

CHANGES MADE TO HOA REFORM LEGISLATION SF1750 BY THE STATE SENATE

May 6, 2025 | Provided by SJJ Law (www.sjjlawfirm.com)

- **The "meet and confer" requirement** has been meaningfully relaxed. Associations must now notify unit owners of their right to meet and confer before beginning collection or enforcement action. If an owner fails to respond within 30 days, the association may proceed. *This replaces the original mandatory conference process that would have required direct participation from a board member.*
- **Unit owners still get the power to revoke association bylaws** or rules but now need to exercise those powers through a process aligned with existing MCIOA procedures: 20% of unit owners must request a special meeting, and a majority of unit owners—not just those present—must vote to repeal.
- **Attorney fee caps** have been removed as have most restrictions on the ability to assess back attorney fees to individual units. Associations can now recover actual legal fees with narrow exceptions.
- **Late fees** are capped at the greater of \$15 or 5% of the late fee regardless of whether it is a regular assessment or a special assessment. *This represents a meaningful change from the original caps of \$15 on late regular assessments and the lesser of 5% or \$100 on special assessments.*
- **If foreclosure is necessary**, associations can again include certain fines in their lien amounts in which the violation involves repeat conduct tied to health or safety risks, physical damage, or unauthorized rentals.
- **The actual threshold and timeline on which foreclosure can occur** is now tiered: for units with monthly assessments of \$500 or less, foreclosure may begin once the balance exceeds \$1,500 or remains unpaid for 120 days; for units with higher assessments, the threshold rises to \$2,500. *This is compared to an original threshold of \$5,000 or more which needed to be outstanding for 120 days or more.*
- **Management company fee caps** were removed. In their place, the bill adds disclosure rules for both management and board members, bans inducements to secure contracts, and requires at least three bids for services over \$50,000. Exceptions apply for emergency work, warranty obligations, or when only one vendor is reasonably available.

After these block amendments were introduced, a series of six (6) floor amendments were introduced with three (3) securing enough votes to pass:

- **Local governments** would no longer be allowed to require the creation of a HOA as a condition for approving residential development projects. Cities, counties, and other local entities also cannot dictate the contents of HOA governing documents or require rules to be adopted or repealed unless specifically requested by the developer. Similar language was removed from an earlier version of SF 1750, but the new amendment includes exemptions allowing continue municipal mandates around maintenance and insurance of common elements and easements to public infrastructure.
- **Associations may still charge for furnishing documents** required in connection with a unit sale, but that fee is now capped at \$150.
- A proposed **provision that would have treated silence from a mortgage lender as implied consent** to dissolve a common interest community has been removed. Associations will still need to obtain affirmative consent from first mortgagees before proceeding with dissolution if common elements are involved.