Local Government Mandate Statement Kentucky Legislative Research Commission 2019 Regular Session

Part I: Measure Information

Bill Request #: 108	
Bill #: SB 21	
Document ID #: 438	3
Bill Subject/Title:	An ACT relating to common interest communities.
Sponsor: .Senator R	alph A. Alvarado
Unit of Government:	X City X County Urban-County Unified Local
	X Charter County X Consolidated Local X Government
Office(s) Impacted:	County Clerks
Requirement: X	Mandatory Optional
Effect on Powers & Duties:	Modifies Existing X Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

This proposed bill creates a new section of KRS Chapter 381, establishing the requirements for the creation and operation of common-interest communities.

A common-interest community is a real property development, other than a condominium, composed of individual lots for which a deed, common plan, or declaration requires that owners become members of an owners association that governs the community, holds or leases property or facilities for the benefit of the owners, and that the owners support by membership or fees, property or facilities for all owners to use.

Common-interest communities are usually created through a set of legal documents drafted by the developer, which may change according to the community's needs. Typically, these types of communities are governed by an association made up of the individual owners, most often through an elected board. SB 21 requires that a declaration for the common-interest community be recorded in the county clerk's office or offices where the community is located. The declaration, shall include:

- the name of the community;
- the name of the association to be formed;
- a requirement to record bylaws governing the operation of the community and unit association;
- a description of the real property included in the common-interest community;
- a statement of the number of votes allocated to each unit;
- a method for determining the liability of each unit for common expenses;
- a statement of when the units, including units owned by the declarant, become subject to assessment;
- a statement of any restriction on the use, maintenance, or occupancy of units;
- a statement of the use, residential or otherwise, for which each unit is intended;
- a description of any contemplated improvements which the declarant agrees to build, or a statement that the declarant does not agree to build any improvement or does not chose to limit the declarant's rights to add improvements not described in the declaration;
- a statement of any period of declarant control or other special declarant rights reserved by the declarant; and
- any provision restricting a right of the association with respect to the common property, or an individual unit owner with respect to the unit or improvements.

Recording fees for the common interest community association declarations, bylaws, amendments, and liens are paid for by the association. There is concern from the Kentucky County Clerks Association (KCCA) that recording fee amounts are not expressly notated within the bill. KCCA is also concerned that the requirement to record bylaws will fill up the recordation books more quickly.

As recording fees are paid by the association, the overall impact of SB 21 on county governments is expected to be minimal.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, applies to BR 346 as drafted. BR 346 has not been introduced so there is no prior version to complete Part III.

Data Sourc	ce(s): Kentucky	County Clerks Assoc	iation, LRC Stail			
Preparer:	Mark Offerman	Reviewer:	KHC	Date:	1/8/19	