{deleted text} shows text that was in HB0402 but was deleted in HB0402S01.

inserted text shows text that was not in HB0402 but was inserted into HB0402S01.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Representative Gage Froerer proposes the following substitute bill:

#### RENTAL AMENDMENTS

2014 GENERAL SESSION STATE OF UTAH

Chief Sponsor: Gage Froerer Senate Sponsor:

#### **LONG TITLE**

#### **General Description:**

This bill modifies provisions of the Utah Municipal Code {, the Condominium Ownership Act, and the Community Association Act} relating to rentals.

#### **Highlighted Provisions:**

This bill:

- clarifies that a municipality may not, without cause and notice, require a landlord to submit to a building inspection :
- prohibits, except under certain circumstances, an association or an association of unit owners from requiring a lot owner or a unit owner to:
  - obtain the association's or the association of unit owners' approval of a prospective renter; or
    - give the association or the association of unit owners a copy of certain

documents relating to a renter; and

makes technical and conforming changes.

#### **†**Money Appropriated in this Bill:

None

#### **Other Special Clauses:**

None

#### **Utah Code Sections Affected:**

#### AMENDS:

10-1-203.5, as enacted by Laws of Utah 2012, Chapter 289

57-8-10, as last amended by Laws of Utah 2011, Chapter 355

57-8-13.8, as last amended by Laws of Utah 1992, Chapter 12

**57-8-13.10**, as last amended by Laws of Utah 2003, Chapter 265

57-8a-209, as enacted by Laws of Utah 2009, Chapter 178

#### **ENACTS**:

**57-8-10.1**, Utah Code Annotated 1953

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

Section 1. Section 10-1-203.5 is amended to read:

# 10-1-203.5. Disproportionate rental fee -- Good landlord training program -- Fee reduction.

- (1) As used in this section:
- (a) "Business" means the rental of one or more residential units within a municipality.
- (b) "Disproportionate rental fee" means a fee adopted by a municipality to recover its disproportionate costs of providing municipal services to residential rental units compared to similarly-situated owner-occupied housing.
- (c) "Disproportionate rental fee reduction" means a reduction of a disproportionate rental fee as a condition of complying with the requirements of a good landlord training program.
- (d) "Exempt business" means the rental of a residential unit within a single structure that contains:
  - (i) no more than four residential units; and

- (ii) one unit occupied by the owner.
- (e) "Exempt landlord" means a residential landlord who demonstrates to a municipality:
- (i) completion of any live good landlord training program offered by any other Utah city that offers a good landlord program;
- (ii) that the residential landlord has a current professional designation of "property manager"; or
  - (iii) compliance with a requirement described in Subsection (4).
- (f) "Good landlord training program" means a program offered by a municipality to encourage business practices that are designed to reduce the disproportionate cost of municipal services to residential rental units by offering a disproportionate rental fee reduction for any landlord who:
  - (i) (A) completes a landlord training program provided by the municipality; or
  - (B) is an exempt landlord;
- (ii) implements measures to reduce crime in rental housing as specified in a municipal ordinance or policy; and
- (iii) operates and manages rental housing in accordance with an applicable municipal ordinance.
  - (g) "Municipal services" means:
  - (i) public utilities;
  - (ii) police;
  - (iii) fire;
  - (iv) code enforcement;
  - (v) storm water runoff;
  - (vi) traffic control;
  - (vii) parking;
  - (viii) transportation;
  - (ix) beautification; or
  - (x) snow removal.
- (h) "Municipal services study" means a study of the cost of all municipal services to rental housing that:

