

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

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**SENATE BILL 661
Judiciary I Committee Substitute Adopted 5/12/09**

Short Title: Allocate Water Cost/Landlord-Tenant Changes.

(Public)

Sponsors:

Referred to:

March 19, 2009

A BILL TO BE ENTITLED

1 AN ACT AUTHORIZING LESSORS OF CONTIGUOUS PREMISES TO ALLOCATE THE
2 COST FOR WATER AND SEWER SERVICE TO EACH TENANT USING
3 EQUIPMENT THAT MEASURES HOT WATER USAGE, REQUIRING LANDLORDS
4 TO IMPROVE THE HABITABILITY OF DWELLING UNITS BY REPAIRING
5 CERTAIN UNSAFE CONDITIONS, STAYING THE EXECUTION OF A JUDGMENT
6 FOR SUMMARY EJECTMENT WHILE A MOTION FOR MODIFICATION OF THE
7 UNDERTAKING IS PENDING, ESTABLISHING FEES FOR ADMINISTRATIVE
8 SERVICES IN RESIDENTIAL TENANCIES, AND ESTABLISHING THE
9 CIRCUMSTANCES UNDER WHICH A CITY MAY ORDER A DWELLING TO BE
10 VACATED AND CLOSED.
11

12 The General Assembly of North Carolina enacts:

13 **SECTION 1.(a)** G.S. 62-110(g) reads as rewritten:

14 "(g) In addition to the authority to issue a certificate of public convenience and necessity
15 and establish rates otherwise granted in this Chapter, for the purpose of encouraging water
16 conservation, the Commission may, consistent with the public interest, adopt procedures that
17 allow a lessor to charge for the costs of providing water or sewer service to persons who
18 occupy the same contiguous premises. The following provisions shall apply:

19 (1) All charges for water or sewer service shall be based on the user's metered
20 consumption of water, which shall be determined by metered measurement
21 of all water ~~consumed and not by any partial measurement of water~~
22 ~~consumption, unless specifically authorized by the Commission.~~consumed.
23 The rate charged by the lessor shall not exceed the unit consumption rate
24 charged by the supplier of the service.

25 (1a) If the contiguous premises were built prior to 1989 and the lessor determines
26 that the measurement of the tenant's total water usage is impractical or not
27 economical, the lessor may allocate the cost for water and sewer service to
28 the tenant using equipment that measures the tenant's hot water usage. In that
29 case, each tenant shall be billed a percentage of the landlord's water and
30 sewer costs for water usage in the dwelling units based upon the hot water
31 used in the tenant's dwelling unit. The percentage of total water usage
32 allocated for each dwelling unit shall be equal to that dwelling unit's
33 individually submetered hot water usage divided by all submetered hot water
34 usage in all dwelling units. The following conditions apply to billing for
35 water and sewer service under this subdivision:

36 a. A lessor shall not utilize a ratio utility billing system or other
37 allocation billing system that does not rely on individually



1 submetered hot water usage to determine the allocation of water and
2 sewer costs.

3 b. The lessor shall not include in a tenant's bill the cost of water and
4 sewer service used in common areas or water loss due to leaks in the
5 lessor's water mains. A lessor shall not bill or attempt to collect for
6 excess water usage resulting from a plumbing malfunction or other
7 condition that is not known to the tenant or that has been reported to
8 the lessor.

9 c. All equipment used to measure water usage shall comply with
10 guidelines promulgated by the American Water Works Association.

11 d. The lessor shall maintain records for a minimum of 12 months that
12 demonstrate how each tenant's allocated costs were calculated for
13 water and sewer service. Upon advanced written notice to the lessor,
14 a tenant may inspect the records during reasonable business hours.

15 e. Bills for water and sewer service sent by the lessor to the tenant shall
16 contain all the following information:

17 1. The amount of water and sewer services allocated to the
18 tenant during the billing period.

19 2. The method used to determine the amount of water and sewer
20 services allocated to the tenant.

