



January 28, 2025

Senate Industry and Business Committee
North Dakota Legislative Council
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505

Comments Submitted Via: Webform

RE: CAI Support for SB 2229 A BILL for an Act to create and enact a new section to chapter 47-10 of the North Dakota Century Code, relating to required disclosures before the sale of a condominium unit or a property subject to a homeowners' association or a condominium project.

Dear Chair Barta, Vice Chair Boehm, and Senators Enget, Kessel, and Klein,

On behalf of Community Associations Institute (CAI)ⁱ and approximately [50,000 North Dakotans living in 20,400 homes in nearly 1,000 community associations across the state](#), thank you for the opportunity to provide comment on [SB 2229 A BILL for an Act to create and enact a new section to chapter 47-10 of the North Dakota Century Code, relating to required disclosures before the sale of a condominium unit or a property subject to a homeowners' association or a condominium project](#).

CAI supports SB 2229 as introduced and thanks the Prime Sponsor, Senator Boschee, for his proactive engagement with stakeholders. CAI asks that the Committee approve SB 2229 as introduced.

Support for SB 2229 A BILL for an Act to create and enact a new section to chapter 47-10 of the North Dakota Century Code, relating to required disclosures before the sale of a condominium unit or a property subject to a homeowners' association or a condominium project.

The legislative language in SB 2229 is the result of compromise reached among members of the North Dakota Association of Realtors and CAI, in conjunction with bill sponsor Senator Boschee, who welcomed CAI's participation in ongoing discussions for the last several months. CAI wholeheartedly agrees that there is a need in North Dakota for the types of consumer protections that disclosures before the sale of a condominium or home in a homeowners association provide, as outlined in SB 2229. An informed homebuyer mitigates the potential for confusion over association rules and assessments by new homeowners, and protects purchasers from accidentally violating covenants or incurring late fees.



SB 2229 was drafted using language and concepts from successful statutory language in Nebraska, Minnesota, and South Dakota, as well as the 2021 version of the Uniform Common Interest Ownership Act (UCIOA). UCIOA's language was designed by the Uniform Law Commission to be easily adopted by any state that seeks to do so and CAI, as outlined in the [Support for the Uniform Acts Public Policy](#), supports and recommends consideration of appropriate portions of UCIOA where adoption of the entire act is not appropriate to address a particular policy question.

Per CAI's [Disclosure Before Sales Public Policy](#), homeowners should be informed about association matters that may impact their decision to purchase a home. The documents disclosed during a real estate transaction help educate them about their personal rights and responsibilities with regard to the community association. In other words, disclosure documents are invaluable consumer information tools because it is vital that buyers know what they are buying. These documents tell buyers information such as the basic rules (bylaws) of the community, the financial health of the community, structural health of common elements (shared amenities and infrastructure), information on assessments, and information on insurance held by the association.

We hope the comments provided in this letter are helpful to the Committee and will assist in promoting public policy that is sensible for North Dakotans looking to purchase a home in one of the Peace Garden State's community associations. Please feel free to contact CAI to discuss these comments or any legislation impacting community associations and their residents in North Dakota.

Respectfully,

Phoebe E. Neseth, Esq.
Senior Director, Government and Public Affairs and College of Community Association
Lawyers (CCAL) Liaison
Community Associations Institute (CAI)
pneseth@caionline.org | (703) 970-9256

ⁱ About CAI and the Community Association Housing Model

CAI is the only international membership organization dedicated to the community association model of homeownership. CAI members are homeowners, association board members, managing agents and business partners who work tirelessly to improve the community association model of housing. CAI members have a keen focus on homeowner and board member education, development and enforcement of best practices and ethical standards, and raising standards through credentialing and continuing education requirements for community association professionals. CAI's more than 47,000 members are organized in more than 64 chapters.

CAI represents the interest of homeowners, community association management companies and business that support the more than 77.1 million Americans who live in a homeowners' association, planned community or condominium. Approximately 30% of the housing stock today is in a community association, also known as condominium, homeowners association, and housing cooperative. Community association housing plays a critical role in meeting housing needs in a time of tight state and local budgets.

Role & Benefit Community Association Housing

Emerging in the 1970s, community association housing was a means to address issues of land use and limited resources at the state and local level for housing development. HOAs and condominiums allowed for affordable and efficient construction of housing while concurrently limited the financial impact of such development on local and state governments. The investment in community infrastructure including roads, retention ponds, parks, club houses and amenities are borne by developers and the ongoing cost of maintenance is supported by assessments paid by residents of the community association. Amenities and infrastructure are driven by market considerations and the result is a vast array of communities that provide consumers with an array of choices in housing and lifestyles.

When purchasing a home in a community association, a resident enters a contractual arrangement which obligates them to pay assessments to their association, which is governed by a board elected by the residents. Such communities, through deed restrictions and adopted rules have provisions to enhance and maintain the property values of homes in the community. The benefits of such communities accrue to both residents, taxpayers, and local business. First, homes in community associations are worth at minimum, 5% more than homes in a traditional community. This directly benefits the purchaser, but also the larger jurisdiction through enhanced property taxes resulting from this value premium. Additionally, community association residents assess themselves to maintain the infrastructure and amenities in their community, costs that would otherwise fall on state or local governments.

More importantly, community associations provide residents with an accessible opportunity for civic involvement. Community Associations are governed by their residents, who elect representatives to serve on a board of directors. This provides a level of local governance that residents find highly responsive to their needs. 86% of association residents rate their experience as positive or neutral, and 82% believe their elected boards strive to serve the best interests of their community. In total, more than 2.5 million Americans demonstrate their civic commitment by service on a community association board each year.