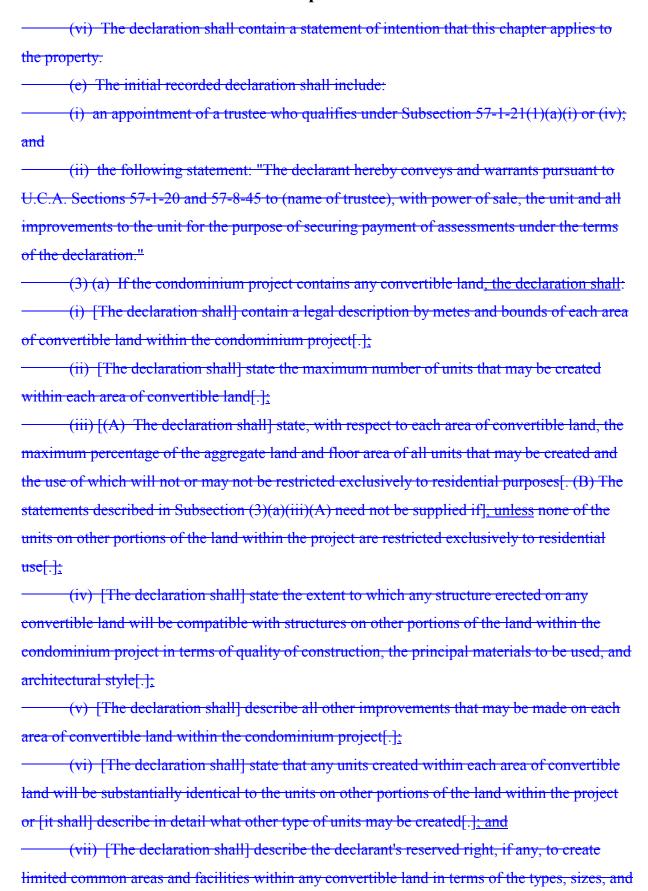
- (i) are reasonably attributable to the rental housing; and
- (ii) exceed the municipality's cost to serve similarly-situated, owner-occupied housing.
- (2) The legislative body of a municipality may charge and collect a disproportionate rental fee on a business that causes disproportionate costs to municipal services if the municipality:
  - (a) has performed a municipal services study; and
- (b) adopts a disproportionate rental fee that does not exceed the amount that is justified by the municipal services study on a per residential rental unit basis.
  - (3) A municipality may not:
  - (a) impose a disproportionate rental fee on an exempt business;
- (b) require a landlord to deny tenancy to an individual released from probation or parole whose conviction date occurred more than four years before the date of tenancy; or
- (c) without cause and notice, require a landlord to submit to a [random] building inspection.
- (4) In addition to a requirement or qualification described in Subsection (1)(e), a municipality may recognize a landlord training described in its ordinance.
- (5) (a) If a municipality adopts a good landlord program, the municipality shall provide an appeal procedure affording due process of law to a landlord who is denied a disproportionate rental fee reduction.
- (b) A municipality may not adopt a new disproportionate rental fee unless the municipality provides a disproportionate rental fee reduction.

{ Section 2. Section 57-8-10 is amended to read:

#### 57-8-10. Contents of declaration.

- (1) [Prior to] <u>Before</u> the conveyance of any unit in a condominium project, a declaration shall be recorded that contains the covenants, conditions, and restrictions relating to the project that shall be enforceable equitable servitudes, where reasonable, and which shall run with the land. Unless otherwise provided, these servitudes may be enforced by [any] <u>a</u> unit owner [and his successors] or a unit owner's successor in interest.
- (2) (a) For every condominium project, the declaration shall:
- (i) [The declaration shall] include a description of the land or interests in real property included within the project[.];

(ii) [The declaration shall] contain a description of any buildings[, which] that states the number of storeys and basements, the number of units, the principal materials of which the building is or is to be constructed, and a description of all other significant improvements contained or to be contained in the project[.]; (iii) [The declaration shall] contain the unit number of each unit, the square footage of each unit, and any other description or information necessary to properly identify each unit[.]; (iv) [The declaration shall] describe the common areas and facilities of the project[.]; and (v) [The declaration shall] describe any limited common areas and facilities and shall state to which units the use of the common areas and facilities is reserved. (b) Any shutters, awnings, window boxes, doorsteps, porches, balconies, patios, or other apparatus intended to serve a single unit, but located outside the boundaries of the unit, shall constitute a limited common area and facility appertaining to that unit exclusively, whether or not the declaration makes such a provision. (c) The condominium plat recorded with the declaration may provide or supplement the information required under Subsections (2)(a) and (b). (d) (i) The declaration shall include the percentage or fraction of undivided interest in the common areas and facilities appurtenant to each unit and [its] the unit owner for all purposes, including voting, derived and allocated in accordance with Subsection 57-8-7(2). (ii) If any use restrictions are to apply, the declaration shall state the purposes for which the units are intended and [restricted as to] the use restrictions that apply. (iii) (A) The declaration shall include the name and address of a person to receive service of process on behalf of the project, in the cases provided by this chapter[, together with the residence or place of business of that person]. (B) The person described in Subsection (2)(d)(iii)(A) shall be a resident of, or shall maintain a place of business within, this state. (iv) The declaration shall describe the method by which [it] the declaration may be amended consistent with this chapter. (v) Any further matters in connection with the property may be included in the declaration, which the person or persons executing the declaration may consider desirable, consistent with this chapter.



