As Reported by the House Civil and Commercial Law Committee

128th General Assembly Regular Session 2009-2010

Sub. S. B. No. 187

15

16

Senator Seitz

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

A BILL	
To enact sections 5312.01 to 5312.15 of the Revised	1
Code to establish the Ohio Planned Community Law.	2
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

pursuant to a lease or easement.

(M) "Planned community" means a community comprised of

Sub. S. B. No. 187 As Reported by the House Civil and Commercial Law Committee	Page 3
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 subject to this chapter. No person shall establish a planned	57 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 association;	66 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

86

87 88

89

90

91

92

93

94

95

96

97

98

99

100

101

102

103

104

105

the document at the time the document was recorded and the

any planned community that is in existence on the original

chapter.

after that effective date.

of adoption of the bylaws.

document was recorded prior to the original effective date of this

(D)(1) The board of directors of the owners association of

effective date of this chapter shall file and record the bylaws of

that planned community that are in effect on that effective date

in the office of the recorder of the county or counties in which

the planned community is located within one hundred eighty days

planned community that is in existence on the original effective

adopted by the owners association on or after that effective date

in the office of the recorder of the county or counties in which

planned community that adopts an amendment to the bylaws of that

planned community shall file and record the amendment in the

the planned community is located within ninety days after the date

(3) The board of directors of the owners association of any

date of this chapter shall file and record the bylaws that are

(2) The board of directors of the owners association of any

Sub. S. B. No. 187 As Reported by the House Civil and Commercial Law Committee	Page 6
control the owners association for the period of time the	136
declaration specifies. During the time of declarant control, the	137
declarant or the declarant's designee may appoint and remove the	138
members of the board. The period of declarant control shall	139
terminate not later than the time at which all of the lots have	140
been transferred to owners.	141
(2) Not later than the termination of any period of declarant	142
control, the owners shall elect a board of directors comprised of	143
the number of members the declaration or bylaws specify.	144
Sec. 5312.04. (A) A board of directors of an owners	145
association shall elect officers from the members of the board, to	146
include a president, secretary, treasurer, and other officers as	147
the board designates.	148
(B) A board may act in all instances on behalf of an	149
association unless otherwise provided in this chapter, the	150
declaration, or bylaws. The board may appoint persons to fill	151
vacancies in its membership for the unexpired portion of any term.	152
(C) Except during a period of declarant control, the board	153
shall call a meeting of the owners association at least once each	154
year. Special meetings may be called by the president, a majority	155
of the board, owners representing fifty per cent of the voting	156
power in the owners association, or any lower share of the voting	157
power as the declaration or bylaws specify.	158
(D) The board may hold a meeting by any method of	159
communication, including electronic or telephonic communication,	160
provided that each member of the board can hear or read in real	161
time and participate and respond to every other member of the	162
board.	163
(E) In lieu of conducting a meeting, the board may take an	164
action with the unanimous written consent of the members of the	165

Sub. S. B. No. 187 As Reported by the House Civil and Commercial Law Committee	Page 7
board. Any written consent shall be filed with the minutes of the	166
meetings of the board.	167
(F) No owner other than a director may attend or participate	168
in any discussion or deliberation of a meeting of the board of	169
directors unless the board expressly authorizes that owner to	170
attend or participate.	171
(G) The board of directors of an owners association shall	172
comply with all applicable state and federal laws concerning	173
prohibitions against discrimination on the basis of race, color,	174
religion, sex, military status, national origin, disability, age,	175
or ancestry, including, but not limited to, Chapter 4112. of the	176
Revised Code. No private right of action additional to those	177
conferred by the applicable state and federal anti-discrimination	178
laws is conferred on any aggrieved individual by the preceding	179
sentence.	180
Sec. 5312.05. (A) Unless otherwise specified in the	181
declaration or bylaws, the owners may amend the declaration and	182
bylaws by the consent of seventy-five per cent of the owners,	183
either in writing or in a meeting called for that purpose. No	184
amendment to the declaration or bylaws is effective until filed in	185
the office of the county recorder.	186
(B) A vote to terminate the applicability of the declaration	187
and to dissolve the planned community requires the unanimous	188
consent of owners.	189
Sec. 5312.06. (A) Unless otherwise provided in the	190
declaration or bylaws, the owners association, through its board	191
of directors, shall do both of the following:	192
(1) Annually adopt and amend an estimated budget for revenues	193
and expenditures. Any budget shall include reserves in an amount	194
adequate to repair and replace major capital items in the normal	195

Sub. S. B. No. 187 As Reported by the House Civil and Commercial Law Committee	Page 8
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