21 3. Beginning and ending dates for the billing period.

22 4. The past-due date, which shall not be less than 25 days after
23 the bill is mailed.

24 5. Any late fee that will be applied if the bill is not paid by the
25 past-due date.

26 6. A local or toll-free telephone number and address that the
27 tenant can use to obtain more information about the bill.

28 "...."

29 **SECTION 1.(b)** This section becomes effective July 1, 2010.

30 **SECTION 2.** G.S. 42-34(b) reads as rewritten:

31 "(b) During an appeal to district court, it shall be sufficient to stay execution of a
32 judgment for ejectment if the defendant appellant pays to the clerk of superior court any rent in
33 arrears as determined by the magistrate and signs an undertaking that he or she will pay into the
34 office of the clerk of superior court the amount of the tenant's share of the contract rent as it
35 becomes due periodically after the judgment was entered and, where applicable, comply with
36 subdivision (c) below. For the sole purpose of determining the amount of rent in arrears
37 pursuant to a judgment for possession pursuant to G.S. 42-30(iii), the magistrate's
38 determination shall be based upon (i) the available evidence presented to the magistrate or (ii)
39 the amounts listed on the face of the filed Complaint in Summary Ejectment. Provided
40 however, when the magistrate makes a finding in the record, based on evidence presented in
41 court, that there is an actual dispute as to the amount of rent in arrears that is due and the
42 magistrate specifies the specific amount of rent in arrears in dispute, in order to stay execution
43 of a judgment for ejectment, the defendant appellant shall not be required to pay to the clerk of
44 superior court the amount of rent in arrears found by the magistrate to be in dispute, even if the
45 magistrate's judgment includes this amount in the amount of rent found to be in arrears. If a
46 defendant appellant appeared at the hearing before the magistrate and the magistrate found an
47 amount of rent in arrears that was not in dispute, and if an attorney representing the defendant
48 appellant on appeal to the district court signs a pleading stating that there is evidence of an
49 actual dispute as to the amount of rent in arrears, then the defendant appellant shall not be
50 required to pay the rent in arrears alleged to be in dispute to stay execution of a judgment for
51 ejectment pending appeal. Any magistrate, clerk, or district court judge shall order stay of

1 execution upon the defendant appellant's paying the undisputed rent in arrears to the clerk and
2 signing the undertaking. If either party disputes the amount of the payment or the due date in
3 the undertaking, the aggrieved party may move for modification of the terms of the undertaking
4 before the clerk of superior court or the district court. Upon such motion and upon notice to all
5 interested parties, the clerk or court shall hold a hearing within 10 calendar days of the date the
6 motion is filed and determine what modifications, if any, are appropriate. No writ of possession
7 or other execution of the magistrate's judgment shall take place during the time the aggrieved
8 party's motion for modification is pending before the clerk of court."

9 **SECTION 3.** G.S. 42-42(a) is amended by adding a new subdivision to read as
10 follows:

11 **"§ 42-42. Landlord to provide fit premises.**

12 (a) The landlord shall:

13 ...

14 (8) Within a reasonable period of time based upon the severity of the condition,
15 repair or remedy any imminently dangerous condition on the premises after
16 acquiring actual knowledge or receiving notice of the condition. For
17 purposes of this subdivision, the term "imminently dangerous condition"
18 means any of the following:

19 a. Unsafe wiring.

20 b. Unsafe flooring or steps.

21 c. Unsafe ceilings or roofs.

22 d. Unsafe chimneys or flues.

23 e. Lack of potable water.

24 f. Lack of operable locks on all doors leading to the outside.

25 g. Broken windows or lack of operable locks on all windows on the
26 ground level.

27 h. Lack of operable heating facilities capable of heating living areas to
28 65 degrees Fahrenheit when it is 20 degrees Fahrenheit outside from
29 November 1 through March 31.

30 i. Lack of an operable toilet.

31 j. Lack of an operable bathtub or shower.