maximum number of the limited common areas within each convertible land. (b) The condominium plat recorded with the declaration may provide or supplement the information required under Subsection (3)(a). (4) If the condominium project is an expandable condominium project, the declaration shall: (a) (i) [(A) The declaration shall] contain an explicit reservation of an option to expand the project[.]; [(B)] (ii) [The declaration shall] include a statement of any limitations on the option to expand, including a statement as to whether the consent of any unit owners [shall be] is required and, a statement as to the method by which consent shall be ascertained, or a statement that there are no such limitations[.]; [(ii)] (iii) [The declaration shall] include a time limit, not exceeding seven years [from the date of the recording of after the day on which the declaration is recorded, upon which the option to expand the condominium project [shall expire, together with] expires and a statement of any circumstances [which] that will terminate the option [prior to] before expiration of the specified time limits[.]; [(iii)] (iv) [The declaration shall] contain a legal description by metes and bounds of all land that may be added to the condominium project, which is known as additional land[.]; [(iv)] (v) [The declaration shall] state: (A) if any of the additional land is added to the condominium project, whether all of it or any particular portion of it must be added; (B) any limitations as to what portions may be added; or (C) a statement that there are no such limitations[.]; [(v)] (vi) [The declaration shall] include a statement as to whether portions of the additional land may be added to the condominium project at different times, [together with] including any limitations fixing the boundaries of those portions by legal descriptions setting forth the metes and bounds of these lands and regulating the order in which they may be added to the condominium project[.]; - [(vi)] (vii) [The declaration shall] include a statement of any limitations [as to] on the locations of any improvements that may be made on any portions of the additional land added to the condominium project, or a statement that no assurances are made in that regard[.];

[(vii)] (viii) (A) [The declaration shall] state the maximum number of units that may be created on the additional land[. If]; (B) if portions of the additional land may be added to the condominium project and the boundaries of those portions are fixed in accordance with Subsection (4)(a)[(v)](vi), the declaration shall also state the maximum number of units that may be created on each portion added to the condominium project[. If]; and (C) if portions of the additional land may be added to the condominium project and the boundaries of those portions are not fixed in accordance with Subsection (4)(a)[(v)](vi), [then the declaration shall also] state the maximum number of units per acre that may be created on any portion added to the condominium project[.]; [(viii) With] (ix) with respect to the additional land and to any portion of [it] the additional land that may be added to the condominium project, [the declaration shall] state the maximum percentage of the aggregate land and floor area of all units that may be created on it, the use of which will not or may not be restricted exclusively to residential purposes. However, these statements need not be supplied if], unless none of the units on the land originally within the project are restricted exclusively to residential use[.]; [(ix)] (x) [The declaration shall] state the extent to which any structures erected on any portion of the additional land added to the condominium project will be compatible with structures on the land originally within the project in terms of quality of construction, the principal materials to be used, and architectural style[. The declaration may also state], or that no assurances are made in those regards[.]; [(x)] (xi) [The declaration shall] describe all other improvements that will be made on any portion of the additional land added to the condominium project, for it shall contain a statement of including any limitations [as to] on what other improvements may be made on [it. The declaration may also the additional land, or state that no assurances are made in that regard[.]; [(xi)] (xii) [The declaration shall] contain a statement that any units created on any portion of the additional land added to the condominium project will be substantially identical to the units on the land originally within the project, [or] a statement of any limitations [as to] on what types of units may be created on [it. The declaration may also contain] the additional land, or a statement that no assurances are made in that regard[.]; and

