Representative Cheryl K. Acton proposes the following substitute bill:

1	HOMEOWNER ASSOCIATION PROVISIONS AMENDMENTS
2	2020 GENERAL SESSION
3	STATE OF UTAH
4	Chief Sponsor: Cheryl K. Acton
5	Senate Sponsor:
6	
7	LONG TITLE
8	General Description:
9	This bill amends the Condominium Ownership Act and the Community Association
)	Act.
1	Highlighted Provisions:
2	This bill:
3	 imposes certain disclosure requirements before the closing of a sale of homeowner
4	association property to an independent third party;
5	Ĥ→ [→ amends certain registration requirements to include an electronic version of an
6	association's or an association of unit owners' governing documents;] ←Ĥ
7	 requires the Department of Commerce to publish certain educational materials on its
8	website; Ĥ→ and
9	[→ requires the Department of Commerce to provide links to governing documents on
0	its website; and] ←Ĥ
1	 makes technical and conforming changes.
2	Money Appropriated in this Bill:
3	None
4	Other Special Clauses:
.5	None

26	Utah Code Sections Affected:
27	AMENDS:
28	57-8-13.1, as last amended by Laws of Utah 2013, Chapter 95
29	57-8a-105, as last amended by Laws of Utah 2013, Chapter 95
30	ENACTS:
31	57-8-6.1, Utah Code Annotated 1953
32	57-8a-105.1, Utah Code Annotated 1953
33 34	Be it enacted by the Legislature of the state of Utah:
35	Section 1. Section 57-8-6.1 is enacted to read:
36	57-8-6.1. Information required before sale to independent third party.
37	(1) Before the sale of any unit under the jurisdiction of an association of unit owners to
38	an independent third party, the grantor shall provide to the independent third party:
39	(a) a copy of the association of unit owners' governing documents; and
40	(b) a link or other access point to the department's educational materials described in
41	Subsection <u>57-8-13.1(6).</u>
42	(2) The grantor shall provide the information described in Subsection (1) before
43	<u>closing.</u>
44	(3) The association of unit owners shall, upon request by the grantor, provide to the
45	grantor the information described in Subsection (1).
46	(4) This section applies to each association of unit owners, regardless of when the
47	association of unit owners is formed.
48	Section 2. Section 57-8-13.1 is amended to read:
49	57-8-13.1. Registration with Department of Commerce.
50	(1) As used in this section, "department" means the Department of Commerce created
51	in Section 13-1-2.
52	(2) [(a)] No later than 90 days after the recording of a declaration, an association of
53	unit owners shall register with the department in the manner established by the department.
54	[(b) An association of unit owners existing under a declaration recorded before May
55	10, 2011, shall, no later than July 1, 2011, register with the department in the manner
56	established by the department.]