Sub. S. B. No. 187 As Reported by the House Civil and Commercial Law Committee	Page 9
civil, criminal, or administrative action or proceeding that is in	225
the name of, or threatened against, the association, the board of	226
directors, or the property, or that involves two or more owners	227
and relates to matters affecting the property;	228
(3) Enter into contracts and incur liabilities relating to	229
the operation of the property;	230
(4) Enforce all provisions of the declaration, bylaws,	231
covenants, conditions, restrictions, and articles of incorporation	232
governing the lots, common elements, and limited common elements;	233
(5) Adopt and enforce rules that regulate the maintenance,	234
repair, replacement, modification, and appearance of common	235
elements, and any other rules as the declaration provides;	236
(6) Acquire, encumber, and convey or otherwise transfer real	237
and personal property, subject to section 5312.10 of the Revised	238
<u>Code</u> ;	239
(7) Hold in the name of the owners association the real	240
property and personal property;	241
(8) Grant easements, leases, licenses, and concessions	242
through or over the common elements;	243
(9) Levy and collect fees or other charges for the use,	244
rental, or operation of the common elements or for services	245
<pre>provided to owners;</pre>	246
(10) Pursuant to section 5312.11 of the Revised Code, levy	247
the following charges and assessments:	248
(a) Interest and charges for the late payment of assessments;	249
(b) Returned check charges;	250
(c) Enforcement assessments for violations of the	251
declaration, the bylaws, and the rules of the owners association;	252
(d) Charges for damage to the common elements or other	253

Sub. S. B. No. 187 As Reported by the House Civil and Commercial Law Committee	Page 10
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;

(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

Sub. S. B. No. 187 As Reported by the House Civil and Commercial Law Committee	Page 13
limited common element to a security interest is enforceable	342
against the owners association unless it complies with division	343
(A) of this section. The board of directors, on behalf of the	344
owners association, has all powers necessary and appropriate to	345
effect a conveyance or encumbrance that division (A) of this	346
section permits, including the power to execute a deed or other	347
<u>instrument.</u>	348
Sec. 5312.10. (A)(1) In accordance with its declaration, all	349
costs the owners association incurs in the administration,	350
governance, and maintenance of a planned community are common	351
expenses. Unless otherwise provided in the declaration, all costs	352
of the administration, operation, maintenance, repair, and	353
replacement of the common elements are common expenses.	354
(2) The common expense liability of each lot shall be	355
allocated in accordance with the allocation set forth in the	356
declaration. If the declaration does not establish any allocation,	357
the common expense liability shall be allocated equally among all	358
the lots.	359
(3) The board of directors shall assess the common expense	360
liability for each lot at least annually, based on a budget the	361
board adopts at least annually.	362
(B) The board shall charge interest on any past due	363
assessment or installment at the rate the board establishes, not	364
to exceed any maximum rate permitted by law.	365
(C)(1) The board may not charge assessments for common	366
expenses unless the declaration provides for or contemplates the	367
charging of such assessments.	368
(2) The board may not increase any assessment for common	369
expenses when the declaration limits the amount of such	370
assessments unless the owners amend the declaration as provided in	371

Sub. S. B. No. 187 As Reported by the House Civil and Commercial Law Committee	Page 14
division (A) of section 5312.05 of the Revised Code to allow the	372
increased amount.	373
Sec. 5312.11. (A) An owners association may assess an	374
individual lot for any of the following:	375
(1) Enforcement assessments and individual assessments for	376
utility service that are imposed or levied in accordance with the	377
declaration, as well as expenses the board incurs in collecting	378
those assessments;	379
(2) Costs of maintenance, repair, or replacement incurred due	380
to the willful or negligent act of an owner or occupant of a lot	381
or their family, tenants, guests, or invitees, including, but not	382
limited to, attorney's fees, court costs, and other expenses;	383
(3) Costs associated with the enforcement of the declaration	384
or the rules and regulations of the owners association, including,	385
but not limited to, attorney's fees, court costs, and other	386
expenses;	387
(4) Costs or charges the declaration or bylaws permit.	388
(B) Unless otherwise provided by the declaration, bylaws, or	389
rules, the owners association shall credit any amount it receives	390
from a lot owner pursuant to this section in the following order:	391
(1) To interest owed to the owners association;	392
(2) To administrative late fees or enforcement assessments	393
owed to the owners association;	394
(3) To collection costs, attorney's fees, and paralegal fees	395
the owners association incurred in collecting the assessment;	396
(4) To the oldest principal amounts the owner owes to the	397
owners association for the common expenses chargeable against the	398
dwelling unit or lot.	399
(C) Prior to imposing a charge for damages or an enforcement	400

Page 15

Sub. S. B. No. 187

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

As reported by the riouse of in and commercial Law committee	
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
(4) In any foreclosure action, it is not a defense, set off,	483
counterclaim, or crossclaim that the owners association has failed	484
to provide the owner with any service, goods, work, or material,	485
or failed in any other duty.	486
(D) An owner may commence an action for the discharge of the	487
lien in the court of common pleas of the county in which all or a	488
part of the property is situated if the owner believes that the	489
liability for the unpaid assessment or charge for which the owners	490
association filed a certificate of lien was improperly charged. In	491

the action, if it is finally determined that the unpaid amount of

chapter and express requirements or restrictions in such a

Page 18

522

Sub. S. B. No. 187

Page 19
523
524
525