HLS 17RS-922 ORIGINAL

2017 Regular Session

HOUSE BILL NO. 469

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BY REPRESENTATIVES FALCONER AND STOKES

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

AN ACT

CONDOMINIUMS: Provides relative to the Louisiana Condominium Act

2	To amend and reenact R.S. 9:1121.103(3) and (5), 1123.112(A)(introductory paragraph) and
3	(1), (B), (C)(introductory paragraph) and (1), and (E) and to enact R.S.
4	9:1123.102(17), relative to the Louisiana Condominium Act; to provide for
5	definitions; to provide for powers of unit owner associations; provides for procedure
6	provides for insurance requirements; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 9:1121.103(3) and (5), 1123.112(A)(introductory paragraph) and (1),
9	(B), (C)(introductory paragraph) and (1), and (E) are hereby amended and reenacted and R.S.
10	9:1123.102(17) is hereby enacted to read as follows:
11	§1121.103. Definitions
12	As used in this Part:
13	* * *
14	(3)(a) "Unit" means a part of the condominium property subject to individual
15	ownership that is the responsibility of the unit owner. A unit may include air space
16	only. A unit includes such accessory rights and obligations as are stipulated in the
17	condominium declaration.
18	(b) "Unit" shall also include all of the following personal property and
19	replacement of all of the following when located within the unit or its limited
20	common elements and when serving only the unit:

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(i) Wall, floor, and ceiling coverings, electrical fixtures, appliances, water
2	heaters, water filters, built-in cabinets, and built-in countertops.
3	(ii) Window treatments including drapes, blinds, hardware, and similar
4	window treatment components.
5	(iii) Materials installed subsequent to the original construction and purchase
6	of the unit by a unit owner that are located behind walls, under floors, or over
7	ceilings, regardless of whether they may be tied in or connected to common element
8	property or equipment.
9	* * *
10	(5)(a) "Common elements" means the portion of the condominium property
11	that is the responsibility of the condominium association and not neither a part of the
12	individual units nor a part of the limited common elements of a unit.
13	(b) "Common elements" shall also include but not be limited to all of the
14	following movable or immovable property and replacement of all of the following
15	when located outside the boundaries of any unit, under its floors, or over its ceiling
16	and when serving the condominium building in whole or in part but not for the
17	benefit of a single unit:
18	(i) Walls, floors, ceilings, ceiling coverings, electrical fixtures, appliances,
19	water heaters, water filters, built-in cabinets, and built-in countertops.
20	(ii) Window treatments including drapes, blinds, hardware, and similar
21	window treatment components.
22	* * *
23	§1123.102. Powers of unit owners' association
24	Subject to the provisions of the declaration, the association, even if
25	unincorporated, may:
26	* * *
27	(17) Assess fines or pursue any other remedy available by law for the failure
28	of a unit owner or his lessee to obtain property and liability insurance as required by
29	R.S. 9:1123.112.

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2	§1123.112. Insurance; <u>requirements</u> ; <u>procedure</u> ; <u>penalties</u>
3	A. Commencing not later than the time of the first conveyance of a unit to
4	a person other than a declarant, the association shall maintain, to the extent
5	reasonably available, all of the following:
6	(1) Property insurance on the common elements-and units, exclusive of
7	improvements and betterments installed in units by unit owners, insuring against all
8	risks of direct physical loss commonly insured against. The total amount of
9	insurance after application of any deductibles shall be not less than eighty percent
10	of the actual cash value of the insured property, exclusive of land, excavations,
11	foundations, and other items normally excluded from property policies; and.
12	* * *
13	B. If the insurance described in Subsection A is not maintained, the
14	association promptly shall cause notice of that fact to be hand-delivered or sent
15	prepaid by United States mail to all unit owners. The declaration may require the
16	association to carry any other insurance, and the association in any event may carry
17	any other insurance it deems appropriate to protect the association or the unit owners.
18	C. Insurance policies carried pursuant to Subsection A must shall provide
19	that:
20	(1) Each unit owner is an insured person under the policy with respect to
21	liability arising out of his ownership of an individual interest in the common
22	elements or membership in the association. Neither a unit owner nor his lessee or
23	occupant shall be required to be an insured person covered by the policy maintained
24	by the association for any liability arising out of use of the unit or the condition
25	thereof.
26	* * *
27	E.(1) An insurance policy issued to the association does not prevent a unit
28	owner from obtaining insurance for his own benefit A unit owner shall be required
29	to carry both of the following:

1	(a) A property insurance policy with limits equal to at least eighty percent
2	of the actual cash value of the unit.
3	(b) A general liability insurance policy with limits not less than one hundred
4	thousand dollars.
5	(2) The cost of repairing or replacing a unit is the responsibility of the unit
6	owner.
7	(3)(a) The condominium association board or its hired manager may request,
8	in writing, proof of any property and general liability insurance policy from any unit
9	owner but not more than three times per calendar year.
10	(b) The unit owner shall have ten days from the date of receipt to respond to
11	the request and shall include a copy of the policy, binder, certificate, or any other
12	relevant document deemed satisfactory by the board.
13	(c) The board may assess any reasonable fines, file liens, initiate any court
14	proceedings necessary for foreclosure of a unit, or pursue any other remedy available
15	by law when a unit owner fails to respond to a written request for the information
16	required pursuant to the provisions of this Paragraph.
17	(d) The board shall provide to a unit owner reasonable notice and an
18	opportunity to be heard prior to the imposition of any of the penalties described in
19	Subparagraph (c) of this Paragraph.
20	(4)(a) In the event that a unit owner desires to lease his unit, the lessee shall
21	be insured for his contents and liability pursuant to a renter's insurance policy. The
22	liability limits for the policy shall not be less than one hundred thousand dollars.
23	(b) The board may prohibit any lease agreement when the board has not been
24	provided proof of the renter's insurance policy prior to completion of the lease
25	agreement.
26	(c) The board or its hired manager may request, in writing, proof of any
27	renter's insurance policy from any lessee but not more than three times per calendar
28	year.

1 (d) The lessee shall have ten days from the date of receipt to respond to the
2 request and shall include a copy of the policy, binder, certificate, or any other
3 relevant document deemed satisfactory by the board.
4 (e) Failure of the lessee to produce evidence of the renter's insurance policy
5 shall subject the unit owner to the penalties described in Paragraph (3) of this
6 Subsection.
7 * * * *

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 469 Original

2017 Regular Session

Falconer

Abstract: Amends certain provisions of the La. Condominium Act to change insurance requirements imposed on condominium associations, unit owners, and lessees.

Proposed law makes technical changes.

<u>Present law</u> provides for definitions. <u>Proposed law</u> amends the definitions of the terms "unit" and "common elements". <u>Proposed law</u> provides that any of the property described in <u>proposed law</u> as included in the term "unit" is the responsibility of the unit owner. <u>Proposed law</u> provides that any of the property described in <u>proposed law</u> as included in the term "common elements" is the responsibility of the condominium association.

<u>Proposed law</u> provides that "unit" shall include all of the following personal property and replacement of all of the following when located within the unit or its limited common elements and when serving only the unit:

- (1) Wall, floor, and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets, and built-in countertops.
- (2) Window treatments including drapes, blinds, hardware, and similar window treatment components.
- (3) Materials installed subsequent to the original construction and purchase of the unit by a unit owner that are located behind walls, under floors, or over ceilings, regardless of whether they may be tied in or connected to common element property or equipment.

<u>Proposed law</u> provides that "common elements" shall include but not be limited to all of the following movable or immovable property and replacement of all of the following when located outside the boundaries of any unit, under its floors, or over its ceiling and when serving the condominium building in whole or in part but not for the benefit of a single unit:

(1) Walls, floors, ceilings, ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets, and built-in countertops.

