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## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

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<b>2003 Wisconsin Act 283</b> [2003 Assembly Bill 254]	<b>Revisions and Additions to Condominium Law</b>
2003 Acts: <a href="http://www.legis.state.wi.us/2003/data/acts/">www.legis.state.wi.us/2003/data/acts/</a>	Act Memos: <a href="http://www.legis.state.wi.us/lc/act_memo/act_memo.htm">www.legis.state.wi.us/lc/act_memo/act_memo.htm</a>

2003 Wisconsin Act 283 makes a number of revisions, additions, and clarifications to Wisconsin condominium law. The legislation was introduced by the Joint Legislative Council (JLC) and amended by the Legislature. The original legislation was developed by the JLC's Special Committee on Condominium Law Review. This memo briefly summarizes some of the key provisions of Act 283. For more detailed information, see Information Memorandum 2004-3, *2003 Wisconsin Act 283: Changes to Condominium Law*, dated May 5, 2004. The memorandum can be located on our Web site at: [http://www.legis.state.wi.us/lc/jlc04/im\\_2004\\_3.pdf](http://www.legis.state.wi.us/lc/jlc04/im_2004_3.pdf).

### **DISCLOSURE TO CONDOMINIUM UNIT PURCHASES**

- Requires an executive summary, highlighting important disclosure items or indicating where in the other disclosure materials the items may be found, to be included in the disclosure materials furnished by a seller of a condominium unit to a buyer. Also, requires a condominium unit owner who is transferring ownership to include specified information pertaining to the condominium unit in an addendum to the real estate condition report currently required under ch. 709, Stats.

### **RESERVE REQUIREMENT**

- Requires a declarant (condominium developer) or condominium association to establish a "statutory reserve account" to fully or partially fund repairs and replacements of common elements other than routine maintenance, unless the declarant or association elects not to establish an account pursuant to specified procedures. The provisions generally apply only to exclusively residential condominiums, other than small condominiums. Small condominiums and mixed-use condominiums (residential and nonresidential units) may choose to be governed by the provisions.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents.

### **ANNUAL BUDGET REQUIREMENT**

- Requires condominiums that include at least one residential unit to adopt and distribute to all unit owners an annual budget setting forth specified information.

### **RENTAL OF CONDOMINIUM UNITS**

- For rentals or leases of residential condominium units of more than one month or periodic residential tenancies of more than one month: provides as a matter of law that the tenant agrees to comply with the statutes governing condominiums, the rules and bylaws of the association, and the provisions of the condominium declaration; and requires written rental agreements to be provided to the association and provides a means of contacting or giving notice to a tenant or unit owner who is party to a rental agreement or tenancy.

### **UNIT OWNER AND TENANT LIABILITY FOR CERTAIN VIOLATIONS**

- Makes unit owners and tenants of condominium units liable for any charges, fines or assessments imposed pursuant to association bylaws or rules for failure to comply with the statutes governing condominiums, the declaration, the bylaws, or the association rules. If the association gives notice to the unit owner of a tenant's violation, the unit owner is liable for charges, fines, or assessments that remain unpaid by the tenant 30 days after the tenant first received notice of the charges, fines, or assessments.

### **ENFORCEMENT OF ASSOCIATION-IMPOSED ASSESSMENTS AND CHARGES**

- Expands the lien provisions of current law to allow placement of a lien on a condominium unit for failure to pay charges, fines, or assessments for damages to the condominium or for violations of the declaration, bylaws or association rules, in addition to failure to pay assessments for common expenses.

### **DECLARANT RESPONSIBILITY**

- When units owned by the declarant are exempt from assessments until sold, makes the declarant liable for that portion of actual common expenses incurred during the period of declarant control exceeding the nonexempt units' budgeted percentage share of common expenses.
- Requires the creation and maintenance of financial and operational records of the association during the period of declarant control and, during that period and one year after, requires the association to arrange for an independent audit of financial records if requested by a specified number of owners.

### **SMALL CONDOMINIUMS**

- Expands the application of the current provisions on small condominiums by increasing the maximum number of units in a "small condominium" from four to 12 and eliminating the requirement that all the units be restricted to residential uses.

**REPEAL OF PROVISION ON UNCOMPLETED UNITS**

- Repeals s. 703.255, Stats., which provides that if a declarant fails to complete any unit described in the declaration within a specified time, the declarant must obtain agreement for an extended time to complete the units and if agreement is not obtained, the declarant “loses” the uncompleted units (the declarant must remove the units from the declaration and adjust percentage interests and votes accordingly).

***Effective Date:*** November 1, 2004.

***Prepared by:*** Don Dyke, Chief of Legal Services

May 5, 2004

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