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HOUSE BILL 1084  
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Committee Substitute #2 Favorable 6/19/12  
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Short Title: HOAs/Planned Community Act Amends.

(Public)

Sponsors:

Referred to:

May 24, 2012

A BILL TO BE ENTITLED

AN ACT TO (1) REQUIRE ASSOCIATIONS TO RELEASE LIENS UPON PAYMENT IN FULL; (2) REQUIRE ALL ASSOCIATIONS TO CONDUCT FINANCIAL REVIEWS OR FINANCIAL AUDITS; (3) REQUIRE THAT NOTICE OF ASSOCIATION MEETINGS DESCRIBE THE GENERAL NATURE OF ANY MATERIAL MATTER FOR WHICH A VOTE IS TO BE TAKEN, AND VOID ACTIONS TAKEN AT MEETINGS HELD IN VIOLATION OF REQUIREMENTS OF THE PLANNED COMMUNITY ACT OR THE CONDOMINIUM ACT, AS APPLICABLE, OR AN ASSOCIATION'S DECLARATION OR BYLAWS; (4) AMEND VOTING PROVISIONS AS THEY APPLY TO USE OF PROXIES AND BALLOTS; AND (5) ALLOW USE OF ALTERNATIVE DISPUTE RESOLUTION FOR CONFLICTS ARISING UNDER THE PLANNED COMMUNITY ACT OR CONDOMINIUM ACT.

The General Assembly of North Carolina enacts:

**PART I. AMENDMENTS TO PLANNED COMMUNITY ACT**

**SECTION 1.** Article 3 of Chapter 47F of the General Statutes is amended by adding a new section to read:

**"§ 47F-3-116.1. Associations with claim of lien to file notice of satisfaction with clerk of court upon full payment; liability for failure.**

(a) An association that has filed a claim of lien pursuant to G.S. 47F-3-116 shall acknowledge satisfaction of the claim of lien securing the debt within 30 days after the association receives full payment or performance of the debt, as provided in this section. The association shall file with the clerk of court a notice of satisfaction of lien signed by the association's agent or attorney, whereupon the clerk of superior court shall forthwith make upon the record of the claim of lien on real property an entry of acknowledgment of satisfaction.

(b) An association that fails to acknowledge satisfaction of a claim of lien pursuant to this section by the end of the period specified in subsection (a) of this section is liable to the lot owner for any actual damages caused by the failure, but not for punitive damages.

(c) An association that is required to acknowledge satisfaction of a claim of lien pursuant to this section and does not do so by the end of the period specified in subsection (a) of this section is also liable to the lot owner for one thousand dollars (\$1,000) and any reasonable attorneys' fees and court costs incurred if, after the expiration of the period specified in subsection (a) of this section, both of the following occur:



1           (1)   The lot owner gives the association a notification, by certified mail and  
2           first-class mail, that provides proof the association has received full  
3           payment, demanding that the association acknowledge satisfaction with the  
4           clerk of superior court.

5           (2)   The association does not acknowledge satisfaction with the clerk of superior  
6           court within 30 days after the association's receipt of the notification from  
7           the lot owner."

8           **SECTION 2.(a)** G.S. 47F-3-118(a) reads as rewritten:

9           "**§ 47F-3-118. Association records.**

10          (a)   The association shall keep financial records sufficiently detailed to enable the  
11          association to comply with this Chapter. All financial and other records, including records of  
12          meetings of the association and executive board, shall be made reasonably available for  
13          examination by any lot owner and the lot owner's authorized agents as required in the bylaws  
14          and Chapter 55A of the General Statutes. If the bylaws do not specify particular records to be  
15          maintained, the association shall keep accurate records of all cash receipts and expenditures and  
16          all assets and liabilities. In addition to any specific information that is required by the bylaws to  
17          be assembled and reported to the lot owners at specified times, the association shall make an  
18          annual income and expense statement and balance sheet available to all lot owners at no charge  
19          and within 75 days after the close of the fiscal year to which the information relates.  
20          ~~Notwithstanding the bylaws, a more extensive compilation, review, or audit of the association's~~  
21          ~~books and records for the current or immediately preceding fiscal year may be required by a~~  
22          ~~vote of the majority of the executive board or by the affirmative vote of a majority of the lot~~  
23          ~~owners present and voting in person or by proxy at any annual meeting or any special meeting~~  
24          ~~duly called for that purpose."~~

25          **SECTION 2.(b)** Article 3 of Chapter 47F of the General Statutes is amended by  
26          adding a new section to read:

27          "**§ 47F-3-118A. Financial review or audit requirements.**

28          "**§ 47F-3-118A. Audit requirements.**

29          (a)   Except as provided in subsection (b) of this section, the board of directors shall  
30          provide for an annual independent financial review of the association. The review shall be  
31          completed no later than 120 days after the end of the association's fiscal year and shall be made  
32          available upon request to the lot owners within 30 days after its completion.