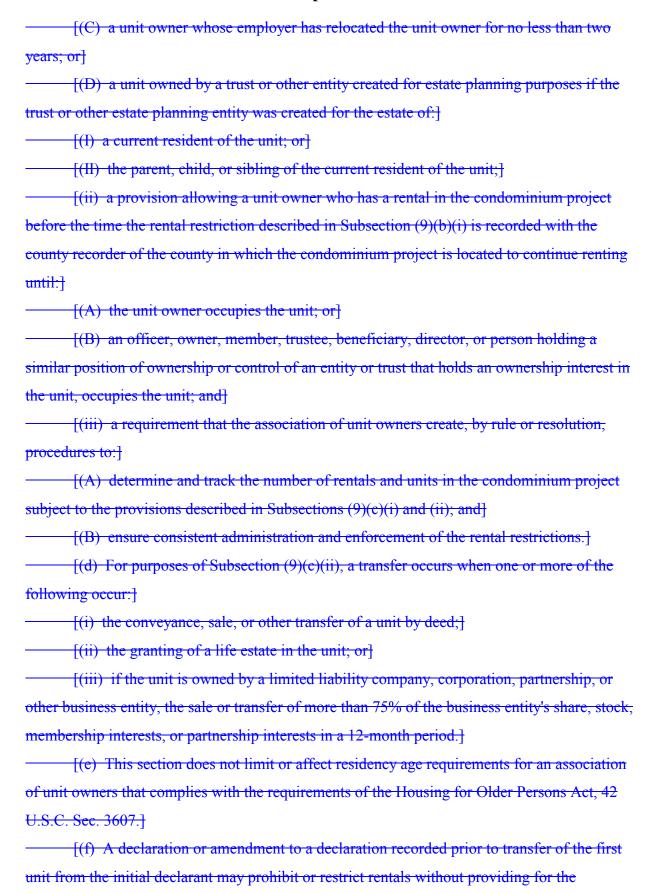
[(xii)] (xiii) [The declaration shall] describe the declarant's reserved right, if any, to create limited common areas and facilities within any portion of the additional land added to the condominium project, in terms of the types, sizes, and maximum number of limited common areas within each portion[. The declaration may also], or state that no assurances are made in those regards. (b) The condominium plat recorded with the declaration may provide or supplement the information required under Subsections (4)(a)[(iii)](iv) through (a)[(vi)](vii) and  $\frac{(a)[(ix)](x)}{(a)[(xii)](xiii)}$ (5) If the condominium project is a contractible condominium, the declaration shall: (a) (i) [The declaration shall] contain an explicit reservation of an option to contract the condominium project[.]; (ii) [The declaration shall] contain a statement of any limitations on the option to contract, including a statement [as to] regarding whether the consent of any unit owners [shall bel is required, and if so, a statement [as to] regarding the method by which this consent shall be ascertained[. The declaration may also contain], or a statement that there are no such limitations[.]; (iii) [The declaration shall] state the time limit, not exceeding seven years [from the recording of after the day on which the declaration is recorded, upon which the option to contract the condominium project [shall expire] expires, together with a statement of any circumstances [which] that will terminate [this option prior to] the option before expiration of the specified time limit[.]; [(b) (i)] (iv) [The declaration shall] include a legal description by metes and bounds of all land that may be withdrawn from the condominium project, which is known as withdrawable land[.]; (ii) (v) [The declaration shall] include a statement as to whether portions of the withdrawable land may be withdrawn from the condominium project at different times, together with any limitations fixing the boundaries of those portions by legal descriptions setting forth the metes and bounds and regulating the order in which they may be withdrawn from the condominium project[.]; and [(iii)] (vi) [The declaration shall] include a legal description by metes and bounds of all

