~~Indicates Matter Stricken~~

Indicates New Matter

AMENDED

March 29, 2018

**H. 3886**

Introduced by Reps. Crawford, Ryhal, Hamilton, Sandifer, Fry, Putnam, Clemmons, Yow, Anderson, Johnson, Hardee, Huggins, Hewitt, Duckworth, Bowers, Sottile, Crosby, Felder, Bennett, Thigpen, Whipper, Brown, Hixon, Taylor, King, Daning, Spires, Henderson, Pitts, Kirby, White, McCravy, Hill, Gagnon, West, Wheeler, Davis, Murphy, Hayes, Ott, V.S. Moss, Lowe, Jordan and McKnight

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Read the first time April 4, 2017.

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING CHAPTER 30 TO TITLE 27 SO AS TO ENTITLE THE CHAPTER “HOMEOWNERS ASSOCIATIONS”; TO DEFINE NECESSARY TERMS; TO REQUIRE OWNERS OF PROPERTY SUBJECT TO A HOMEOWNERS ASSOCIATION TO DISCLOSE THE ASSOCIATION’S GOVERNING DOCUMENTS TO PROSPECTIVE OWNERS, TO PROVIDE HOMEOWNERS ASSOCIATIONS SHALL PROVIDE HOMEOWNERS WITH PRINTED OR ELECTRONIC COPIES OF FINANCIAL INFORMATION AND THE GOVERNING DOCUMENTS OF THE ASSOCIATION UPON REQUEST AT NO CHARGE, TO PROVIDE HOMEOWNERS ASSOCIATION BOARDS MAY NOT TAKE ACTION TO ADD OR INCREASE FEES AND THE LIKE WITHOUT GIVING CERTAIN NOTICE TO HOMEOWNERS AND TO PROVIDE HOMEOWNERS MAY ATTEND MEETINGS AT WHICH SUCH ACTIONS ARE TO BE TAKEN, TO INSTRUCT THE SOUTH CAROLINA REAL ESTATE COMMISSION TO OFFER AN ONLINE INSTRUCTIONAL COURSE COVERING THE BASICS OF HOMEOWNERS’ ASSOCIATION MANAGEMENT AND THE RIGHTS AND RESPONSIBILITIES OF HOMEOWNERS, TO GRANT CONCURRENT CIVIL JURISDICTION IN CERTAIN ACTIONS BETWEEN HOMEOWNERS ASSOCIATIONS AND HOMEOWNERS, AND TO CREATE THE OFFICE OF HOMEOWNERS ASSOCIATION OMBUDSMAN IN THE DEPARTMENT OF CONSUMER AFFAIRS, TO PROVIDE QUALIFICATIONS, POWERS, AND DUTIES OF THE OMBUDSMAN, AMONG OTHER THINGS; AND TO AMEND SECTION 27‑50‑40, AS AMENDED, RELATING TO MANDATORY DISCLOSURE STATEMENTS SELLERS OF REAL PROPERTY MUST PROVIDE PURCHASERS, SO AS TO INCLUDE PROVISIONS CONCERNING DISCLOSURES OF PROPERTY SUBJECT TO HOMEOWNERS ASSOCIATION GOVERNANCE.

Amend Title To Conform

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Title 27 of the 1976 Code is amended by adding:

“CHAPTER 30

Homeowners Associations

Article 1

South Carolina Homeowners Association Act

Section 27‑30‑110. This article may be cited as the ‘South Carolina Homeowners Association Act’.

Section 27‑30‑120. As used in this article:

(1) ‘Board’ means the representative body, regardless of name, designated in the governing documents to act on behalf of a homeowners association and govern the association.

(2) ‘Declarant’ means a person or group of persons acting in concert who:

(a) as part of a common promotional plan, subdivide and offer to dispose of an interest the person or group has in a unit in real property; or

(b) reserve or succeed to a special declarant right, which means a right created under the declaration or bylaws for the person or group to retain or exercise authority in addition to regular declarant rights in a unit of real property.

(3) ‘Declaration’ means the recorded instruments, however denominated, that create a homeowners association, including amendments to those instruments.

(4) ‘Governing documents’ means declaration, master deeds, or bylaws, or any amendments to the declaration, master deeds, or bylaws.

(5) ‘Homeowner’ means a declarant or other person who owns a unit in a homeowners association, but does not include a person having an interest in such a unit solely as security for an obligation.

(6) ‘Homeowners association’ or ‘association’ means an entity developed to manage and maintain a planned community or horizontal property regime for which there is a declaration requiring a person, by virtue of his ownership of a separate property within the planned community or horizontal property regime, to pay assessments for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or services or other expenses related to, common elements and other real estate described in that declaration. A ‘homeowners association’ or ‘association’ does not include a vacation timesharing plan organized and subject only to the provisions of Chapter 32.

