JAN 1 5 2025

A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

| 1 | SECTION 1. The legislature finds that unit owners, |
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| 2 | tenants, and others who use condominium property are subject to |
| 3 | chapter 514B, Hawaii Revised Statutes, and to the declaration |
| 4 | and bylaws of the association pursuant to section 514B-112(a), |
| 5 | Hawaii Revised Statutes. Further, persons shall comply strictly |
| 6 | with the covenants, conditions, and restrictions set forth in |
| 7 | the declaration, bylaws, and house rules pursuant to section |
| 8 | 514B-112(c), Hawaii Revised Statutes. The legislature intends |
| 9 | that condominium associations have adequate remedies to enforce |
| 10 | compliance and that persons subject to enforcement action |
| 11 | receive due process. The remedies prescribed in this Act are |
| 12 | intended to ensure due process relating to the imposition of |
| 13 | fines and to clarify procedures for disputing other assessments. |
| 14 | Accordingly, the purpose of this Act is to establish |
| 15 | processes and requirements for associations to impose fines |
| 16 | against unit owners, tenants, and guests who use condominium |
| 17 | property for violations of the declaration, bylaws, or house |

| 1 | rules, an | d to prohibit associations from charging attorneys' |
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| 2 | fees with | respect to any fines that are not deemed collectable. |
| 3 | SECT | ION 2. Chapter 514B, Hawaii Revised Statutes, is |
| 4 | amended b | y adding a new section to part VI to be appropriately |
| 5 | designate | d and to read as follows: |
| 6 | " <u>§51</u> | 4B- Fines. (a) An association may impose a fine |
| 7 | for the v | iolation of the declaration, bylaws, or house rules |
| 8 | adopted p | ursuant to this chapter, provided that the amount of |
| 9 | the fine | shall be reasonable. |
| 10 | (b) | Notice of the imposition of the fine shall include: |
| 11 | (1) | A general description of the act or omission for which |
| 12 | | the fine is imposed; |
| 13 | (2) | Reference to one or more provisions of the |
| 14 | | declaration, bylaws, or house rules violated by the |
| 15 | | act or omission; and |
| 16 | (3) | Notice of an appeal procedure that provides an |
| 17 | | aggrieved person a reasonable opportunity to challenge |
| 18 | | the fine and be heard by the board; provided that an |
| 19 | | appeal shall be initiated within thirty days after |
| 20 | | receipt of the notice. |

| I | <u>(c)</u> | Subject to its jurisdictional limits, the small claims |
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| 2 | division | of the district court in the circuit where the |
| 3 | condomini | um is located may finally determine the validity and |
| 4 | the amoun | t of a fine imposed pursuant to this section if a |
| 5 | person wh | o first timely appeals the imposition of a fine to the |
| 6 | board als | o files a complaint within thirty days after receipt of |
| 7 | the notic | e pursuant to subsection (b). |
| 8 | (d) | A fine shall be deemed collectable if: |
| 9 | (1) | The time to initiate an appeal has expired and an |
| 10 | | appeal has not been initiated; |
| 11 | (2) | The fine has been upheld following a timely appeal and |
| 12 | | a small claims court case has not been initiated; and |
| 13 | (3) | Small claims court has not invalidated the fine within |
| 14 | | ninety days after timely initiation of a small claims |
| 15 | | court case. |
| 16 | (e) | Notwithstanding section 514B-157, no attorneys' fees |
| 17 | shall be | charged by an association against any unit owner or |
| 18 | tenant, w | ith respect to a fine, before the fine is deemed |
| 19 | collectab | ole. |
| 20 | (f) | The imposition of a fine, and the determination of a |
| 21 | small cla | ims court, if any, shall be without prejudice to the |

