As Passed by the House

128th General Assembly Regular Session 2009-2010

Am. Sub. S. B. No. 187

Senator Seitz

Cosponsors: Senators Sawyer, Cates, Gillmor, Grendell, Kearney, Miller, R.,
Patton, Harris, Hughes

Representatives Murray, Coley, Boyd, Brown, Carney, Combs, Domenick, Garland, Harris, Letson, Luckie, Pillich, Williams, B., Winburn, Yuko

A BILL

To enact sections 5312.01 to 5312.15 of the Revised

Code to establish the Ohio Planned Community Law.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 5312.01, 5312.02, 5312.03, 5312.04,	3
5312.05, 5312.06, 5312.07, 5312.08, 5312.09, 5312.10, 5312.11,	4
5312.12, 5312.13, 5312.14, and 5312.15 of the Revised Code be	5
enacted to read as follows:	6
Sec. 5312.01. As used in this chapter:	7
(A) "Assessment" means the liability for an expense that is	8
allocated to a lot in a planned community.	9
(B) "Bylaws" means an instrument filed with the declaration	10
that provides for the operation of the owners association.	11
"Bylaws" also is referred to as "regulations" pursuant to Chapter	12
1702. of the Revised Code.	13
(C) "Common element" means any property in a planned	14
community that the owners association holds in fee or has use of	15

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(M) "Planned community" means a community comprised of	46
individual lots for which a deed, common plan, or declaration	47
requires any of the following:	48
(1) That owners become members of an owners association that	49
governs the community;	50
(2) That owners or the owners association holds or leases	51
property or facilities for the benefit of the owners;	52
(3) That owners support by membership or fees, property or	53
facilities for all owners to use.	54
A condominium property as defined in section 5311.01 of the	55
Revised Code is not a "planned community."	56
Sec. 5312.02. (A) Any planned community in this state is	57
subject to this chapter. No person shall establish a planned	58
community unless that person files and records a declaration and	59
bylaws for that planned community in the office of the recorder of	60
the county or counties in which the planned community is located.	61
(B) Any declaration for a planned community shall be	62
accompanied by bylaws that provide for the operation of the	63
planned community. The declaration and bylaws shall provide for	64
all of the following:	65
(1) The election of the board of directors of the owners	66
association;	67
(2) The number of persons constituting the board;	68
(3) The terms of the directors, with not less than one-fifth	69
to expire annually;	70
(4) The powers and duties of the board;	71
(5) The method of removal of directors from office;	72
(6) Whether the services of a manager or managing agent may	73
be engaged;	74

(7) The method of amending the declaration and bylaws;	75
(8) The time and place for holding meetings and the manner of	76
and authority for calling, giving notice of, and conducting	77
meetings;	78
(9) The common expenses for which assessments may be made and	79
the manner of collecting from the owners their respective shares	80
of the common expenses;	81
(10) Any other matters the original declarant or the owners	82
association deem necessary and appropriate.	83
(C) Nothing in this chapter invalidates any provision of a	84
document that governs a planned community if that provision was in	85
the document at the time the document was recorded and the	86
document was recorded prior to the original effective date of this	87
chapter.	88
(D)(1) The board of directors of the owners association of	89
any planned community that is in existence on the original	90
effective date of this chapter shall file and record the bylaws of	91
that planned community that are in effect on that effective date	92
in the office of the recorder of the county or counties in which	93
the planned community is located within one hundred eighty days	94
after that effective date.	95
(2) The board of directors of the owners association of any	96
planned community that is in existence on the original effective	97
date of this chapter shall file and record the bylaws that are	98
adopted by the owners association on or after that effective date	99
in the office of the recorder of the county or counties in which	100
the planned community is located within ninety days after the date	101
of adoption of the bylaws.	102
(3) The board of directors of the owners association of any	103
planned community that adopts an amendment to the bylaws of that	104
planned community shall file and record the amendment in the	105

