

LFC Requester:	Hilla, Emily
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date 2/1/24
Bill No: HB 305

Sponsor: Rep. Cristina Parajon
Short Title: Homeowner Assoc. Home Sale Fees

Agency Name and Code AOC 218
Number: _____
Person Writing Kathleen Sabo
Phone: 505-470-3214 **Email** aoccaj@nmcourts.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
None	None	Rec.	General

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
Unknown	Unknown	Unknown	Rec.	General

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Unknown	Unknown	Unknown	Unknown	Rec.	General

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None.

Duplicates/Relates to Appropriation in the General Appropriation Act: None.

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB 305 enacts a new section of the Homeowner Association Act, Section 47-16-1 NMSA 1978 et. seq. to prohibit a fee from being assessed on the sale of a lot or real property by a lot owner in the association’s development.

HB 305 provides that the provisions of the Act apply to agreements entered into on or after July 1, 2024.

The effective date of the Act is July 1, 2024.

FISCAL IMPLICATIONS

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and any actions brought for unlawful assessment. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

SIGNIFICANT ISSUES

1) There are frequently costs incurred when property is transferred within an HOA, including charges associated with preparing and distributing documents, updating names in databases, changing security codes and amenities passes, and other administrative costs. To prohibit the charging of a fee may mean that the HOA will have to absorb the costs. One suggestion would be to limit the fee to actual costs associated with the property transfer, as noted above, or to cap the fee. In California, Civil Code Section 4575 requires that transfer fees be no more than the association’s actual costs to change its records.

2) Section 47-16-18(E) NMSA 1978 provides that

E. A lot owner or the association may use a process other than litigation used to prevent or resolve disputes, including mediation, facilitation, regulatory negotiation, settlement conferences, binding and nonbinding arbitration, fact-finding, conciliation, early neutral evaluation and policy dialogues, for complaints between the lot owner and the association or if such services are required by the community documents.

PERFORMANCE IMPLICATIONS

The courts are participating in performance-based budgeting. This bill may have an impact on the measures of the district courts in the following areas:

- Cases disposed of as a percent of cases filed
- Percent change in case filings by case type

ADMINISTRATIVE IMPLICATIONS

See “Fiscal Implications,” above.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES**OTHER SUBSTANTIVE ISSUES****ALTERNATIVES****WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL****AMENDMENTS**