| Ţ | exercise | of any other remedy available to an association under |
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| 2 | this chap | ter." |
| 3 | SECT | ION 3. Section 514B-104, Hawaii Revised Statutes, is |
| 4 | amended b | y amending subsection (a) to read as follows: |
| 5 | "(a) | Except as provided in section 514B-105, and subject |
| 6 | to the pr | ovisions of the declaration and bylaws, the |
| 7 | associati | on, even if unincorporated, may: |
| 8 | (1) | Adopt and amend the declaration, bylaws, and rules and |
| 9 | | regulations; |
| 10 | (2) | Adopt and amend budgets for revenues, expenditures, |
| 11 | | and reserves and collect assessments for common |
| 12 | | expenses from unit owners, subject to section |
| 13 | | 514B-148; |
| 14 | (3) | Hire and discharge managing agents and other |
| 15 | | independent contractors, agents, and employees; |
| 16 | (4) | Institute, defend, or intervene in litigation or |
| 17 | | administrative proceedings in its own name on behalf |
| 18 | | of itself or two or more unit owners on matters |
| 19 | | affecting the condominium. For the purposes of |
| 20 | | actions under chapter 480, associations shall be |
| 21 | | deemed to be "consumers"; |

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| 1 | (5) | Make contracts and incur liabilities; |
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| 2 | (6) | Regulate the use, maintenance, repair, replacement, |
| 3 | | and modification of common elements; |
| 4 | (7) | Cause additional improvements to be made as a part of |
| 5 | | the common elements; |
| 6 | (8) | Acquire, hold, encumber, and convey in its own name |
| 7 | | any right, title, or interest to real or personal |
| 8 | | property; provided that: |
| 9 | | (A) Designation of additional areas to be common |
| 10 | | elements or subject to common expenses after the |
| 11 | | initial filing of the declaration or bylaws shal |
| 12 | | require the approval of at least sixty-seven per |
| 13 | | cent of the unit owners; |
| 14 | | (B) If the developer discloses to the initial buyer |
| 15 | | in writing that additional areas will be |
| 16 | | designated as common elements whether pursuant t |
| 17 | | an incremental or phased project or otherwise, |
| 18 | | the requirements of this paragraph shall not |
| 19 | | apply as to those additional areas; and |
| 20 | | (C) The requirements of this paragraph shall not |
| 21 | | apply to the purchase of a unit for a resident |

| 1 | | manager, which may be purchased with the approval |
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| 2 | | of the board; |
| 3 | (9) | Subject to section 514B-38, grant easements, leases, |
| 4 | | licenses, and concessions through or over the common |
| 5 | | elements and permit encroachments on the common |
| 6 | | elements; |
| 7 | (10) | Impose and receive any payments, fees, or charges for |
| 8 | | the use, rental, or operation of the common elements, |
| 9 | | other than limited common elements described in |
| 10 | | section $514B-35(2)$ and (4) , and for services provided |
| 11 | | to unit owners; |
| 12 | (11) | Impose charges and penalties, including late fees and |
| 13 | | interest, for late payment of assessments and levy |
| 14 | | reasonable fines for violations of the declaration, |
| 15 | | bylaws, rules, and regulations of the association, |
| 16 | | [either in accordance with the bylaws or, if the |
| 17 | | bylaws are silent, pursuant to a resolution adopted by |
| 18 | | the board that establishes a fining procedure that |
| 19 | | states the basis for the fine and allows an appeal to |
| 20 | | the board of the fine with notice and an opportunity |
| 21 | | to be heard and providing that if the fine is paid, |

| 1 | | the unit owner shall have the right to initiate a |
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| 2 | | dispute resolution process as provided by sections |
| 3 | | 514B-161, 514B-162, or by filing a request for an |
| 4 | | administrative hearing under a pilot program |
| 5 | | administered by the department of commerce and |
| 6 | | consumer affairs; in accordance with section 514B- ; |
| 7 | (12) | Impose reasonable charges for the preparation and |
| 8 | | recordation of amendments to the declaration, |
| 9 | | documents requested for resale of units, or statements |
| 10 | | of unpaid assessments; |
| 11 | (13) | Provide for cumulative voting through a provision in |
| 12 | | the bylaws; |
| 13 | (14) | Provide for the indemnification of its officers, |
| 14 | | board, committee members, and agents, and maintain |
| 15 | | directors' and officers' liability insurance; |
| 16 | (15) | Assign its right to future income, including the right |
| 17 | | to receive common expense assessments, but only to the |
| 18 | | extent section 514B-105(e) expressly so provides; |
| 19 | (16) | Exercise any other powers conferred by the declaration |
| 20 | | or bylaws; |