33          (b)   The board of directors shall provide for an annual independent financial audit of the  
34          association, in lieu of an annual independent financial review, if any of the following  
35          conditions are met:

36               (1)   The declaration, bylaws, or other governing documents expressly require  
37               conduct of an annual financial audit.

38               (2)   The association has annual revenues or expenditures of at least one hundred  
39               thousand dollars (\$100,000).

40               (3)   An audit is requested by a vote of a majority of the board or by a vote of a  
41               majority of the lot owners present and voting in person or by proxy at any  
42               annual meeting or any special meeting duly called for that purpose."

43          **SECTION 3.** G.S. 47F-3-108 reads as rewritten:

44          "**§ 47F-3-108. Meetings.**

45          (a)   A meeting of the association shall be held at least once each year. Special meetings  
46          of the association may be called by the president, a majority of the executive board, or by lot  
47          owners having ten percent (10%), or any lower percentage specified in the bylaws, of the votes  
48          in the association. Not less than 10 nor more than 60 days in advance of any meeting, the  
49          secretary or other officer specified in the bylaws shall cause notice to be hand-delivered or sent  
50          prepaid by United States mail to the mailing address of each lot or to any other mailing address  
51          designated in writing by the lot owner, or sent by electronic means, including by electronic

1 mail over the Internet, to an electronic mailing address designated in writing by the lot owner.  
2 The notice of any meeting shall state the time and place of the meeting and the items on the  
3 agenda, including the general nature of any proposed amendment to the declaration or bylaws,  
4 any budget changes, ~~and any proposal to remove a director or officer-officer~~, and any material  
5 matter for which a vote is to be taken.

6 (b) Meetings of the executive board shall be held as provided in the bylaws. At regular  
7 intervals, the executive board meeting shall provide lot owners an opportunity to attend a  
8 portion of an executive board meeting and to speak to the executive board about their issues or  
9 concerns. The executive board may place reasonable restrictions on the number of persons who  
10 speak on each side of an issue and may place reasonable time restrictions on persons who  
11 speak.

12 (c) Except as otherwise provided in the bylaws, meetings of the association and the  
13 executive board shall be conducted in accordance with the most recent edition of Robert's Rules  
14 of Order Newly Revised.

15 (d) Actions taken at a meeting held in violation of the association's bylaws or any  
16 provision of this Chapter shall be null and void, and no members of the association shall be  
17 bound by any decision or ruling made in that meeting."

18 **SECTION 4.(a)** G.S. 47F-3-110 is repealed.

19 **SECTION 4.(b)** Article 3 of Chapter 47F of the General Statutes is amended by  
20 adding a new section to read:

21 **"§ 47F-3-110A. Voting; proxies; ballots.**

22 (a) Unless prohibited or limited by the declaration or bylaws, lot owners may vote at a  
23 meeting in person, by absentee ballot pursuant to subdivision (4) of subsection (b) of this  
24 section, by a proxy pursuant to subsection (c) of this section, or, when a vote is conducted  
25 without a meeting, by electronic or paper ballot pursuant to subsection (d) of this section.

26 (b) At a meeting of lot owners, the following requirements apply:

27 (1) Lot owners who are present in person may vote by voice vote, show of  
28 hands, standing, or any other method for accurately determining the votes of  
29 lot owners, as designated by the person presiding at the meeting.

30 (2) If only one of several owners of a lot is present, that owner is entitled to cast  
31 all the votes allocated to that lot. If more than one of the owners are present,  
32 the votes allocated to that lot may be cast only in accordance with the  
33 agreement of a majority in interest of the owners, unless the declaration  
34 expressly provides otherwise. There is majority agreement if any one of the  
35 owners casts the votes allocated to the lot without protest being made  
36 promptly to the person presiding over the meeting by any of the other  
37 owners of the lot.

38 (3) Unless a greater number or fraction of the votes in the association is required  
39 for a particular matter to be voted on by this Chapter or the declaration, a  
40 majority of the votes cast determines the outcome of any action of the  
41 association.

