



March 4, 2025

Testimony to the House Committee on Corporations

Re: 2025 HB 5586 SUPPORT and HB 5826 OPPOSE - AN ACT RELATING TO PROPERTY -- CONDOMINIUM LAW.

This testimony is delivered on behalf of the Independent Insurance Agents of Rhode Island. The Act creates a process for condominium associations to give notice to and obtain approval from unit mortgage holders for certain association actions. These bills are identical with one exception: HB 5586 extends the time period for receipt of a written denial from 60 days to 65 days, included in a Sub A last year, to resolve a concern of the Rhode Island Mortgage Bankers, 5826 does not.

The Declaration and bylaws for condominiums require amendments for a variety of reasons: changing times, demographics, outdated requirements. For example, there are some condominium documents that still call for a \$1,000 deductible on the master association insurance policy; that deductible simply is not available in the condominium insurance market right now. The Declaration and/or bylaws need to be amended in these cases. Declarations and Bylaws frequently include notice and approval requirements of unit mortgage holders as a condition to passage of the amendment. Timely affirmative approval of Mortgagees has been challenging to Associations with an urgent need to amend their documents. The amendment to Section 2.19 creates a process for condominium associations to give notice to mortgage holders of the proposed changes. The amended Section 2.19 requires that written requests for mortgagee approval be mailed by the United States Postal Service regular mail and certified mail return receipt requested. If the mortgagee does not provide a written denial within 65 days, the request is deemed to be approved. This amendment to Section 2.19 passed the House in 2023 with no testimony in opposition and is similar to what other jurisdictions have done, including Massachusetts. This change would be applicable to all condominiums in the State of Rhode Island.

Our organization SUPPORTS the passage of House Bill 5586 which seeks to amend the Rhode Island Condominium Act. We respectfully request and encourage Passage of this bill. We are happy to provide further information to the Committee regarding the bill if requested.

Respectfully Submitted,

Cristie A. Hanaway