| • | (± , , | Directise all other powers that may be exercised in |
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| 2 | | this State by legal entities of the same type as the |
| 3 | | association, except to the extent inconsistent with |
| 4 | | this chapter; |
| 5 | (18) | Exercise any other powers necessary and proper for the |
| 6 | | governance and operation of the association; and |
| 7 | (19) | By regulation, subject to sections 514B-146, 514B-161, |
| 8 | | and 514B-162, require that disputes between the board |
| 9 | | and unit owners or between two or more unit owners |
| 10 | | regarding the condominium be submitted to nonbinding |
| 11 | | alternative dispute resolution in the manner described |
| 12 | | in the regulation as a prerequisite to commencement of |
| 13 | | a judicial proceeding." |
| 14 | SECT | ION 4. Section 514B-105, Hawaii Revised Statutes, is |
| 15 | amended by | y amending subsection (c) to read as follows: |
| 16 | "(c) | Any payments made by or on behalf of a unit owner |
| 17 | shall fir | st be applied to outstanding common expenses that are |
| 18 | assessed ' | to all unit owners in proportion to the common interest |
| 19 | appurtena | nt to their respective units, including commercial |
| 20 | property a | assessed financing assessment expenses incurred for |
| 21 | improveme | nts financed pursuant to section 196-64.5. Only after |

- 1 the outstanding common expenses have been paid in full may the
- 2 payments be applied to other charges owed to the association,
- 3 including assessed charges to the unit such as ground lease
- 4 rent, utility sub-metering, storage lockers, parking stalls,
- 5 boat slips, insurance deductibles, and cable. After these
- 6 charges are paid, other charges, including unpaid late fees,
- 7 legal fees, collectable fines, and interest, may be assessed in
- 8 accordance with an application of payment policy adopted by the
- 9 board; provided that if a unit owner has designated that any
- 10 payment is for a specific charge that is not a common expense as
- 11 described in this subsection, the payment may be applied in
- 12 accordance with the unit owner's designation even if common
- 13 expenses remain outstanding."
- 14 SECTION 5. Section 514B-146, Hawaii Revised Statutes, is
- 15 amended to read as follows:
- 16 "§514B-146 Association fiscal matters; lien for
- 17 assessments. (a) All sums assessed by the association but
- 18 unpaid for the share of the common expenses chargeable to any
- 19 unit shall constitute a lien on the unit with priority over all
- 20 other liens, except:



| 1 | (1) | Liens for real property taxes and assessments lawfully |
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| 2 | | imposed by governmental authority against the unit; |
| 3 | | and |
| 4 | (2) | Except as provided in subsection (j), all sums unpaid |
| 5 | | on any mortgage of record that was recorded prior to |
| 6 | | the recordation of a notice of a lien by the |
| 7 | | association, and costs and expenses including |
| 8 | | attorneys' fees provided in such mortgages; |
| 9 | provided | that a lien recorded by an association for unpaid |
| 10 | assessmen | ts shall expire six years from the date of recordation |
| 11 | unless pr | oceedings to enforce the lien are instituted [prior to] |
| 12 | <u>before</u> th | e expiration of the lien; provided further that the |
| 13 | expiratio | n of a recorded lien shall in no way affect the |
| 14 | associati | on's automatic lien that arises pursuant to this |
| 15 | subsectio | n or the declaration or bylaws. Any proceedings to |
| 16 | enforce a | n association's lien for any assessment shall be |
| 17 | institute | d within six years after the assessment became due; |
| 18 | provided | that if the owner of a unit subject to a lien of the |
| 19 | associati | on files a petition for relief under the United States |
| 20 | Bankruptc | y Code (11 U.S.C. §101 et seq.), the period of time for |
| 21 | instituti | ng proceedings to enforce the association's lien shall |

