



2025 CAI North Carolina Mid-Session Report

Community Associations Institute (CAI) North Carolina Legislative Action Committee (NC LAC) continues to advocate during the 2025 legislative session on behalf of the [approximately 2,861,000 North Carolinians living in 1,162,000 homes in more than 14,900 community associations across the state](#).

North Carolina's 2025 legislative session began on January 8 and went into recess on July 1. The North Carolina state legislature reconvened from July 29-July 31, August 26-August 28, and again from September 22-September 25. Since September 25th, it has met one day per month and will continue to do so through April 7, 2026. This session is also a carryover session, which means that any bills that are not passed this year will be carried forward for further discussion in the 2026 legislative session.

Below are highlights from the 2025 North Carolina State Legislative session:

[**HB 372 Home-Based Business Fairness/HOA Revisions**](#)

In its current form, this bill unreasonably restricts the operations of associations and management companies and **does not align** with CAI's [Government Regulation of Community Associations Public Policy](#).

What began as a bill focused on municipal regulation of no-impact home-based businesses quickly snowballed into a broader HOA reform bill that touches every aspect of community association living. In this bill, there are provisions to cap management company contracts at 2 years and prohibit autorenewals, as well as restrict an association's authority to regulate vehicles parked on roads in the association if maintained by a local or state authority. Additionally, HB 372 prohibits violations (and fines) for home-based businesses offering tutoring, educational lessons, or music lessons for 5 or fewer students at a time. This bill also limits how much associations may charge for copies of documents and creates new hurdles for associations to overcome to foreclose for delinquent assessments.

Current Status: Senate Judiciary Committee Substitute Approved June 11, 2025. Carried over into 2026.

[**SB 378 HOA Revisions**](#)

When it was first introduced, this bill **did not align** with CAI's [Alternative Dispute Resolution](#) and [Government Regulation of Community Associations](#) public policies. It took a heavy-handed approach to day-to-day association governance and created dispute resolution systems that do not allow associations to choose the best method for resolving internal disputes. However, this bill was eventually amended and completely re-written to focus solely on Medicaid reforms, removing its impact on community associations entirely.

Current Status: Passed House October 23, 2025. Carried over into 2026.

HB 672 Regulation of Accessory Dwelling Units

This bill restricts the scope of regulations that local governments may impose on accessory dwelling units. This includes limiting the amount of fees for applications, establishing minimum parking requirements, and setting a maximum unit size of less than 800 square feet. While this bill does not explicitly restrict community association covenants, it is being monitored for amendments which expand the bill's scope.

Current Status: Withdrawn from House Calendar May 7, 2025. Carried over into 2026.

HB 444 Homeowners Association Reform Bill

This bill **does not align** with CAI's [Alternative Dispute Resolution Public Policy](#), [Assessment Increase Limitations Public Policy](#) or [Government Regulation of Community Associations Public Policy](#). It takes a heavy-handed approach to day-to-day association governance, unreasonably restricting normal association activities.

This bill makes multiple changes to community association law in North Carolina. Under this bill, there are provisions to cap management company contracts at 2 years and prohibit autorenewal provisions that require associations to give notice of nonrenewal longer than 30 days prior to the autorenewal date. Associations may, under this bill, cancel manager contracts at any time with 60 days' notice. The bill also prohibits a board from increasing assessments by more than 5% after the ratification of a budget without a vote of a majority of the owners regardless of the language in governing documents. HB 444 also mandates prelitigation dispute resolution for any dispute not solely related to unpaid assessments, and it creates a new process for courts to verify an association's attempt at dispute resolution before allowing a foreclosure action to proceed. Finally, the bill requires the Department of Justice to collect information on complaints related to community associations.

Current Status: House Judiciary Committee Reported Substitute 2 May 6, 2025. Carried over into 2026.

HB 993 Homeowners' Associations Organization and Reporting Act

This bill **runs counter** to the intent of CAI's [Government Regulation of Community Associations Public Policy](#). While CAI generally supports reasonable governmental efforts to gather key information and provide a framework for community association governance, HB 993 does not promote reasonable solutions. This bill removes the option for associations to be unincorporated, instead mandating that all associations incorporate as either nonprofit corporations or LLCs, and it imposes a registration requirement on all associations. Additionally, HB 993 requires associations to submit annual reports to the Secretary of State if the association collects assessments, imposes fines or fees, or enforces architectural guidelines. If an association fails to submit the required report within 60 days of the due date, it could lose the power to collect assessments and impose fees until the report is submitted.

Current Status: Passed House First Reading April 14, 2025. Carried over into 2026.

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CAI provides advocacy trainings and opportunities, education programs, best practices, and robust resources to help you stay up-to-date on the latest news, laws, legislation, policies, and issues affecting homeowners associations, condominiums, and housing cooperatives. As a CAI member, you'll also get a membership to your local chapter and gain a network of industry colleagues — over 50,000 of them in [64 chapters worldwide](#).

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Track NC Legislation

CAI keeps track of legislation throughout the year, so you can stay informed. You can check the legislation that CAI is monitoring around the clock [here](#).

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CAI depends on professional lobbyists funded by community associations, businesses, and individuals to create the best public policy for the community association industry in North Carolina. To support their efforts, visit caionline.org/lacdonate and select "North Carolina."

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Join our CAI Advocacy Ambassador program and become a part of the movement to create positive change. Your voice matters, so [sign up now](#) to make your mark!

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