

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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SENATE BILL 376

Short Title: Expanding Members' Access to HOA Records. (Public)

Sponsors: Senator Johnson (Primary Sponsor).

Referred to: Rules and Operations of the Senate

March 28, 2023

A BILL TO BE ENTITLED

AN ACT TO ALLOW MEMBERS OF HOMEOWNERS' ASSOCIATIONS TO REQUEST IN WRITING THE OPPORTUNITY TO REVIEW MANAGEMENT CONTRACTS BETWEEN COMMUNITY ASSOCIATIONS AND COMMUNITY ASSOCIATION MANAGERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 47C-3-118 reads as rewritten:

"§ 47C-3-118. Association records.

(a) The association shall keep financial records sufficiently detailed to enable the association to comply with this chapter. All financial and other records, including records of meetings of the association and executive board, shall be made reasonably available for examination by any unit owner and the unit owner's authorized agents as required by the bylaws and by Chapter 55A of the General Statutes if the association is a nonprofit corporation. If the bylaws do not specify particular records to be maintained, the association shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. In addition to any specific information that is required by the bylaws to be assembled and reported to the unit owners at specified times, the association shall make an annual income and expense statement and balance sheet available to all unit owners at no charge and within 75 days after the close of the fiscal year to which the information relates. Notwithstanding the bylaws, a more extensive compilation, review, or audit of the association's books and records for the current or immediately preceding fiscal year may be required by a vote of the majority of the executive board or by the affirmative vote of a majority of the unit owners present and voting in person or by proxy at any annual meeting or any special meeting duly called for that purpose.

(a1) The association, upon written request, shall furnish to a unit owner or the unit owner's authorized agents the contract(s) between the association and the community association manager relating to the management of the association. The association must provide the requestor either a physical copy of the contract or with an agreeable time to review the contract in person. For purposes of this subsection, "community association" means an association or organization of the owners of residential condominiums, timeshares, townhouses, apartments, or lots in a planned community or subdivision that is subject to a uniform scheme of restrictive covenants, in which owner membership is made mandatory by covenant, contract, or deed, and is authorized to collect dues, assessments, or other payments from owner-members. "Community association manager" means any person, partnership, firm, corporation, limited liability company, association, or other business entity who, for compensation or other valuable consideration or promise thereof, performs any of the following on behalf of a community association:



- 1 (1) Acts with the authority of a community association in its business, legal,
2 financial, or other transactions and communications with association members
3 and nonmembers.
- 4 (2) Executes the resolutions and decisions of the government of a community
5 association or, with the authority of the association, enforces the rights of the
6 association secured by statutes, contract, covenant, rule, or bylaw.
- 7 (3) Collects, disburses, or otherwise exercises dominion or control over money or
8 other property belonging to a community association.
- 9 (4) Prepares budgets, financial statements, or other financial reports for a
10 community association.
- 11 (5) Negotiates contracts or otherwise coordinates or arranges for services or the
12 purchase of property or goods for or on behalf of a community association.
- 13 (6) Offers or solicits to perform any of the acts or services in subdivisions (1)
14 through (5) of this subsection on behalf of a community association.

15 (b) The association, upon written request, shall furnish a unit owner or the unit owner's
16 authorized agents a statement setting forth the amount of unpaid assessments and other charges
17 against a unit. The statement shall be furnished within 10 business days after receipt of the request
18 and is binding on the association, the executive board, and every unit owner. The association, its
19 managers, or its agents may charge a reasonable fee for providing statements of unpaid
20 assessments and other charges, not to exceed two hundred dollars (\$200.00) per statement or
21 request, and an additional expedite fee in an amount not to exceed one hundred dollars (\$100.00)
22 if the request is made within 48 hours of closing.

23 (c) In addition to the limitations of Article 8 of Chapter 55A of the General Statutes, no
24 financial payments, including payments made in the form of goods and services, may be made
25 to any officer or member of the association's executive board or to a business, business associate,
26 or relative of an officer or member of the executive board, except as expressly provided for in
27 the bylaws or in payments for services or expenses paid on behalf of the association which are
28 approved in advance by the executive board."

