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HB 1076/96 - ECM CF 7lr1380

By: Senator Stone

Introduced and read first time: January 31, 1997

Assigned to: Judicial Proceedings

#### A BILL ENTITLED

1 AN ACT concerning

# 2 Real Property - Common Interest Developments - Dispute Resolution

3 FOR the purpose of establishing a mechanism for resolving disputes as an alternative	e to
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- 4 litigation between developers and governing bodies of common interest
- 5 developments, including councils of unit owners of a condominium, homeowners
- 6 associations, and cooperative housing corporations; requiring that persons who
- 7 bring an action for damages against a developer must first meet certain
- 8 requirements concerning notice, making available of certain parts of the common
- 9 interest development for inspection and testing, meeting with the developer and the
- appointment of a mediator; providing for the tolling of certain statutes of limitation
- under certain circumstances; requiring the dissemination of certain information to
- members of certain associations; requiring the court to stay certain actions for a
- 13 certain time if it finds that certain provisions of this Act have not been complied
- 14 with; and generally relating to alternative dispute resolutions for developers and
- governing bodies of common interest developments.

## 16 BY adding to

- 17 Article Real Property
- Section 11C-101 through 11C-104 to be under the new title "Title 11C. Dispute
- 19 Resolution"
- 20 Annotated Code of Maryland
- 21 (1996 Replacement Volume and 1996 Supplement)

### 22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

23 MARYLAND, That the Laws of Maryland read as follows:

# 24 Article - Real Property

25 TITLE 11C. DISPUTE RESOLUTION.

26 11C-101.

- 27 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.
- 28 (B) "ASSOCIATION" MEANS:
- 29 (1) A COUNCIL OF UNIT OWNERS OF A CONDOMINIUM, AS THAT TERM
- 30 IS DEFINED UNDER § 11-101 OF THIS ARTICLE;

1	(2) A COOPERATIVE HOUSING CORPORATION, AS THAT TERM IS
2	DEFINED UNDER $\S$ 5-6B-01 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE; OR
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- 3 (3) A HOMEOWNERS ASSOCIATION, AS THAT TERM IS DEFINED UNDER § 4 11B-101 OF THIS ARTICLE.
- 5 (C) "COMMON AREAS" MEANS PROPERTY THAT IS OWNED, LEASED, OR 6 MAINTAINED BY A HOMEOWNERS ASSOCIATION OR PROPERTY THAT IS A COMMON 7 ELEMENT UNDER TITLE 11 OF THIS ARTICLE.
- 8 (D) "COMMON INTEREST DEVELOPMENT" MEANS PROPERTY THAT IS EITHER 9 SUBJECT TO:
- 10 (1) A CONDOMINIUM REGIME UNDER TITLE 11 OF THIS ARTICLE;
- 11 (2) A COOPERATIVE HOUSING CORPORATION UNDER TITLE 5, SUBTITLE 12 6B OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE; OR
- 13 (3) THE ENFORCEMENT POWERS OF A HOMEOWNERS ASSOCIATION 14 UNDER TITLE 11B OF THIS ARTICLE.
- (E) "DEVELOPER" MEANS THE PERSON OR PERSONS DIRECTLY AND
   MATERIALLY INVOLVED IN THE DESIGN, CONSTRUCTION, OR SALE OF PROPERTY
   WITHIN A COMMON INTEREST DEVELOPMENT.
- 18 (F) "GOVERNING BODY" MEANS THE BOARD OF DIRECTORS, BOARD OF
- 19 TRUSTEES OR OTHER BODY OF A CONDOMINIUM REGIME, A COOPERATIVE
- 20 HOUSING CORPORATION, OR A HOMEOWNERS ASSOCIATION WHICH IS PROVIDED
- 21 THE AUTHORITY TO ACT ON BEHALF OF THE CONDOMINIUM REGIME,
- 22 COOPERATIVE HOUSING CORPORATION, OR HOMEOWNERS ASSOCIATION.
- 23 11C-102.
- 24 (A) UNLESS OTHERWISE AGREED UPON BY THE ASSOCIATION AND THE
- 25 DEVELOPER, BEFORE AN ASSOCIATION MAY BRING AN ACTION FOR DAMAGES
- 26 AGAINST THE DEVELOPER OF A COMMON INTEREST DEVELOPMENT BASED ON A
- 27 CLAIM FOR DEFECTS IN THE DESIGN OR CONSTRUCTION OF THE COMMON
- 28 INTEREST DEVELOPMENT, THE REQUIREMENTS UNDER THIS SECTION SHALL BE 29 MET.
- 30 (B) (1) (I) THE ASSOCIATION SHALL MAKE A PRUDENT AND
- 31 REASONABLE ATTEMPT TO DELIVER WRITTEN NOTICE TO ALL DEVELOPERS
- 32 AGAINST WHOM THE CLAIM IS MADE SPECIFYING THE DEFECTS THAT ARE THE
- 33 SUBJECT OF THE CLAIM, INCLUDING IDENTIFICATION OF THE AREAS AND
- 34 COMPONENTS OF THE COMMON INTEREST DEVELOPMENT THAT HAVE MANIFESTED
- 35 DAMAGE OR OTHERWISE INDICATE EXISTENCE OF A DEFECT.
- 36 (II) THE NOTICE SHALL CONTAIN THE CURRENT MAILING
- 37 ADDRESS FOR THE ASSOCIATION AND SHALL BE DELIVERED TO THE DEVELOPERS
- 38 OR THEIR AGENTS.
- 39 (III) THE NOTICE SHALL BE ACCOMPANIED BY COPIES OF THE
- 40 RESULTS OF ANY INVESTIGATION OR TESTING ACTUALLY CONDUCTED BY THE

