# SB 406 – Homeowner FAQ / Fact Sheet

Plain-language overview for homeowners, board members, and neighborhood leaders

## What is SB 406?

SB 406 is the "Georgia Property Owners' Bill of Rights Act." It has passed both chambers of the Georgia General Assembly and is awaiting final action by the Governor. If signed — or if allowed to become law without signature — it will create new state oversight, complaint procedures, owner-rights provisions, payment-application rules, and collection requirements affecting many mandatory homeowner associations in Georgia. No further routine legislative changes are expected at this stage. Link to current bill: https://www.legis.ga.gov/api/legislation/document/20252026/248665

## What does passage of SB 406 mean?

For many mandatory associations, the practical takeaway is that HOA operations will become more regulated and more process-driven. Associations that want to preserve core enforcement tools will need to register, maintain records more carefully, follow new collection rules, and be prepared to respond to owner complaints through a state-administered process.

## Who may be affected?

The final bill uses a broad definition of covered associations. It reaches many mandatory recorded-covenant communities, including traditional mandatory HOAs and potentially some condominium associations. Voluntary neighborhood associations are less likely to be affected in the same way.

## What about voluntary HOAs?

Voluntary neighborhood associations are generally less affected than mandatory HOAs. The law's most significant provisions are aimed at associations with mandatory membership and mandatory assessments tied to property ownership. Voluntary groups that do not rely on mandatory dues or lien authority are less likely to be affected in the same way.

## What are the biggest operational changes for mandatory HOAs?

1. **State registration will matter.** Associations that want to use key enforcement tools should expect to register with the Secretary of State, provide governing documents and financial information, renew annually, and update registration information when material changes occur.
2. **Recordkeeping expectations will increase.** Associations should expect longer-term retention of records relating to finances, assessments, fines, fees, liens, and foreclosures, along with the possibility of state examination of those records.
3. **Collection procedures will become more constrained.** The law changes how payments must be applied, prevents refusal of partial payments, and prohibits accelerated assessments. Associations should expect less flexibility in collection strategy.
4. **Foreclosure will become slower and narrower.** The notice period is longer, and the threshold for foreclosure is more restrictive than under prior law. Certain fines and fees do not count toward that threshold.

5. **Complaints may temporarily pause collection of disputed fines or fees.** If an owner files a complaint over certain fines or fees, there can be an automatic stay while the hearing process plays out. Associations should be prepared for more formal disputes.
6. **Attorney's fees will require more documentation and process.** Before attorney's fees may be collected or awarded, the law requires notice, time to cure, and an itemized statement, with judicial review for reasonableness in the applicable cases.

## What does this mean for homeowners?

Homeowners in mandatory communities should expect their associations to be under more formal rules and timelines. The law gives owners additional procedural protections in some areas, but it may also increase administrative and legal costs that are ultimately borne by the community.

## What should associations do now to prepare?

### Preparation checklist for boards and managers

- Confirm whether your community is a mandatory association and whether it is governed by recorded covenants, condominium documents, or the Georgia Property Owners' Association Act.
- Review governing documents, collection policies, fine schedules, payment-application practices, and attorney's-fee procedures with association counsel and the management company.
- Prepare for registration and annual renewal by organizing governing documents, officer information, recent financial statements, and record-retention procedures.
- Review how owner payments are currently applied and update accounting practices to align with the new statutory priority rules.
- Review delinquency and foreclosure workflows so notice periods, thresholds, and excluded charges are handled correctly.
- Develop a process for responding to owner complaints, preserving records, and coordinating with counsel if a hearing-officer complaint is filed.
- Educate board members now so they understand the new compliance obligations before the law takes effect.

## What should communities watch for next?

Associations should watch for implementing guidance, rulemaking, revised forms, and advice from association counsel and management professionals. Because the law changes operational procedures, the key issue is not just understanding the statute, but updating day-to-day practices before the effective dates.

## Effective dates

Most of the Act becomes effective on January 1, 2027. The attorney's-fees section becomes effective on July 1, 2026, and applies to actions filed on or after that date.

This overview is intended as a practical summary, not legal advice. Associations should consult qualified HOA counsel regarding compliance.