impacts the property rights of all owners in all Montana homeowners associations and condominium communities.

The broad and sweeping language in SB 300 fundamentally changes the way rules apply to residents in these housing models. Currently, homeowners associations and condominiums adopt rules in the community, usually with a majority or super-majority vote of the members in the community. The rules are then applied to all owners in the community. SB300 eliminates this democratic process and will have devastating and expensive consequences.

Under the proposed legislation, the only rules that would apply are the rules that exist when a resident purchases their home. This includes ANY rule; small or large. Changes to HOA covenants reflect the HOA homeowners desire to maintain property values by addressing current issues in the community. Here are a few concerning examples:

- **Increased Expenses on Homeowners:** It will be difficult and costly to track homeowners' individual set of rules based on their homes purchase date. This cost will be borne by all the homeowners in the community. Further, the unconstitutional nature of SB 300 will cause legal challenges by associations. Legal fees will be borne by the homeowners.
- **Healthy and Safety Concerns:** Communities will not be able to enforce maintenance to ensure community health and safety issues like sprinkler system, dryer vent maintenance.
- **Vacation Rentals:** Communities will not be allowed to have a community conversation about how to handle vacation rentals in their communities to ensure the preservation of community character and protection of property values.
- **Access to Mortgage Lending Negatively Impacted:** If communities have more than 50% of the homes owned by investors, Fannie Mae and Freddie Mac will not underwrite loans in those communities according to their federal guidelines. If a community association chooses to adopt a related to the investor/owner ration, it will be unenforceable to some of the owners.

Homeowner associations, community management companies, community association law firms, and numerous other trade groups from the development and real estate industry all oppose SB 300.

“As a resident and owner in a Montana community with a homeowners association (HOA), I am both saddened and outraged that SB 300 is currently being rushed through our state’s legislature,” said Bill Whitsitt, a former board president in his community association in Big Fork. Whitsitt added, “The bill is one of the worst types of legislation: It would insert the legislature into an as-yet-not fully-publicly-disclosed ongoing legal dispute between two parties – a homeowner and their HOA. It would put a finger on the scale of justice when what may be needed is a thoughtful look at real questions about good governance at the most basic level.”

For more information on SB300 and the growing list of opponents, visit www.caionline.org/stopSB300

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About Community Associations Institute

Since 1973, [Community Associations Institute](http://www.caionline.org) (CAI) has been the leading provider of resources and information for homeowners, volunteer board leaders, professional managers, and business professionals in 346,000 homeowners associations, condominiums, and housing cooperatives in the United States and millions of communities worldwide. With more than 40,000 members, CAI works in partnership with 36 legislative action committees and 64 affiliated chapters within the U.S., Canada, South Africa, and the United Arab Emirates as well as with housing leaders in several other countries, including Australia, Spain, Saudi Arabia, and the United Kingdom. A global nonprofit 501(c)(6) organization, CAI is the foremost authority in community association management, governance, education, and advocacy. Our mission is to inspire professionalism, effective leadership, and responsible citizenship—ideals reflected in community associations that are preferred places to call home. Visit us at www.caionline.org and follow us on Twitter and Facebook @caisocial.