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- 1 ASSOCIATION BUT ONLY TO THE EXTENT THESE RESULTS ARE RELIED UPON IN THE
- 2 CLAIM MADE BY THE ASSOCIATION AGAINST THE DEVELOPER.
- 3 (IV) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, NOTICE
- 4 SENT BY THE ASSOCIATION TO THE DEVELOPER SHALL, UPON DELIVERY, TOLL ALL
- 5 STATUTES OF LIMITATION APPLICABLE TO ANY CLAIMS AGAINST ANY DEVELOPER
- 6 WHO HAS RECEIVED THIS NOTICE, PROVIDED THE NOTICE WAS SENT IN
- 7 ACCORDANCE WITH SUBSECTION (K) OF THIS SECTION.
- 8 (2) (I) WITHIN 20 DAYS AFTER THE RECEIPT OF THE NOTICE, A
- 9 DEVELOPER MAY MAKE A WRITTEN REQUEST TO THE ASSOCIATION TO INSPECT
- 10 THE COMMON INTEREST DEVELOPMENT AND CONDUCT TESTING TO ANY PORTION
- 11 OF THE COMMON INTEREST DEVELOPMENT IDENTIFIED IN THE ASSOCIATION'S
- 12 NOTICE.
- 13 (II) IF THE DEVELOPER FAILS TO DELIVER A WRITTEN REQUEST
- 14 TO INSPECT THE COMMON INTEREST DEVELOPMENT WITHIN 20 DAYS AFTER
- 15 RECEIPT OF THE NOTICE THE ASSOCIATION MAY BRING AN ACTION WITHOUT
- 16 SATISFYING ANY OTHER REQUIREMENT OF THIS SECTION AND THE TOLLING OF
- $17\,$  ALL STATUTES OF LIMITATIONS SHALL CEASE 20 DAYS AFTER DELIVERY OF THE
- 18 NOTICE.
- 19 (3) (I) WITHIN 10 DAYS AFTER RECEIPT OF A WRITTEN REQUEST
- 20 FROM ANY DEVELOPER AGAINST WHOM THE CLAIM IS MADE, THE ASSOCIATION
- 21 SHALL MAKE AVAILABLE FOR INSPECTION AND TESTING ALL COMMON AREAS AND
- 22 OTHER PORTIONS OF THE COMMON INTEREST DEVELOPMENT IDENTIFIED IN THE
- 23 ASSOCIATION'S NOTICE.
- 24 (II) ALL INSPECTIONS AND TESTING BY THE DEVELOPER SHALL BE
- 25 COMPLETED WITHIN 15 DAYS AFTER THE DATE THE COMMON INTEREST
- 26 DEVELOPMENT IS MADE AVAILABLE FOR INSPECTION AND TESTING.
- 27 (4) RIGHTS GRANTED TO THE DEVELOPER UNDER THIS SUBSECTION
- 28 SHALL BE CONDITIONED UPON COMPLIANCE WITH THE FOLLOWING CONDITIONS:
- 29 (I) THE DEVELOPER SHALL PAY ALL COSTS OF INSPECTION AND
- 30 TESTING, RESTORE THE COMMON INTEREST DEVELOPMENT TO THE CONDITION
- 31 WHICH EXISTED IMMEDIATELY BEFORE THE TESTING, AND INDEMNIFY THE
- 32 ASSOCIATION FOR ANY AND ALL DAMAGES RESULTING FROM THE TESTING; AND
- 33 (II) INTERIOR INSPECTIONS OF DWELLINGS SHALL OCCUR ONLY
- 34 DURING NORMAL BUSINESS HOURS OR OTHER MUTUALLY AGREED UPON TIMES,
- 35 ONLY UPON NOTICE TO THE OWNER OR OCCUPANT OF THE DWELLING, AND ONLY
- 36 WITH THE CONSENT OF THE OWNER, WHOSE CONSENT MAY NOT BE
- 37 UNREASONABLY WITHHELD OR DELAYED.
- 38 (5) WITHIN 15 DAYS AFTER COMPLETION OF THE INSPECTION AND
- 39 TESTING UNDER PARAGRAPH (3) OF THIS SUBSECTION, THE DEVELOPER AGAINST
- 40 WHOM THE CLAIM IS MADE WHO CONDUCTED THE INSPECTION AND TESTING MAY
- 41 SUBMIT A WRITTEN STATEMENT TO THE ASSOCIATION, STATING THE DEVELOPER'S
- 42 PROPOSED SETTLEMENT OF THE CLAIM, AND WHETHER THE DEVELOPER PROPOSES
- 43 TO DO ANY REMEDIAL WORK, PAY THE ASSOCIATION A CASH AMOUNT, OR BOTH.

