

ALASKA STATE LEGISLATURE

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Senate Bill 143 - Sponsor Statement

"An Act relating to horizontal property regimes and common interest communities; and relating to mortgages, deeds of trust, and other property liens."

In 1986, the Uniform Common Interest Ownership Act (UCIOA) made major revisions to Alaska statutes governing Homeowners Associations (HOA's) and Condominium Owner's Association (COA's) in Alaska. However, two issues were not fixed by UCIOA when it passed and remain problematic for HOA's/COA's and the members of these communities to this day. SB 143 addresses these two issues and ensures that all associations, regardless of when they were formed, receive the same treatment.

The first change SB 143 makes is to the process by which HOA's/COA's make amendments to their governing documents. As statutes currently stand, the process of amending an HOA's/COA's charter is so onerous that many associations are forced to continue operating with long-outdated rules. Unless a statutory change is made, these associations may be forced to operate under outdated and archaic standards forever. Unfortunately, this problem affects mostly older and often lower-income properties; the very properties that most need the protections provided by UCIOA. SB 143 does not eliminate the current amendment process, but instead provides a more reasonable alternative for associations who are unable to complete the process currently laid out.

Secondly, when a home in an HOA/COA is abandoned, or the owners stop paying their regular dues, the HOA/COA (and thereby all the individuals who pay their dues) bear the cost of maintaining the property until the house is foreclosed upon. UCIOA grants all HOA's/COA's "super-priority lien status," which allows them to collect six months of outstanding HOA/COA dues from a bank holding a first lien on the property. However, in practice, the statute has been interpreted to not grant super-priority lien status to HOA's/COA's created before 1986 and UCIOA. SB 143 rectifies this decades old problem for pre-1986 associations and clarifies what is already in the statute to assure that pre-1986 HOA's/COA's will receive their super-priority lien just like their post-1986 counterparts.

SB 143 will serve to benefit homeowners associations, condominium associations, common interest ownership communities, and the homeowners within those communities by providing an alternative to the overburdensome charter amendment process currently laid out in statute and assuring that even pre-1986 HOA's/COA's are compensated for the costs they incur to maintain homes that are not paying dues. SB 143 will directly benefit all dues-paying homeowners in HOA's/COA's and grant all HOA's/COA's, regardless of when they were formed, the same flexibility and rights.