

**Representative Carol Spackman Moss** proposes the following substitute bill:

**HOMEOWNER AND CONDOMINIUM**

**ASSOCIATION MODIFICATIONS**

2015 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Todd Weiler**

House Sponsor: Carol Spackman Moss

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**LONG TITLE**

**General Description:**

This bill modifies provisions relating to a homeowner association's governing documents.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ addresses the procedures, requirements, limitations, and enforcement mechanisms that apply a request to inspect or copy association records;
- ▶ addresses the requirements for an association to amend the association's governing documents;
- ▶ prohibits certain restrictions on the time at which an association may amend the association's governing documents;
- ▶ provides that the provisions of this bill apply regardless of when the association is created; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None



26 **Other Special Clauses:**

27 This bill provides a coordination clause to reconcile conflicts between this bill and  
28 other legislation.

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **57-8-3**, as last amended by Laws of Utah 2013, Chapters 95 and 152

32 **57-8-7.5**, as last amended by Laws of Utah 2014, Chapter 189

33 **57-8-39**, as enacted by Laws of Utah 2007, Chapter 223

34 **57-8a-102**, as last amended by Laws of Utah 2013, Chapters 95 and 152

35 **57-8a-217**, as enacted by Laws of Utah 2011, Chapter 355

36 **57-8a-104**, as last amended by Laws of Utah 2011, Chapter 137

37 **57-8a-224**, as enacted by Laws of Utah 2013, Chapter 152

38 ENACTS:

39 **57-8a-225**, Utah Code Annotated 1953

40 REPEALS AND REENACTS:

41 **57-8-17**, as last amended by Laws of Utah 2011, Chapter 95

42 **Utah Code Sections Affected by Coordination Clause:**

43 **57-8-56**, Utah Code Annotated 1953

44 **57-8a-225**, Utah Code Annotated 1953



46 *Be it enacted by the Legislature of the state of Utah:*

47 Section 1. Section **57-8-3** is amended to read:

48 **57-8-3. Definitions.**

49 As used in this chapter:

50 (1) "Assessment" means any charge imposed by the association, including:

51 (a) common expenses on or against a unit owner pursuant to the provisions of the  
52 declaration, bylaws, or this chapter; and

53 (b) an amount that an association of unit owners assesses to a unit owner under

54 Subsection **57-8-43**(9)(g).

55 (2) "Association of unit owners" means all of the unit owners:

56 (a) acting as a group in accordance with the declaration and bylaws; or

- 57 (b) organized as a legal entity in accordance with the declaration.
- 58 (3) "Building" means a building, containing units, and comprising a part of the  
59 property.
- 60 (4) "Commercial condominium project" means a condominium project that has no  
61 residential units within the project.
- 62 (5) "Common areas and facilities" unless otherwise provided in the declaration or  
63 lawful amendments to the declaration means:
- 64 (a) the land included within the condominium project, whether leasehold or in fee  
65 simple;
- 66 (b) the foundations, columns, girders, beams, supports, main walls, roofs, halls,  
67 corridors, lobbies, stairs, stairways, fire escapes, entrances, and exits of the building;
- 68 (c) the basements, yards, gardens, parking areas, and storage spaces;
- 69 (d) the premises for lodging of janitors or persons in charge of the property;
- 70 (e) installations of central services such as power, light, gas, hot and cold water,  
71 heating, refrigeration, air conditioning, and incinerating;
- 72 (f) the elevators, tanks, pumps, motors, fans, compressors, ducts, and in general all  
73 apparatus and installations existing for common use;
- 74 (g) such community and commercial facilities as may be provided for in the  
75 declaration; and
- 76 (h) all other parts of the property necessary or convenient to its existence, maintenance,  
77 and safety, or normally in common use.
- 78 (6) "Common expenses" means:
- 79 (a) all sums lawfully assessed against the unit owners;
- 80 (b) expenses of administration, maintenance, repair, or replacement of the common  
81 areas and facilities;
- 82 (c) expenses agreed upon as common expenses by the association of unit owners; and
- 83 (d) expenses declared common expenses by this chapter, or by the declaration or the  
84 bylaws.
- 85 (7) "Common profits," unless otherwise provided in the declaration or lawful  
86 amendments to the declaration, means the balance of all income, rents, profits, and revenues  
87 from the common areas and facilities remaining after the deduction of the common expenses.

88 (8) "Condominium" means the ownership of a single unit in a multiunit project  
89 together with an undivided interest in common in the common areas and facilities of the  
90 property.

91 (9) "Condominium plat" means a plat or plats of survey of land and units prepared in  
92 accordance with Section 57-8-13.

93 (10) "Condominium project" means a real estate condominium project; a plan or  
94 project whereby two or more units, whether contained in existing or proposed apartments,  
95 commercial or industrial buildings or structures, or otherwise, are separately offered or  
96 proposed to be offered for sale. Condominium project also means the property when the  
97 context so requires.

98 (11) "Condominium unit" means a unit together with the undivided interest in the  
99 common areas and facilities appertaining to that unit. Any reference in this chapter to a  
100 condominium unit includes both a physical unit together with its appurtenant undivided interest  
101 in the common areas and facilities and a time period unit together with its appurtenant  
102 undivided interest, unless the reference is specifically limited to a time period unit.

103 (12) "Contractible condominium" means a condominium project from which one or  
104 more portions of the land within the project may be withdrawn in accordance with provisions  
105 of the declaration and of this chapter. If the withdrawal can occur only by the expiration or  
106 termination of one or more leases, then the condominium project is not a contractible  
107 condominium within the meaning of this chapter.