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- 1 THE STATEMENT SHALL BE ACCOMPANIED BY COPIES OF THE RESULTS OF ANY
- 2 INVESTIGATION OR TESTING ACTUALLY CONDUCTED BY THE DEVELOPER BUT
- 3 ONLY TO THE EXTENT THESE RESULTS RELATE, DIRECTLY OR INDIRECTLY, TO
- 4 CLAIMS MADE BY THE ASSOCIATION AGAINST THE DEVELOPER.
- 5 (6) IF THE DEVELOPER DOES NOT DELIVER THE WRITTEN STATEMENT
- 6 WITHIN 15 DAYS, THE ASSOCIATION MAY BRING AN ACTION ON THE CLAIM
- 7 DESCRIBED IN THE ASSOCIATION'S NOTICE WITHOUT MEETING ANY OTHER
- 8 REQUIREMENT OF THIS SECTION.
- 9 (7) IF THE DEVELOPER DELIVERS A PROPOSED SETTLEMENT OF THE
- 10 CLAIM, THE ASSOCIATION SHALL CAUSE AT LEAST A MAJORITY OF ITS GOVERNING
- 11 BODY TO HOLD A SETTLEMENT CONFERENCE WITH THE DEVELOPER WITHIN 15
- 12 DAYS AFTER RECEIPT OF THE DEVELOPER'S WRITTEN SETTLEMENT PROPOSAL TO
- 13 DISCUSS THE ASSOCIATION'S CLAIM AND THE DEVELOPER'S PROPOSED
- 14 SETTLEMENT.
- 15 (C) IF A SETTLEMENT OF THE ASSOCIATION'S CLAIM IS NOT REACHED
- 16 WITHIN 15 DAYS AFTER THE SETTLEMENT CONFERENCE HELD PURSUANT TO
- 17 SUBSECTION (B)(7) OF THIS SECTION, THE ASSOCIATION OR DEVELOPER MAY
- 18 DELIVER TO THE AMERICAN ARBITRATION ASSOCIATION (OR ANY OTHER
- 19 MEDIATION ORGANIZATION OR MECHANISM AGREED TO BY THE DEVELOPER AND
- 20 THE ASSOCIATION) WITHIN 30 DAYS AFTER THE CONFERENCE A WRITTEN REQUEST
- 21 FOR NONBINDING MEDIATION OF THE DISPUTE IN ACCORDANCE WITH THE
- 22 CONSTRUCTION INDUSTRY MEDIATION RULES OF THE AMERICAN ARBITRATION
- 23 ASSOCIATION, AS AMENDED AND IN EFFECT AS OF THE DATE THE REQUEST FOR
- 24 MEDIATION IS DELIVERED (OR ANY OTHER RULES AGREED TO BY THE DEVELOPER
- 25 AND THE ASSOCIATION).
- 26 (D) IF THE GOVERNING BODY OF THE ASSOCIATION DOES NOT ACCEPT THE
- 27 DEVELOPER'S PROPOSED SETTLEMENT OF THE CLAIM UNDER SUBSECTION (B)(5) OF
- 28 THIS SECTION AND IF THE PARTIES DECIDE NOT TO PURSUE RESOLUTION OF THE
- 29 DISPUTE THROUGH MEDIATION, OR IF THE PARTIES ARE UNABLE TO RESOLVE THE
- 30 DISPUTE THROUGH MEDIATION PURSUANT TO SUBSECTION (C) OF THIS SECTION,
- 31 THE ASSOCIATION SHALL DISSEMINATE TO EACH MEMBER OF THE ASSOCIATION A
- 32 SUMMARY OF ALL OF THE MATERIALS REQUIRED UNDER § 11C-103 OF THIS TITLE
- 33 PRIOR TO BRINGING AN ACTION AGAINST THE DEVELOPER ON THE CLAIM
- 34 DESCRIBED IN THE ASSOCIATION'S NOTICE. THE SUMMARY REFERRED TO IN THE
- 35 PRECEDING SENTENCE SHALL CONTAIN A STATEMENT THAT ALL OF THE
- 36 MATERIALS REQUIRED UNDER § 11C-103 OF THIS TITLE ARE AVAILABLE FOR
- 37 REVIEW AT THE ASSOCIATION'S OFFICE DURING NORMAL BUSINESS HOURS.
- 38 (E) IF THE MEDIATION HAS COMMENCED PURSUANT TO SUBSECTION (C) OF
- 39 THIS SECTION, BUT HAS NOT CONCLUDED WITHIN 90 DAYS AFTER THE
- 40 COMMENCEMENT OF THE TOLLING OF A STATUTE OF LIMITATIONS, AND THE
- 41 PARTIES HAVE NOT OTHERWISE AGREED TO EXTEND THE TOLLING PERIOD, THE
- 42 ASSOCIATION SHALL NOT BE PRECLUDED FROM BRINGING AN ACTION AGAINST
- 43 THE DEVELOPER ON THE CLAIMS DESCRIBED IN THE ASSOCIATION'S NOTICE AND
- 44 THE PARTIES SHALL CONTINUE TO PURSUE RESOLUTION OF THE DISPUTE
- 45 THROUGH MEDIATION.

