



2017 ASSEMBLY BILL 518

September 29, 2017 - Introduced by Representatives TUSLER, ALLEN, FELZKOWSKI, HORLACHER, R. BROOKS, SUBECK and TITTL, cosponsored by Senators LEMAHIEU, MARKLEIN and NASS. Referred to Committee on Housing and Real Estate.

1 **AN ACT** *to renumber and amend* 703.20 (2); *to amend* 703.33 (1) (h) (intro.),
2 703.33 (1) (h) 11. and 703.33 (9); and *to create* 703.20 (2) (b), 703.33 (1) (h) 13.,
3 703.33 (1) (h) 14. and 703.335 of the statutes; **relating to:** condominium
4 disclosure materials and payoff statements.

Analysis by the Legislative Reference Bureau

This bill limits the amount a condominium association may charge for providing a payoff statement or required disclosure materials, requires the disclosure of certain information in connection with a transfer of a condominium unit, and creates a procedure for a unit owner to acquire a payoff statement from an association for unpaid assessments and other amounts owed with respect to a unit.

Under current law, a seller of a unit must furnish certain documents and information (disclosure materials) to the purchaser. The disclosure materials include an executive summary that provides certain information about the condominium. The bill requires that, in addition to the information required under current law, the executive summary also must include all of the following information:

1. If the association maintains reserves for repairs and replacement of common elements, the amount of those reserves.
2. Whether the association has a right of first refusal to purchase the unit.
3. Whether the association charges a fee in connection with a transfer of ownership of the unit and, if a fee is charged, the amount of the fee.

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Under current law, an association must furnish the seller with the information necessary for the seller to provide the disclosure materials, and the seller must pay the association the actual costs of furnishing that information. Under the bill, the association may not charge more than \$30 for providing the initial information and \$15 for providing any updates to that information.

The bill also provides that, within ten business days after a unit owner submits a written request, the association must provide a payoff statement of all unpaid assessments and other amounts owed by the unit owner with respect to a unit. The association must provide one payoff statement without charge during any two-month period and may charge a fee of \$25 for each additional payoff statement requested with respect to the unit during that two-month period. If an association fails to timely provide a payoff statement, the association is liable to the requester for any actual damages caused by the failure plus \$500. If the association fails to pay those damages within 30 days after demand for payment, the association also may be liable for reasonable attorney fees and costs.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 703.20 (2) of the statutes is renumbered 703.20 (2) (intro.) and
2 amended to read:

3 703.20 (2) DISCLOSURE INFORMATION. (intro.) Within 10 days after a request by
4 a seller other than the declarant, an association shall furnish the information
5 necessary for the seller to comply with s. 703.33. The association may charge to the
6 seller, and the seller shall pay to the association, all of the following amounts:

7 (a) The actual costs of furnishing the information under s. 703.33 (1), (1m), and
8 (2) or \$30, whichever is less.

9 **SECTION 2.** 703.20 (2) (b) of the statutes is created to read:

10 703.20 (2) (b) The actual costs of furnishing the information under s. 703.33
11 (3m) or \$15, whichever is less.

12 **SECTION 3.** 703.33 (1) (h) (intro.) of the statutes is amended to read:

13 703.33 (1) (h) (intro.) An executive summary setting forth in clear plain
14 language the following information, or the location within the disclosure materials

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1 described in pars. (a) to (g) where the information may be found, and the date on
2 which the executive summary is prepared or revised:

3 **SECTION 4.** 703.33 (1) (h) 11. of the statutes is amended to read:

4 703.33 (1) (h) 11. ‘Reserves.’ Whether the association maintains reserves for
5 repairs and replacement of common elements beyond routine maintenance and, if so,
6 whether a statutory reserve account under s. 703.163 is maintained and the amount
7 of the reserve balance.

8 **SECTION 5.** 703.33 (1) (h) 13. of the statutes is created to read:

9 703.33 (1) (h) 13. ‘First right of purchase.’ Whether the association has a first
10 right to purchase the unit.

11 **SECTION 6.** 703.33 (1) (h) 14. of the statutes is created to read:

12 703.33 (1) (h) 14. ‘Transfer fee.’ Whether the association charges a fee in
13 connection with a transfer of ownership of the unit and, if a fee is charged, the
14 amount of the fee.

15 **SECTION 7.** 703.33 (9) of the statutes is amended to read:

16 703.33 (9) ~~ELECTRONIC DISCLOSURE~~ DELIVERY. The information required under
17 subs. (1) and (2) may be ~~disclosed~~ delivered electronically in accordance with 15 USC
18 7001 (c), subch. II of ch. 137, and any other requirements that are prescribed by law.

19 **SECTION 8.** 703.335 of the statutes is created to read:

20 **703.335 Payoff statement for unpaid assessments and other**
21 **obligations. (1) DEFINITION.** In this section, “payoff amount” means the total
22 amount necessary to satisfy all monetary obligations, including unpaid assessments,
23 owed by a unit owner to the association in connection with a particular unit, as set
24 forth in a payoff statement provided by the association.

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1 **(2) REQUEST FOR PAYOFF STATEMENT.** A unit owner, or a person on behalf of a unit
2 owner, may submit to the association a written request for a payoff statement for a
3 specified date not more than 30 days after the request is submitted. A grantee that
4 requests a payoff statement under s. 703.165 (4) is considered a person making a
5 request on behalf of a unit owner for purposes of this subsection.

6 **(3) DEADLINE TO PROVIDE PAYOFF STATEMENT.** Within 10 business days after a
7 request under sub. (2) is submitted, the association shall provide a written payoff
8 statement to the unit owner or person that submitted the request.

9 **(4) LIMITATION ON FEES.** With respect to each unit, an association shall provide
10 one payoff statement requested under sub. (2) without charge during any 2-month
11 period. The association may charge a fee of \$25 for each additional payoff statement
12 requested with respect to the unit during that 2-month period.

13 **(5) DAMAGES.** If an association to which a request is submitted under sub. (2)
14 does not provide a payoff statement within the deadline described under sub. (3), the
15 association is liable to the unit owner or person that submitted the request for any
16 actual damages caused by the association's failure plus \$500, but not punitive
17 damages. An association that does not pay the damages provided in this subsection
18 within 30 days after receipt of a notification demanding payment also may be liable
19 for reasonable attorney fees and costs.

SECTION 9. Initial applicability.

20 **(1) MAXIMUM AMOUNTS ALLOWED FOR FURNISHING DISCLOSURE INFORMATION.** The
21 renumbering and amendment of section 703.20 (2) of the statutes and the creation
22 of section 703.20 (2) (b) of the statutes first apply to a request by a seller submitted
23 to an association on the effective date of this subsection.
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1 (2) PAYOFF STATEMENT FOR UNPAID ASSESSMENTS AND OTHER OBLIGATIONS. The
2 treatment of section 703.335 of the statutes first applies to a request for a payoff
3 statement submitted to an association on the effective date of this subsection.

4 (3) EXECUTIVE SUMMARY CONTENTS. The treatment of section 703.33 (1) (h)
5 (intro.), 11., 13., and 14. of the statutes first applies to an executive summary
6 furnished to a purchaser under section 703.33 (1) of the statutes on July 1, 2018.

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(END)