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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/18/07  
 LAST UPDATED 02/04/07    HB HJM 1/a HCPAC

SPONSOR Stewart

SHORT TITLE Study Homeowners' Associations    SB \_\_\_\_\_

ANALYST Hanika Ortiz

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

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$.1 see narrative				General Fund

#### SOURCES OF INFORMATION

LFC Files

#### SUMMARY

##### Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee Amendment clarifies the bills intent to study homeowners' associations as distinguished from other community associations; identified by their ability to assess dues, impose regulations on things such as a home's appearance and to levy fines on homeowners who violate those regulations.

##### Synopsis of Original Bill

House Joint Memorial 1 requests the New Mexico Legislative Council to direct the appropriate interim committee to study homeowners' associations in New Mexico.

Specifically the memorial notes that:

- the primary purpose of a homeowners' association is to manage a neighborhood's common areas, such as roads, parks and pools; and
- some homeowners' associations have assumed much broader powers; and
- as homeowners' associations become more prevalent in New Mexico, New Mexicans are entitled to fair covenants, conditions and restrictions when they purchase property governed by a homeowners' association.

The proposed study would include reviewing of state statutes relating to homeowners' associations; reviewing homeowner complaints, lawsuits or other controversies relating to

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homeowners' associations in New Mexico; and researching responses to similar homeowners' association problems in other states.

House Joint Memorial 1 requests that copies of this memorial be transmitted to the co-chairs of the New Mexico Legislative Council.

### **FISCAL IMPLICATIONS**

To fulfill the requirements of this memorial, there may be costs associated with the New Mexico Legislative Council and any appropriate interim committee designated, in the dedication of staff time and other resources currently directed at or planned for other activities.

### **SIGNIFICANT ISSUES**

Changes to state laws creating limited consumer protection for homeowners have been occurring nationally over the past decade because the number of homeowner complaints has increased along with the number of homeowners participating in these associations. These consumer complaints may help illuminate for legislators some of the defects of existing state laws governing these associations and provide more consumer protection for New Mexican citizens.

### **PERFORMANCE IMPLICATIONS**

Significant time, effort and resources dedicated to this task may diminish the Legislative Council and any designated interim committee's ability to accomplish other tasks as required.

### **TECHNICAL ISSUES**

Either through clarification provided within this memorial or through communications with the sponsor or interim committee, the Legislative Council may need to clarify if the proposed study will include condo associations, apartment or other active adult community associations.

AHO/csd:nt