



Prior to the purchase and sale of property in an HOA, the bill requires that, effective January 1, 2016, a disclosure notice inform the purchaser that he or she is required to become a member of the HOA, and be subject to its rules and bylaws.

The bill also adds notice requirements for lawsuits initiated by HOAs in matters other than construction defect claims. Specifically, the HOA must provide notice to unit owners at least 30 days prior to commencement of the legal action.

### **State Expenditures**

The bill is expected to result in a minimal workload reduction for the trial courts of the Judicial Department. The Judicial Department processes approximately 150 to 200 construction defect cases annually. Because the bill requires HOAs to pursue alternative dispute resolution prior to filing a construction defect claim with the district court, it is assumed that mediation or arbitration will result in some cases being settled outside of court. While it is possible that additional hearings will take place to assess compliance with the provisions of the bill, these instances are expected to be minimal.

### **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, and, with one exception, applies to causes of action accruing on or after that date. The disclosure requirement takes effect January 1, 2016, and applies to contracts executed on or after that date.

### **State and Local Government Contacts**

Judicial  
Secretary of State

Local Affairs  
Counties

Regulatory Agencies  
Municipalities