42 (4) Subject to subsection (a) of this section, a lot owner may vote by absentee  
43 ballot without being present at the meeting. The association promptly shall  
44 deliver an absentee ballot to an owner that requests it if the request is made  
45 at least seven days before the scheduled meeting. Votes cast by absentee  
46 ballot must be included in the tally of a vote taken at that meeting.

47 (5) When a lot owner votes by absentee ballot, the association must be able to  
48 verify that the ballot is cast by the lot owner having the right to do so.

49 (c) Except as otherwise provided in the declaration or bylaws, the following  
50 requirements apply with respect to proxy voting:

- 1           (1)   Votes allocated to a lot may be cast pursuant to a directed or undirected  
2           proxy duly executed by a lot owner.
- 3           (2)   If a lot is owned by more than one person, each owner of the lot may vote or  
4           register protest to the casting of votes by the other owners of the lot through  
5           a duly executed proxy.
- 6           (3)   A lot owner may revoke a proxy given pursuant to this section only by actual  
7           notice of revocation to the person presiding over a meeting of the  
8           association.
- 9           (4)   A proxy is void if it is not dated, if it purports to be revocable without notice,  
10          or if it is given in favor of a board member.
- 11          (5)   A proxy is valid only for the meeting at which it is cast and any recessed  
12          session of that meeting.
- 13          (6)   A proxy may be used to achieve the required quorum at a meeting.
- 14          (7)   A proxy is valid only if the nature of the matter for which the vote is to be  
15          taken is stated in the notice as required by G.S. 47F-3-108(a).
- 16          (8)   A person may not cast proxies representing more than fifteen percent (15%)  
17          of the votes in the association.
- 18          (d)   Unless prohibited or limited by the declaration or bylaws, an association may  
19          conduct a vote without a meeting. In that event, the following requirements apply:
- 20               (1)   The association shall notify the lot owners that the vote will be taken by  
21               ballot.
- 22               (2)   The association shall deliver a paper or electronic ballot to every lot owner  
23               entitled to vote on the matter.
- 24               (3)   The ballot must set forth each proposed action and provide an opportunity to  
25               vote for or against the action.
- 26               (4)   When the association delivers the ballots, the association shall do all of the  
27               following:
- 28                   a.   Indicate the number of responses needed to meet the quorum  
29                   requirements.
- 30                   b.   State the percentage of votes necessary to approve each matter other  
31                   than election of directors.
- 32                   c.   Specify the time and date, not fewer than seven days after the date  
33                   the association delivers the ballot, by which a ballot must be  
34                   delivered to the association to be counted.
- 35                   d.   Describe the time, date, and manner by which lot owners wishing to  
36                   deliver information to all lot owners regarding the subject of the vote  
37                   may do so.
- 38               (5)   Except as otherwise provided in the declaration or bylaws, a ballot is not  
39               revoked after delivery to the association by death or disability or attempted  
40               revocation by the person that cast that vote.
- 41               (6)   Approval by ballot pursuant to this subsection is valid only if the number of  
42               votes cast by ballot equals or exceeds the quorum required to be present at a  
43               meeting authorizing the action.
- 44          (e)   If the declaration requires that votes on specified matters affecting the planned  
45          community be cast by lessees rather than lot owners of leased lots, (i) the provisions of this  
46          section apply to lessees as if they were lot owners; (ii) lot owners who have leased their lots to  
47          other persons may not cast votes on those specified matters; and (iii) lessees are entitled to  
48          notice of meetings, access to records, and other rights respecting those matters as if they were  
49          lot owners. Lot owners shall also be given notice, in the manner provided in G.S. 47F-3-108, of  
50          all meetings at which lessees may be entitled to vote.
- 51          (f)   No votes allocated to a lot owned by the association may be cast.

1 (g) The declaration may provide that, on specified issues, only a defined subgroup of lot  
2 owners may vote, provided both of the following apply:

3 (1) The issue being voted on is of special interest solely to the members of the  
4 subgroup.

5 (2) All except de minimis costs that will be incurred based on the vote taken will  
6 be assessed solely against those lot owners entitled to vote.

7 (h) For purposes of subdivision (1) of subsection (g) of this section, an issue to be voted  
8 on is not a special interest solely to a subgroup if it substantially affects the overall appearance  
9 of the planned community or substantially affects living conditions of lot owners not included  
10 in the voting subgroup."