108 (13) "Convertible land" means a building site which is a portion of the common areas  
109 and facilities, described by metes and bounds, within which additional units or limited common  
110 areas and facilities may be created in accordance with this chapter.

111 (14) "Convertible space" means a portion of the structure within the condominium  
112 project, which portion may be converted into one or more units or common areas and facilities,  
113 including limited common areas and facilities in accordance with this chapter.

114 (15) "Declarant" means all persons who execute the declaration or on whose behalf the  
115 declaration is executed. From the time of the recordation of any amendment to the declaration  
116 expanding an expandable condominium, all persons who execute that amendment or on whose  
117 behalf that amendment is executed shall also come within this definition. Any successors of  
118 the persons referred to in this subsection who come to stand in the same relation to the

119 condominium project as their predecessors also come within this definition.

120 (16) "Declaration" means the instrument by which the property is submitted to the  
121 provisions of this act, as it from time to time may be lawfully amended.

122 (17) "Expandable condominium" means a condominium project to which additional  
123 land or an interest in it may be added in accordance with the declaration and this chapter.

124 (18) "Governing documents":

125 (a) means a written instrument by which an association of unit owners may:

126 (i) exercise powers; or

127 (ii) manage, maintain, or otherwise affect the property under the jurisdiction of the  
128 association of unit owners; and

129 (b) includes:

130 (i) articles of incorporation;

131 (ii) bylaws;

132 (iii) a plat;

133 (iv) a declaration of covenants, conditions, and restrictions; and

134 (v) rules of the association of unit owners.

135 (19) "Independent third party" means a person that:

136 (a) is not related to the unit owner;

137 (b) shares no pecuniary interests with the unit owner; and

138 (c) purchases the unit in good faith and without the intent to defraud a current or future  
139 lienholder.

140 (20) "Leasehold condominium" means a condominium project in all or any portion of  
141 which each unit owner owns an estate for years in his unit, or in the land upon which that unit  
142 is situated, or both, with all those leasehold interests to expire naturally at the same time. A  
143 condominium project including leased land, or an interest in the land, upon which no units are  
144 situated or to be situated is not a leasehold condominium within the meaning of this chapter.

145 (21) "Limited common areas and facilities" means those common areas and facilities  
146 designated in the declaration as reserved for use of a certain unit or units to the exclusion of the  
147 other units.

148 (22) "Majority" or "majority of the unit owners," unless otherwise provided in the  
149 declaration or lawful amendments to the declaration, means the owners of more than 50% in

150 the aggregate in interest of the undivided ownership of the common areas and facilities.

151 (23) "Management committee" means the committee as provided in the declaration  
152 charged with and having the responsibility and authority to make and to enforce all of the  
153 reasonable rules covering the operation and maintenance of the property.

154 (24) "Mixed-use condominium project" means a condominium project that has both  
155 residential and commercial units in the condominium project.

156 (25) "Par value" means a number of dollars or points assigned to each unit by the  
157 declaration. Substantially identical units shall be assigned the same par value, but units located  
158 at substantially different heights above the ground, or having substantially different views, or  
159 having substantially different amenities or other characteristics that might result in differences  
160 in market value, may be considered substantially identical within the meaning of this  
161 subsection. If par value is stated in terms of dollars, that statement may not be considered to  
162 reflect or control the sales price or fair market value of any unit, and no opinion, appraisal, or  
163 fair market transaction at a different figure may affect the par value of any unit, or any  
164 undivided interest in the common areas and facilities, voting rights in the unit owners'  
165 association, liability for common expenses, or right to common profits, assigned on the basis  
166 thereof.

167 (26) "Period of administrative control" means the period of control described in  
168 Subsection 57-8-16.5(1).

169 [~~(26)~~] (27) "Person" means an individual, corporation, partnership, association, trustee,  
170 or other legal entity.

171 [~~(27)~~] (28) "Property" means the land, whether leasehold or in fee simple, the building,  
172 if any, all improvements and structures thereon, all easements, rights, and appurtenances  
173 belonging thereto, and all articles of personal property intended for use in connection  
174 therewith.

175 [~~(28)~~] (29) "Record," "recording," "recorded," and "recorder" have the meaning stated  
176 in Title 57, Chapter 3, Recording of Documents.

177 [~~(29)~~] (30) "Size" means the number of cubic feet, or the number of square feet of  
178 ground or floor space, within each unit as computed by reference to the record of survey map  
179 and rounded off to a whole number. Certain spaces within the units including attic, basement,  
180 or garage space may be omitted from the calculation or be partially discounted by the use of a

181 ratio, if the same basis of calculation is employed for all units in the condominium project and  
182 if that basis is described in the declaration.

183 ~~[(30)]~~ (31) "Time period unit" means an annually recurring part or parts of a year  
184 specified in the declaration as a period for which a unit is separately owned and includes a  
185 timeshare estate as defined in Subsection 57-19-2(19).

186 ~~[(31)]~~ (32) "Unit" means either a separate physical part of the property intended for any  
187 type of independent use, including one or more rooms or spaces located in one or more floors  
188 or part or parts of floors in a building or a time period unit, as the context may require. A  
189 convertible space shall be treated as a unit in accordance with Subsection 57-8-13.4(3). A  
190 proposed condominium unit under an expandable condominium project, not constructed, is a  
191 unit two years after the date the recording requirements of Section 57-8-13.6 are met.

192 ~~[(32)]~~ (33) "Unit number" means the number, letter, or combination of numbers and  
193 letters designating the unit in the declaration and in the record of survey map.