- 1 be tolled until thirty days after the automatic stay of
- 2 proceedings under section 362 of the United States Bankruptcy
- 3 Code (11 U.S.C. §362) is lifted.
- 4 The lien of the association may be foreclosed by action or
- 5 by nonjudicial or power of sale foreclosure, regardless of the
- 6 presence or absence of power of sale language in an
- 7 association's governing documents, by the managing agent or
- 8 board, acting on behalf of the association and in the name of
- 9 the association; provided that no association may exercise the
- 10 nonjudicial or power of sale remedies provided in chapter 667 to
- 11 foreclose a lien against any unit that arises solely from fines,
- 12 penalties, legal fees, or late fees, and the foreclosure of any
- 13 [such] lien shall be filed in court pursuant to part IA of
- **14** chapter 667.
- In any [such] foreclosure, the unit owner shall be required
- 16 to pay a reasonable rental for the unit, if so provided in the
- 17 bylaws or the law, and the plaintiff in the foreclosure shall be
- 18 entitled to the appointment of a receiver to collect the rental
- 19 owed by the unit owner or any tenant of the unit. If the
- 20 association is the plaintiff, it may request that its managing
- 21 agent be appointed as receiver to collect the rent from the



1 The managing agent or board, acting on behalf of the association and in the name of the association, unless 2 prohibited by the declaration, may bid on the unit at 3 4 foreclosure sale, and acquire and hold, lease, mortgage, and 5 convey the unit. Action to recover a money judgment for unpaid 6 common expenses shall be maintainable without foreclosing or 7 waiving the lien securing the unpaid common expenses owed. 8 (b) Except as provided in subsection (j), when the mortgagee of a mortgage of record or other purchaser of a unit 9 10 obtains title to the unit as a result of foreclosure of the 11 mortgage, the acquirer of title and the acquirer's successors 12 and assigns shall not be liable for the share of the common 13 expenses or assessments by the association chargeable to the 14 unit that became due [prior to] before the acquisition of title 15 to the unit by the acquirer. The unpaid share of common 16 expenses or assessments shall be deemed to be common expenses 17 collectible from all of the unit owners, including the acquirer 18 and the acquirer's successors and assigns. The mortgagee of 19 record or other purchaser of the unit shall be deemed to acquire 20 title and shall be required to pay the unit's share of common

expenses and assessments beginning:

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| 1 | (1) | Thirty-six days after the order confirming the sale to |
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| 2 | | the purchaser has been filed with the court; |
| 3 | (2) | Sixty days after the hearing at which the court grants |
| 4 | | the motion to confirm the sale to the purchaser; |
| 5 | (3) | Thirty days after the public sale in a nonjudicial |
| 6 | | power of sale foreclosure conducted pursuant to |
| 7 | | chapter 667; or |
| 8 | (4) | Upon the recording of the instrument of conveyance; |
| 9 | whichever | occurs first; provided that the mortgagee of record or |
| 10 | other pur | chaser of the unit shall not be deemed to acquire title |
| 11 | under para | agraph (1), (2), or (3), if transfer of title is |
| 12 | delayed pa | ast the thirty-six days specified in paragraph (1), the |
| 13 | sixty day: | s specified in paragraph (2), or the thirty days |
| 14 | specified | in paragraph (3), when a person who appears at the |
| 15 | hearing o | n the motion or a party to the foreclosure action |
| 16 | requests | reconsideration of the motion or order to confirm sale, |
| 17 | objects to | o the form of the proposed order to confirm sale, |
| 18 | appeals th | ne decision of the court to grant the motion to confirm |
| 19 | sale, or | the debtor or mortgagor declares bankruptcy or is |
| 20 | involunta | rily placed into bankruptcy. In any [such] case, the |
| 21 | mortgagee | of record or other purchaser of the unit shall be |