11 **SECTION 5.** Article 3 of Chapter 47F of the General Statutes is amended by  
12 adding a new section to read:

13 **"§ 47F-3-120.1. Alternative dispute resolution allowed.**

14 Parties to a dispute arising under this Chapter or an association's declaration, bylaws, or  
15 rules and regulations may agree to resolve the dispute by any form of binding or nonbinding  
16 alternative dispute resolution, except that a declarant may agree with the association to do so  
17 only after the period of declarant control has expired. Parties electing to use alternative dispute  
18 resolution for disputes arising under this Chapter shall use only mediators certified by the  
19 Dispute Resolution Commission. An agreement to submit to any form of binding alternative  
20 dispute resolution must be in a record authenticated by the parties."

## 21 **PART II. AMENDMENTS TO CONDOMINIUM ACT**

22 **SECTION 6.** Article 3 of Chapter 47C of the General Statutes is amended by  
23 adding a new section to read:

24 **"§ 47C-3-116.1. Associations with claim of lien to file notice of satisfaction with clerk of**  
25 **court upon full payment; liability for failure.**

26 (a) An association that has filed a claim of lien pursuant to G.S. 47C-3-116 shall  
27 acknowledge satisfaction of the claim of lien securing the debt within 30 days after the  
28 association receives full payment or performance of the debt, as provided in this section. The  
29 association shall file with the clerk of court a notice of satisfaction of lien signed by the  
30 association's agent or attorney, whereupon the clerk of superior court shall forthwith make upon  
31 the record of the claim of lien on real property an entry of acknowledgment of satisfaction.

32 (b) An association that fails to acknowledge satisfaction of a claim of lien pursuant to  
33 this section by the end of the period specified in subsection (a) of this section is liable to the  
34 unit owner for any actual damages caused by the failure, but not for punitive damages.

35 (c) An association that is required to acknowledge satisfaction of a claim of lien  
36 pursuant to this section and does not do so by the end of the period specified in subsection (a)  
37 of this section is also liable to the lot owner for one thousand dollars (\$1,000) and any  
38 reasonable attorneys' fees and court costs incurred if, after the expiration of the period specified  
39 in subsection (a) of this section, both of the following occur:

40 (1) The lot owner gives the association a notification, by certified mail and  
41 first-class mail, that provides proof the association has received full  
42 payment, demanding that the association acknowledge satisfaction with the  
43 clerk of superior court.

44 (2) The association does not acknowledge satisfaction with the clerk of superior  
45 court within 30 days after the association's receipt of the notification from  
46 the lot owner."

47 **SECTION 7.(a)** G.S. 47C-3-118(a) reads as rewritten:

48 **"§ 47C-3-118. Association records.**

49 (a) The association shall keep financial records sufficiently detailed to enable the  
50 association to comply with this chapter. All financial and other records, including records of  
51

1 meetings of the association and executive board, shall be made reasonably available for  
2 examination by any unit owner and the unit owner's authorized agents as required by the  
3 bylaws and by Chapter 55A of the General Statutes if the association is a nonprofit corporation.  
4 If the bylaws do not specify particular records to be maintained, the association shall keep  
5 accurate records of all cash receipts and expenditures and all assets and liabilities. In addition to  
6 any specific information that is required by the bylaws to be assembled and reported to the unit  
7 owners at specified times, the association shall make an annual income and expense statement  
8 and balance sheet available to all unit owners at no charge and within 75 days after the close of  
9 the fiscal year to which the information relates. ~~Notwithstanding the bylaws, a more extensive  
10 compilation, review, or audit of the association's books and records for the current or  
11 immediately preceding fiscal year may be required by a vote of the majority of the executive  
12 board or by the affirmative vote of a majority of the unit owners present and voting in person or  
13 by proxy at any annual meeting or any special meeting duly called for that purpose."~~

14 **SECTION 7.(b)** Article 3 of Chapter 47C of the General Statutes is amended by  
15 adding a new section to read:

16 "**§ 47C-3-103A. Financial review or audit requirements.**

17 (a) Except as provided in subsection (b) of this section, the board of directors shall  
18 provide for an annual independent financial review of the association. The review shall be  
19 completed no later than 120 days after the end of the association's fiscal year and shall be made  
20 available upon request to the unit owners within 30 days after its completion.