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57	(3) The department shall require an association of unit owners registering as required
58	in this section to provide with each registration:
59	(a) the name and address of the association of unit owners;
60	(b) the name, address, telephone number, and, if applicable, email address of the
61	president of the association of unit owners;
62	(c) the name and address of each <u>manager or</u> management committee member;
63	(d) the name, address, telephone number, and, if the contact person wishes to use email
64	or facsimile transmission for communicating payoff information, the email address or facsimile
65	number, as applicable, of a primary contact person who has association payoff information that
66	a closing agent needs in connection with the closing of a unit owner's financing, refinancing, or
67	sale of the owner's unit; $\hat{H} \rightarrow []$ and $[]$
68	[(e) an electronic copy of the association of unit owners' governing documents; and
69	
70	(4) $\hat{H} \rightarrow [\underline{(a)}] \leftarrow \hat{H}$ An association of unit owners that has registered under Subsection (2)
70a	shall
71	submit to the department an updated registration, in the manner established by the department,
72	within 90 days after a change in any of the information provided under Subsection (3).
72 73	within 90 days after a change in any of the information provided under Subsection (3). $\hat{H} \rightarrow [\underline{(b)}$ An association of unit owners existing under a declaration recorded before May 12,
73	$\hat{H} \rightarrow [(b)$ An association of unit owners existing under a declaration recorded before May 12,
73 74	Ĥ→ [<u>(b) An association of unit owners existing under a declaration recorded before May 12,</u> 2020, shall, before August 10, 2020, submit to the department, in a manner the department
73 74 75	$\hat{H} \rightarrow [\underline{(b)}$ An association of unit owners existing under a declaration recorded before May 12, <u>2020, shall, before August 10, 2020, submit to the department, in a manner the department</u> <u>establishes, the information required under Subsection (3)(e).</u>] $\leftarrow \hat{H}$
73 74 75 76	 Ĥ→ [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department establishes, the information required under Subsection (3)(e).] ← Ĥ (5) (a) During any period of noncompliance with the registration requirement described
73 74 75 76 77	 Ĥ→ [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department establishes, the information required under Subsection (3)(e).] ← Ĥ (5) (a) During any period of noncompliance with the registration requirement described in Subsection (2) or the requirement for an updated registration described in Subsection (4):
73 74 75 76 77 78	 Ĥ→ [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department establishes, the information required under Subsection (3)(e).] ← Ĥ (5) (a) During any period of noncompliance with the registration requirement described in Subsection (2) or the requirement for an updated registration described in Subsection (4): (i) a lien may not arise under Section 57-8-44; and
73 74 75 76 77 78 79	 Ĥ→ [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department establishes, the information required under Subsection (3)(e).] ← Ĥ (5) (a) During any period of noncompliance with the registration requirement described in Subsection (2) or the requirement for an updated registration described in Subsection (4): (i) a lien may not arise under Section 57-8-44; and (ii) an association of unit owners may not enforce an existing lien that arose under
73 74 75 76 77 78 79 80	 Ĥ→ [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department establishes, the information required under Subsection (3)(e).] ← Ĥ (5) (a) During any period of noncompliance with the registration requirement described in Subsection (2) or the requirement for an updated registration described in Subsection (4): (i) a lien may not arise under Section 57-8-44; and (ii) an association of unit owners may not enforce an existing lien that arose under Section 57-8-44.
 73 74 75 76 77 78 79 80 81 	 Ĥ→ [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department establishes, the information required under Subsection (3)(e).] ← Ĥ (5) (a) During any period of noncompliance with the registration requirement described in Subsection (2) or the requirement for an updated registration described in Subsection (4): (i) a lien may not arise under Section 57-8-44; and (ii) an association of unit owners may not enforce an existing lien that arose under Section 57-8-44. (b) A period of noncompliance with the registration requirement of Subsection (2) or
 73 74 75 76 77 78 79 80 81 82 	 Ĥ→ [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department establishes, the information required under Subsection (3)(e).] ← Ĥ (5) (a) During any period of noncompliance with the registration requirement described in Subsection (2) or the requirement for an updated registration described in Subsection (4): (i) a lien may not arise under Section 57-8-44; and (ii) an association of unit owners may not enforce an existing lien that arose under Section 57-8-44. (b) A period of noncompliance with the registration requirement of Subsection (2) or with the updated registration requirement of Subsection (4) does not begin until after the
 73 74 75 76 77 78 79 80 81 82 83 	 Ĥ→ [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department establishes, the information required under Subsection (3)(e).] ← Ĥ (5) (a) During any period of noncompliance with the registration requirement described in Subsection (2) or the requirement for an updated registration described in Subsection (4): (i) a lien may not arise under Section 57-8-44; and (ii) an association of unit owners may not enforce an existing lien that arose under Section 57-8-44. (b) A period of noncompliance with the registration requirement of Subsection (2) or with the updated registration requirement of Subsection (4) does not begin until after the expiration of the 90-day period specified in Subsection (2) or (4), respectively.
 73 74 75 76 77 78 79 80 81 82 83 84 	 Î → [(b) An association of unit owners existing under a declaration recorded before May 12, 2020, shall, before August 10, 2020, submit to the department, in a manner the department cstablishes, the information required under Subsection (3)(c).] ← Î (5) (a) During any period of noncompliance with the registration requirement described in Subsection (2) or the requirement for an updated registration described in Subsection (4): (i) a lien may not arise under Section 57-8-44; and (ii) an association of unit owners may not enforce an existing lien that arose under Section 57-8-44. (b) A period of noncompliance with the registration requirement of Subsection (2) or with the updated registration requirement of Subsection (2) or (4), respectively. (c) An association of unit owners that is not in compliance with the registration