(7) Unit means an apartment in a horizontal property regime, or a lot in a subdivision.

Section 27‑30‑130(A)(1) Except as otherwise provided in this section, in order to be enforceable, a homeowners association’s governing documents must be recorded in the clerk of court’s, Register of Mesne Conveyance (RMC), or register of deeds office in the county where the property is located.

(2) To continue to be enforceable, any governing document not recorded prior to the effective date of this section must be recorded by January 10 of the year following the effective date of this section in the clerk of court’s, Register of Mesne Conveyance (RMC), or register of deeds office in the county where the property is located.

(B)(1) Rules, regulations, and amendments to rules and regulations:

(a) are effective upon passage or adoption,

(b) must be made accessible to a homeowners association member upon the request of that member of the homeowners association, and, at the option of the homeowners association, via electronic mail or through methods provided by the homeowner’s associations bylaws that ensure actual notice, unless they are:

(i) posted in a conspicuous place in a common area in the community,

(ii) available on an Internet website maintained by the homeowners’ association, where they may be downloaded by the homeowner.

(2) In order to remain enforceable, a homeowners association’s rules, regulations, and amendments to rules and regulations must be recorded in the clerk of court’s, Register of Mesne Conveyance (RMC), or register of deeds office in the county in which the property is located by January 10 of each year following their adoption or amendment.

(C) Homeowners associations in existence on the effective date of this section must record the documents required by subsections (A)(1) and (B)(2) by January 10 following the effective date of this section.

(D) The recording of the rules, regulations, bylaws, and amendments to rules and regulations are not subject to the requirements of witnesses and acknowledgements required under Section 30-5-30.

Section 27‑30‑140. Before a homeowners association may take action to increase an annual budget by a total of more than ten percent in any single year, the homeowners’ association must provide notice to homeowners at least forty-eight hours in advance of the meeting in which a decision to raise the annual budget by a total of more than ten percent is made. Notice of the meeting may be through posting notice:

(a) in a conspicuous place in a common area in the community,

(b) on an Internet website maintained by the homeowners’ association,

(c) by electronic mail, or

(d) through methods provided in the association bylaws that ensure actual notice.

Section 27‑30‑150. The access to documents provisions of Sections 33‑31‑1602, 33‑31‑1603, 33‑31‑1604, and 33‑31‑1605 apply to all homeowners associations not subject to the South Carolina Nonprofit Corporation Act for the purposes of allowing homeowners access to inspect and copy a homeowners association’s annual budget and homeowners membership lists.

Section 27‑30‑160. Pursuant to Section 22‑3‑10, the magistrates court shall have concurrent jurisdiction to adjudicate monetary disputes arising under this article, provided the dispute meets the jurisdictional requirements of Section 22‑3‑10.

Section 27‑30‑170. No provision of this article may be construed to be in conflict with the provisions of the South Carolina Nonprofit Corporation Act.

Article 3

Department of Consumer Affairs Services for Homeowners and Homeowners Associations

Section 27‑30‑310. This article must be known and may be cited as the ‘Department of Consumer Affairs Services for Homeowners and Homeowners Associations Act’.

Section 27‑30‑320. For the purposes of this article:

(1) ‘Board’ means the representative body, regardless of name, designated in the governing documents to act on behalf of a homeowners association and govern the association.

(2) ‘Bylaws’ means the document, and amendments to it, that contain the procedures for conducting the affairs of a homeowners association, regardless of the form of the association’s legal entity or the name by which the document comprising the bylaws is identified.

(3) ‘Declarant’ means a person or group of persons acting in concert who:

(a) as part of a common promotional plan, subdivide and offer to dispose of an interest the person or group has in a unit in real property; or

(b) reserve or succeed to a special declarant right, which means a right created under the declaration or bylaws for the person or group to retain or exercise authority in addition to regular declarant rights in a unit of real property.

(4) ‘Declaration’ means the recorded instruments, however denominated, that create a homeowners association, including amendments to those instruments.

(5) ‘Department’ means the Department of Consumer Affairs.

(6) ‘Homeowner’ means a declarant or other person who owns a unit in a homeowners association, but does not include a person having an interest in such a unit solely as security for an obligation.

(7) ‘Homeowners association’ or ‘association’ means an entity developed to manage and maintain a planned community or horizontal property regime for which there is a declaration requiring a person, by virtue of his ownership of a separate property within the planned community or horizontal property regime, to pay assessments for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or services or other expenses related to, common elements and other real estate described in that declaration. A ‘homeowners association’ or ‘association’ does not include a vacation timesharing plan organized and subject only to the provisions of Chapter 32.

(8) ‘Unit’ means an apartment in a horizontal property regime, or a lot in a subdivision.