194 ~~[(33)]~~ (34) "Unit owner" means the person or persons owning a unit in fee simple and  
195 an undivided interest in the fee simple estate of the common areas and facilities in the  
196 percentage specified and established in the declaration or, in the case of a leasehold  
197 condominium project, the person or persons whose leasehold interest or interests in the  
198 condominium unit extend for the entire balance of the unexpired term or terms.

199 Section 2. Section 57-8-7.5 is amended to read:

200 **57-8-7.5. Reserve analysis -- Reserve fund.**

201 (1) As used in this section:

202 (a) "Reserve analysis" means an analysis to determine:

203 (i) the need for a reserve fund to accumulate money to cover the cost of repairing,  
204 replacing, or restoring common areas and facilities that have a useful life of three years or more  
205 and a remaining useful life of less than 30 years, if the cost cannot reasonably be funded from  
206 the general budget or other funds of the association of unit owners; and

207 (ii) the appropriate amount of any reserve fund.

208 (b) "Reserve fund line item" means the line item in an association of unit owners'  
209 annual budget that identifies the amount to be placed into a reserve fund.

210 (2) Except as otherwise provided in the declaration, a management committee shall:

211 (a) cause a reserve analysis to be conducted no less frequently than every six years; and

212 (b) review and, if necessary, update a previously conducted reserve analysis no less  
213 frequently than every three years.

214 (3) The management committee may conduct a reserve analysis itself or may engage a  
215 reliable person or organization, as determined by the management committee, to conduct the  
216 reserve analysis.

217 (4) A reserve fund analysis shall include:

218 (a) a list of the components identified in the reserve analysis that will reasonably  
219 require reserve funds;

220 (b) a statement of the probable remaining useful life, as of the date of the reserve  
221 analysis, of each component identified in the reserve analysis;

222 (c) an estimate of the cost to repair, replace, or restore each component identified in the  
223 reserve analysis;

224 (d) an estimate of the total annual contribution to a reserve fund necessary to meet the  
225 cost to repair, replace, or restore each component identified in the reserve analysis during the  
226 component's useful life and at the end of the component's useful life; and

227 (e) a reserve funding plan that recommends how the association of unit owners may  
228 fund the annual contribution described in Subsection (4)(d).

229 (5) An association of unit owners shall:

230 (a) annually provide unit owners a summary of the most recent reserve analysis or  
231 update; and

232 (b) provide a copy of the complete reserve analysis or update to a unit owner who  
233 requests a copy.

234 (6) In formulating its budget each year, an association of unit owners shall include a  
235 reserve fund line item in:

236 (a) an amount the management committee determines, based on the reserve analysis, to  
237 be prudent; or

238 (b) an amount required by the declaration, if the declaration requires an amount higher  
239 than the amount determined under Subsection (6)(a).

240 (7) (a) Within 45 days after the day on which an association of unit owners adopts its  
241 annual budget, the unit owners may veto the reserve fund line item by a 51% vote of the  
242 allocated voting interests in the association of unit owners at a special meeting called by the



243 unit owners for the purpose of voting whether to veto a reserve fund line item.

244 (b) If the unit owners veto a reserve fund line item under Subsection (7)(a) and a  
245 reserve fund line item exists in a previously approved annual budget of the association of unit  
246 owners that was not vetoed, the association of unit owners shall fund the reserve account in  
247 accordance with that prior reserve fund line item.

248 (8) (a) Subject to Subsection (8)(b), if an association of unit owners does not comply  
249 with the requirements of Subsection (5), (6), or (7) and fails to remedy the noncompliance  
250 within the time specified in Subsection (8)(c), a unit owner may file an action in state court for:

251 (i) injunctive relief requiring the association of unit owners to comply with the  
252 requirements of Subsection (5), (6), or (7);

253 (ii) \$500 or actual damages, whichever is greater;

254 (iii) any other remedy provided by law; and

255 (iv) reasonable costs and attorney fees.

256 (b) No fewer than 90 days before the day on which a unit owner files a complaint under  
257 Subsection (8)(a), the unit owner shall deliver written notice described in Subsection (8)(c) to  
258 the association of unit owners.

259 (c) A notice under Subsection (8)(b) shall state:

260 (i) the requirement in Subsection (5), (6), or (7) with which the association of unit  
261 owners has failed to comply;

262 (ii) a demand that the association of unit owners come into compliance with the  
263 requirements; and

264 (iii) a date, no fewer than 90 days after the day on which the unit owner delivers the  
265 notice, by which the association of unit owners shall remedy its noncompliance.

266 (d) In a case filed under Subsection (8)(a), a court may order an association of unit  
267 owners to produce the summary of the reserve analysis or the complete reserve analysis on an  
268 expedited basis and at the association of unit owners' expense.

269 (9) (a) A management committee may not use money in a reserve fund:

270 (i) for daily maintenance expenses, unless a majority of the members of the association  
271 of unit owners vote to approve the use of reserve fund money for that purpose; or

272 (ii) for any purpose other than the purpose for which the reserve fund was established.

273 (b) A management committee shall maintain a reserve fund separate from other funds

274 of the association of unit owners.

275 (c) This Subsection (9) may not be construed to limit a management committee from  
276 prudently investing money in a reserve fund, subject to any investment constraints imposed by  
277 the declaration.

278 (10) Subsections (2) through (9) do not apply to an association of unit owners during  
279 the period of [~~declarant~~] administrative control [~~described in Subsection 57-8-16.5(1)~~].

280 (11) This section applies to each association of unit owners, regardless of when the  
281 association of unit owners was created.