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88	registration requirement described in Subsection (4) may end the period of noncompliance by
89	submitting to the department an updated registration in the manner established by the
90	department under Subsection (4).
91	(e) Except as described in Subsection (5)(f), beginning on the date an association of
92	unit owners ends a period of noncompliance:
93	(i) a lien may arise under Section 57-8-44 for any event that:
94	(A) occurred during the period of noncompliance; and
95	(B) would have given rise to a lien under Section 57-8-44 had the association of unit
96	owners been in compliance with the registration requirements described in this section; and
97	(ii) an association of unit owners may enforce a lien described in Subsection (5)(e) or a
98	lien that existed before the period of noncompliance.
99	(f) If an owner's unit is conveyed to an independent third party during a period of
100	noncompliance described in this Subsection (5):
101	(i) a lien that arose under Section 57-8-44 before the conveyance of the unit became
102	final is extinguished when the conveyance of the unit becomes final; and
103	(ii) an event that occurred before the conveyance of the unit became final, and that
104	would have given rise to a lien under Section 57-8-44 had the association of unit owners been
105	in compliance with the registration requirements of this section, may not give rise to a lien
106	under Section 57-8-44 if the conveyance of the unit becomes final before the association of unit
107	owners ends the period of noncompliance.
108	(6) The department shall $\hat{H} \rightarrow [\underline{:}]$
109	$[(a)] \leftarrow \hat{H}$ publish educational materials on the department's website providing, in simple
109a	and
110	easy to understand language, a brief overview of state law governing associations of unit
111	owners, including:
112	$\hat{H} \rightarrow [\underline{(H)}]$ (a) $\leftarrow \hat{H}$ a description of the rights and responsibilities provided in this chapter to
112a	any party
113	under the jurisdiction of an association of unit owners; and
114	$\hat{H} \rightarrow [\underline{(ii)}]$ (b) $\leftarrow \hat{H}$ instructions regarding how an association of unit owners may be organized
114a	and
115	dismantled in accordance with this chapter $\hat{H} \rightarrow [; and]$. $\leftarrow \hat{H}$
116	$\hat{H} \rightarrow [$ (b) for each association of unit owners registered in accordance with this section,
117	provide a link on the department's website to the association of unit owners' governing
118	<u>documents.</u>] ←Ĥ

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119	Section 3. Section 57-8a-105 is amended to read:
120	57-8a-105. Registration with Department of Commerce.
121	(1) As used in this section, "department" means the Department of Commerce created
122	in Section 13-1-2.
123	(2) $[(a)]$ No later than 90 days after the recording of a declaration of covenants,
124	conditions, and restrictions establishing an association, the association shall register with the
125	department in the manner established by the department.
126	[(b) An association existing under a declaration of covenants, conditions, and
127	restrictions recorded before May 10, 2011, shall, no later than July 1, 2011, register with the
128	department in the manner established by the department.]
129	(3) The department shall require an association registering as required in this section to
130	provide with each registration:
131	(a) the name and address of the association;
132	(b) the name, address, telephone number, and, if applicable, email address of the chair
133	of the association board;
134	(c) contact information for the manager;
135	(d) the name, address, telephone number, and, if the contact person wishes to use email
136	or facsimile transmission for communicating payoff information, the email address or facsimile
137	number, as applicable, of a primary contact person who has association payoff information that
138	a closing agent needs in connection with the closing of a lot owner's financing, refinancing, or
139	sale of the owner's lot; $\hat{H} \rightarrow [f]$ and $[f]$
140	[(e) an electronic copy of the association's governing documents; and
141	
142	(4) $\hat{H} \rightarrow [\underline{(a)}] \leftarrow \hat{H}$ An association that has registered under Subsection (2) shall submit to the
143	department an updated registration, in the manner established by the department, within 90
144	days after a change in any of the information provided under Subsection (3).
145	$\hat{H} \rightarrow [$ (b) An association existing under a declaration of covenants, conditions, and
146	restrictions recorded before May 12, 2020, shall, before August 10, 2020, submit to the
147	department, in a manner the department establishes, the information required under Subsection
148	<u>(3)(e).</u>] ←Ĥ
149	(5) (a) During any period of noncompliance with the registration requirement described

