

Senate Bill 315

By: Senators Esteves of the 35th, James of the 28th, Kemp of the 38th, Mangham of the 55th and Islam Parkes of the 7th

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 6 of Chapter 3 of Title 44 of the Official Code of Georgia Annotated,  
2 relating to property owners' associations, so as to require property owners' associations to  
3 provide disclosures and certain documents before a lot sale closes; to provide for forms; to  
4 provide for definitions; to provide for penalties; to provide for a cause of action; to provide  
5 for an effective date and applicability; to provide for related matters; to repeal conflicting  
6 laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 style="text-align:center">**SECTION 1.**

9 Article 6 of Chapter 3 of Title 44 of the Official Code of Georgia Annotated, relating to  
10 property owners' associations, is amended by adding a new Code section to read as follows:

11 "44-3-231.1.

12 (a) As used in this Code section, the term:

13 (1) 'Lot' shall have the same meaning as set forth in Code Section 44-3-221.

14 (2) 'Lot owner' shall have the same meaning as set forth in Code Section 44-3-221.

15 (3) 'Property owners' association' or 'association' means a nongovernmental association  
16 of participating members in a delineated area comprising a neighborhood or a group of

17 homeowners and property owners, including, but not limited to, a homeowners'  
18 association.

19 (b)(1) A prospective lot owner in a property owners' association shall be presented a  
20 disclosure summary before executing the contract for sale. The disclosure summary shall  
21 be substantially similar to the following form:

22 'DISCLOSURE SUMMARY

23 FOR (NAME OF PROPERTY OWNERS' ASSOCIATION)

24 (1) As a purchaser of property in this association, you shall be obligated to be a  
25 member of a property owners' association.

26 (2) There have been or shall be recorded restricted covenants governing the use  
27 and occupancy of properties in this community.

28 (3) You shall be obligated to pay assessments to the association. Assessments  
29 may be subject to periodic change. If applicable, the current amount is \$\_\_\_\_\_ per  
30 \_\_\_\_\_. You shall also be obligated to pay any special assessments imposed by the  
31 association. Such special assessments may be subject to change. If applicable,  
32 the current amount is \$\_\_\_\_\_ per \_\_\_\_\_.

33 (4) You may be obligated to pay special assessments to the respective  
34 municipality, county, or special district. All assessments are subject to periodic  
35 change.

36 (5) Your failure to pay special assessments or assessments levied by a property  
37 owners' association could result in a lien on your property.

38 (6) There may be an obligation or rent or land use fees for recreational or other  
39 commonly used facilities as an obligation of membership in the property owners'  
40 association. If applicable, the current amount is \$\_\_\_\_\_ per \_\_\_\_\_.

41 (7) The declarant may have the right to amend the restrictive covenants without  
42 the approval of the association membership or the approval of the parcel owners.

43 (8) The statements contained in this disclosure form are only summary in nature,  
44 and, as a prospective lot owner, you should refer to the covenants and the  
45 association governing documents before purchasing property.

46 (9) These documents are either matters of public record and can be obtained from  
47 the record office in the county where the property is located, or are not recorded  
48 and can be obtained from the declarant.'

49 (2) The disclosure shall be supplied by the declarant or by the lot owner if the sale is by  
50 a lot owner that is not the declarant. Any contract or agreement for sale shall refer to and  
51 incorporate the disclosure summary and shall include, in prominent language, a statement  
52 that the potential buyer shall not execute the contract or agreement until he or she has  
53 received and read the disclosure summary required by this Code section.