282 Section 3. Section **57-8-17** is repealed and reenacted to read:

283 **57-8-17. Records -- Availability for examination.**

284 (1) (a) Subject to Subsection (1)(b), an association of unit owners shall keep and make  
285 documents available to unit owners in accordance with Sections 16-6a-1601 through 1603,  
286 16-6a-1605, 16-6a-1606, and 16-6a-1610, regardless of whether the association of unit owners  
287 is incorporated under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act.

288 (b) An association of unit owners may redact the following information from any  
289 document the association of unit owners produces for inspection or copying:

- 290 (i) a Social Security number;
- 291 (ii) a bank account number; and
- 292 (iii) any communication subject to attorney-client privilege.

293 (2) (a) In addition to the requirements described in Subsection (1), an association of  
294 unit owners shall make documents available to unit owners in accordance with the association  
295 of unit owners' governing documents.

296 (b) If a provision of an association of unit owners' governing documents conflicts with  
297 a provision of this section, the provision of this section governs.

298 (3) In a request to inspect or copy documents, a unit owner may:

- 299 (a) elect whether to inspect or copy the documents;
- 300 (b) if the unit owner elects to copy the documents, request hard copies or electronic  
301 scans of the documents; or

302 (c) subject to Subsection (4), request that:

- 303 (i) the association of unit owners make the copies or electronic scans of the requested  
304 documents;

305 (ii) a recognized third party duplicating service make the copies or electronic scans of  
306 the requested documents; or

307 (iii) the unit owner bring any necessary imaging equipment to the place of inspection  
308 and make copies or electronic scans of the documents while inspecting the documents.

309 (4) (a) An association of unit owners shall comply with a request described in  
310 Subsection (3).

311 (b) If an association of unit owners produces the copies or electronic scans:

312 (i) the copies or electronic scans shall be legible and accurate; and

313 (ii) the unit owner shall pay the association of unit owners the reasonable cost of the  
314 copies or electronic scans, which may not exceed:

315 (A) the actual cost that the association of unit owners paid to a recognized third party  
316 duplicating service to make the copies or electronic scans; or

317 (B) if an employee, manager, or other agent of the association of unit owners makes the  
318 copies or electronic scans, 10 cents per page and \$15 per hour for the employee's, manager's, or  
319 other agent's time making the copies or electronic scans.

320 (c) If a unit owner requests a recognized third party duplicating service make the copies  
321 or electronic scans:

322 (i) the association of unit owners shall arrange for the delivery and pick up of the  
323 original documents; and

324 (ii) the unit owner shall pay the duplicating service directly.

325 (d) If a unit owner requests to bring imaging equipment to the inspection, the  
326 association of unit owners shall provide the necessary space, light, and power for the imaging  
327 equipment.

328 (5) If, in response to a unit owner's request to inspect or copy documents, an  
329 association of unit owners fails to comply with a provision of this section, the association of  
330 unit owners shall pay:

331 (a) the reasonable costs of inspecting and copying the requested documents; and

332 (b) reasonable attorney fees and costs incurred by the unit owner in obtaining the  
333 inspection and copies of the requested documents.

334 (6) (a) In addition to any remedy in the association of unit owners' governing  
335 documents or as otherwise provided by law, a unit owner may file an action in court under this

336 section if:

337 (i) an association of unit owners fails to make documents available to the unit owner in  
338 accordance with this section, the association of unit owners' governing documents, or as  
339 otherwise provided by law; and

340 (ii) the association of unit owners fails to timely comply with a notice described in  
341 Subsection (6)(d).

342 (b) In an action described in Subsection (6)(a):

343 (i) the unit owner may request:

344 (A) injunctive relief requiring the association of unit owners to comply with the  
345 provisions of this section;

346 (B) \$500 or actual damage, whichever is greater; or

347 (C) any other relief provided by law; and

348 (ii) the court shall award costs and reasonable attorney fees to the prevailing party,  
349 including any reasonable attorney fees incurred before the action was filed that relate to the  
350 request that is the subject of the action.

351 (c) (i) In an action described in Subsection (6)(a), upon motion by the unit owner,  
352 notice to the association of unit owners, and a hearing in which the court finds a likelihood that  
353 the association of unit owners failed to comply with a provision of this section, the court shall  
354 order the association of unit owners to immediately comply with the provision.

355 (ii) The court shall hold a hearing described in Subsection (6)(c)(i) within 30 days after  
356 the day on which the unit owner files the motion.

357 (d) At least 10 days before the day on which a unit owner files an action described in  
358 Subsection (6)(a), the unit owner shall deliver a written notice to the association of unit owners  
359 that states:

360 (i) the unit owner's name, address, telephone number, and email address;

361 (ii) each requirement of this section with which the association of unit owners has  
362 failed to comply;

363 (iii) a demand that the association of unit owners comply with each requirement with  
364 which the association of unit owners has failed to comply; and

365 (iv) a date by which the association of unit owners shall remedy the association of unit  
366 owners' noncompliance that is at least 10 days after the day on which the unit owner delivers

367 the notice to the association of unit owners.

368 (7) (a) The provisions of Section 16-6a-1604 do not apply to an association of unit  
 369 owners.

370 (b) The provisions of this section apply regardless of any conflicting provision in Title  
 371 16, Chapter 6a, Utah Revised Nonprofit Corporation Act.

