Regular Session, 2011

HOUSE BILL NO. 227

BY REPRESENTATIVE THIBAUT

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

CONDOMINIUMS: Requires condominium associations to carry a fidelity bond

AN ACT

To enact R.S. 9:1123.113, relative to condominiums; to require condominium associations to maintain a fidelity bond; to provide for a coverage amount; to establish a minimum coverage amount; to provide for compliance through a managing agent who maintains a bond; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 9:1123.113 is hereby enacted to read as follows:

§1123.113. Fidelity bond required

A. Any unit owners' association collecting assessments for common expenses shall obtain and maintain a blanket fidelity bond covering the officers, directors, and persons employed by the unit owners' association, and any managing agent and employees of the managing agent.

B. The bond shall provide coverage in an amount equal to the lesser of one million dollars or the amount of reserve balances of the unit owners' association plus one-fourth of the aggregate annual assessment of the unit owners' association. The minimum coverage amount shall be ten thousand dollars.

C. Any unit owners' association whose managing agent maintains its own bond shall be in compliance with this Section, provided that the managing agent's bond meets the requirements set forth in this Section, and that the association is named as an additional insured under the managing agent's bond.



CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

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)]

Thibaut HB No. 227

**Abstract:** Requires condominium unit owners' associations to maintain a fidelity bond.

Proposed law requires any condominium unit owners' association collecting assessments for common expenses to obtain and maintain a blanket fidelity bond covering the officers, directors, and persons employed by the unit owners' association and any managing agent and employees of the managing agent.

Proposed law requires the bond to provide coverage in an amount equal to the lesser of $1,000,000 or the amount of reserve balances of the unit owners' association plus 1/4 of the aggregate annual assessment of the unit owners' association.

Proposed law provides that the minimum coverage amount shall be $10,000.

Proposed law provides that any unit owners' association whose managing agent maintains its own bond shall be in compliance with proposed law, provided that the managing agent's bond meets the requirements set forth in proposed law, and that the association is named as an additional insured under the managing agent's bond.

(Adds R.S. 9:1123.113)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Commerce to the original bill.

1. Made a technical correction.



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