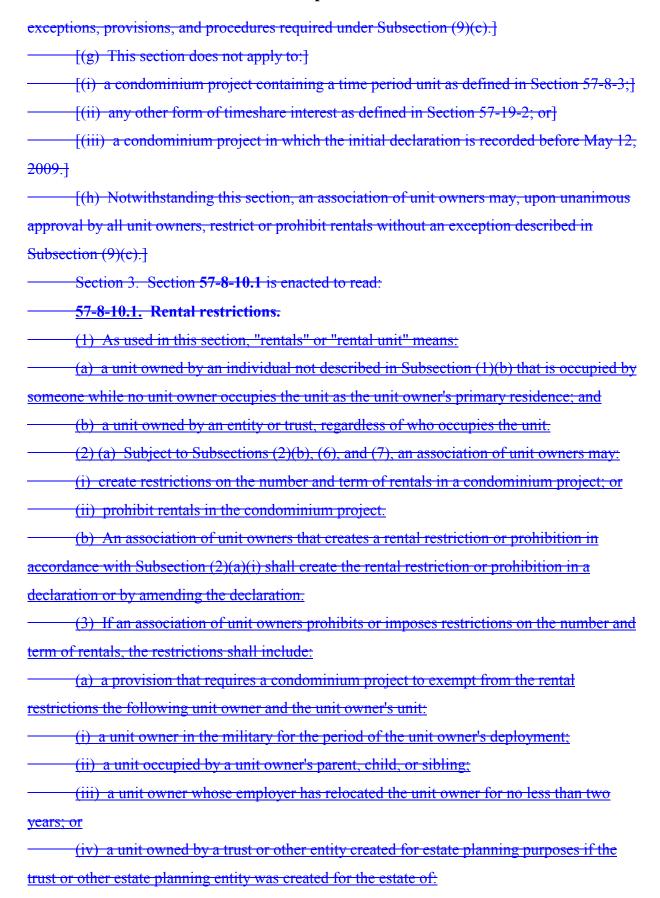
of the land within the condominium project to which the option to contract the project does not

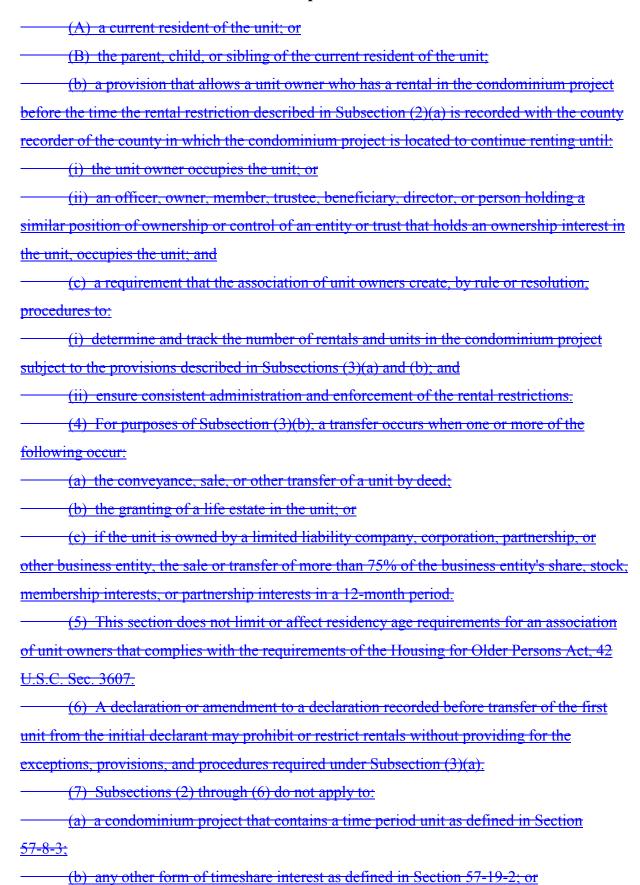
# extend. (c) (b) The condominium plat recorded with the declaration may provide or supplement the information required under [Subsection (5)(b)] Subsections (5)(a)(iv) through (vi). (6) (a) If the condominium project is a leasehold condominium, [then] the declaration shall, with respect to any ground lease or other leases the expiration or termination of which will or may terminate or contract the condominium project: (i) [The declaration shall] include recording information enabling the location of each lease in the official records of the county recorder[.]; (ii) [The declaration shall] include the date upon which each lease is due to expire[.]; (iii) [The declaration shall] state whether any land or improvements will be owned by the unit owners in fee simple[. If]; (iv) if there is to be fee simple ownership of any land or improvement, as described in Subsection (6)(a)(iii), [the declaration shall] include: (A) a description of the land or improvements, including [without limitation,] a legal description by metes and bounds of the land; or (B) a statement of any rights the unit owners have to remove these improvements within a reasonable time after the expiration or termination of the lease or leases involved, or a statement that they shall have no such rights[.]; and [(iv)] (v) [The declaration shall] include a statement of the rights the unit owners have to extend or renew any of the leases or to redeem or purchase any of the reversions, or a statement that they have no such rights. (b) After the recording of the declaration, [no] a lessor who executed the declaration, [and no] or the lessor's successor in interest [to this lessor, has any right or power to], may not terminate any part of the leasehold interest of any unit owner who: (i) makes timely payment of [his] the unit owner's share of the rent to the persons designated in the declaration for the receipt of the rent; and (ii) otherwise complies with all covenants which would entitle the lessor to terminate the lease if [they] the covenants were violated. (7) (a) If the condominium project contains time period units, the declaration shall also