| 1 | deemed to | acquire title upon recordation of the instrument of |
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| 2 | conveyanc | e. |
| 3 | [-(e) | A unit owner who receives a demand for payment from |
| 4 | an associ | ation and disputes the amount of an assessment may |
| 5 | request a | written statement clearly indicating: |
| 6 | (1) | The amount of common expenses included in the |
| 7 | | assessment, including the due date of each amount |
| 8 | | <pre>claimed;</pre> |
| 9 | (2) | The amount of any penalty or fine, late fee, lien |
| 10 | | filing fee, and any other charge included in the |
| 11 | | assessment that is not imposed on all unit owners as a |
| 12 | | common expense; and |
| 13 | (3) | The amount of attorneys' fees and costs, if any, |
| 14 | | included in the assessment. |
| 15 | (d) | A unit owner who disputes the information in the |
| 16 | written s | tatement received from the association pursuant to |
| 17 | subsection | n (c) may request a subsequent written statement that |
| 18 | additiona | lly informs the unit owner that: |
| 19 | (1) | Under Hawaii law, a unit owner has no right to |
| 20 | | withhold common expense assessments for any reason; |

| 1 | (2) | A unit owner has a right to demand mediation or |
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| 2 | | arbitration to resolve disputes about the amount or |
| 3 | | validity of an association's common expense |
| 4 | | assessment; -provided that the unit owner immediately |
| 5 | | pays the common expense assessment in full and keeps |
| 6 | | common expense assessments current; |
| 7 | (3) | Payment in full of the common expense assessment shall |
| 8 | | not prevent the owner from contesting the common |
| 9 | | expense assessment or receiving a refund of amounts |
| 10 | | not owed; and |
| 11 | (4) | If the unit owner contests any penalty or fine, late |
| 12 | | fee, lien filing fee, or other charges included in the |
| 13 | | assessment, except common expense assessments, the |
| 14 | | unit owner may demand mediation as provided in |
| 15 | | subsection (g) prior to paying those charges. |
| 16 | (e) | No unit-owner-shall withhold any common expense |
| 17 | assessmen | t claimed by the association. Nothing in this section |
| 18 | shall lim | it the rights of an owner to the protection of all fair |
| 19 | debt coll | ection procedures mandated under federal and state law. |
| 20 | (f) | A unit owner who pays an association the full amount |
| 21 | of the co | mmon expenses claimed by the association may file in |

| 1 | small elaims court or require the association to mediate to |
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| 2 | resolve any disputes concerning the amount or validity of the |
| 3 | association's common expense claim. If the unit owner and the |
| 4 | association are unable to resolve the dispute through mediation, |
| 5 | either party may file for arbitration under section 514B-162; |
| 6 | provided that a unit owner may only file for arbitration if all |
| 7 | amounts claimed by the association as common expenses are paid |
| 8 | in full on or before the date of filing. If the unit owner |
| 9 | fails to keep all association common expense assessments current |
| 10 | during the arbitration, the association may ask the arbitrator |
| 11 | to temporarily suspend the arbitration proceedings. If the unit |
| 12 | owner pays all association common expense assessments within |
| 13 | thirty days of the date of suspension, the unit owner may ask |
| 14 | the arbitrator to recommence the arbitration proceedings. If |
| 15 | the unit owner fails to pay all association common expense |
| 16 | assessments by the end of the thirty-day period, the association |
| 17 | may ask the arbitrator to dismiss the arbitration proceedings. |
| 18 | The unit owner shall be entitled to a refund of any amounts paid |
| 19 | as common expenses to the association that are not owed. |
| 20 | (g) A unit owner who contests the amount of any attorneys! |
| 21 | fees and costs, penalties or fines, late fees, lien filing fees, |

or any other charges, except common expense assessments, may 1 2 make a demand in writing for mediation on the validity of those charges. The unit owner has thirty days from the date of the 3 4 written statement requested pursuant to subsection (d) to file demand for mediation on the disputed charges, other than common 5 expense assessments. If the unit owner fails to file for 6 7 mediation within thirty days of the date of the written 8 statement requested pursuant to subsection (d), the association 9 may proceed with collection of the charges. If the unit owner 10 makes a request for mediation within thirty days, the 11 association shall be prohibited from attempting to collect any 12 of the disputed charges until the association has participated 13 in the mediation. The mediation shall be completed within sixty days of the unit owner's request for mediation; provided that if 14 15 the mediation is not completed within sixty days or the parties 16 are unable to resolve the dispute by mediation, the association may proceed with collection of all amounts due from the unit 17 18 owner for attorneys' fees and costs, penalties or fines, late 19 fees, lien filing fees, or any other charge that is not imposed 20 on all unit owners as a common expense.