54 (c) Each contract entered into for the sale of a lot governed by covenants subject to  
55 disclosure as required by this Code section shall contain in conspicuous type a clause that  
56 states:

57 'IF THE DISCLOSURE SUMMARY REQUIRED BY CODE SECTION 44-3-231.1 OF  
58 THE OFFICIAL CODE OF GEORGIA ANNOTATED HAS NOT BEEN PROVIDED  
59 TO THE PROSPECTIVE PURCHASER BEFORE EXECUTING THIS CONTRACT  
60 FOR SALE, THIS CONTRACT IS VOIDABLE BY DELIVERING TO SELLER OR  
61 SELLER'S AGENT OR REPRESENTATIVE WRITTEN NOTICE OF THE BUYER'S  
62 INTENTION TO CANCEL WITHIN 3 DAYS AFTER RECEIPT OF THE  
63 DISCLOSURE SUMMARY OR PRIOR TO CLOSING, WHICHEVER OCCURS  
64 FIRST. ANY PURPORTED WAIVER OF THIS VOIDABILITY RIGHT HAS NO  
65 EFFECT. BUYER'S RIGHT TO VOID THIS CONTRACT SHALL TERMINATE AT  
66 CLOSING.'

67 (d) If a disclosure summary in a substantially similar form as set forth in subsection (b) of  
68 this Code section is not provided to a prospective purchaser before the purchaser executes  
69 a contract for the sale of property governed by covenants that are subject to disclosure

70 pursuant to this Code section, the purchaser may void the contract by delivering to the  
71 seller or the seller's agent or representative written notice cancelling the contract within 3  
72 days after receipt of the disclosure summary or prior to closing, whichever occurs first.  
73 This right may not be waived by the purchaser but terminates at closing.

74 (e) In addition to the disclosure summary provided in subsection (b) of this Code section,  
75 a contract shall be voidable by the buyer until at least seven days after the seller has  
76 furnished the prospective lot owner with the documents specified in this subsection. The  
77 furnished copy of any such document which shall be executed in order to be effective shall  
78 be a copy of such executed document. The documents required under this subsection to  
79 be furnished to the prospective buyer are:

80 (1) A copy of the declaration and of each amendment thereto as of the time of purchase;

81 (2) A copy of the articles of incorporation and bylaws of the association and of each  
82 amendment to either as of the time of purchase;

83 (3) A copy of any management, maintenance, or other contract for the management and  
84 operation of the association or the facilities to be used by lot owners having a term in  
85 excess of one year. Contracts renewable without the consent of the association shall be  
86 deemed to have a term in excess of one year;

87 (4) The estimated or actual operating budget for the association for the current year  
88 containing the matters set forth in subparagraph (A) of this paragraph and a schedule of  
89 estimated or actual expenses pertaining to each lot for the current year containing the  
90 matters set forth in subparagraph (B) of this paragraph:

91 (A) Expenses of the association for:

92 (i) Administration;

93 (ii) Management fees;

94 (iii) Maintenance;

95 (iv) Rent for recreational and other commonly used facilities;

96 (v) Taxes on property of the association;

- 97        (vi) Insurance;
- 98        (vii) Security provisions;
- 99        (viii) Other expenses;
- 100       (ix) Operating capital;
- 101       (x) Reserve for deferred maintenance;
- 102       (xi) Reserve for depreciation; and
- 103       (xii) Other reserves; and
- 104       (B) Expenses required of the lot owner for:
- 105       (i) Assessments to cover association expenses; and
- 106       (ii) Rent, fees, or charges payable by the lot owner directly to the lessor or the lessor's
- 107       agent under any recreational lease or lease for the use of commonly used facilities,
- 108       which leases are and payment of is a mandatory condition of ownership and which
- 109       payment is not included in the assessments paid by the lot owner to the association;
- 110       (5) A copy of any lease of recreational or other facilities that shall be used only by the
- 111       lot owners;
- 112       (6) A copy of any lease of recreational or other facilities that shall be used by lot owners
- 113       in common with any other person; and
- 114       (7) A copy of a statement setting forth the extent of and conditions or limitations
- 115       applicable to the declarant's commitment to build and submit additional lots, additional
- 116       recreational or other facilities, or additional property.
- 117       (f) The items required by subsection (e) of this Code section shall be bound or stapled into
- 118       a single package and covered by an index sheet listing each item required by said
- 119       subsection and showing either that the same is attached or does not exist. A nonrefundable
- 120       deposit not in excess of \$25.00 may be required of the recipient of the documents required
- 121       by this Code section, such deposit to be applied to the purchase price of the lot in the event
- 122       of purchase by the prospective lot owner. A dated, written acknowledgment of receipt of
- 123       all items required by subsection (e) of this Code section, executed by the prospective lot

124 owner, shall be prima-facie evidence of the date of delivery of said items. The  
125 requirements of subsection (e) of this Code section may not be waived.