29 **SECTION 2.** G.S. 47F-3-118 reads as rewritten:

30 "**§ 47F-3-118. Association records.**

31 (a) The association shall keep financial records sufficiently detailed to enable the
32 association to comply with this Chapter. All financial and other records, including records of
33 meetings of the association and executive board, shall be made reasonably available for
34 examination by any lot owner and the lot owner's authorized agents as required in the bylaws and
35 Chapter 55A of the General Statutes. If the bylaws do not specify particular records to be
36 maintained, the association shall keep accurate records of all cash receipts and expenditures and
37 all assets and liabilities. In addition to any specific information that is required by the bylaws to
38 be assembled and reported to the lot owners at specified times, the association shall make an
39 annual income and expense statement and balance sheet available to all lot owners at no charge
40 and within 75 days after the close of the fiscal year to which the information relates.
41 Notwithstanding the bylaws, a more extensive compilation, review, or audit of the association's
42 books and records for the current or immediately preceding fiscal year may be required by a vote
43 of the majority of the executive board or by the affirmative vote of a majority of the lot owners
44 present and voting in person or by proxy at any annual meeting or any special meeting duly called
45 for that purpose.

46 (a1) The association, upon written request, shall furnish to a lot owner or the lot owner's
47 authorized agents the contract(s) between the association and the community association
48 manager relating to the management of the association. The association must provide the
49 requestor either a physical copy of the contract or with an agreeable time to review the contract
50 in person. For purposes of this subsection, "community association" means an association or
51 organization of the owners of residential condominiums, timeshares, townhouses, apartments, or

1 lots in a planned community or subdivision that is subject to a uniform scheme of restrictive
2 covenants, in which owner membership is made mandatory by covenant, contract, or deed, and
3 is authorized to collect dues, assessments, or other payments from owner-members. "Community
4 association manager" means any person, partnership, firm, corporation, limited liability
5 company, association, or other business entity who, for compensation or other valuable
6 consideration or promise thereof, performs any of the following on behalf of a community
7 association:

- 8 (1) Acts with the authority of a community association in its business, legal,
9 financial, or other transactions and communications with association members
10 and nonmembers.
- 11 (2) Executes the resolutions and decisions of the government of a community
12 association or, with the authority of the association, enforces the rights of the
13 association secured by statutes, contract, covenant, rule, or bylaw.
- 14 (3) Collects, disburses, or otherwise exercises dominion or control over money or
15 other property belonging to a community association.
- 16 (4) Prepares budgets, financial statements, or other financial reports for a
17 community association.
- 18 (5) Negotiates contracts or otherwise coordinates or arranges for services or the
19 purchase of property or goods for or on behalf of a community association.
- 20 (6) Offers or solicits to perform any of the acts or services in subdivisions (1)
21 through (5) of this subsection on behalf of a community association.

22 (b) The association, upon written request, shall furnish to a lot owner or the lot owner's
23 authorized agents a statement setting forth the amount of unpaid assessments and other charges
24 against a lot. The statement shall be furnished within 10 business days after receipt of the request
25 and is binding on the association, the executive board, and every lot owner. The association, its
26 managers, or its agents may charge a reasonable fee for providing statements of unpaid
27 assessments, not to exceed two hundred dollars (\$200.00) per statement or request, and an
28 additional expedite fee in an amount not exceeding one hundred dollars (\$100.00) if the request
29 for a statement is made within 48 hours of closing.

30 (c) In addition to the limitations of Article 8 of Chapter 55A of the General Statutes, no
31 financial payments, including payments made in the form of goods and services, may be made
32 to any officer or member of the association's executive board or to a business, business associate,
33 or relative of an officer or member of the executive board, except as expressly provided for in
34 the bylaws or in payments for services or expenses paid on behalf of the association which are
35 approved in advance by the executive board."

36 **SECTION 3.** This act is effective when it becomes law.