

1 STATE OF OKLAHOMA

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

3 HOUSE BILL 3060

By: McDugle

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6 AS INTRODUCED

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

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

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

23 A. The governing body of an owners association shall establish
24 and maintain reserve accounts for major common area components that
have a deferred maintenance expense or replacement cost that exceeds
Fifty Thousand Dollars (\$50,000.00) and have a useful life of more
than three (3) years.

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

7 C. The owners association may, without seeking or obtaining the
8 approval of the units' owners, impose any necessary and reasonable
9 assessments against the units in the common-interest community. Any
10 such assessments imposed by the owners association shall be based on
11 the study of the reserves of the owners association conducted in
12 this section.

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

20 E. The owners association shall:

21 1. At least once every five (5) years, cause a study to be
22 conducted of the reserve requirements of the current replacement
23 value of the major items which the association is obligated to
24 repair, replace, restore or maintain; and

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

4 F. The reserve account study shall include:

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

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

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

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

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

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

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

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

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

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

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