

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 1774

PRINTER NO. 3953

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

January 5, 2016

PRIME SPONSOR

Representative R. Brown

DESCRIPTION AND PURPOSE OF BILL

House Bill 1774 amends Title 68 (Real and Personal Property) of the Pennsylvania Consolidated Statutes by adding sections providing for the types of complaints that can be filed with the Bureau of Consumer Protection (Bureau) in the Office of Attorney General regarding condominiums, cooperatives, and planned communities.

This legislation requires all condominiums, cooperatives, and planned communities established after the effective date of this act to develop alternative dispute resolution procedures through their bylaws for unit owners/proprietary lessees and associations to attempt to resolve disputes related to association meetings, quorums, voting and proxies, and association records.

Alternative dispute resolution procedures shall be limited to disputes where all parties agree to alternative dispute resolution. Condominiums, cooperatives, and planned communities established before the effective date of this act may adopt bylaws in compliance with this act.

This bill allows unit owners or proprietary lessees in good standing to file a complaint with the Bureau in the event of a violation by the declarant or the association. However, if an alternative dispute resolution procedure is available to the unit owner or proprietary lessee under the association's bylaws, a complaint may not be filed by a unit owner or proprietary lessee with the Bureau until the earlier of:

- The unit owner or proprietary lessee exhausting the alternative dispute resolution procedure without a resolution between the unit owner or proprietary lessee and the association; or
- At least 100 days have passed since the unit owner or proprietary lessee commenced the alternative dispute resolution procedure and the unit owner or proprietary lessee and association having not reached a resolution.

A unit owner or proprietary lessee may file a complaint with the Bureau immediately if an alternative dispute resolution procedure is not available under the bylaws or if the association refuses to participate in the alternative dispute resolution procedure set forth in the bylaws.

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Costs and fees associated with the alternative dispute resolution procedure, excluding attorney fees, shall be assessed equally against all parties to a dispute.

Nothing in this act shall be construed to affect or impair the right of a unit owner/proprietary lessee, declarant or association to pursue a private cause of action or seek other relief.

This act shall take effect in 60 days.

FISCAL IMPACT:

Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. Currently, complaints can only be filed with the Bureau regarding financial documents or refusal to release financial documents. This bill broadens the type of governance complaints that can be filed with the Bureau, but the Office of Attorney General is not able to project the number of additional complaints that may be filed if the bill is enacted. The number of complaints filed with the Bureau has varied significantly from year to year (e.g. 114 complaints in 2011 versus 41 complaints in 2015).

The Office of Attorney General reported that unless there is a significant increase in governance-related complaints filed by unit owners or proprietary lessees in good standing with the Bureau, the additional duties can be absorbed within existing fiscal resources.