

Chairman Warrey and Members of the House Industry, Business, and Labor Committee, for the record, my name is Desri Neether. I am currently the Vice President of the North Dakota Association of REALTORS® (NDAR). I have been a full-time real estate agent for 12 years and am the broker/owner of two brokerages: one in Bismarck/Mandan, North Dakota, and another in Scottsdale, Arizona. I am in 3 homeowners associations around the country and serve on a condo association board in Bismarck.

I am here today to testify in support of Senate Bill 2229. This bill came to fruition during an NDAR Government Affairs Committee meeting, where members and practitioners discussed recurring disclosure issues that have been creating challenges for buyers regarding homeowner and/or condo associations in North Dakota.

To address these concerns, our taskforce worked collaboratively with the Community Associations Institute to identify best practices and review legislation around the country. Our goal has been to proactively develop a framework for legislation that ensures transparency and protects homebuyers.

Problems arise when buyers purchase a property and later discover that they were not provided with all necessary HOA information. Examples of critical disclosures that have been overlooked include:

- Specific rules or policies approved by the HOA board that fall outside the recorded bylaws or covenants and restrictions.
- Current or pending capital improvement fees or special assessments.
- Pending insurance claims or pending HOA projects that could lead to fees or assessments in the future.

Here are a few scenarios in which this bill could have protected consumers. In all instances, the buyers, prior to closing, did their due diligence in reviewing the recorded HOA or Condo by-laws and covenants and restrictions.

- 1) A buyer purchases a property, with the intent of renting the property during the winter months, while they snowbird in Arizona, to help offset costs. The buyer has done their due diligence in reviewing all the recorded HOA by-laws, covenants & restrictions, to ensure there are no restrictions in renting the property. The buyer closes on the property and secures a 3-month lease for Nov-Jan. During the lease period, the homeowner receives a call that rental agreements must be approved by the HOA board and no rentals under 6 months are allowed. The buyer is left with a decision to either terminate the lease and ask the renter to leave or dispute with their HOA.
- 2) A buyer purchases a property where the HOA by-laws state "Domestic Pets Allowed". The buyer closes on the property and moves in with a dog. The HOA notifies that no pets are allowed and provides an HOA Rules and Regulations sheet. Again, the buyer is left with a decision to find a new home for their pet or dispute with the HOA and deal with heckling neighbors while outside walking the dog.

- 3) A buyer purchases a condo and after closing on the property, receives a letter from the HOA for a “move-in” fee due. The buyer is left with an unforeseen expense immediately after purchasing their home.

As you can understand, this leads to confusion, frustration, and unexpected financial or legal obligations.

Senate Bill 2229 aims to standardize and improve the disclosure process, ensuring that buyers receive all pertinent HOA information before finalizing their purchase. By implementing this legislation, we can provide clarity and peace of mind to homebuyers while fostering a better understanding between homeowners and their associations.

For these reasons, I strongly support Senate Bill 2229. Thank you for the opportunity to testify, and I am happy to answer any questions you may have.

Sincerely,

Desri Neether

Vice President, North Dakota Association of REALTORS®
Broker/Owner – Capital Real Estate Partners