372 Section 4. Section 57-8-39 is amended to read:

373 **57-8-39. Limitation on requirements for amending governing documents --**  
 374 **Limitation on contracts.**

375 ~~[(1) When the period of control described in Section 57-8-16.5 ends, neither the~~  
 376 ~~declaration nor bylaws may require that an amendment to the declaration or bylaws be~~  
 377 ~~approved by more than 67% of the voting interests.]~~

378 ~~[(2) Voting interests under Subsection (1) are calculated in the manner required by the~~  
 379 ~~declaration or bylaws.]~~

380 ~~[(3) Nothing in this section affects any other rights reserved by a declarant.]~~

381 (1) (a) (i) To amend the governing documents, the governing documents may not  
 382 require:

383 (A) for an amendment adopted after the period of administrative control, the vote or  
 384 approval of unit owners with more than 67% of the voting interests;

385 (B) the approval of any specific unit owner; or

386 (C) the vote or approval of lien holders holding more than 67% of the first position  
 387 security interests secured by a mortgage or trust deed in the association of unit owners.

388 (ii) Any provision in the governing documents that prohibits a vote or approval to  
 389 amend any part of the governing documents during a particular time period is invalid.

390 ~~[(4)] (b) Subsection (1)(a) does not apply to an amendment affecting only:~~

391 ~~[(a)] (i) the undivided interest of each unit owner in the common areas and facilities, as~~  
 392 ~~expressed in the declaration;~~

393 ~~[(b)] (ii) unit boundaries; or~~

394 ~~[(c) members'] (iii) unit owners' voting rights.~~

395 ~~[(5)] (2) (a) A contract for services such as garbage collection, maintenance, lawn care,~~  
 396 ~~or snow removal executed on behalf of the association of unit owners during a period of~~  
 397 ~~administrative control is binding beyond the period of administrative control unless terminated~~

398 by the board of directors after the period of administrative control ends.

399 (b) Subsection [~~(5)~~] (2)(a) does not apply to golf course and amenity management,  
400 utilities, cable services, and other similar services that require an investment of infrastructure  
401 or capital.

402 (3) Voting interests under Subsection (1) are calculated in the manner required by the  
403 governing documents.

404 (4) Nothing in this section affects any other rights reserved by the declarant.

405 (5) This section applies to an association of unit owners regardless of when the  
406 association of unit owners is created.

407 Section 5. Section **57-8a-102** is amended to read:

408 **57-8a-102. Definitions.**

409 As used in this chapter:

410 (1) (a) "Assessment" means a charge imposed or levied:

411 (i) by the association;

412 (ii) on or against a lot or a lot owner; and

413 (iii) pursuant to a governing document recorded with the county recorder.

414 (b) "Assessment" includes:

415 (i) a common expense; and

416 (ii) an amount assessed against a lot owner under Subsection 57-8a-405(7).

417 (2) (a) Except as provided in Subsection (2)(b), "association" means a corporation or  
418 other legal entity, any member of which:

419 (i) is an owner of a residential lot located within the jurisdiction of the association, as  
420 described in the governing documents; and

421 (ii) by virtue of membership or ownership of a residential lot is obligated to pay:

422 (A) real property taxes;

423 (B) insurance premiums;

424 (C) maintenance costs; or

425 (D) for improvement of real property not owned by the member.

426 (b) "Association" or "homeowner association" does not include an association created  
427 under Title 57, Chapter 8, Condominium Ownership Act.

428 (3) "Board of directors" or "board" means the entity, regardless of name, with primary

429 authority to manage the affairs of the association.

430 (4) "Common areas" means property that the association:

431 (a) owns;

432 (b) maintains;

433 (c) repairs; or

434 (d) administers.

435 (5) "Common expense" means costs incurred by the association to exercise any of the  
436 powers provided for in the association's governing documents.

437 (6) "Declarant":

438 (a) means the person who executes a declaration and submits it for recording in the  
439 office of the recorder of the county in which the property described in the declaration is  
440 located; and

441 (b) includes the person's successor and assign.

442 (7) (a) "Governing documents" means a written instrument by which the association  
443 may:

444 (i) exercise powers; or

445 (ii) manage, maintain, or otherwise affect the property under the jurisdiction of the  
446 association.

447 (b) "Governing documents" includes:

448 (i) articles of incorporation;

449 (ii) bylaws;

450 (iii) a plat;

451 (iv) a declaration of covenants, conditions, and restrictions; and

452 (v) rules of the association.

453 (8) "Independent third party" means a person that:

454 (a) is not related to the owner of the residential lot;

455 (b) shares no pecuniary interests with the owner of the residential lot; and

456 (c) purchases the residential lot in good faith and without the intent to defraud a current  
457 or future lienholder.

458 (9) "Judicial foreclosure" means a foreclosure of a lot:

459 (a) for the nonpayment of an assessment; and

- 460 (b) (i) in the manner provided by law for the foreclosure of a mortgage on real  
461 property; and
- 462 (ii) as provided in Part 3, Collection of Assessments.
- 463 (10) "Lease" or "leasing" means regular, exclusive occupancy of a lot:
- 464 (a) by a person or persons other than the owner; and
- 465 (b) for which the owner receives a consideration or benefit, including a fee, service,  
466 gratuity, or emolument.
- 467 (11) "Limited common areas" means common areas described in the declaration and  
468 allocated for the exclusive use of one or more lot owners.
- 469 (12) "Lot" means:
- 470 (a) a lot, parcel, plot, or other division of land:
- 471 (i) designated for separate ownership or occupancy; and
- 472 (ii) (A) shown on a recorded subdivision plat; or
- 473 (B) the boundaries of which are described in a recorded governing document; or
- 474 (b) (i) a unit in a condominium association if the condominium association is a part of  
475 a development; or
- 476 (ii) a unit in a real estate cooperative if the real estate cooperative is part of a  
477 development.
- 478 (13) "Mixed-use project" means a project under this chapter that has both residential  
479 and commercial lots in the project.
- 480 (14) "Nonjudicial foreclosure" means the sale of a lot:
- 481 (a) for the nonpayment of an assessment; and
- 482 (b) (i) in the same manner as the sale of trust property under Sections 57-1-19 through  
483 57-1-34; and
- 484 (ii) as provided in Part 3, Collection of Assessments.
- 485 (15) "Period of administrative control" mean the period during which the person who  
486 filed the association's governing documents or the person's successor in interest retains  
487 authority to:
- 488 (a) appoint or remove members of the association's board of directors; or
- 489 (b) exercise power or authority assigned to the association under the association's  
490 governing documents.