150	in Subsection (2) or the requirement for an updated registration described in Subsection (4):
151	(i) a lien may not arise under Section 57-8a-301; and
152	(ii) an association may not enforce an existing lien that arose under Section 57-8a-301.
153	(b) A period of noncompliance with the registration requirement of Subsection (2) or
154	with the updated registration requirement of Subsection (4) does not begin until after the
155	expiration of the 90-day period specified in Subsection (2) or (4), respectively.
156	(c) An association that is not in compliance with the registration requirement described
157	in Subsection (2) may end the period of noncompliance by registering with the department in
158	the manner established by the department under Subsection (2).
159	(d) An association that is not in compliance with the updated registration requirement
160	described in Subsection (4) may end the period of noncompliance by submitting to the
161	department an updated registration in the manner established by the department under
162	Subsection (4).
163	(e) Except as described in Subsection (5)(f), beginning on the date an association ends
164	a period of noncompliance:
165	(i) a lien may arise under Section 57-8a-301 for any event that:
166	(A) occurred during the period of noncompliance; and
167	(B) would have given rise to a lien under Section 57-8a-301 had the association been in
168	compliance with the registration requirements described in this section; and
169	(ii) an association may enforce a lien described in Subsection (5)(e) or a lien that
170	existed before the period of noncompliance.
171	(f) If an owner's residential lot is conveyed to an independent third party during a
172	period of noncompliance described in this Subsection (5):
173	(i) a lien that arose under Section 57-8a-301 before the conveyance of the residential
174	lot became final is extinguished when the conveyance of the residential lot becomes final; and
175	(ii) an event that occurred before the conveyance of the residential lot became final,
176	and that would have given rise to a lien under Section 57-8a-301 had the association been in
177	compliance with the registration requirements of this section, may not give rise to a lien under
178	Section 57-8a-301 if the conveyance of the residential lot becomes final before the association
179	ends the period of noncompliance.
180	(6) The department shall Ĥ→ [±] ←Ĥ

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181	$\hat{H} \rightarrow [\underline{(a)}] \leftarrow \hat{H}$ publish educational materials on the department's website providing, in simple
181a	and
182	easy to understand language, a brief overview of state law governing associations, including:
183	$\hat{H} \rightarrow [\underline{\oplus}]$ (a) $\leftarrow \hat{H}$ a description of the rights and responsibilities provided in this chapter to
183a	any party
184	under the jurisdiction of an association; and
185	$\hat{H} \rightarrow [(ii)] (b) \leftarrow \hat{H}$ instructions regarding how an association may be organized and
185a	dismantled in
186	accordance with this chapter Ĥ→ [; and] . ←Ĥ
187	$\hat{H} \rightarrow [$ (b) for each association registered in accordance with this section, provide a link on the
188	<u>department's website to the association's governing documents.</u>] $\leftarrow \hat{\mathrm{H}}$
189	Section 4. Section 57-8a-105.1 is enacted to read:
190	57-8a-105.1. Information required before sale to independent third party.
191	(1) Before the sale of any lot under the jurisdiction of an association to an independent
192	third party, the grantor shall provide to the independent third party:
193	(a) a copy of the association's governing documents; and
194	(b) a link or other access point to the department's educational materials described in
195	Subsection <u>57-8a-105(6)</u> .
196	(2) The grantor shall provide the information described in Subsection (1) before
197	closing.
198	(3) The association shall, upon request by the grantor, provide to the grantor the
199	information described in Subsection (1).
200	(4) This section applies to each association, regardless of when the association is
201	formed.