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## FISCAL IMPACT REPORT

SPONSOR Pope LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/20/23  
BILL  
SHORT TITLE Homeowner Association Board Elections NUMBER Senate Bill 321  
ANALYST J. Torres

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent version of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Mortgage Finance Authority (MFA)

Regulation and Licensing Department (RLD)

## SUMMARY

### Synopsis of Senate Bill 321

Senate Bill 321 amends Section 47-16-8 NMSA 1978 “Declarant Control of Board.” Subsection B, regarding declarant control will now apply to master planned communities due to the bill’s deletion of Subsection C, which states: “Subsection B of this section does not apply to a master planned community.” The bill also adds the following renumbered Subsection F:

On or after January 1, 2024, not later than sixty days after conveyance of seventy-five percent of the lots that are part of the development, and any additional lot that may be added to the development, to lot owners other than the declarant, no less than seventy-five percent of the members of the board shall be elected by lot owners other than the declarant.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

## FISCAL IMPLICATIONS

Both responding agencies indicated no fiscal impact. RLD also clarified that the Real Estate Commission does not regulate HOAs.

## **SIGNIFICANT ISSUES**

None are noted by either responding agency.

The bill now includes HOAs within master planned communities as being regulated under Section 47-16-8 NMSA 1978. The bill adds that or after January 1, 2024, at least 75 percent of the HOA board members will be elected by the lot owners within 60 days after 75 percent of the declarant's lots are no longer owned by declarant or have been conveyed to lot owners.

The bill therefore enlarges the statute's application to master planned communities and defines the manner in which HOA board members are to be elected once the declarant no longer owns 75 percent of the lots.

JT/al/ne