126 (g) No contract executed prior to the expiration of seven days after the actual delivery to  
127 the prospective lot owner of the items required to be furnished by subsection (e) of this  
128 Code section shall be of any force or effect. This subsection may not be waived. The  
129 contract shall contain within the text the following, in boldface type or capital letters no  
130 smaller than the largest type in the text:

131 'UNLESS ALL OF THE ITEMS REQUIRED UNDER CODE SECTION 44-3-231.1 OF  
132 THE OFFICIAL CODE OF GEORGIA ANNOTATED TO BE DELIVERED TO  
133 BUYER HAVE BEEN RECEIVED BY BUYER AT LEAST SEVEN DAYS PRIOR TO  
134 BUYER'S EXECUTION OF THIS CONTRACT, THIS CONTRACT IS OF NO FORCE  
135 OR EFFECT AND SHALL NOT BE BINDING ON ANY PARTY. THE ITEMS SO  
136 REQUIRED ARE: (1) THE DECLARATION AND AMENDMENTS THERETO, (2)  
137 THE ASSOCIATION'S ARTICLES AND INCORPORATION AND BYLAWS AND  
138 AMENDMENTS THERETO, (3) ANY MANAGEMENT CONTRACT HAVING A  
139 TERM IN EXCESS OF ONE YEAR, (4) THE ESTIMATED OR ACTUAL BUDGET  
140 FOR THE ASSOCIATION, (5) ANY LEASE OF RECREATIONAL OR OTHER  
141 FACILITIES THAT SHALL BE USED ONLY BY THE LOT OWNERS, (6) ANY  
142 LEASE OF RECREATIONAL OR OTHER FACILITIES THAT MAY BE USED BY  
143 THE LOT OWNER WITH OTHERS, AND (7) A STATEMENT SETTING FORTH  
144 THE EXTENT OF THE SELLER'S COMMITMENT TO BUILD OR SUBMIT  
145 ADDITIONAL LOTS, ADDITIONAL RECREATIONAL OR OTHER FACILITIES,  
146 OR ADDITIONAL PROPERTY. A DATED, WRITTEN ACKNOWLEDGMENT OF  
147 RECEIPT OF ALL SAID ITEMS SIGNED BY THE BUYER SHALL BE  
148 PRIMA-FACIE EVIDENCE OF THE DATE OF DELIVERY OF SAID ITEMS.'

149 (h) The items required to be furnished or made available to a prospective lot owner under  
150 this Code section shall constitute a part of each contract, and no change may be made in

151 any such items which would materially affect the rights of the prospective lot owner or the  
152 value of the lot without the approval of the prospective lot owner except to the extent that  
153 such items by their own terms, by the express terms of such covered contract, or by the  
154 provisions of this article may be changed without the consent of any lot owner or  
155 prospective lot owner.

156 (i) In addition to the provisions required in this Code section, a contract shall include a  
157 caveat in boldface type or capital letters no smaller than the largest type on the page shall  
158 be placed upon the first page of the contract in the following words:

159 'ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY  
160 STATING THE REPRESENTATIONS OF THE SELLER. FOR CORRECT  
161 REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THIS CONTRACT  
162 AND THE DOCUMENTS REQUIRED BY CODE SECTION 44-3-231.1 OF THE  
163 OFFICIAL CODE OF GEORGIA ANNOTATED TO BE FURNISHED BY A SELLER  
164 TO A BUYER.'