21 (b) The board of directors shall provide for an annual financial audit of the association,  
22 in lieu of an annual independent financial review, if any of the following conditions are met:

- 23 (1) The declaration, bylaws, or other governing documents expressly require  
24 conduct of an annual financial audit.  
25 (2) The association has annual revenues or expenditures of at least one hundred  
26 thousand dollars (\$100,000).  
27 (3) An audit is requested by a vote of a majority of the board or by a vote of a  
28 majority of the unit owners present and voting in person or by proxy at any  
29 annual meeting or any special meeting duly called for that purpose."

30 **SECTION 8.** G.S. 47C-3-108 reads as rewritten:

31 "**§ 47C-3-108. Meetings.**

32 (a) A meeting of the association shall be held at least once each year. Special meetings  
33 of the association may be called by the president, a majority of the executive board, or by unit  
34 owners having twenty percent (20%) or any lower percentage specified in the bylaws of the  
35 votes in the association. Not less than 10 nor more than 50 days in advance of any meeting, the  
36 secretary or other officer specified in the bylaws shall cause notice to be hand-delivered or sent  
37 prepaid by United States mail to the mailing address of each unit or to any other mailing  
38 address designated in writing by the unit owner, or sent by electronic means, including by  
39 electronic mail over the Internet, to an electronic mailing address designated in writing by the  
40 unit owner. The notice of any meeting must state the time and place of the meeting and the  
41 items on the agenda, including the general nature of any proposed amendment to the  
42 declaration or bylaws, any budget changes, ~~and any proposal to remove a director or officer.~~  
43 officer, and any material matter for which a vote is to be taken.

44 (b) Meetings of the executive board shall be held as provided in the bylaws. At regular  
45 intervals, the executive board meeting shall provide unit owners an opportunity to attend a  
46 portion of an executive board meeting and to speak to the executive board about their issues  
47 and concerns. The executive board may place reasonable restrictions on the number of persons  
48 who speak on each side of an issue and may place reasonable time restrictions on persons who  
49 speak.

1 (c) Except as otherwise provided for in the bylaws, meetings of the association and  
2 executive board shall be conducted in accordance with the most recent edition of Robert's Rules  
3 of Order Newly Revised.

4 (d) Actions taken at a meeting held in violation of the association's bylaws or any  
5 provision of this Chapter shall be null and void, and no members of the association shall be  
6 bound by any decision or ruling made in that meeting."

7 **SECTION 9.(a)** G.S. 47C-3-110 is repealed.

8 **SECTION 9.(b)** Article 3 of Chapter 47C of the General Statutes is amended by  
9 adding a new section to read:

10 **"§ 47C-3-110A. Voting; proxies; ballots.**

11 (a) Unless prohibited or limited by the declaration or bylaws, unit owners may vote at a  
12 meeting in person, by absentee ballot pursuant to subdivision (4) of subsection (b) of this  
13 section, by a proxy pursuant to subsection (c) of this section, or, when a vote is conducted  
14 without a meeting, by electronic or paper ballot pursuant to subsection (d) of this section.

15 (b) At a meeting of unit owners, all of the following requirements apply:

16 (1) Unit owners who are present in person may vote by voice vote, show of  
17 hands, standing, or any other method for accurately determining the votes of  
18 unit owners, as designated by the person presiding at the meeting.

19 (2) If only one of several owners of a unit is present, that owner is entitled to  
20 cast all the votes allocated to that unit. If more than one of the owners are  
21 present, the votes allocated to that unit may be cast only in accordance with  
22 the agreement of a majority in interest of the owners, unless the declaration  
23 expressly provides otherwise. There is majority agreement if any one of the  
24 owners casts the votes allocated to the unit without protest being made  
25 promptly to the person presiding over the meeting by any of the other  
26 owners of the unit.

27 (3) Unless a greater number or fraction of the votes in the association is required  
28 for a particular matter to be voted on by this Chapter or the declaration, a  
29 majority of the votes cast determines the outcome of any action of the  
30 association.

31 (4) Subject to subsection (a) of this section, a unit owner may vote by absentee  
32 ballot without being present at the meeting. The association promptly shall  
33 deliver an absentee ballot to an owner that requests it if the request is made  
34 at least seven days before the scheduled meeting. Votes cast by absentee  
35 ballot must be included in the tally of a vote taken at that meeting.

36 (5) When a unit owner votes by absentee ballot, the association must be able to  
37 verify that the ballot is cast by the unit owner having the right to do so.

38 (c) Except as otherwise provided in the declaration or bylaws, the following  
39 requirements apply with respect to proxy voting:

40 (1) Votes allocated to a unit may be cast pursuant to a directed or undirected  
41 proxy duly executed by a unit owner.

