The Passing of Senate File 1750 –the "Homeowners Association Bill of Rights“

- What I need to know!



- By Gene Sullivan, President
- New Concepts Management Group, Inc.

Our goals this evening.



- Understand how the new law will affect your HOA in four key operational areas.
  (Board meetings/ Enforcement/ Collections/ Maintenance).
- Explain what this will mean for both those who serve on their board as well as those who are members in the association.
- Give “Best Practices” approach in how to operate starting in 2027.

Expectations



- It is hoped that you will gain some insightful knowledge today via this presentation. We always welcome questions. The only bad question is the one not asked. Tonight, because of the size of our group, we will be unable to allow everyone's individual microphone to be on to ask questions. You are encouraged to use Zoom's Chat feature. Please type in your question(s) anytime this evening, we will try to get to them all.
- This webinar will also be available later for those of you who wish to review this material a second time, or to pass it on to others who might be interested.

Board Meetings.

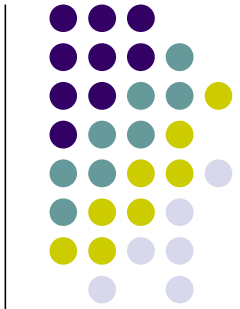


Open Meetings and Agenda Requirements

- Prior to SF 1750 State Statute has upheld that all regularly scheduled meetings of the board must be open for attendance by members of the association. (Reasonable notice of date, time, place).
- SF 1750 now states that the board must make available (in a reasonable manner) the meeting agenda and any and all contracts and documents that will be reviewed by the board at the meeting.
- All members have the right to speak on any and all agenda items before action is taken by board.

Board Meetings….

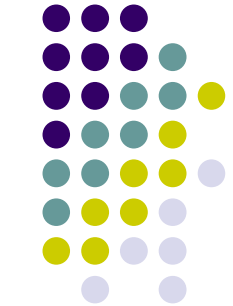
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What will this practically mean?

- Board's will be required to be more organized and stick only to the business items outlined in the agenda that were sent out prior to the meeting.
- Members will have the right to **comment** on all agenda items prior to the board taking a vote.
- The operative word here is comment (not filibuster, not ask multiple questions) but to comment. (Board can take that under advisement.)
- Specifics are not given in SF 1750 how this is to be handled. (Presumably still could be during a specified homeowners forum, or by giving for example 2 minutes for comment prior to the board discussing and voting.

Enforcement.

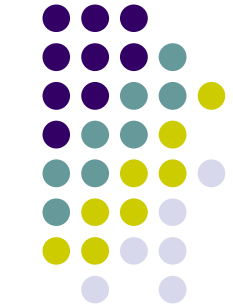


Enforcement of the Governing Documents will Require…

- Associations will be required to give no less than 21 days notice before adopting, amending, or revoking a rule or regulation.
- Members must have a right to request a hearing within 30 days of notice, the right to be represented by an attorney, and given a copy of the final resolution no later than 30 days after hearing, with explanation. – Fines capped at $100.00.
- Associations must allow owners to present a grievance to the board (on matters other than fines and ARC requests) – and good faith efforts must be made to resolve – or matter is referred to the CIC Ombudsperson.
- An association may not retaliate against an owner for asserting their rights under this law.

Enforcement….

. . .continued



What will this practically mean?

- The reason for requiring no less than 21 days prior to adopting or changing a rule or regulation is to give members an opportunity to comment. This will require a protocol to be established.
- Fines cannot be applied to any member prior to their right to have a hearing (And they can tell you on day the last day of the notice period – they now want a hearing). A process will need to be developed.
- Since there is a cap of $100 per violation, Boards will need to develop amend and change rules & regs that allow for the association to “cure” the infraction.
- Members must have the opportunity to share any HOA related grievance & if Board cannot resolve it must be referred to ombudsperson.

Collections.

Collecting on everything from monthly assessments to fines and late fees will require…

- When an assessment is late, the late fee is capped at $20 or 5% of the amount owed. After that interest may be charged on unpaid assessments not to exceed 8%.
- When a member makes a payment; and what they pay is less than the total, money is applied as follows: first applied to reg. assessments, then special assessments, then fines and attorney charges.
- Association are prohibited from refusing partial payments (exception if foreclosure has commenced).
- When foreclosure commences on a member attorney fees and costs are excluded from the reinstatement amount.

Collections….

. . .continued

What will this practically mean?

- Charges up to $400 can have a late fee of $20 ,above $400 it would make sense to have the fine be 5% of charge. After that interest can be charged at no more than 8%. May have to change governing documents to allow this to happen.
- Protocol and policy must be in place to apply payments to actual assessments before anything else. May require extra handling and increase costs for careful applying of payments.
- The days of acceleration of assessments for the year is over, cannot refuse partial payments accept during foreclosure.
- Actual attorney fees and additional costs that are required for accounting; while having to be paid by the association, they do not need to be paid by homeowner for reinstatement from foreclosure. This will require adopting detailed collection policies to be written.

Maintenance.

Maintenance protocol concerning Conflicts of Interest and Bidding shall now require …

- The standard to adhere to in handling conflicts of interest deal with three core rules…
  - No self-interested voting.
  - No kickbacks or inducements.
  - Mandatory disclosure of affiliated bids.
- Bidding is required for all estimated projects that have a cost exceeding $50,000.00. – Board is no obligated with going with lowest bid.
- There are some very important exceptions to this $50,000 before the requirement of 3 bids.
- Keeping more detailed records of how you went through the process will be required.

Maintenance….

…continued

What will this practically mean?

- Conflicts of interest will never be eliminated, however, they can all be diffused if you remember…
  - Disclosure.
  - Recusal.
  - Disclosure of affiliated bids.
- Exceptions
  - Multiple bids may not be able to be reasonably obtained.
  - Emergency repairs. (Not to respond will cause further damage to the property or harm to lives).
  - Insurance claims.
- The bidding process is not always about lowest price it may instead include other metrics such as – contractor's qualifications, available warranties, the estimated time to repair, the extent bidder met the solicitation requirements, etc.
- More administrative costs to keep records handy of the process.

What should I expect?



If you are a homeowner member…

- You have specific rights as a member of your association.
- You must be aware of the protocol and more formal procedures will be required of you as well as the board.
- Remember the 3 P's - patience, presence, and politeness will be required.

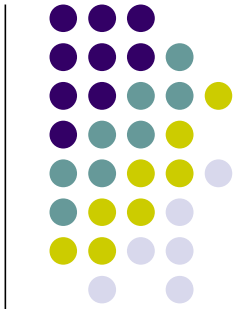
What should I expect?



If you are a board member…

- You must be aware of the protocol and more formal procedures that will be required of you as a board member.
- Some very real extra costs can be expected in order to provide the necessary protocol for compliance.
- The process of how quick the “business” of the association will take place at a much more deliberate and intentional pace.
- The time to begin the process is now and not wait until Dec. 31, 2026.

Thank You!!!



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