

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 1174
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40687-NSa-22

Short Title: HOA Oversight Act.

(Public)

Sponsors: Representative Ward.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE THE DEPARTMENT OF JUSTICE TO PROVIDE OVERSIGHT OF
3 COMPLAINTS REGARDING OWNERS' ASSOCIATIONS AND THEIR MEMBERS
4 AND TO REQUIRE THE DEPARTMENT TO PUT FORTH A COMMITTEE REPORT
5 AS WELL AS A PUBLIC REPORT.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Article 1 of Chapter 114 of the General Statutes is amended by adding
8 a new section to read:

9 **"§ 114-8.8. Collection and report of owners' association complaint data.**

10 (a) The Department of Justice shall receive and record complaints by members of
11 associations of unit owners or lot owners concerning disputes with their associations as required
12 by this section. For the purposes of this section, the term "association" means an association of
13 unit or lot owners organized under Chapter 47C or Chapter 47F of the General Statutes. The
14 Department of Justice shall publish a complaint form providing for electronic submission of those
15 complaints on its website. When the Department receives a complaint via phone, mail, or online,
16 it shall collect the following information from the complainant:

17 (1) The name and contact information of the complainant.

18 (2) Name of the association and their contact information, including their phone
19 number, address, city, and county of the association's location.

20 (3) The name and contact information of any other party or parties to the dispute
21 giving rise to the complaint.

22 (4) Name of the association's management company, if any, and its contact
23 information, including telephone number, owner's name, and street and
24 mailing addresses.

25 (5) Which of the following statements apply to the association member involved
26 in the dispute:

27 a. The unit or lot owner was informed of the requirement of membership
28 in the association as a condition of unit or lot ownership, including
29 when that information was provided and by whom.

30 b. The unit or lot owner received a copy of the governing documents of
31 the association and the copy was obtained before receiving title to the
32 property.

33 c. Was the unit or lot owner denied access to the governing documents
34 and, if so, what remedies the unit or lot owner took to obtain the
35 governing documents.



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- 1 d. Does the unit or lot owner understand their rights and obligations
2 under the governing documents.
- 3 (6) The nature of the complaint.
4 (7) The background information regarding the dispute, including whether the
5 member and association communicated about the dispute and whether all
6 other remedies available under the association's governing documents were
7 exhausted before the complaint was made.
8 (8) The desired remedy regarding this dispute.
9 (9) Whether an attorney has been engaged in the dispute and if the complaint has
10 been heard or is scheduled to be heard in court.
11 (10) Whether the homeowner agrees or disagrees with the provisions of the
12 governing documents.
13 (11) Any supporting documentation, including any response received from a
14 homeowners association or homeowner, relative to a specific complaint
15 provided by the Department and whether or not a response was provided by
16 the applicable homeowners association or homeowner.
- 17 (b) Upon receiving a complaint, the Department shall provide the complaint to the party
18 complained against in a manner that verifies receipt of such complaint by the receiving party and
19 allowing for the party to respond.
- 20 (c) The Department shall include on its publicly available website:
- 21 (1) Information on the process to submit complaints pursuant to this section.
22 (2) Information concerning the regulation of associations as provided in this
23 section and other provisions of the General Statutes.
24 (3) Educational and reference materials about homeowners associations,
25 including general information about the roles, rights, and responsibilities of
26 the board, declarant, homeowners, and other parties.
27 (4) A summary report of complaints on the Department's website that is publicly
28 accessible, categorized, filterable, and searchable. Personal data of members
29 must be redacted, including names, addresses, and telephone numbers of
30 members. The redaction requirement does not apply to information
31 concerning an association or association management company.
32 (5) An executive summary of the previous reporting year's complaints. The
33 executive summary may contain the following:
- 34 a. The number of complaints received and how many were against
35 homeowners associations or their management companies.
36 b. The top three counties for complaints reported.
37 c. Statistics on the outcomes of the complaints.
- 38 (d) By July 1 of each year, the Department shall submit a report to the chairs of the House
39 Standing Committee on Commerce and Economic Development, the chairs of the Senate
40 Standing Committee on Commerce and Insurance, and the Fiscal Research Division and shall
41 also publish the report on its website. The report shall include, at a minimum, a summary of all
42 of the following:
- 43 (1) The total number of complaints received pursuant to this section.
44 (2) The number of those complaints submitted by unit owners or lot owners.
45 (3) The number of complaints originating in each county of this State.
46 (4) The number of complaints that involved association management companies.
47 (5) The nature of the disputes reflected in the complaints, including the following:
48 a. Access to association records.
49 b. Access to executive board meetings.
50 c. Assessments.
51 d. Executive board transparency.

- 1 e. Fines.
- 2 f. Collections of delinquent accounts.
- 3 g. Liens.
- 4 h. Foreclosures.
- 5 i. Content of restrictive covenants.
- 6 j. Enforcement of restrictive covenants.

7 (e) Under the provisions of this Article, the Department is prohibited from promulgating
8 regulations or issuing guidelines concerning homeowners association administration,
9 governance, or governing documents. The Department shall not serve as an arbiter in disputes
10 between an association of unit owners or lot owners and its members."

11 **SECTION 2.** There is appropriated from the General Fund to the Department of
12 Justice the sum of one hundred thousand dollars (\$100,000) in recurring funds beginning with
13 the 2026-2027 fiscal year for the implementation and management of this act.

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