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course of operations without the necessity of special assessments,	196
unless the owners, exercising not less than a majority of the	197
voting power of the owners association, waive the reserve	198
requirement annually.	199
(2) Collect assessments for common expenses from owners in	200
accordance with section 5312.10 of the Revised Code.	201
(B) Commencing not later than the time of the first	202
conveyance of a lot to a person other than a declarant, the owners	203
association shall maintain all of the following to the extent	204
reasonably available and applicable:	205
(1) Property insurance on the common elements;	206
(2) Liability insurance pertaining to the common elements;	207
(3) Directors and officers liability insurance.	208
(C) The owners association shall keep all of the following:	209
(1) Correct and complete books and records of account that	210
specify the receipts and expenditures relating to the common	211
elements and other common receipts and expenses;	212
(2) Records showing the collection of the common expenses	213
<pre>from the owners;</pre>	214
(3) Minutes of the meetings of the association and the board	215
of directors;	216
(4) Records of the names and addresses of the owners.	217
(D) An owners association, through its board of directors,	218
may do any of the following:	219
(1) Hire and fire managing agents, attorneys, accountants,	220
and other independent professionals and employees that the board	221
determines are necessary or desirable in the management of the	222
property and the association;	223
(2) Commence, defend, intervene in, settle, or compromise any	224

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property.	254
(11) Adopt and amend rules that regulate the collection of	255
delinquent assessments and the application of payments of	256
<u>delinquent assessments;</u>	257
(12) Impose reasonable charges for preparing, recording, or	258
copying the declaration, bylaws, amendments to the declaration and	259
bylaws, resale certificates, or statements of unpaid assessments;	260
(13) Authorize entry to any portion of the planned community	261
by designated individuals when conditions exist that involve an	262
imminent risk of damage or harm to common elements, another	263
dwelling unit, or to the health or safety of the occupants of that	264
dwelling unit or another dwelling unit;	265
(14) Subject to division (A)(1) of section 5312.09 of the	266
Revised Code, borrow money and assign the right to common	267
assessments or other future income to a lender as security for a	268
loan to the owners association;	269
(15) Suspend the voting privileges and use of recreational	270
facilities of an owner who is delinquent in the payment of	271
assessments for more than thirty days;	272
(16) Purchase insurance and fidelity bonds the directors	273
consider appropriate and necessary;	274
(17) Invest excess funds in investments that meet standards	275
for fiduciary investments under the laws of this state;	276
(18) Exercise powers that are any of the following:	277
(a) Conferred by the declaration or bylaws;	278
(b) Necessary to incorporate the owners association as a	279
nonprofit corporation;	280
(c) Permitted to be exercised in this state by a nonprofit	281
corporation;	282

(d) Necessary and proper for the government and operation of	283
the owners association.	284
Sec. 5312.07. (A) Unless otherwise prohibited by this	285
section, any owner may examine and copy the books, records, and	286
minutes of the owners association that division (C) of section	287
5312.06 of the Revised Code describes, pursuant to reasonable	288
standards set forth in the declaration, bylaws, or rules the board	289
promulgates. The standards may include, but are not limited to,	290
standards governing the type of documents that are subject to	291
examination and copying, the times and locations at which those	292
documents may be examined or copied, and the specification of a	293
reasonable fee for copying the documents.	294
(B) Unless approved by the board of directors, an owner may	295
not examine or copy any of the following from books, records, and	296
minutes:	297
(1) Information that pertains to property-related personnel	298
matters;	299
(2) Communications with legal counsel or attorney work	300
product pertaining to potential, threatened or pending litigation,	301
or other property-related matters;	302
(3) Information that pertains to contracts or transactions	303
currently under negotiation, or information that is contained in a	304
contract or other agreement containing confidentiality	305
requirements and that is subject to those requirements;	306
(4) Information that relates to the enforcement of the	307
declaration, bylaws, or rules of the owners association against	308
other owners;	309
(5) Information, the disclosure of which is prohibited by	310
state or federal law.	311