Section 27‑30‑330. The department is authorized to include on its publicly available Internet website:

(1) information for homeowners and homeowners associations concerning how they may contact the department on its toll free number or submit complaint forms;

(2) information concerning the governance of homeowners associations as provided in this chapter and other provisions of the South Carolina Code of Laws; and

(3) educational and reference materials about homeowners associations, including general information about the roles, rights, and responsibilities of the board, declarant, homeowners, and other parties.

Section 27‑30‑340. (A) The department is authorized to receive and record data from any calls or written complaints from homeowners or homeowners associations.

(B) At a minimum, the department shall include the following information to be completed on a form completed by a homeowner or homeowners association or, if received by telephone, on a form completed by a department employee who is identified on the form:

(1) homeowner’s name;

(2) name of the homeowners association and their contact information, including the county and city where it is located;

(3) whether a homeowner:

(a) was informed of the requirement of membership in a homeowners association as a condition of home ownership, including when that information was provided and by whom;

(b) received a copy of the governing documents of the homeowners association and if the copy was obtained before or after receiving title to the unit;

(c) was denied access to the governing documents and, if so, what remedies the homeowner took to obtain the governing documents;

(d) understands his rights and obligations under the governing documents;

(4) the nature of the homeowner’s or homeowners association’s complaint;

(5) whether the homeowner attempted to communicate his complaint to the homeowners association, and whether the homeowner exhausted all of his remedies in accordance with any terms set out in the homeowners association governing documents or rules and regulations, and what action, if any, the homeowners association took concerning the complaint;

(6) whether the homeowner agrees or disagrees with the provisions of the governing documents;

(7) whether the homeowner agrees or disagrees with how the provisions where enforced, his recommendations for changing the provisions or means of enforcement, and whether the homeowner feels that more or less enforcement is needed; and

(8) any response received from a homeowners association or homeowner, relative to a specific complaint provided by the department and whether or not a response was provided by the applicable homeowners association or homeowner.

(C) Upon receiving a homeowner’s or homeowners association’s complaint, the department shall provide the complaint to the homeowners association or the homeowner complained against in a manner that verifies receipt of such complaint by the homeowners association or homeowner, so the homeowner, board, or homeowners association may determine if the homeowner, board, or homeowners association desires to make a response to the complaint.

(D) By January thirty-first of each year, the department shall make a report of all data collected from the full report categories collected and complaints received as provided in this section to:

(1) the Governor and the General Assembly, and

(2) the public through the department’s website. The public report must include categorized, filterable, and searchable information compiled from the complaints and responses and redact any personal or private information, such as names, addresses, and telephone numbers, contained in the complaints and responses.

(3) For data to be included in the report, all categories of the complaint form must be fully completed and the form must be executed by the homeowner, homeowners association, or department employee.

(E) Under the provisions of this article, the department is prohibited from:

(1) promulgating regulations or issuing guidelines concerning homeowners association administration, governance, or governing documents; or

(2) serving as an arbiter in disputes between the homeowner and homeowners association.”

SECTION 2. Section 27‑50‑40(A) of the 1976 Code, as last amended by Act 141 of 2010, is further amended to read:

“(A) Except for transactions exempted under Section 27-50-30, the owner of the real property shall furnish to a purchaser a written disclosure statement. The disclosure statement must contain the language and be in the form promulgated by the commission and the form may be delivered electronically through the Internet or other similar methods. The commission may charge a reasonable fee for the printed form but shall post the form for free downloading on its public website. The disclosure statement must include, but is not limited to, the following characteristics and conditions of the property:

(1) the water supply and sanitary sewage disposal system;

(2) the roof, chimneys, floors, foundation, basement, and other structural components and modifications of these structural components;

(3) the plumbing, electrical, heating, cooling, and other mechanical systems;

(4) present infestation of wood‑destroying insects or organisms or past infestation, the damage from which has not been repaired;

(5) the zoning laws, restrictive covenants, building codes, and other land‑use restrictions affecting the real property, any encroachment of the real property from or to adjacent real property, and notice from a governmental agency affecting this real property;

(6) presence of lead‑based paint, asbestos, radon gas, methane gas, underground storage tank, hazardous material or toxic material, buried or covered, and other environmental contamination;

(7) existence of a rental, rental management, vacation rental, or other lease contract in place on the property at the time of closing, and, if known, any outstanding charges owed by the tenant for gas, electric, water, sewerage, or garbage services provided to the property the tenant leases;

(8) existence of a meter conservation charge, as permitted by Section 58‑37‑50, that applies to electricity or natural gas service to the property; or

(9) whether the property is subject to governance of a homeowners association, as provided in Chapter 30 of this title, which carries certain rights and obligations that may limit the use of his property and involve financial obligations.”

SECTION 3. This act takes effect upon approval by the Governor.

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