- 1 (F) AT ANY TIME AFTER DELIVERY OF THE NOTICE BY THE ASSOCIATION
- 2 PURSUANT TO SUBSECTION (B)(1)(I) OF THIS SECTION, THE ASSOCIATION AND THE
- 3 DEVELOPER MAY AGREE IN WRITING TO MODIFY OR EXCUSE ANY OF THE OTHER
- 4 CONDITIONS OR TIME PERIODS SET FORTH IN THIS SECTION.
- 5 (G) SATISFACTION OF THE REQUIREMENTS OF THIS SECTION, OR A WRITTEN
- 6 MODIFICATION OR EXCUSE OF THESE REQUIREMENTS, SHALL BE SPECIFIED IN A
- 7 COMPLAINT IN AN ACTION FOR DAMAGES SUBJECT TO THIS SECTION.
- 8 (H) (1) AT ANY TIME, ANY DEVELOPER WHO HAS DELIVERED THE WRITTEN
- 9 REQUEST DESCRIBED IN SUBSECTION (B)(2) OF THIS SECTION MAY DELIVER
- 10 WRITTEN NOTICE TO THE ASSOCIATION TO CANCEL THE TOLLING OF THE STATUTE
- 11 OF LIMITATIONS PROVIDED IN SUBSECTION (B)(1)(IV) OF THIS SECTION.
- 12 (2) ON RECEIPT OF THE NOTICE PURSUANT TO PARAGRAPH (1) OF THIS
- 13 SUBSECTION, THE ASSOCIATION SHALL BE RELIEVED OF ALL FURTHER
- 14 OBLIGATIONS TO SATISFY THE CONDITIONS OF SUBSECTIONS (B), (C), AND (D) OF
- 15 THIS SECTION WITH RESPECT TO ANY DEVELOPER WHO HAS DELIVERED A
- 16 WRITTEN NOTICE TO CANCEL THE TOLLING OF THE STATUTE OF LIMITATIONS. THE
- 17 TOLLING OF ALL APPLICABLE STATUTES OF LIMITATION SHALL END 45 DAYS AFTER
- 18 DELIVERY OF THE WRITTEN NOTICE OF CANCELLATION BY THE DEVELOPER.
- 19 (I) UNLESS OTHERWISE PROVIDED HEREIN, THE PROHIBITION ON ACTIONS
- 20 BY THE ASSOCIATION AGAINST THE DEVELOPER AND THE TOLLING OF THE
- 21 STATUTE OF LIMITATIONS SHALL AUTOMATICALLY END 110 DAYS AFTER THE
- 22 COMMENCEMENT OF THE TOLLING, UNLESS OTHERWISE AGREED TO BY THE
- 23 PARTIES.
- 24 (J) (1) IF THE ASSOCIATION SUBSEQUENTLY ASSERTS ANY CLAIM NOT SET
- 25 FORTH IN ANY PRIOR NOTICE DELIVERED TO THE DEVELOPER UNDER SUBSECTION
- 26 (B)(1) OF THIS SECTION, ALL OF THE REQUIREMENTS OF THIS SECTION SHALL APPLY
- 27 TO EACH CLAIM NOT SET FORTH IN THE PRIOR NOTICE, EXCEPT AS FOLLOWS:
- 28 (I) DEFECTS THAT ARE DISCOVERED IN THE COURSE OF
- 29 INSPECTIONS OR INVESTIGATIONS CONDUCTED IN ACCORDANCE WITH THIS
- 30 SECTION SHALL BE DEEMED INCLUDED IN THE PRIOR PROVIDED NOTICE; AND
- 31 (II) DEFECTS THAT ARE DISCOVERED BY THE ASSOCIATION AFTER
- 32 ITS GIVING OF NOTICE AND THAT ARE NOT RELATED TO AN AREA OR COMPONENT
- 33 OF THE COMMON INTEREST DEVELOPMENT IDENTIFIED IN THE CLAIM MAY BE
- 34 AMENDED INTO THAT NOTICE UPON NOTIFYING THE DEVELOPER.
- 35 (2) IF A CLAIM IS AMENDED, THE TIME SPECIFIED IN SUBSECTION (B)(3)
- 36 OF THIS SECTION FOR A DEVELOPER'S TESTING AND INSPECTION SHALL BE
- 37 EXTENDED BY 10 DAYS TO PERMIT TESTING AND INSPECTION, OR BY 15 DAYS IF LESS
- 38 THAN 10 DAYS REMAINS IN THE SPECIFIED PERIOD.
- 39 (K) A NOTICE, REQUEST, STATEMENT, OR OTHER COMMUNICATION
- 40 REQUIRED TO BE SENT TO THE DEVELOPER OR THE ASSOCIATION UNDER THIS
- 41 TITLE SHALL BE MAILED BY FIRST-CLASS REGISTERED OR CERTIFIED MAIL,
- 42 RETURN RECEIPT REQUESTED, OR PERSONALLY SERVED ON THE PARTY ENTITLED
- 43 TO RECEIVE SUCH NOTICE, REQUEST, STATEMENT, OR OTHER COMMUNICATION.