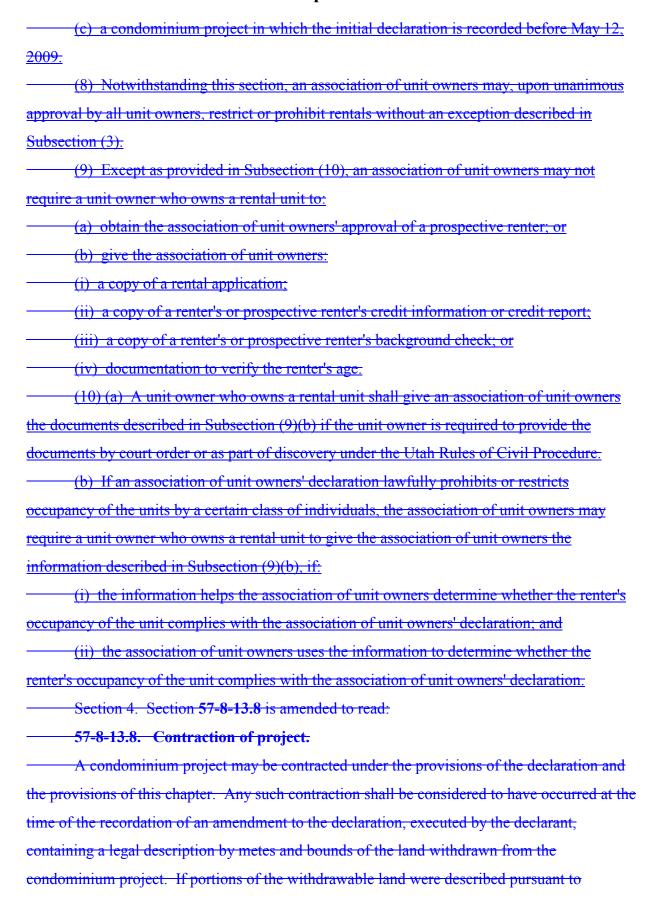
contain the location of each condominium unit in the calendar year. This information shall be

set out in a fourth column of the exhibit or schedule referred to in Subsection 57-8-7(2), if the exhibit or schedule accompanies the declaration. (b) The declaration shall also put timeshare owners on notice that tax notices will be sent to the management committee, not each timeshare owner. (c) The time period units created with respect to any given physical unit shall be such that the aggregate of the durations involved constitute a full calendar year. (8) (a) The declaration, bylaws, and condominium plat shall be duly executed and acknowledged by all of the owners and any lessees of the land which is made subject to this chapter. (b) As used in Subsection (8)(a), "owners and lessees" does not include, in their respective capacities, any mortgagee, any trustee or beneficiary under a deed of trust, any other lien holder, any person having an equitable interest under any contract for the sale or lease of a condominium unit, or any lessee whose leasehold interest does not extend to any portion of the common areas and facilities. [(9) (a) As used in this section, "rentals" or "rental unit" means:] [(i) a unit owned by an individual not described in Subsection (9)(a)(ii) that is occupied by someone while no unit owner occupies the unit as the unit owner's primary residence; and [(ii) a unit owned by an entity or trust, regardless of who occupies the unit.] [(b) (i) Subject to Subsections (9)(c), (f), and (g), an association of unit owners may:] [(A) create restrictions on the number and term of rentals in a condominium project; <del>or]</del> (B) prohibit rentals in the condominium project. (ii) An association of unit owners that creates a rental restriction or prohibition in accordance with Subsection (9)(b)(i) shall create the rental restriction or prohibition in a declaration or by amending the declaration. (c) If an association of unit owners prohibits or imposes restrictions on the number and term of rentals, the restrictions shall include:] (i) a provision that requires a condominium project to exempt from the rental restrictions the following unit owner and the unit owner's unit: -[(A) a unit owner in the military for the period of the unit owner's deployment;] [(B) a unit occupied by a unit owner's parent, child, or sibling;]









