

1 S.224

2 Introduced by Senator Snelling

3 Referred to Committee on

4 Date:

5 Subject: Condominiums; common interest communities; lien foreclosure

6 Statement of purpose: This bill proposes to require binding arbitration to settle  
7 disputes over assessments or liens prior to the filing of a foreclosure action.

8 An act relating to resolving lien disputes prior to foreclosure

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 Sec. 1. 27 V.S.A. § 1323a is added to read:

11 § 1323a. LIEN DISPUTES; ARBITRATION

12 (a) Notwithstanding any provision of law to the contrary, not less than 30  
13 days prior to commencing an action to secure a judgment lien or to perfect or  
14 foreclose a lien pursuant to section 1323 of this title, the association of owners  
15 shall provide the owner of the apartment or site that is subject to the lien  
16 written notice of the association's intent to commence an action and shall offer  
17 to the owner the opportunity to enter into binding arbitration to resolve any  
18 dispute as to the validity and amount of any sums due to the association by the  
19 owners of the apartment or site.

1       (b) An arbitrator shall be selected by consensus of the association and the  
2       owner; provided, however, that if no consensus is reached, arbitration shall be  
3       conducted by the individual first named by the owner. The costs of arbitration  
4       shall be divided equally between the parties. The rules, procedure, and any  
5       other outstanding issues of the arbitration shall be governed by the most recent  
6       version of the Uniform Arbitration Act adopted by the National Conference of  
7       Commissioners on Uniform State Laws.

8       (c) The findings and resolution of a dispute through arbitration pursuant to  
9       this section shall be binding for the purpose of establishing the validity and  
10       amount of any sums due the association from the owner's apartment or site.

11       Sec. 2. 27A V.S.A. § 3-116a is added to read:

12       § 3-116a. LIEN DISPUTES; ARBITRATION

13       (a) Notwithstanding any provision of law to the contrary, not less than 30  
14       days prior to commencing an action to secure a judgment lien or to perfect or  
15       foreclose a lien pursuant to section 3-116 of this title, the association shall  
16       provide a unit owner notice in a record of the association's intent to commence  
17       an action and shall offer to the unit owner the opportunity to enter into binding  
18       arbitration to resolve any dispute as to the validity and amount of any sums due  
19       to the association by the unit owner.

20       (b) An arbitrator shall be selected by consensus of the association and the  
21       unit owner; provided, however, that if no consensus is reached, arbitration

1 shall be conducted by the individual first named by the unit owner. The costs  
2 of arbitration shall be divided equally between the parties. The rules,  
3 procedure, and any other outstanding issues of the arbitration shall be governed  
4 by the most recent version of the Uniform Arbitration Act adopted by the  
5 National Conference of Commissioners on Uniform State Laws.

6 (c) The findings and resolution of a dispute through arbitration pursuant to  
7 this section shall be binding for the purpose of establishing the validity and  
8 amount of any sums due the association from the unit owner.

9 Sec. 3. EFFECTIVE DATE

10 This act shall take effect on passage.