1 11C-103.

- 2 (A) BEFORE AN ASSOCIATION BRINGS AN ACTION FOR DAMAGES AGAINST
- 3 ANY DEVELOPER UNDER § 11C-102 OF THIS TITLE, THE ASSOCIATION SHALL MAKE A
- 4 REASONABLE ATTEMPT TO DISSEMINATE TO EACH MEMBER OF THE ASSOCIATION
- 5 AND TO EACH MORTGAGEE WHO HAS REQUESTED NOTICES FROM THE
- 6 ASSOCIATION:
- 7 (1) A WRITTEN STATEMENT OF THE CLAIM OF THE ASSOCIATION
- 8 AGAINST THE DEVELOPER, SPECIFYING THE DEFECTS THAT ARE THE SUBJECT OF
- 9 THE CLAIM, INCLUDING REASONABLE IDENTIFICATION OF THE AREAS AND
- 10 COMPONENTS OF THE COMMON INTEREST DEVELOPMENT THAT HAVE MANIFESTED
- 11 DAMAGE OR OTHERWISE INDICATED EXISTENCE OF A DEFECT;
- 12 (2) A COPY OF THE WRITTEN RESPONSE OF THE DEVELOPER TO THE
- 13 CLAIM OF THE ASSOCIATION, INCLUDING ANY PROPOSED SETTLEMENT DELIVERED
- 14 BY THE DEVELOPER TO THE ASSOCIATION;
- 15 (3) INFORMATION ABOUT THE REQUEST FOR MEDIATION, THE
- 16 RESULTS OF THE MEDIATION, AND A NOTICE ADVISING THE MEMBER THAT ANY
- 17 MATERIALS PRODUCED BY OR PROVIDED TO THE ASSOCIATION DURING THE
- 18 MEDIATION ARE AVAILABLE FOR REVIEW AT THE ASSOCIATION'S OFFICE DURING
- 19 NORMAL BUSINESS HOURS;
- 20 (4) A STATEMENT AS TO WHICH PARTY OR PARTIES REFUSED TO
- 21 ACCEPT THE RESULTS OF, OR FINAL OFFERS MADE DURING, THE MEDIATION, IF
- 22 APPLICABLE, AND THE REASON FOR THE REFUSAL;
- 23 (5) A STATEMENT THAT THE GOVERNING BODY OF THE ASSOCIATION
- 24 DESIRES TO BRING SUIT AND A STATEMENT OF THE REASONABLY ANTICIPATED
- 25 CONSEQUENCES OF PROCEEDING WITH THE LITIGATION (THE FORM AND CONTENT
- 26 OF SUCH STATEMENT TO BE SUBJECT TO THE REASONABLE JUDGMENT OF THE
- 27 GOVERNING BODY); AND
- 28 (6) A STATEMENT THAT IF 10% OF THE MEMBERS, OR 10% OF THE
- 29 MORTGAGEES ENTITLED TO NOTICE, REQUEST A SPECIAL MEETING OF THE
