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FISCAL IMPACT REPORT

SPONSOR Stewart **ORIGINAL DATE** 1/20/2019
LAST UPDATED 1/22/2019 **HB** _____

SHORT TITLE Homeowner Associations Changes **SB** 150/aSJC

ANALYST Torres

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 49

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Committee amendment to Senate Bill 150 strikes the phrase “do not” on page 16, line 11 to clarify that the bill exempts Homeowner Associations (HOA) with fewer than 30 lots, rather than those with 30 or more lots.

Synopsis of Original Bill

SB 150 proposes additions to the Homeowner Associations Act by amending disclosure requirements; allowing alternative dispute resolution to resolve certain disagreements; adding a penalty for failure of an HOA to timely make record disclosures to members; adding a written certification and conflict of interest disclosure for board members and management companies; requiring that a lot owner may request updates to disclosure certificates beginning 61 days after the creation; adding an annual disclosure for any fees and fines that may be assessed against a lot owner; changing the annual audit requirement to every three years; providing that HOAs created before July 1, 2013, that do not have fewer than 30 lots, are exempt from certain provisions; adding a provision for removal of board members; and adding a provision for an annual meeting and notice of meetings.

FISCAL IMPLICATIONS

There are no known fiscal impacts.

SIGNIFICANT ISSUES

A similar bill, Senate Bill 244, 2017 session, identified concerns from the Regulation and Licensing Department (RLD). Those included a lack of governing authority within RLD for homeowner associations, and the bills proposed charging for preparation of a disclosure statement. RLD pointed out that the proposed charge that a homeowner association can charge for the preparation of the disclosure statement would impact real estate brokers and their clients. RLD suggested that the maximum allowable fee could be adjusted every three years in accordance with the Consumer Price Index.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB 49 – identical, except that SB 49 contains a sunset provision on the exemptions to Sections 9, 10 and 14.

IT/al