42 (2) If a unit is owned by more than one person, each owner of the unit may vote  
43 or register protest to the casting of votes by the other owners of the unit  
44 through a duly executed proxy.

45 (3) A unit owner may revoke a proxy given pursuant to this section only by  
46 actual notice of revocation to the person presiding over a meeting of the  
47 association.

48 (4) A proxy is void if it is not dated, if it purports to be revocable without notice,  
49 or if it is given in favor of a board member.

50 (5) A proxy is valid only for the meeting at which it is cast and any recessed  
51 session of that meeting.

- 1           (6) A proxy may be used to achieve the required quorum at a meeting.  
2           (7) A proxy is valid only if the nature of the matter for which the vote is to be  
3           taken is stated in the notice as required by G.S. 47F-3-108(a).  
4           (8) A person may not cast proxies representing more than fifteen percent (15%)  
5           of the votes in the association.  
6           (d) Unless prohibited or limited by the declaration or bylaws, an association may  
7           conduct a vote without a meeting. In that event, the following requirements apply:  
8           (1) The association shall notify the unit owners that the vote will be taken by  
9           ballot.  
10           (2) The association shall deliver a paper or electronic ballot to every unit owner  
11           entitled to vote on the matter.  
12           (3) The ballot must set forth each proposed action and provide an opportunity to  
13           vote for or against the action.  
14           (4) When the association delivers the ballots, the association shall do all of the  
15           following:  
16           a. Indicate the number of responses needed to meet the quorum  
17           requirements.  
18           b. State the percentage of votes necessary to approve each matter other  
19           than election of directors.  
20           c. Specify a time and date, not fewer than seven days after the date the  
21           association delivers the ballot, by which a ballot must be delivered to  
22           the association to be counted.  
23           d. Describe the time, date, and manner by which unit owners wishing to  
24           deliver information to all unit owners regarding the subject of the  
25           vote may do so.  
26           (5) Except as otherwise provided in the declaration or bylaws, a ballot is not  
27           revoked after delivery to the association by death or disability or attempted  
28           revocation by the person that cast that vote.  
29           (6) Approval by ballot pursuant to this subsection is valid only if the number of  
30           votes cast by ballot equals or exceeds the quorum required to be present at a  
31           meeting authorizing the action.  
32           (e) If the declaration requires that votes on specified matters affecting the condominium  
33           be cast by lessees rather than unit owners of leased units, (i) the provisions of this section apply  
34           to lessees as if they were unit owners; (ii) unit owners who have leased their units to other  
35           persons may not cast votes on those specified matters; and (iii) lessees are entitled to notice of  
36           meetings, access to records, and other rights respecting those matters as if they were unit  
37           owners. Unit owners must also be given notice, in the manner provided in G.S. 47C-3-108, of  
38           all meetings at which lessees may be entitled to vote.  
39           (f) No votes allocated to a unit owned by the association may be cast.  
40           (g) The declaration may provide that, on specified issues, only a defined subgroup of  
41           unit owners may vote, provided both of the following apply:  
42           (1) The issue being voted on is of special interest solely to members of the  
43           subgroup.  
44           (2) All except de minimis costs that will be incurred based on the vote taken will  
45           be assessed solely against those unit owners entitled to vote.  
46           (h) For purposes of subdivision (1) of subsection (g) of this section, an issue to be voted  
47           on is not of special interest solely to a subgroup if it substantially affects the overall appearance  
48           of the condominium or substantially affects living conditions of unit owners not included in the  
49           voting subgroup."

50           **SECTION 10.** Article 3 of Chapter 47C of the General Statutes is amended by  
51 adding a new section to read:



1 **"§ 47C-3-120. Alternative dispute resolution allowed.**

2 Parties to a dispute arising under this Chapter or an association's declaration, bylaws, or  
3 rules and regulations may agree to resolve the dispute by any form of binding or nonbinding  
4 alternative dispute resolution, except that a declarant may agree with the association to do so  
5 only after the period of declarant control has expired. Parties electing to use alternative dispute  
6 resolution for disputes arising under this Chapter shall only use mediators certified by the  
7 Dispute Resolution Commission. An agreement to submit to any form of binding alternative  
8 dispute resolution must be in a record authenticated by the parties."

9  
10 **PART III. EFFECTIVE DATE**

11 **SECTION 11.** This act becomes effective October 1, 2012.