32 k. Rat infestation as a result of defects in the structure that make the
33 premises not impervious to rodents.

34 l. Excessive standing water, sewage, or flooding problems caused by
35 plumbing leaks or inadequate drainage that contribute to mosquito
36 infestation or mold."

37 **SECTION 4.** G.S. 42-46 is amended by adding four new subsections to read:

38 "(e) Complaint-Filing Fee. – Pursuant to a written lease, a landlord may charge a
39 complaint-filing fee in an amount equal to five percent (5%) of the monthly rent only if the
40 tenant was in default of the lease, the landlord filed and served a complaint for summary
41 ejectment and/or money owed, the tenant cured the default or claim, and the landlord dismissed
42 the complaint prior to judgment. The landlord can include this fee in the amount required to
43 cure the default.

44 (f) Court-Appearance Fee. – Pursuant to a written lease, a landlord may charge a court-
45 appearance fee in an amount equal to ten percent (10%) of the monthly rent only if the tenant
46 was in default of the lease; the landlord filed, served, and prosecuted successfully a complaint
47 for summary ejectment and/or monies owed in the small claims court; and neither party
48 appealed the judgment of the magistrate.

49 (g) Attorney's Fee or Second Trial Fee. – Pursuant to a written lease, a landlord may
50 charge a second trial fee if the landlord appears pro se or may charge an attorney's fee if
51 represented by counsel in a new trial following an appeal from the judgment of a magistrate. To

1 qualify for either fee, the landlord must prove that the tenant was in default of the lease and the
 2 landlord prevailed on the issue of nonpayment of rent. The pro se landlord's fee may not exceed
 3 fifteen percent (15% of the monthly rent in the lease. If the landlord is entitled to an attorney's
 4 fee, the court shall determine the outstanding balance according to G.S. 6-21.2.

5 (h) Limitations on Charging and Collection Fees.

6 (1) A landlord who claims fees under subsections (a) through (g) of this section
 7 is entitled to charge and retain only one of the above fees for the landlord's
 8 complaint for summary ejection and/or money owed.

9 (2) A landlord who earns a fee under this section may not deduct payment of
 10 that fee from a tenant's subsequent rent payment or declare a failure to pay
 11 the fee as a default of the lease for a subsequent summary ejection action.

12 (3) It is contrary to public policy for a landlord to put in a lease or claim any fee
 13 for filing a complaint for summary ejection and/or money owed other than
 14 the ones expressly authorized by this section, and any such unauthorized fees
 15 shall be unenforceable on or after October 1, 2009.

16 (4) A landlord who collects or attempts to collect a fee in contravention of this
 17 section shall be deemed in violation of Article 2 of Chapter 75 of the
 18 General Statutes.

19 (5) If the rent is subsidized by the United States Department of Housing and
 20 Urban Development, by the United States Department of Agriculture, by a
 21 State agency, by a public housing authority, or by a local government, any
 22 fee pursuant to subsections (e) through (g) of this section shall be calculated
 23 in accordance with subdivisions (1) and (2) of this subsection on the tenant's
 24 share of the contract rent only, and the rent subsidy shall not be included."

25 **SECTION 5.** G.S. 42-52 reads as rewritten:

26 **"§ 42-52. Landlord's obligations.**

27 Upon termination of the tenancy, money held by the landlord as security may be applied as
 28 permitted in G.S. 42-51 or, if not so applied, shall be refunded to the tenant. In either case the
 29 landlord in writing shall itemize any damage and mail or deliver same to the tenant, together
 30 with the balance of the security deposit, no later than 30 days after termination of the tenancy
 31 and delivery of possession by the tenant. If the extent of the landlord's claim against the
 32 security deposit cannot be determined within 30 days, the landlord shall provide the tenant with
 33 an interim accounting after 30 days to preserve the landlord's claim and shall provide a final
 34 accounting within 60 days after termination of the tenancy and delivery of possession by the
 35 tenant. If the tenant's address is unknown the landlord shall apply the deposit as permitted in
 36 G.S. 42-51 after a period of 30 days and the landlord shall hold the balance of the deposit for
 37 collection by the tenant for at least six months. The landlord may not withhold as damages part
 38 of the security deposit for conditions that are due to normal wear and tear nor may the landlord
 39 retain an amount from the security deposit which exceeds his actual damages."