- 30 ASSOCIATION TO DISCUSS THE PROPOSED LITIGATION BY THE ASSOCIATION
- 31 AGAINST THE DEVELOPER WITHIN 30 DAYS AFTER THE DATE THE NOTICE IS
- 32 MAILED OR DELIVERED TO THE MEMBERS AND MORTGAGEES BY THE
- 33 ASSOCIATION, THEN A SPECIAL MEETING MUST BE HELD.
- (B) ALL WRITTEN MATERIALS PROVIDED TO THE MEMBERS OF THE
- 35 ASSOCIATION UNDER SUBSECTION (A) OF THIS SECTION ARE PRIVILEGED
- 36 COMMUNICATIONS AND ARE NOT ADMISSIBLE IN EVIDENCE IN ANY ACTION
- 37 SUBJECT TO THIS TITLE.
- 38 (C) SATISFACTION OF THE REQUIREMENTS OF SUBSECTION (A) THIS SECTION
- 39 SHALL BE SPECIFIED IN ANY COMPLAINT SUBJECT TO THIS TITLE.

1 11C-104.

- 2 (A) (1) FAILURE BY THE ASSOCIATION TO COMPLY WITH A MATERIAL
- 3 REQUIREMENT UNDER THIS TITLE MAY BE ASSERTED AS A PROCEDURAL
- 4 DEFICIENCY TO ANY ACTION BROUGHT BY THE ASSOCIATION AGAINST THE
- 5 DEVELOPER PURSUANT TO § 11C-103 OF THIS TITLE.
- 6 (2) UPON APPLICATION BY THE DEVELOPER ALLEGING
- 7 NONCOMPLIANCE WITH THIS TITLE, THE COURT SHALL SCHEDULE A HEARING
- 8 WITHIN 15 DAYS AFTER THE FILING OF THE PETITION TO DETERMINE WHETHER
- $9\,$  THE ASSOCIATION HAS COMPLIED WITH THE MATERIAL REQUIREMENTS OF THIS  $10\,$  TITLE.
- 11 (B) IF THE COURT FINDS THAT THE ASSOCIATION DID NOT COMPLY WITH
- 12 THE PROVISIONS OF THIS TITLE AND THAT NONCOMPLIANCE MATERIALLY AFFECTS
- 13 THE PUBLIC INTEREST FOR THE PARTIES TO EXPLORE ALTERNATIVES TO
- 14 LITIGATION, THEN THE COURT:
- 15 (1) SHALL STAY THE ACTION FOR UP TO 90 DAYS TO ALLOW THE
- 16 ASSOCIATION TO ESTABLISH COMPLIANCE TO SATISFY THE PUBLIC INTEREST; AND
- 17 (2) IN THE INTEREST OF JUSTICE, SHALL EXTEND THE TIME PERIOD
- 18 FOR COMPLIANCE UPON PETITION BY THE ASSOCIATION.
- 19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 20 July 1, 1997.