



March 13, 2024

House Committee on Corporations

Sent via e-mail:

HouseCorporations@rilegislature.gov

Re: HB 7862 AN ACT RELATING TO PROPERTY -- CONDOMINIUM LAW {LC5381/1} Creates a process for condominium associations to give notice to and obtain approval from unit mortgage holders for certain association actions.

Hearing Date: March 14, 2024

Dear Representatives:

This letter is written on behalf of the Community Association Institute's Rhode Island Legislative Action Committee-Rhode Island ("CAI LAC-RI") **in FAVOR** of House Bill 7862 which seeks to revise Rhode Island condominium law via a change to the "Old Condominium Act" (Section 34-36, which governs condominiums created before July 1, 1982) and the Rhode Island Condominium Act, the "New Act" (Section 34-36.1, which governs condominiums post July 1, 1982). House Bill 7862 creates a process for condominium associations to give notice to and obtain approval from unit mortgage holders for certain association actions. This same bill passed the House last session but did not timely have a companion bill in the Senate. There is currently a companion bill in the Senate (SB 2644).

By way of background, I am the Chair of the Community Association Institute ("CAI") Rhode Island Legislative Action Committee ("RI -LAC"). CAI RI-LAC, is comprised of property managers, attorneys and homeowners who represent condominium communities within Rhode Island, and we speak on behalf of thousands of condominium unit owners and their unit owner organizations in the State. I have been practicing association law in Rhode Island for fourteen years. As of 2022, approximately 91,000 Rhode Islanders live in 2,000 community associations in Rhode Island.

Our parent organization, Community Associations Institute ("CAI"), is a global nonprofit 501(c)(6) organization. CAI is the foremost authority in community association management, governance, education, and advocacy. CAI was formed in 1973 by the Urban Land Institute and

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THE RECOGNIZED VOICE FOR NEW ENGLAND CONDOMINIUMS

the National Association of Home Builders to provide the most effective guidance for the creation and operation of condominiums, co-operatives, and homeowners associations. With more than 36,000 members, CAI works in partnership with 63 affiliated chapters within the U.S., Canada, United Arab Emirates, and South Africa, as well as with housing leaders in several other countries including Australia, Spain, Saudi Arabia, and the United Kingdom. The local chapter of CAI, CAI New England, is headquartered in Wellesley, Massachusetts and serves all of the New England States. CAI estimates that there are approximately 74.2 million people living in 28.2 million housing units within over 365,000 community associations (*Treese, The Community Associations Factbook 2018*). Over 1 out of every 4 Americans lives in a community association. *Id.*

Our organization **is FOR** the passage of House Bill 7862 which seeks to amend the Rhode Island Condominium Act (34-36.1) and The Condominium Ownership Act (34-36) by modernizing the method of mortgage holder approval for certain amendments to the Association's governing documents. Currently, Association business is frequently stonewalled by provisions in the statute and the Association's governing documents that require "mortgagee approval." These requests for approval are sent out by the Association to national lender entities with no response- leaving Associations unable to make important changes to their documents. This Bill would provide benefits to Rhode Island associations that already exist in many other states, such as Massachusetts. These changes also are in line with FNMA guidelines.

House Bill 7862 will benefit thousands of unit owners in Rhode Island by streamlining compliance with mortgagee approval requirements that exist in the governing documents. This will allow Association boards to more efficiently conduct association business and legally implement important changes to the Association's governing documents that are desired by the unit owners.

Accordingly, we respectfully request and encourage you to recommend passage of HB 7862 bill. We are happy to provide any further information to the Committee regarding this important Bill. Thank you for your time and consideration.

Very Truly Yours

Mary-Joy Howes
Mary-Joy Howes, Esq.
Chair CAI-LAC-RI

cc: CAI, RI-LAC (by e-mail)