Sec. 5312.08. (A) Unless otherwise provided by the	312
declaration, the owners association is responsible for reasonable	313
maintenance, repair, and replacement of the common elements, and	314
each owner is responsible for maintenance, repair, and replacement	315
of the owner's lot and improvements to that lot, including the	316
dwelling unit and the utility lines serving that dwelling unit.	317
(B) An owner shall permit agents or employees of the owners	318
association and other owners access through the owner's lot and	319
dwelling unit for the purpose of fulfilling the association's	320
duties and obligations. Any damage to the common elements, lot, or	321
dwelling unit due to that access is the responsibility of the	322
owner that caused the damage or the owners association if it is	323
responsible for the damage. That owner, or the owners association,	324
is liable for the prompt repair of any damage and, if not	325
repairable, for the value of the damaged property or item as it	326
existed immediately prior to that damage.	327
Sec. 5312.09. (A)(1) The owners association may not assign	328
the right to common assessments, or the future income from those	329
assessments, or convey any fee interest or any security interest	330
in any portion of the common elements unless the declaration	331
specifically provides for such a conveyance or seventy-five per	332
cent of the voting power of the owners association, or any larger	333
percentage the declaration specifies, approves the conveyance.	334
(2) The owners association may not convey any fee interest in	335
a limited common element or subject a limited common element to a	336
security interest without the approval of all of the owners of the	337
lots to which the limited common element is allocated. Any	338
proceeds of the conveyance of a limited common element are an	339
asset of the owners association.	340
(B) No contract to convey or subject a common element or a	341

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assessment pursuant to this section, the board of directors shall	401
give the owner a written notice that includes all of the	402
<pre>following:</pre>	403
(1) A description of the property damage or violation;	404
(2) The amount of the proposed charge or assessment;	405
(3) A statement that the owner has a right to a hearing	406
before the board to contest the proposed charge or assessment;	407
(4) A statement setting forth the procedures to request a	408
hearing;	409
(5) A reasonable date by which the owner must cure a	410
continuing violation to avoid the proposed charge or assessment,	411
if such an opportunity to cure is applicable.	412
(D)(1) To request a hearing, the owner shall deliver a	413
written notice to the board not later than the tenth day after	414
receiving the notice this division requires. If the owner fails to	415
make a timely request for a hearing, the right to that hearing is	416
waived, and the board immediately may impose a charge for damages	417
or an enforcement assessment pursuant to this section.	418
(2) If an owner requests a hearing, at least seven days prior	419
to the hearing the board shall provide the owner with a written	420
notice that includes the date, time, and location of the hearing.	421
(3) The board shall not levy a charge or assessment before	422
holding any hearing requested pursuant to this section.	423
(4) Within thirty days following a hearing at which the board	424
imposes a charge or assessment, the owners association shall	425
deliver a written notice of the charge or assessment to the owner.	426
	427
(5) Any written notice that this section requires shall be	
delivered to the owner or any occupant of the dwelling unit by	428
personal delivery, by certified mail, return receipt requested, or	429
by regular mail.	430

