

Lou Mansolillo

From: Susan Rotondi <slrotondi@gmail.com>
Sent: Tuesday, March 4, 2025 9:52 PM
To: House Corporations Committee
Subject: Response to Proposed Legislation 2025-H 5824 sent to Joseph Solomon, Chairman

Attention: Mr. Lou Mansolillo

I forwarded the following to the Chairman of the House Corporations Committee-Joseph Solomon earlier this evening. Can you circulate to other members of the committee for their consideration? Thank you very much! Best Regards, Susan Rotondi

RESPONSE TO LEGISLATION 2025-H 5824 PROPOSED 2/28/25

Submitted by: Susan L Rotondi

In the last 24 hours, I became aware of legislation being proposed in Rhode Island, introduced by Representative Brandon T. Voas on 2/28/24 "Relating to Property-Condominium Law" (2025-H 5824).

As a President of a condo association for the past 15 months, I can attest that this type of legislation, particularly with a reserve study, would be a definite financial hardship to owners of condominiums in RI. I accepted the position of President as I was instrumental in seeking a property management firm which we hired effective January 1, 2023. It was my belief that a 56-unit condominium development had outgrown self-management, and we would be better served with a property management company. My term began in mid-November 2023 as the former President of the Board walked out at the annual meeting.

In the 2024 calendar year, the condo owners were assessed \$2500, and condo fees remained the same at \$275.00 per month. With the exception of \$1000 of the \$2500 assessment, the former president prepared the budget and initial assessment. I had to request a special assessment of \$1000 to replace the roof on one building, the last new roof for the development. My background is in the insurance industry and based on a report from the roofing contractor, the age of the roof and the fact I was not sure about how it would weather certain storms, the decision was made and the roof replaced. This was a difficult task for the Board to request more money from our unit owners but a necessary one. In 2025, the Board raised the condo fee to \$325.00 per month and levied a \$1500 assessment for a major painting project on one of the buildings. Our demographics consists of retirees, original owners dating back to 1986, career unit owners and younger condo owners entering the real estate market. We are planning, building up reserves, providing transparency to the development but keeping in mind and advising unit owners we need to plan further for the future on a step by step basis.

The proposal of this legislation, particularly, the reserve study analysis, it appears you are proposing a law that would be an extreme financial hardship to condominium developments and unit owners alike. Your proposed timeline of 2 years (as of July 1, 2027) makes me wonder if the filing of this bill is due to the fact there has not been continuous attention and oversight with respect to the RI condominium law over the past 40 years.

The following are my issues with your proposed legislation incorporating a reserve study and your proposed accelerated timeline.

1. Housing is extremely unaffordable in the State of RI whether you are a prospective buyer or seeking an apartment and it continues to worsen. This proposal would make condos unaffordable and uninsurable thereby decimating the condo industry in RI and punishing owners who have paid taxes to their respective cities and towns over the years.
2. If understood correctly, you want unit owners to pay condo fees, pay any assessments levied normally, hire a certified architect or engineer at an additional fee and then levy all unit owners in every condo development which

could result in hundreds of thousands of dollars in a reserve fund which basically is an estimate. You have set a timeline for July 2027 which is unattainable.

3. In reference to the state of insurance in Rhode Island, please refer to the following Projo link regarding increasing insurance rates in the State of Rhode Island where Sheldon Whitehouse and the Department of Business Regulation Director gave a status of the insurance climate in RI.

<https://www.providencejournal.com/story/news/environment/2025/02/14/property-insurance-costs-in-rhode-island-rising-due-to-climate-change/78522540007/>

If a condo development was not able to comply with this law as written, there may not be any insurance companies willing to take on the risk of providing business coverage (Master Policy) to all the condominium developments in RI. And then what about the insurance coverage to unit owners? How do you expect to deal with these increased costs? How would these costs be calculated in your reserve study? How would you deal with a possible shrinking insurance market for condos?

4. What parameters or guidelines would be required of the certified architects or engineers to perform a reserve study and who would be overseeing this process? A reserve study is a financial tool used for financial planning but does not take into consideration the actual building structures, condition, and safety. Would there be a set pricing structure for these vendors?

5. Prospective Owners or existing owners may not receive financing from mortgage companies due to this legislation. Some owners may be forced to sell at a reduced rate, but who would buy into a condo with your proposed legislation? Would condo associations even be able to get financing in the event they need to take a loan out to assist with your request? Real estate values will deflate and remember that condo owners pay real estate taxes to their respective city.

In summary, I believe there are certain goals to be addressed in our RI Condo law but I do not believe this proposed legislation based on reserve studies is reasonable nor attainable within the time frame given and presents an extreme affordability issue for every condo development and unit owner in RI. If this law were passed, there would be reverberations in the State of RI affecting far more than the local condominium industry which coupled with the current and national economic climate would be unfortunate.

Thank you for your consideration on this matter.

Best Regards,

Susan L Rotondi