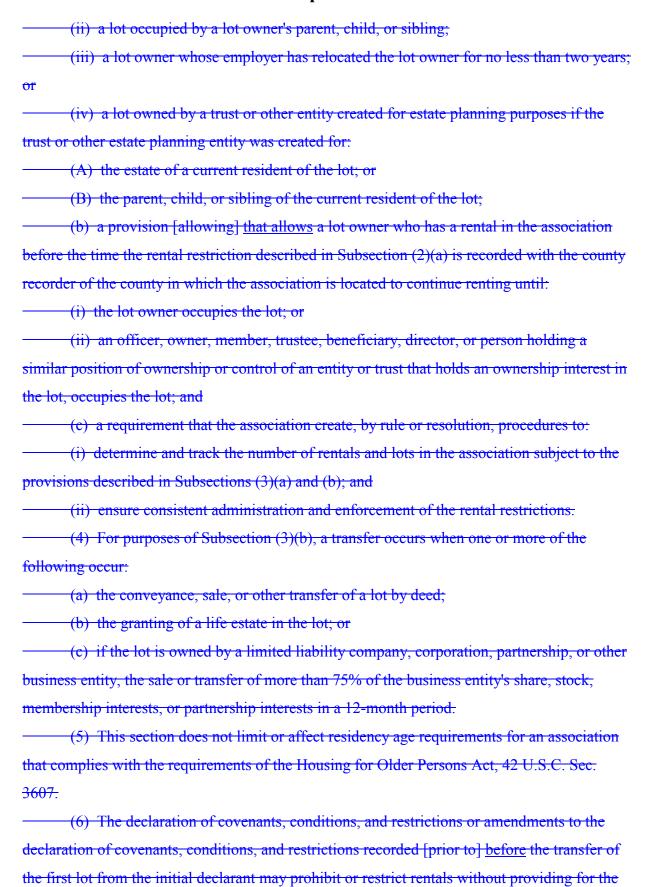
Subsection 57-8-10[(5)(b)(i)](5)(a)(iv), then no described portion may be so withdrawn after the conveyance of any unit on the portion. If no withdrawable portions were described, then none of the withdrawable land may be withdrawn after the first conveyance of any unit on the portion.