40 **SECTION 6.** G.S. 42-55 reads as rewritten:

41 **"§ 42-55. Remedies.**

42 If the landlord or the landlord's successor in interest fails to account for and refund the
 43 balance of the tenant's security deposit as required by this Article, the tenant may institute a
 44 civil action to require the accounting of and the recovery of the balance of the deposit. The
 45 willful failure of a landlord to comply with the deposit, bond, or notice requirements of this
 46 Article shall void the landlord's right to retain any portion of the tenant's security deposit as
 47 otherwise permitted under G.S. 42-51. In addition to other remedies at law and equity, the
 48 tenant may recover damages resulting from noncompliance by the landlord; and upon a finding
 49 by the court that the party against whom judgment is rendered was in willful noncompliance
 50 with this Article, the court ~~may, in its discretion, allow a reasonable attorney's fee to the duly~~
 51 ~~licensed attorney representing the prevailing party, such attorney's fee to be taxed as part of the~~

1 ~~cost of court shall~~ award treble damages as provided in G.S. 75-16 or a two thousand dollar
2 (\$2,000) civil penalty for each violation of this Article, whichever is greater, and shall award
3 attorneys' fees as provided in G.S. 75-16.1."

4 **SECTION 7.** G.S. 160A-443(3) reads as rewritten:

5 "**§ 160A-443. Ordinance authorized as to repair, closing, and demolition; order of public**
6 **officer.**

7 (3) That if, after notice and hearing, the public officer determines that the
8 dwelling under consideration is unfit for human habitation, he shall state in
9 writing his findings of fact in support of that determination and shall issue
10 and cause to be served upon the owner thereof an order,

11 a. If the repair, alteration or improvement of the dwelling can be made
12 at a reasonable cost in relation to the value of the dwelling (the
13 ordinance of the city may fix a certain percentage of this value as
14 being reasonable), requiring the owner, within the time specified, to
15 repair, alter or improve the dwelling in order to render it fit for
16 human ~~habitation or to vacate and close the dwelling as a human~~
17 ~~habitation; or~~habitation. The order may require that the property be
18 vacated and closed only if the repairs, alterations, or improvements
19 and the current state of the property present a significant threat of
20 bodily harm. In making the determination of significant threat of
21 bodily harm from continued occupancy, the public officer shall
22 consider any additional threats presented by the presence and
23 capacity of minors under the age of 18 or occupants with physical or
24 mental disabilities. The order shall state that the failure to make
25 timely repairs as directed in the order shall make the dwelling subject
26 to the issuance of an unfit order under subdivision (4) of this section;
27 or

28 b. If the repair, alteration or improvement of the dwelling cannot be
29 made at a reasonable cost in relation to the value of the dwelling (the
30 ordinance of the city may fix a certain percentage of this value as
31 being reasonable), or there exists a significant threat of bodily harm
32 considering the presence and capacity of minors under the age of 18
33 or occupants with physical or mental disabilities, requiring the
34 owner, within the time specified in the order, to vacate and close
35 or remove or demolish such dwelling. However, notwithstanding any
36 other provision of law, if the dwelling is located in a historic district
37 of the city and the Historic District Commission determines, after a
38 public hearing as provided by ordinance, that the dwelling is of
39 particular significance or value toward maintaining the character of
40 the district, and the dwelling has not been condemned as unsafe, the
41 order may require that the dwelling be vacated and closed consistent
42 with G.S. 160A-400.14(a)."

43 **SECTION 8.** Except as otherwise provided, this act becomes effective October 1,

44 2009.