| 1 | (c) | A unit owner shall have no right to withhold common |
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| 2 | expense a | ssessments for any reason; provided that a unit owner |
| 3 | may dispu | te the obligation to pay a common expense assessment |
| 4 | after pay | ment in full of the assessment. |
| 5 | (d) | A unit owner may dispute other assessments, apart from |
| 6 | common ex | pense assessments, before making payment. A unit owner |
| 7 | who dispu | tes an assessment, other than a common expense |
| 8 | assessmen | t, may request a written statement clearly detailing: |
| 9 | (1) | The common expenses included in an assessment, and |
| 10 | | stating the due date of each amount of common expense |
| 11 | | assessed; |
| 12 | (2) | The amount of any charge included in the assessment |
| 13 | | that is not imposed on all unit owners as a common |
| 14 | | expense, such as a fine or penalty, a late fee, or a |
| 15 | | filing fee; and |
| 16 | <u>(3)</u> | The amount of attorneys' fees and costs, if any, |
| 17 | | included in the assessment. |
| 18 | In respon | ding to the request, the association shall include a |
| 19 | disclaime | r that, under state law, a unit owner has no right to |
| 20 | withhold | common expense assessments for any reason, but that the |
| 21 | obligatio | n to pay a common expense assessment may be disputed |



| 2 | also include in the disclaimer that a unit owner may dispute |
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| 3 | other assessments, apart from a common expense assessment, |
| 4 | before making payment, and that the rights to contest |
| 5 | assessments are as described in this section and the rights to |
| 6 | contest certain fines are described in section 514B |
| 7 | (e) Nothing in this section shall limit the rights of an |
| 8 | owner to the protection of all fair debt collection procedures |
| 9 | mandated under federal and state law. |
| 10 | (f) A unit owner may file an action in any court with |
| 11 | jurisdiction, or may request mediation, to contest: |
| 12 | (1) A paid assessment; or |
| 13 | (2) An unpaid assessment other than a common expense |
| 14 | assessment or a fine. Fines shall be subject to |
| 15 | section 514B |
| 16 | A unit owner who elects to request mediation shall do so |
| 17 | within thirty days after the date of the statement described in |
| 18 | subsection (d). A timely demand for mediation shall stay an |
| 19 | association's effort to collect the contested assessment for |
| 20 | sixty days. The unit owner shall be entitled to a refund of any |
| 21 | amounts paid that are determined to have not been owed. |
| | |

1 after the assessment is paid in full. The association shall

| 1 | (g) An association may defend an assessment in court and |
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| 2 | in mediation. The association may proceed to collect an unpaid |
| 3 | assessment by any legal means, except when collection efforts |
| 4 | are stayed pursuant to subsection (f). |
| 5 | (h) In conjunction with or as an alternative to |
| 6 | foreclosure proceedings under subsection (a), where a unit is |
| 7 | owner-occupied, the association may authorize its managing agent |
| 8 | or board to, after sixty days' written notice to the unit owner |
| 9 | and to the unit's first mortgagee of the nonpayment of the |
| 10 | unit's share of the common expenses, terminate the delinquent |
| 11 | unit's access to the common elements and cease supplying a |
| 12 | delinquent unit with any and all services normally supplied or |
| 13 | paid for by the association. Any terminated services and |
| 14 | privileges shall be restored upon payment of all delinquent |
| 15 | assessments but need not be restored until payment in full is |
| 16 | received. |
| 17 | (i) Before the board or managing agent may take the |
| 18 | actions permitted under subsection (h), the board shall adopt a |