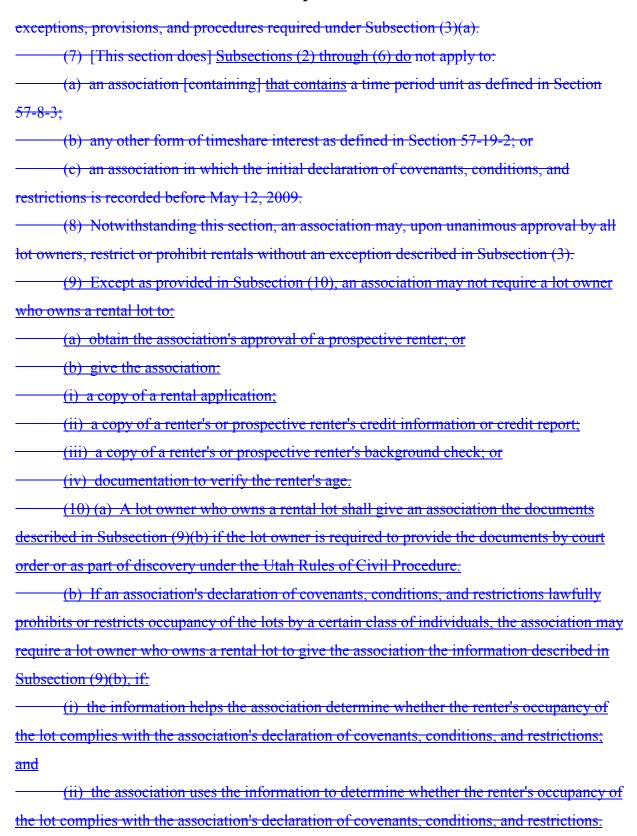
portion. Section 5. Section 57-8-13.10 is amended to read: 57-8-13.10. Condominiums containing convertible land -- Expandable condominiums -- Allocation of interests in common areas and facilities. (1) If a condominium project contains any convertible land or is an expandable condominium, then the declaration may not allocate undivided interests in the common areas and facilities on the basis of par value unless the declaration: (a) prohibits the creation of any units not substantially identical to the units depicted on the condominium plat recorded pursuant to Subsection 57-8-13(1); or (b) prohibits the creation of any units not described under Subsection 57-8-10(3)(a)(vii) in the case of convertible land, Subsection 57-8-10(4)(a)[(xi)](xii) in the case of additional land, and contains from the outset a statement of the par value that shall be assigned to every unit that may be created. (2) (a) Interests in the common areas and facilities may not be allocated to any units to be created within any convertible land or within any additional land until a condominium plat depicting the same is recorded pursuant to Subsection 57-8-13(2). (b) Simultaneously with the recording of the supplemental condominium plat required under Subsection (2)(a), the declarant shall execute and record an amendment to the declaration which reallocates undivided interests in the common areas and facilities so that the units depicted on the supplemental condominium plat shall be allocated undivided interests in the common areas and facilities on the same basis as the units depicted on the condominium plat that was recorded simultaneously with the declaration pursuant to Subsection 57-8-13(1). (3) If all of a convertible space is converted into common areas and facilities, including limited common areas and facilities, then the undivided interest in the common areas and facilities appertaining to the convertible space shall afterward appertain to the remaining units and shall be allocated among them in proportion to their undivided interests in the common areas and facilities. The principal officer of the unit owners' association or of the management

committee, or any other officer specified in the declaration, shall immediately prepare, execute,

and record an amendment to the declaration reflecting the reallocation of undivided interest

produced by the conversion. (4) (a) If the expiration or termination of any lease of a leasehold condominium causes a contraction of the condominium project which reduces the number of units, or if the withdrawal of withdrawable land of a contractible condominium causes a contraction of the condominium project which reduces the number of units, the undivided interest in the common areas and facilities appertaining to any units so withdrawn shall afterward appertain to the remaining units, being allocated among them in proportion to their undivided interests in the common areas and facilities. (b) The principal officer of the unit owners' association or of the management committee, or any other officer specified in the declaration shall immediately prepare, execute, and record an amendment to the declaration, reflecting the reallocation of undivided interests produced by the reduction of units. Section 6. Section 57-8a-209 is amended to read: 57-8a-209. Rental restrictions. (1) As used in this section, "rentals" or "rental lot" means: (a) a lot owned by an individual not described in Subsection (1)(b) that is occupied by someone while no lot owner occupies the lot as the lot owner's primary residence; and (b) a lot owned by an entity or trust, regardless of who occupies the lot. (2) (a) Subject to Subsections (2)(b), (6), and (7), an association may: (i) create restrictions on the number and term of rentals in an association; or (ii) prohibit rentals in the association. (b) An association that creates a rental restriction or prohibition in accordance with Subsection (1)(a)(i) shall create the rental restriction or prohibition in a recorded declaration of covenants, conditions, and restrictions, or by amending the recorded declaration of covenants, conditions, and restrictions. (3) If an association prohibits or imposes restrictions on the number and term of rentals, the restrictions shall include: (a) a provision that requires the association to exempt from the rental restrictions the following lot owner and the lot owner's lot: (i) a lot owner in the military for the period of the lot owner's deployment;





<b>Legislative Review Note</b>	
as of 2-21-14 3:56 PM	
	Office of Legislative Research and General Counsel