

2024 Legislative Session Report



NORTH CAROLINA
LEGISLATIVE ACTION COMMITTEE
Community Associations Institute

2024 CAI North Carolina Legislative Session Report

The CAI North Carolina Legislative Action Committee (LAC) actively advocated 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 Tar Heel State](#) during the 2024 half of the state legislative session. The 2024 half of North Carolina's 2023-2024 legislative session began on April 24 and although session has adjourned, the General Assembly is reconvening legislative "mini-sessions" which are occurring monthly to allow the state legislature time to focus on specific key items, such as legislative appointments, veto overrides, and election laws. Bills from the 2023-2024 legislative session are not carried over into the next biennium period, meaning they will have to be introduced again.

Assisting Homeowners after Hurricane Helene

In the wake of the tragic impact of Hurricane Helene, the North Carolina LAC worked with Governor Roy Cooper's office to amend the major disaster declaration and open up state-level resources to assist community associations in North Carolina with debris removal from private roads. CAI supports communities recovering from this deadly storm and working to remove physical hazards in the way of recovery efforts as a matter of public policy, and continues to advocate for changes to FEMA rules to allow federal resources to be used to assist community associations. To learn more about these advocacy efforts, and to find a list of available state and federal resources for homeowners recovering from Hurricane Helene, visit: <https://www.caionline.org/disaster-recovery-resources/>.

Below is a brief overview of the legislative highlights from the 2024 half of the 2023-2024 North Carolina General Assembly:

HB 542 – Homeowners' Association Revisions/Foreclosure Trustee Auctions.

The NC LAC strongly **opposed** this legislation, carried over from 2023, which originally intended to preclude associations from filing a lien for assessments until the account balance was \$2,500 overdue. This bill was one of the primary focuses of the NC LAC's advocacy during the 2023-2024 Legislative Session. Throughout the 2023 half of the legislative session, NC LAC worked with stakeholders and legislators to explain the importance of collection processes and the unintended consequences of this type of limitation on communities which rely on prompt payment of assessments. 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. Members of the NC LAC and other CAI NC advocates

worked closely 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 were filed in 2023 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. The bill continued to move through the legislative process in the meantime.

This bill ended up being sent to the full the Senate in June 2023, and was then sent back to the House in September 2023 with amendments clarifying the lender's role in the foreclosure process, and specifying procedure for foreclosures stemming from unpaid fines, where a conference committee was initially appointed the same month to reconcile the House and Senate versions of the bill, and subsequently failed to reach concurrence.

Status: This bill is still eligible to be heard under the Adjournment Resolution, but further progress this year is unlikely.

HB 959 Various Changes to Homeowners' Associations Laws/House Select Committee on Homeowners Associations

The NC LAC **opposed the initial draft of** this bill, introduced during the 2024 half of the legislative session. This bill contained the recommendations of the House Select Committee on Homeowners Associations. The Committee was formed via the conversion of HB 311 (see below), to, among other things, study the options for regulation and enforcement of homeowners associations. This Committee met sporadically in the interim between January and April of this year. After comments from stakeholders, including participation from the NC LAC, the Committee voted on final recommendations, which were introduced during session as HB 959.

This bill would mandate prelitigation mediation of disputes between associations and homeowners, and would also require the Department of Justice to collect data on complaints against associations received and report that data to a select committee. Additionally, this bill would require approval of a majority of all owners if any budget or assessment is increased by more than 10%, and prevent further increases over 5% for the rest of the fiscal year. The bill also sets new thresholds before an association can initiate foreclosure proceedings, whereby an owner would have to owe either 6 months of unpaid assessments or \$2500, whichever is greater, and the association would have to first offer a repayment plan on a lien.

The NC LAC worked extensively with the House Select Committee Members to address Committee concerns. Some of the concepts raised by the Committee, particularly related to dispute resolution and clarification of access to records, are potentially advantageous for all community associations and the NC LAC will continue to discuss these concepts with legislators as potential areas of legislative improvement.

Status: The bill DIED in Committee, but we expect to see components of this bill discussed and potentially supported by the LAC in the future.

HB 551/SB 553 – Landlord-Tenant and HOA Changes.

The NC LAC **opposed** this legislation, carried over from 2023. The LAC's 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.

The House version of the bill passed into the Senate in April 2023, where it then stopped moving.

Status: Successfully DIED in Senate.

HB 311 – Community Association Oversight Division.

The NC LAC **opposed** this bill when it was introduced in 2023, and into 2024. This bill would establish a Community Association Oversight Division, which would be part of the North Carolina Attorney General's office. When asked upon bill introduction, the bill sponsor, Representative Iller, informed the NC LAC that the bill was the result of 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.

The NC LAC was successful in working with legislators and the NC Department of Justice to demonstrate the sweeping and unnecessary impact of the bill. As a result, this bill was converted into legislation to simply authorize the study of the regulation of homeowners associations. Ultimately, this resulted in the formation of the House Select Committee on Homeowners Associations.

Status: Converted into a resolution authorizing the House Select Committee on Homeowners Associations.

PAC Formation

In 2023, the NC LAC worked with CAI-National to create the CAI North Carolina State Political Action Committee (PAC), in response to continuing legislative challenges in Raleigh, particularly HB 542, which would have negatively impacted associations' ability to file a lien for assessments and delay fee collection, and other bills such as HB 311, which would have created a community association oversight division. A PAC increases CAI's voice during the legislative session when promoting specific initiatives, and actively work to more vocally promote community association living between legislative sessions. The NC CAI State PAC has raised more than \$28,000 to date to contribute to state legislators who remain champions for the community association housing model in Raleigh. PAC donations help not only ensure legislative champions can continue to work for the benefit of community association homeowners in North Carolina, but also provide an additional avenue to clearly mark priority issues to legislators. Today's legislative environment relies in large part on the fundraising ability of particular issues, and showing clearly to legislators that CAI is willing to spend time and money to reach a particular legislative outcome only serves to enhance the importance of passing good legislation, and helps dissuade legislators from adopting legislation which might otherwise have a harmful impact on community associations. To donate to the PAC, visit: <https://advocacy.caionline.org/pac-nc-donation-form/>.

SB 376 – Expanding Members’ Access to HOA Records.

The NC LAC monitored this piece of legislation and made proposals to amend its language when it was introduced during the 2023 half of the legislative session. 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.

The bill passed through the Senate and was sent to the House in May 2023, where it then stopped moving. This bill was abandoned once lawmakers saw HB 542 as the primary vehicle for related changes.

Status: DIED in House.

SB 312 – Changes to Liens and Foreclosures by HOAs.

The NC LAC **opposed** this legislation when it was first introduced in 2023, and continued its opposition into 2024. The bill would 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.

This bill was ultimately never heard in Committee.

Status: Successfully DIED in Committee.

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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](#).

Support and Donate Today

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.”

Help Shape Future Legislation

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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