491           ~~[(15)]~~ (16) "Residential lot" means a lot, the use of which is limited by law, covenant,  
492 or otherwise to primarily residential or recreational purposes.

493           Section 6. Section **57-8a-104** is amended to read:

494           **57-8a-104. Limitation on requirements for amending governing documents --**

495 **Limitation on contracts.**

496           ~~[(1) As used in this section, "period of administrative control" means the period during~~  
497 ~~which the person who filed the association's governing documents or a successor in interest~~  
498 ~~retains authority to:]~~

499           ~~[(a) appoint or remove members of the association's board of directors; or]~~

500           ~~[(b) exercise power or authority assigned to the association under its governing~~  
501 ~~documents:]~~

502           ~~[(2) (a) (i) Governing documents may not require that an amendment to the governing~~  
503 ~~documents adopted after the period of administrative control be approved by more than 67% of~~  
504 ~~the voting interests:]~~

505           ~~[(ii) The vote required to adopt an amendment to governing documents may not be~~  
506 ~~greater than 67% of the voting interests, notwithstanding a provision of the governing~~  
507 ~~documents requiring a greater percentage and regardless of whether the governing documents~~  
508 ~~were adopted before, on, or after May 10, 2011.]~~

509           (1) (a) (i) To amend the governing documents, the governing documents may not  
510 require:

511           (A) for an amendment adopted after the period of administrative control, the vote or  
512 approval of lot owners with more than 67% of the voting interests;

513           (B) the approval of any specific lot owner; or

514           (C) the vote or approval of lien holders holding more than 67% of the first position  
515 security interests secured by a mortgage or trust deed in the association.

516           (ii) Any provision in the governing documents that prohibits a vote or approval to  
517 amend any part of the governing documents during a particular time period is invalid.

518           (b) Subsection ~~[(2)]~~ (1)(a) does not apply to an amendment affecting only:

519           (i) lot boundaries; or

520           (ii) ~~[members']~~ lot owner's voting rights.

521           ~~[(3)]~~ (2) (a) A contract for services such as garbage collection, maintenance, lawn care,

522 or snow removal executed on behalf of the association during a period of administrative control  
523 is binding beyond the period of administrative control unless terminated by the board of  
524 directors after the period of administrative control ends.

525 (b) Subsection ~~[(3)]~~ (2)(a) does not apply to golf course and amenity management,  
526 utilities, cable services, and other similar services that require an investment of infrastructure  
527 or capital.

528 ~~[(4)]~~ (3) Voting interests under ~~[Subsections (2) and (3)]~~ Subsection (1) are calculated  
529 in the manner required by the governing documents.

530 ~~[(5)]~~ (4) Nothing in this section affects any other rights reserved by the person who  
531 filed the association's original governing documents or a successor in interest.

532 (5) This section applies to an association regardless of when the association is created.

533 Section 7. Section **57-8a-217** is amended to read:

534 **57-8a-217. Association rules, including design criteria -- Requirements and**  
535 **limitations relating to board's action on rules and design criteria -- Vote of disapproval.**

536 (1) (a) Subject to Subsection (1)(b), a board may adopt, amend, modify, cancel, limit,  
537 create exceptions to, expand, or enforce the rules and design criteria of the association.

538 (b) A board's action under Subsection (1)(a) is subject to:

539 (i) this section;

540 (ii) any limitation that the declaration imposes on the authority stated in Subsection  
541 (1)(a);

542 (iii) the limitation on rules in Sections [57-8a-218](#) and [57-8a-219](#);

543 (iv) the board's duty to exercise business judgment on behalf of:

544 (A) the association; and

545 (B) the lot owners in the association; and

546 (v) the right of the lot owners or declarant to disapprove the action under Subsection  
547 (4).

548 (2) Except as provided in Subsection (3), before adopting, amending, modifying,  
549 canceling, limiting, creating exceptions to, or expanding the rules and design criteria of the  
550 association, the board shall:

551 (a) at least 15 days before the board will meet to consider a change to a rule or design  
552 criterion, deliver notice to lot owners, as provided in Section [57-8a-214](#), that the board is

553 considering a change to a rule or design criterion;

554 (b) provide an open forum at the board meeting giving lot owners an opportunity to be  
555 heard at the board meeting before the board takes action under Subsection (1)(a); and

556 (c) deliver a copy of the change in the rules or design criteria approved by the board to  
557 the lot owners as provided in Section 57-8a-214 within 15 days after the date of the board  
558 meeting.

559 (3) (a) Subject to Subsection (3)(b), a board may adopt a rule without first giving  
560 notice to the lot owners under Subsection (2) if there is an imminent risk of harm to a common  
561 area, a limited common area, a lot owner, an occupant of a lot, a lot, or a dwelling.

