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## FISCAL IMPACT REPORT

SPONSOR Lujan and Maestas LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/21/25  
BILL  
SHORT TITLE Homeowners Assoc. Liens NUMBER House Bill 440  
ANALYST Hilla

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	Recurring	

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
Office of Housing

Agency Analysis was Solicited but Not Received From  
New Mexico Mortgage Finance Authority (MFA)

## SUMMARY

### Synopsis of House Bill 440

House Bill 440 (HB440) limits the authority of homeowners associations (HOAs) to initiate a foreclosure. HOAs would not be able to foreclose on a lien that is less than twelve months old, less than five thousand dollars, or that consists only of fines.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

This bill does not have a fiscal impact on the operations of the state.

## SIGNIFICANT ISSUES

The Office of Housing states that HOAs can collect dues and assess fines in accordance with their written documents and have the ability to file for collections and foreclosures to recover unpaid fines and dues. The office states that there are no current restrictions on what types of fines or assessments HOAs can use to initiate a foreclosure. HOAs can initiate foreclosure even

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if a homeowner is current with their mortgage payments. HB440 would allow for homeowners with outstanding fines under five thousand dollars twelve months to catch up with payments before a HOA can initiate a foreclosure.

The office adds that the bill should consider placing limitations on charging attorney's fees to the homeowner, which is common for HOAs to charge homeowners during a foreclosure process.

EH/hj/SL2