



2023 North Carolina Legislative Session Report

Community Associations Institute's (CAI) North Carolina Legislative Action Committee (NC LAC) had a busy legislative session advocating on behalf of the approximately 2,783,000 North Carolinians living in 1,126,000 homes in more than 14,440 community associations. The North Carolina legislative session convened in 2023 and will carry over to 2024. More than 1600 bills have been introduced so far, and the NC LAC monitored 24 bills that would have directly affected community associations.

In 2023, the NC LAC faced a barrage of challenges requiring strategic and concerted efforts; the committee found itself at the forefront of battles against legislation that posed severe threats to the fundamental operations, and autonomy of community associations. Below is a brief overview of the bills the NCLAC tirelessly opposed:

HB 542 – Homeowners' Association Revisions/Foreclosure Trustee Auctions. The NC LAC strongly opposed this legislation which originally intended to preclude associations from filing a lien for assessments until the account balance was \$2,500 overdue. Throughout the 2023 legislative session, NC LAC successfully advocated to amend the legislation to remove this specific stipulation. This bill, as originally written, would also have negatively impacted community associations by delaying fee collection, making it harder for some associations to pay bills on time. The LAC launched an advocacy campaign where more than 300 advocates contacted the House and Senate to oppose the legislation. Members of the NC LAC and other CAI NC advocates leveraged professional connections with state legislators to positively advocate on behalf of the community association housing and educate offices on the impacts this bill as drafted would have on the industry.

Multiple other amendments have been filed which the NC LAC worked diligently to negotiate on, including amendments on the imposition of time limits on management contracts, regulation of common elements, certain fees for preparing a lender questionnaire, hearing notices, and records access. Due to the efforts and hard work of the NC LAC members, the bill has been carried over, giving the NC LAC time to continue amending the bill to align better with best practices and CAI Public Policy.

Status: Carried over to 2024.

HB 551/SB 553 – Landlord-Tenant and HOA Changes. The NC LAC opposed this legislation, their major concern being a provision stipulating that any amendments to a community association's declaration can only impact lot owners whose lots are conveyed or transferred after the amendment's effective date. This provision poses a significant threat to the community association housing model, potentially nullifying established development plans.

Status: Carried over to 2024

SB 376 – Expanding Members' Access to HOA Records. The North Carolina Legislative Action Committee (NC LAC) monitored this piece of legislation and made proposals to amend its language. The proposed bill aims to expand the rights of owners to review all contracts entered into by their association, which currently only includes the right to review management agreements. The LAC expressed its support for



this provision and suggested amendments to eliminate specific financial terms and contract provisions, which include payment for the services provided.

Status: **Carried over to 2024**

SB 312 – Changes to Liens and Foreclosures by HOAs. The NC LAC opposes this legislation that plans to remove the authority of community associations to foreclose on a claim of lien for unpaid assessments. This legislation eliminates the power of an association to foreclose on a lien of unpaid assessments. Associations have no control over residents moving in, have limited knowledge of owners' creditworthiness, and are obligated to provide services and facilities to all residents, even those who do not pay their fair share. As associations offer facilities and services to all residents, including those who do not pay their fair share, this legislation would put a strain on association budgets.

Status: **Carried over to 2024**

HB 311 – Community Association Oversight Division. The NC LAC opposed this proposed legislation that aims to establish a Community Association Oversight Division, which would be part of the North Carolina Attorney General's office. Upon inquiry, the bill sponsor Representative Iller informed the NC LAC that he had received a complaint from certain members of an association, whose board had passed a special assessment without a vote of the membership. The NC LAC investigated and discovered that the board's actions were both lawful and appropriate, as the governing documents of this association expressly give the board the authority to act as it did. Therefore, this board acted properly. However, some owners remain unhappy because they disagree with the board's decision, which is supported by most of their neighbors. The NC LAC believes that an isolated incident like this, even if something improper had occurred, does not warrant a statewide, legislative response.

Status: **Carried over to 2024**

How You Can Help

Stand in solidarity with the CAI North Carolina LAC as they navigate legislative challenges. Your support is crucial. Contribute to their impactful advocacy by donating at www.caionline.org/lacdonate under "North Carolina." Your generosity empowers volunteers, comprising homeowner leaders, community managers, and business partners, as they safeguard community interests. Join hands in shaping a resilient future for community living. Act now to fortify advocacy efforts and ensure the sustainability of community associations. [Sign up today](#) to become a CAI Advocacy Ambassador and help shape legislation in your state!

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