

COMMONWEALTH OF VIRGINIA

SENATOR MAMIE LOCKE, Chair
DELEGATE JOHN COSGROVE, Vice Chair
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VIRGINIA HOUSING COMMISSION

Summary

Common Interest Communities Work Group House Room C, General Assembly Building June 2, 2009, 10 A.M.

Members Present: Senator Mary Margaret Whipple, Melanie Thompson, Janice Burgess, Mike Inman, Ron Kirby, Barrett Hardiman, Chip Dicks, Frank Eck, Jerry Wright, Trisha Henshaw, Heather Gillespie, Michelle Casciato, Dale Goodman, Joseph Hudgins, Scott Sterling, Pam Coerse

I. Welcome and Call to Order -- Senator Mary Margaret Whipple, Chair
Meeting called to order by Senator Whipple at 10:05 AM

II. Property Owners' Association Act; control of association by declarant (SB 1366; Barker, 2009)

- A. Senator George L. Barker discussed SB 1366, which addresses issues such as when a developer controls the HOA after the sale of all the homes. A community in Springfield is facing this problem.
- B. Looking to strike a balance. Understand the concerns of the developer on relinquishing control of the HOA before the homes are sold.
- C. This bill is important because homeowners need to deal with homeowner issues, there is no accountability because developer's then control the votes, and illegal use of funds needs to be prevented.
- D. Discussed:
 - i. Requiring performance by dates according to the zoning was discussed;
 - ii. Try to ensure an orderly transition without materially impacting the developer, but still give gradual control over day to day issues;
 - iii. Suggest homeowners place dues into escrow with the courts.

III. Common Interest Community Board Up-Date

- A. Trisha L. Henshaw – *Executive Director*: Update on the CIC Board:
 - i. Promulgated emergency regulations to accept and provide licenses;
 - ii. A 60 day public comment period and public hearing on August 3, 2009;
 - iii. Changed regulations that would ensure no association had to file twice.

DELEGATE JOHN A. COSGROVE
DELEGATE ROSALYN R. DANCE
DELEGATE ROBERT D. HULL
DELEGATE DANIEL W. MARSHALL, III
DELEGATE G. GLENN ODER

SENATOR MAMIE E. LOCKE
SENATOR JOHN C. WATKINS
SENATOR MARY MARGARET WHIPPLE

F. GARY GARCZYNSKI
T. K. SOMANATH
MELANIE S. THOMPSON

- B. Heather Gillispie – *Common Interest Communities Ombudsperson*: Summary of the complaint process and statistics:
 - i. Longer time frame for regulations: 12-18 months;
 - ii. Without regulations, there is no power to enforce or compel participation, yet information is provided, just not legal advice. Most claims are closed, but still frustration;
 - iii. The new regulations require complainants to try and resolve issues with their respective associations before coming to the Board.

IV. Discussion of Issues for Interim

- A. Discussion of NPR piece highlighting how some banks do not pay condominium fees when they foreclose on a unit. Consensus was that most of the fees are getting paid but there is no easy fix if the law was to be changed.
- B. Discussion on issue of tax assessor not taking into consideration restricted limits on rent in appraising the value of a condo. Assessment was appealed to the circuit court and dismissed because the law did not particularly address condos. This was not the intent of the bill passed during the 2009 session. We will work with the assessors group to change the language.
- C. Discussed the issue of requiring an audit for licensed managers. Currently the audit does little to address the intention of catching money leaving the firm illegally. It was suggested that an internal control audit may be more appropriate.

V. Adjourn

The meeting adjourned at 12:15 PM