165 (j) If any lot is offered for sale prior to the completion of the construction or remodeling  
166 of such lot or of improvements of common elements, the seller shall make available to each  
167 prospective lot owner for his or her inspection at a place convenient to the site a copy of  
168 the existing plans and specifications for the construction or remodeling of such lot and of  
169 the improvements of common elements, whichever is not complete at the time of such  
170 offering for sale.

171 (k) Any sales brochures describing the association and the lots for sale shall include a  
172 description and location of the recreational facilities proposed to be provided by the seller  
173 and other commonly used facilities together with a statement indicating:

174 (1) Which of the facilities shall be owned by the lot owners as part of the common  
175 elements and which of the facilities shall be owned by others;

176 (2) Whether, with respect to each facility so shown, the seller is obligated to complete  
177 the same; and

178 (3) The limitations or conditions, if any, on the seller's obligation to complete the same.  
179 A caveat in boldface type or capital letters no smaller than the largest type of text material  
180 shall be conspicuously placed on the inside front cover of the sales brochure or on the  
181 first page containing text material or shall be otherwise conspicuously displayed  
182 containing the following words:

183 'ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY  
184 STATING REPRESENTATIONS OF THE SELLER. FOR CORRECT  
185 REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THIS BROCHURE  
186 AND TO THE DOCUMENTS REQUIRED BY CODE SECTION 44-3-231.1 OF THE  
187 OFFICIAL CODE OF GEORGIA ANNOTATED TO BE FURNISHED BY THE  
188 SELLER TO A BUYER.'

189 (1) Any person who, in reasonable reliance upon any false or misleading material statement  
190 or information published by or under authority from the seller in advertising and  
191 promotional materials, including, but not limited to, the items required to be furnished by  
192 this Code section, brochures, and newspaper advertising, or who, without having been  
193 furnished with all of the information required to be furnished by this Code section, pays  
194 anything of value toward the purchase of a lot located to this state shall be entitled to bring  
195 an action against the seller for damages under this Code section at any time prior to the  
196 expiration of one year of the date upon which the last of the events described in  
197 paragraphs (1) through (5) of this subsection shall occur:

198 (1) The closing of the transaction;

199 (2) The first issuance by the applicable governmental authority of a certificate of  
200 occupancy or other evidence of sufficient completion of construction of the lot to allow  
201 lawful occupancy of the lot. In counties or municipalities in which certificates of  
202 occupancy or other evidence of completion sufficient to allow lawful occupancy are not  
203 customarily issued, for the purposes of this Code section, evidence of lawful occupancy

204 shall be deemed to have been given or issued upon the date that such lawful occupancy  
205 of the lot may first be allowed under prevailing applicable laws, ordinances, or statutes;  
206 (3) The completion of the common elements and any recreational facilities, whether or  
207 not the same are common elements, which the seller is obligated to complete or to  
208 provide under the terms of the written contract for the sale of the lot;  
209 (4) As to claims relating to the common elements and other portions of the association  
210 which are the responsibility of the association to maintain, the date upon which the  
211 declarant's right to control the association terminates; and  
212 (5) In the event there is no written contract for the sale of the lot, then the completion of  
213 common elements and such recreational facilities, whether or not the same are common  
214 elements, which the seller would be obligated to complete under any rule of law  
215 applicable to the seller's obligation.  
216 (m) Under no circumstances shall a cause of action created or recognized under this Code  
217 section survive for a period of more than five years after the closing of the transaction.  
218 Any person who has a right of action for damages as provided in this Code section shall  
219 have the additional right to rescind any contract for the purchase of a lot at any time prior  
220 to the closing of the transaction. In any action for relief under this Code section, the  
221 prevailing party shall be entitled to recover reasonable attorney's fees.  
222 (n) Willful violation of any of the requirements of this Code section by the declarant, the  
223 seller, any sales agent or broker, or any other person shall result in a fine of \$1,000.00."

224 **SECTION 2.**

225 This Act shall become effective on July 1, 2025, and shall apply to all lot sales made on or  
226 after such date.

227 **SECTION 3.**

228 All laws and parts of laws in conflict with this Act are repealed.