562 (b) The board shall provide notice under Subsection (2) to the lot owners of a rule  
563 adopted under Subsection (3)(a).

564 (4) A board action in accordance with Subsections (1), (2), and (3) is disapproved if  
565 within 60 days after the date of the board meeting where the action was taken:

566 (a) (i) there is a vote of disapproval by at least 51% of all the allocated voting interests  
567 of the lot owners in the association; and

568 (ii) the vote is taken at a special meeting called for that purpose by the lot owners  
569 under the declaration, articles, or bylaws; or

570 (b) (i) the declarant delivers to the board a writing of disapproval; and

571 (ii) (A) the declarant is within the period of [~~declarant~~] administrative control; or

572 (B) for an expandable project, the declarant has the right to add real estate to the  
573 project.

574 (5) (a) The board has no obligation to call a meeting of the lot owners to consider  
575 disapproval, unless lot owners submit a petition, in the same manner as the declaration,  
576 articles, or bylaws provide for a special meeting, for the meeting to be held.

577 (b) Upon the board receiving a petition under Subsection (5)(a), the effect of the  
578 board's action is:

579 (i) stayed until after the meeting is held; and

580 (ii) subject to the outcome of the meeting.

581 (6) During the period of administrative control, a declarant may exempt the declarant  
582 from association rules and the rulemaking procedure under this section if the declaration  
583 reserves to the declarant the right to exempt the declarant.

584 Section 8. Section **57-8a-224** is amended to read:

585 **57-8a-224. Responsibility for the maintenance, repair, and replacement of**  
586 **common area and lots.**

587 (1) As used in this section:

588 (a) "Emergency repair" means a repair that, if not made in a timely manner, will likely  
589 result in immediate and substantial damage to a common area or to another lot.

590 (b) "Reasonable notice" means:

591 (i) written notice that is hand delivered to the lot at least 24 hours before the proposed  
592 entry; or

593 (ii) in the case of an emergency repair, notice that is reasonable under the  
594 circumstances.

595 (2) Except as otherwise provided in the declaration or Part 4, Insurance:

596 (a) an association is responsible for the maintenance, repair, and replacement of  
597 common areas; and

598 (b) a lot owner is responsible for the maintenance, repair, and replacement of the lot  
599 owner's lot.

600 (3) After reasonable notice to the occupant of the lot being entered, the board may  
601 access a lot:

602 (a) from time to time during reasonable hours, as necessary for the maintenance, repair,  
603 or replacement of any of the common areas; or

604 (b) for making an emergency repair.

605 (4) (a) An association is liable to repair damage it causes to the common areas or to a  
606 lot the association uses to access the common areas.

607 (b) An association shall repair damage described in Subsection (4)(a) within a time that  
608 is reasonable under the circumstances.

609 (5) Subsections (2), (3), and (4) do not apply during the period of administrative  
610 control [as defined in Section ~~57-8a-104~~].

611 Section 9. Section **57-8a-225** is enacted to read:

612 **57-8a-225. Records -- Availability for examination.**

613 (1) (a) Subject to Subsection (1)(b), an association shall keep and make documents  
614 available to lot owners in accordance with Sections [16-6a-1601](#) through 1603, [16-6a-1605](#),

615 16-6a-1606, and 16-6a-1610, regardless of whether the association is incorporated under Title  
616 16, Chapter 6a, Utah Revised Nonprofit Corporation Act.

617 (b) An association may redact the following information from any document the  
618 association produces for inspection or copying:

619 (i) a Social Security number;

620 (ii) a bank account number; and

621 (iii) any communication subject to attorney-client privilege.

622 (2) (a) In addition to the requirements described in Subsection (1), an association shall  
623 make documents available to lot owners in accordance with the association's governing  
624 documents.

625 (b) If a provision of an association's governing documents conflicts with a provision of  
626 this section, the provision of this section governs.

627 (3) In a request to inspect or copy documents, a lot owner may:

628 (a) elect whether to inspect or copy the documents;

629 (b) if the lot owner elects to copy the documents, request hard copies or electronic  
630 scans of the documents; or

631 (c) subject to Subsection (4), request that:

632 (i) the association make the copies or electronic scans of the requested documents;

633 (ii) a recognized third party duplicating service make the copies or electronic scans of  
634 the requested documents; or

635 (iii) the lot owner bring any necessary imaging equipment to the place of inspection  
636 and make copies or electronic scans of the documents while inspecting the documents.

637 (4) (a) An association shall comply with a request described in Subsection (3).

638 (b) If an association produces the copies or electronic scans:

639 (i) the copies or electronic scans shall be legible and accurate; and

640 (ii) the lot owner shall pay the association the reasonable cost of the copies or  
641 electronic scans, which may not exceed:

642 (A) the actual cost that the association paid to a recognized third party duplicating  
643 service to make the copies or electronic scans; or

644 (B) if an employee, manager, or other agent of the association makes the copies or  
645 electronic scans, 10 cents per page and \$15 per hour for the employee's, manager's, or other

646 agent's time making the copies or electronic scans.

647 (c) If a lot owner requests a recognized third party duplicating service make the copies  
648 or electronic scans:

649 (i) the association shall arrange for the delivery and pick up of the original documents;  
650 and

651 (ii) the lot owner shall pay the duplicating service directly.

652 (d) If a lot owner requests to bring imaging equipment to the inspection, the association  
653 shall provide the necessary space, light, and power for the imaging equipment.

654 (5) If, in response to a lot owner's request to inspect or copy documents, an association  
655 fails to comply with a provision of this section, the association shall pay:

656 (a) the reasonable costs of inspecting and copying the requested documents; and

657 (b) reasonable attorney fees and costs incurred by the lot owner in obtaining the  
658 inspection and copies of the requested documents.

