

1 STATE OF OKLAHOMA

2 2nd Session of the 57th Legislature (2020)

3 COMMITTEE SUBSTITUTE

4 FOR

HOUSE BILL NO. 3060

By: McDugle

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7 COMMITTEE SUBSTITUTE

8 An Act relating to property; requiring owners
9 association to establish and maintain certain reserve
10 accounts; providing for funding of reserve accounts;
11 authorizing reasonable assessments against certain
12 units; requiring segregation of reserve account funds
13 from the general fund of the owners association;
14 requiring certain study of replacement value of major
15 items obligated to repair, replace, restore or
16 maintain; providing for contents of study; providing
17 for annual budget with adequate reserve funding;
18 providing for codification; and providing an
19 effective date.

20 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

21 SECTION 1. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 852.1 of Title 60, unless there
23 is created a duplication in numbering, reads as follows:

24 A. The governing body of an owners association shall establish
and maintain reserve accounts for major common area components that
have a deferred maintenance expense or replacement cost that exceeds

1 Fifty Thousand Dollars (\$50,000.00) and have a useful life of more
2 than three (3) years.

3 B. Reserve accounts shall be funded by a plan that is designed
4 to allocate the costs for the repair, replacement and restoration of
5 the major expense items in an actuarially sound manner and shall
6 ensure that sufficient money is available when the repair,
7 replacement and restoration of the major common area components are
8 necessary.

9 C. The owners association may impose any necessary and
10 reasonable assessments against the units in the common-interest
11 community by a majority vote of the owners association. Any such
12 assessments imposed by the owners association shall be based on the
13 study of the reserves of the owners association conducted in this
14 section.

15 D. Reserve account funds shall be segregated from the general
16 fund of the owners association and shall only be used for depositing
17 general assessments for operating purposes. Reserve account funds
18 and any interest accruing thereon shall remain in the reserve
19 account or accounts and shall only be used for reserve study
20 identified expenditures unless their use for other purposes is
21 approved in advance by a majority vote of the association ownership.

22 E. The owners association shall:

23 1. At least once every five (5) years, cause a study to be
24 conducted of the reserve requirements of the current replacement

1 value of the major items which the association is obligated to
2 repair, replace, restore or maintain; and

3 2. Annually review the reserve account study and consider and
4 implement necessary adjustments to the reserve accounts to meet the
5 intended purpose of the accounts, as a result of the review.

6 F. The reserve account study shall include:

7 1. Identification of the major items that have a deferred
8 maintenance expense or replacement cost that exceeds Fifty Thousand
9 Dollars (\$50,000.00) with a useful life of more than three (3) years
10 which the association is obligated to repair, replace, restore or
11 maintain, as of the date of the study;

12 2. Identification of the probable remaining useful life of the
13 items identified in paragraph 1 of this subsection, as of the date
14 of the study;

15 3. An estimate of the cost of repair, replacement, restoration
16 or maintenance of each major item in paragraph 1 of this subsection
17 during and at the end of its useful life; and

18 4. An estimate of the total annual contribution necessary to
19 defray the cost to repair, replace, restore or maintain each major
20 item during and at the end of its useful life, after subtracting
21 total reserve funds as of the date of the study.

22 G. The owners association shall provide an annual budget with
23 adequate reserve funding and shall include:

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1 1. Current estimated replacement cost, estimated remaining life
2 and estimated useful life of each common area major component that
3 the association is obligated to repair, replace, restore or maintain
4 where costs exceed Fifty Thousand Dollars (\$50,000.00);

5 2. The current estimate of the amount of cash reserves that are
6 necessary and the current amount of accumulated cash reserves that
7 are set aside to repair, replace, restore or maintain the major
8 common area components at the end of the fiscal year for which the
9 budget is prepared;

10 3. A statement as to whether the owners association has
11 determined or anticipates that the levy of one or more special
12 assessments will be necessary to repair, replace or restore the
13 major common area components or to provide adequate funding for the
14 reserves designated for that purpose; and

15 4. A general statement describing the procedures used for the
16 estimation and accumulation of cash reserves, including, without
17 limitation, the qualifications of the person responsible for the
18 preparation of the study of the reserves pursuant to this section.

19 SECTION 2. This act shall become effective November 1, 2020.

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21 57-2-11058 AB 02/12/20

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