written policy providing for [such] the actions and have the

policy approved by a majority vote of the unit owners at an

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- 1 annual or special meeting of the association or by the written
- 2 consent of a majority of the unit owners.
- 3 (j) Subject to this subsection, and subsections (k) and
- 4 (1), the board may specially assess the amount of the unpaid
- 5 regular monthly common assessments for common expenses against a
- 6 mortgagee or other purchaser who, in a judicial or nonjudicial
- 7 power of sale foreclosure, purchases a delinquent unit; provided
- 8 that the mortgagee or other purchaser may require the
- 9 association to provide at no charge a notice of the
- 10 association's intent to claim lien against the delinquent unit
- 11 for the amount of the special assessment, [prior to] before the
- 12 subsequent purchaser's acquisition of title to the delinquent
- 13 unit. The notice shall state the amount of the special
- 14 assessment, how that amount was calculated, and the legal
- 15 description of the unit.
- 16 (k) The amount of the special assessment assessed under
- 17 subsection (j) shall not exceed the total amount of unpaid
- 18 regular monthly common assessments that were assessed during the
- 19 six months immediately preceding the completion of the judicial
- 20 or nonjudicial power of sale foreclosure.

| 1 | (1) | For purposes of subsections (j) and (k), the following |
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| 2 | definitio | ns shall apply, unless the context requires otherwise: |
| 3 | "Com | pletion" means: |
| 4 | (1) | In a nonjudicial power of sale foreclosure, when the |
| 5 | | affidavit after public sale is recorded pursuant to |
| 6 | | section 667-33; and |
| 7 | (2) | In a judicial foreclosure, when a purchaser is deemed |
| 8 | | to acquire title pursuant to subsection (b). |
| 9 | "Reg | ular monthly common assessments" does not include: |
| 10 | (1) | Any other special assessment, except for a special |
| 11 | | assessment imposed on all units as part of a budget |
| 12 | | adopted pursuant to section 514B-148; |
| 13 | (2) | Late charges, fines, or penalties; |
| 14 | (3) | Interest assessed by the association; |
| 15 | (4) | Any lien arising out of the assessment; or |
| 16 | (5) | Any fees or costs related to the collection or |
| 17 | | enforcement of the assessment, including attorneys' |
| 18 | | fees and court costs. |
| 19 | (m) | The cost of a release of any lien filed pursuant to |
| 20 | this sect | ion shall be paid by the party requesting the release |

| 1 | (n) | After any judicial or nonjudicial foreclosure |
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| 2 | proceedin | g in which the association acquires title to the unit, |
| 3 | any exces | s rental income received by the association from the |
| 4 | unit shal | l be paid to existing lien holders based on the |
| 5 | priority | of lien, and not on a pro rata basis, and shall be |
| 6 | applied t | o the benefit of the unit owner. For purposes of this |
| 7 | subsectio | n, excess rental income shall be any net income |
| 8 | received | by the association after a court has issued a final |
| 9 | judgment | determining the priority of a senior mortgagee and |
| 10 | after pay | ing, crediting, or reimbursing the association or a |
| 11 | third par | ty for: |
| 12 | (1) | The lien for delinquent assessments pursuant to |
| 13 | | subsections (a) and (b); |
| 14 | (2) | Any maintenance fee delinquency against the unit; |
| 15 | (3) | Attorney's fees and other collection costs related to |
| 16 | | the association's foreclosure of the unit; or |
| 17 | (4) | Any costs incurred by the association for the rental, |
| 18 | | repair, maintenance, or rehabilitation of the unit |
| 19 | | while the association is in possession of the unit |
| 20 | | including monthly association maintenance fees, |
| 21 | | management fees, real estate commissions, cleaning and |

| 1 | repair expenses for the unit, and general excise taxes |
|---|--|
| 2 | paid on rental income; |
| 3 | provided that the lien for delinquent assessments under |
| 4 | paragraph (1) shall be paid, credited, or reimbursed first." |
| 5 | SECTION 6. Statutory material to be repealed is bracketed |
| 6 | and stricken. New statutory material is underscored. |
| 7 | SECTION 7. This Act shall take effect upon its approval. |
| 8 | - M |
| | INTRODUCED BY: |
| | |

Report Title:

Condominium Associations; Unit Owners; Tenants; Declarations; By-Laws; House Rules; Violations; Fines; Appeals; Attorneys' Fees

Description:

Establishes processes and requirements for associations to impose fines against unit owners, tenants, and guests for violations of the declaration, bylaws, or house rules. Prohibits associations from charging attorneys' fees with respect to any fines that are not deemed collectable.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.