659 (6) (a) In addition to any remedy in the association's governing documents or otherwise  
660 provided by law, a lot owner may file an action in court under this section if:

661 (i) an association fails to make documents available to the lot owner in accordance  
662 with this section, the association's governing documents, or as otherwise provided by law; and

663 (ii) the association fails to timely comply with a notice described in Subsection (6)(d).

664 (b) In an action described in Subsection (6)(a):

665 (i) the lot owner may request:

666 (A) injunctive relief requiring the association to comply with the provisions of this  
667 section;

668 (B) \$500 or actual damage, whichever is greater; or

669 (C) any other relief provided by law; and

670 (ii) the court shall award costs and reasonable attorney fees to the prevailing party,  
671 including any reasonable attorney fees incurred before the action was filed that relate to the  
672 request that is the subject of the action.

673 (c) (i) In an action described in Subsection (6)(a), upon motion by the lot owner, notice  
674 to the association, and a hearing in which the court finds a likelihood that the association failed  
675 to comply with a provision of this section, the court shall order the association to immediately  
676 comply with the provision.

677 (ii) The court shall hold a hearing described in Subsection (6)(c)(i) within 30 days after  
678 the day on which the lot owner files the motion.

679 (d) At least 10 days before the day on which a lot owner files an action described in  
680 Subsection (6)(a), the lot owner shall deliver a written notice to the association that states:

681 (i) the lot owner's name, address, telephone number, and email address;

682 (ii) each requirement of this section with which the association has failed to comply;

683 (iii) a demand that the association comply with each requirement with which the  
684 association has failed to comply; and

685 (iv) a date by which the association shall remedy the association's noncompliance that  
686 is at least 10 days after the day on which the lot owner delivers the notice to the association.

687 (7) (a) The provisions of Section [16-6a-1604](#) do not apply to an association.

688 (b) The provisions of this section apply regardless of any conflicting provision in Title  
689 16, Chapter 6a, Utah Revised Nonprofit Corporation Act.

690 Section 10. **Coordinating S.B. 118 with H.B. 99 -- Substantive amendment.**

691 If this S.B. 118 and H.B. 99, Association Open Meeting Amendments, both pass and  
692 become law, the Legislature intends that the Office of Legislative Research and General  
693 Counsel, in preparing the Utah Code database for publication, on July 1, 2015:

694 (1) enact a new Subsection [57-8-56\(8\)](#) to read:

695 "(8) (a) Subject to Subsection (8)(d), if an association of unit owners fails to comply  
696 with a provision of Subsections (1) through (4) and fails to remedy the noncompliance during  
697 the 90-day period described in Subsection (8)(d), a unit owner may file an action in court for:

698 (i) injunctive relief requiring the association of unit owners to comply with the  
699 provisions of Subsections (1) through (4);

700 (ii) \$500 or actual damages, whichever is greater; or

701 (iii) any other relief provided by law.

702 (b) In an action described in Subsection (8)(a), the court may award costs and  
703 reasonable attorney fees to the prevailing party.

704 (c) Upon motion from the unit owner, notice to the association of unit owners, and a  
705 hearing in which the court finds a likelihood that the association of unit owners has failed to  
706 comply with a provision of Subsections (1) through (4), the court may order the association of  
707 unit owners to immediately comply with the provisions of Subsections (1) through (4).

708 (d) At least 90 days before the day on which a unit owner files an action described in  
709 Subsection (8)(a), the unit owner shall deliver a written notice to the association of unit owners  
710 that states:

711 (i) the unit owner's name, address, telephone number, and email address;  
712 (ii) each requirement of Subsections (1) through (4) with which the association of unit  
713 owners has failed to comply;

714 (iii) a demand that the association of unit owners comply with each requirement with  
715 which the association of unit owners has failed to comply; and

716 (iv) a date by which the association of unit owners shall remedy the association of unit  
717 owners' noncompliance that is at least 90 days after the day on which the unit owner delivers  
718 the notice to the association of unit owners."; and

719 (2) enact a new Subsection [57-8a-225](#)(8) in H.B. 99 to read:

720 "(8) (a) Subject to Subsection (8)(d), if an association fails to comply with a provision  
721 of Subsections (1) through (4) and fails to remedy the noncompliance during the 90-day period  
722 described in Subsection (8)(d), a lot owner may file an action in court for:

723 (i) injunctive relief requiring the association to comply with the provisions of  
724 Subsections (1) through (4);

725 (ii) \$500 or actual damages, whichever is greater; or

726 (iii) any other relief provided by law.

727 (b) In an action described in Subsection (8)(a), the court may award costs and  
728 reasonable attorney fees to the prevailing party.

729 (c) Upon motion from the lot owner, notice to the association, and a hearing in which  
730 the court finds a likelihood that the association has failed to comply with a provision of  
731 Subsections (1) through (4), the court may order the association to immediately comply with  
732 the provisions of Subsections (1) through (4).

733 (d) At least 90 days before the day on which a lot owner files an action described in  
734 Subsection (8)(a), the lot owner shall deliver a written notice to the association that states:

735 (i) the lot owner's name, address, telephone number, and email address;

736 (ii) each requirement of Subsections (1) through (4) with which the association has  
737 failed to comply;

738 (iii) a demand that the association comply with each requirement with which the



739 association has failed to comply; and

740 (iv) a date by which the association shall remedy the association's noncompliance that

741 is at least 90 days after the day on which the lot owner delivers the notice to the association."