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Sec. 5312.12. (A) The owners association has a lien upon the	431
estate or interest in any lot for the payment of any assessment or	432
charge levied in accordance with section 5312.11 of the Revised	433
Code, as well as any related interest, administrative late fees,	434
enforcement assessments, collection costs, attorney's fees, and	435
paralegal fees, that are chargeable against the lot and that	436
remain unpaid ten days after any portion has become due and	437
payable.	438
(B) All of the following apply to a lien charged against a	439
property pursuant to this section:	440
(1) The lien is effective on the date that a certificate of	441
lien is filed for record in the office of the recorder of the	442
county or counties in which the lot is situated, pursuant to	443
authorization by the board of directors of the owners association.	444
The certificate shall contain a description of the lot, the name	445
of the record owner of the lot, and the amount of the unpaid	446
assessment or charge. It shall be subscribed to by the president	447
of the board or other designated representative of the owners	448
association.	449
(2) The lien is a continuing lien upon the lot against which	450
each assessment or charge is made, subject to automatic subsequent	451
adjustments reflecting any additional unpaid interest,	452
administrative late fees, enforcement assessments, collection	453
costs, attorney's fees, paralegal fees, and court costs.	454
(3) The lien is valid for a period of five years from the	455
date of filing, unless it is sooner released or satisfied in the	456
same manner provided by law for the release and satisfaction of	457
mortgages on real property or unless it is discharged by the final	458
judgment or order of a court in an action brought to discharge the	459
lien as provided in this section.	460
(4) The lien is prior to any lien or encumbrance subsequently	461

arising or created, except liens for real estate taxes and	462
assessments of political subdivisions and liens of first mortgages	463
that have been filed for record prior to the recording of the	464
lien, and may be foreclosed in the same manner as a mortgage on	465
real property in an action brought by the owners association.	466
(C)(1) In any foreclosure action that the holder of a lien	467
commences, the holder shall name the owners association as a	468
defendant in the action. The owners association or the holder of	469
the lien is entitled to the appointment of a receiver to collect	470
rental payments due on the property. Any rental payment a receiver	471
collects during the pendency of the foreclosure action shall be	472
applied first to the payment of the portion of the common expenses	473
chargeable to the lot during the foreclosure action.	474
(2) Unless prohibited by the declaration or the bylaws,	475
following any foreclosure action, the owners association or an	476
agent the board authorizes is entitled to become a purchaser at	477
the foreclosure sale.	478
(3) A mortgage on a lot may contain a provision that secures	479
the mortgagee's advances for the payment of the portion of the	480
common expenses chargeable against the lot upon which the	481
mortgagee holds the mortgage.	482
(D) An owner may commence an action for the discharge of the	483
lien in the court of common pleas of the county in which all or a	484
part of the property is situated if the owner believes that the	485
liability for the unpaid assessment or charge for which the owners	486
association filed a certificate of lien was improperly charged. In	487
the action, if it is finally determined that the unpaid amount of	488
the assessment or charge was improperly charged to the owner or	489
the lot, the court shall enter an order that it determines to be	490
just, which may provide for a discharge of record of all or a	491
portion of the lien and an award of attorney's fees to the owner.	492

Sec. 5312.13. The owners association and all owners,	493
residents, tenants, and other persons lawfully in possession and	494
control of any part of an ownership interest shall comply with any	495
covenant, condition, and restriction set forth in any recorded	496
document to which they are subject, and with the bylaws and the	497
rules of the owners association, as lawfully amended. Any	498
violation is grounds for the owners association or any owner to	499
commence a civil action for damages, injunctive relief, or both,	500
and an award of court costs and reasonable attorney's fees in both	501
types of action.	502
Sec. 5312.14. In any action relating to the common elements	503
or to any right, duty, or obligation possessed or imposed upon the	504
owners association by statute or otherwise, the owners association	505
may sue or be sued as a separate legal entity. Service of summons	506
or other process may be made upon the owners association by	507
serving the process personally upon the president of the board of	508
directors or the person named as statutory agent of the	509
association if it is an incorporated entity. Any action brought by	510
or on behalf of the owners association shall be pursuant to	511
authority granted by the board of directors.	512
Sec. 5312.15. This chapter shall be construed to establish a	513
uniform framework for the operation and management of planned	514
communities in this state and to supplement any planned community	515
governing document that is in existence on the effective date of	516
this chapter. In the event of a specific conflict between this	517
chapter and express requirements or restrictions in such a	518
governing document, the governing document shall control. This	519
chapter shall control if any governing document is silent with	520
respect to any provision of this chapter.	521