

H-8273

## Preamble

There are many Homeowner Associations filed with the Secretary of States Office. Some Homeowner Associations have tens of millions of dollars of assets. Condominium Associations also have assets of tens of millions of dollars.

The Condominium ACT, which has been in place since 1982 and prior, protects and benefits Members and the Board of Directors on the governance of Condominium Associations to create their Declarations and Bylaws.

Homeowners Associations presently do not have the same protection and benefits.

Homeowners Associations are simply another form of ownership.

The Condominium Law ACT provides a solid foundation for Association Members.

Absent of a Homeowners Association ACT, there is no foundation. This proposed Homeowners Association Law has been formulated to take into consideration that ACT will provide a basis to redo Declarations and Bylaws to comply with the ACT and **allow 1 year (365 Days) to comply.**

The ACT as presented displays a member's right to be heard on agenda items prior to the Board voting, and also on approval of certain spending of their money.

Speaking on an agenda item, is also a fundamental right afforded by the public at Town Council meetings prior to the Council voting on an agenda item.

Proper notice of meetings is clearly spelled out.

The election process is clearly spelled out.

You will see a clause on page 6- (4) Member Owner Complaints – This provision allows the Board of Directors to keep meetings civil and under control.

By directing a member to refer to (4) Member Owner Complaints, if a member is out of control or taking up too much time during a meeting- it also gives the members time to formulate their complaint and for the Board to respond to the complaint collectively. As president of a Board firsthand I can attest to the importance of this clause.

Reserves-you will see that "Reserves" states that "THE ASSOCIATION SHALL HAVE THE POWER TO CREATE RESERVES"

It does not "mandate" as I see where the Condominium ACT mentions reserves, however, recent legislation to mandate reserves has not passed in the last session.

\* I can tell you, without reserves, costly Special Assessments will be forced upon the membership with sudden unforeseen issues or a "Force Majeure" on buildings and grounds. Also, without reserves, a new owner would be saddled with paying a Special Assessment to replace infrastructure roadways for a cost of \$500,000 when membership for the last 30 or 40 years has been using it.

Reserves are sound financial planning which ultimately reduces costly sudden "Special Assessments".

In closing, having been president of an Association for 4 years after the takeover from developer, and also, having been a Declarant of a Condominium Association, I have extensive experience in Association Law and offer to testify at Committee meetings on this bill.

Finally- The approval of this Bill will signify that Rhode Island is a leader in Legislation of Association Property not a follower.

Respectfully,

Al Costantino

**State of Rhode Island**  
**In General Assembly**

**Chapter 36.2**

**Rhode Island Homeowners Association Law**

Page 1      19 Lines

Page 2

Line 4+5

- (c) This Chapter applies to Homeowner's Associations consisting of ten (10) or more separately owned parcels unless otherwise provided by Law.

Comment- To Clarify- Homeowner Associations are not confined to just ownership of a separately owned parcel.

Homeowners Associations member ownership may consist of members having separate ownership of a residential parcel or ownership of their residential dwelling/ or Mobile Home only, whereas the member has a percentage % allocated interest ownership of the Association property.

In order to correct

On Page 2, Line 5

Change to "Members" unless otherwise provided by Law.

On page 3, Line 1+2 (11)

Change to "Member" means owner of a separate parcel or having an allocated percentage % interest ownership of the Association property  
And obligated under the governing documents to pay assessments or Association fees.