(2) Window treatments including drapes, blinds, hardware, and similar window treatment components.

<u>Present law</u> enumerates a list of powers held unit owners' association. <u>Proposed law</u> adds to the list of enumerated powers allowing the association to impose assessments for the failure of a unit owner or his lessee to obtain insurance as required by <u>proposed law</u>.

<u>Present law</u> requires, in pertinent part, that commencing not later than the time of the first conveyance of a unit to a person other than a declarant, the association shall maintain, to the extent reasonably available property insurance on the common elements and units, exclusive of improvements and betterments installed in units by unit owners, insuring against all risks of direct physical loss commonly insured against. <u>Proposed law</u> removes reference to "and units" by which the association is no longer required to maintain property insurance on units; rather, they will be required to maintain property insurance on the common elements, exclusive of improvements and betterments installed in units by unit owners, insuring against all risks of direct physical loss commonly insured against.

<u>Present law</u> provides, in pertinent part, that "the association in any event may carry any other insurance it deems appropriate to protect the association or the unit owners." <u>Proposed law</u> removes the reference to "or the unit owners" by which the association may now carry any other insurance it deems appropriate to protect the association only.

<u>Present law</u> requires that insurance policies carried pursuant to <u>present law</u> must provide that each unit owner is an insured person under the policy with respect to liability arising out of his ownership of an individual interest in the common elements or membership in the association. <u>Proposed law</u> clarifies that neither a unit owner nor his lessee or occupant shall be required to be an insured person covered by the policy maintained by the association for any liability arising out of use of the unit or the condition thereof.

<u>Present law</u> states that an insurance policy issued to the association does not prevent a unit owner from obtaining insurance for his own benefit. Proposed law deletes present law.

<u>Proposed law</u> requires that a unit owner be required to carry a property insurance policy with limits equal to at least 80% of the actual cash value of the unit and a general liability insurance policy with limits not less than \$100,000.

<u>Proposed law</u> clarifies that the cost of repairing or replacing the unit is the responsibility of the unit owner.

<u>Proposed law</u> authorizes the condominium association board or its hired manager to request, in writing, proof of any property and general liability insurance policy from any unit owner but not more than 3 times per calendar year.

<u>Proposed law</u> provides that the unit owner shall have 10 days from the date of receipt to respond to the request and shall include a copy of the policy, binder, certificate, or any other relevant document deemed satisfactory by the board.

<u>Proposed law</u> authorizes the board to assess any reasonable fines, file liens, initiate any court proceedings necessary for foreclosure of a unit, or to pursue any other remedy available by law when a unit owner fails to respond to a written request for the information required pursuant to the provisions <u>proposed law</u>.

<u>Proposed law</u> requires the board to provide to a unit owner reasonable notice and an opportunity to be heard prior to the imposition of any of the penalties described in <u>proposed</u> law.

<u>Proposed law</u> requires that, in the event that a unit owner desires to lease his unit, the lessee be insured for his contents and liability pursuant to a renter's insurance policy. The liability limits for the policy shall not be less than \$100,000.

<u>Proposed law</u> authorizes the board to prohibit any lease agreement when the board has not been provided proof of the renter's insurance policy prior to completion of the lease agreement.

<u>Proposed law</u> authorizes the board or its hired manager to request, in writing, proof of any renter's insurance policy from any lessee but not more than 3 times per calendar year.

<u>Proposed law</u> requires the board to give the lessee 10 days from the date of receipt to respond to the request and requires the lessee to include a copy of the policy, binder, certificate, or any other relevant document deemed satisfactory by the board.

<u>Proposed law</u> provides that failure of the lessee to produce evidence of a satisfactory renter's insurance policy shall subject the unit owner to the penalties described in <u>proposed law</u>.

(Amends R.S. 9:1121.103(3) and (5), 1123.112(A)(intro. para.) and (1), (B), (C)(intro. para.) and (1), and (E); Adds R.S. 9:1123.102(17))