

SENATE BILL NO. 740

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology

on \_\_\_\_\_)

(Patron Prior to Substitute--Senator Surovell)

A BILL to direct the Department of Professional and Occupational Regulation's Office of the Common Interest Community Ombudsman to establish a work group to study the adequacy of current laws addressing standards for structural integrity and for maintaining reserves to repair, replace, or restore capital components in common interest communities; report.

**Be it enacted by the General Assembly of Virginia:**

1. § 1. A. The Department of Professional and Occupational Regulation's Office of the Common Interest Community Ombudsman shall establish a work group to study the adequacy of current laws addressing standards for structural integrity and for maintaining reserves to repair, replace, or restore capital components in common interest communities. In conducting such study, the work group shall consider the following: (i) the development of common interest communities, including initial budget reserve funding, the filing of "as built" plans and specifications with the locality and delivery of such plans to the association of such common interest community, along with other transition documents, and increasing requirements for the issuance of certificates of occupancy; (ii) governing documents; (iii) reserve study requirements, including requirements for the frequency of such studies, the qualification of persons conducting such studies, and disclosure of such studies to purchasers and existing owners; (iv) budget requirements; (v) the authority of association boards to budget for reserves, expend funds for reserve projects, make special or additional assessments, and borrow funds to pay for projects; (vi) liability of associations and executive boards; (vii) inspections, including the authority of local governments to require inspections, funding for inspections, the scope, nature, and schedule of inspections, and qualifications of building inspectors; (viii) insurance coverage, including the scope of coverage, availability of products, adequacy or need for new or alternate products, feasibility of insurance

27 inspections, and cost; (ix) education of association board members and owners; (x) judicial remedies,  
28 including an option to petition a court to authorize an assessment or alternative funding; and (xi) common  
29 interest community association management, including manager qualifications and self-management  
30 versus professional management.

31 B. The work group shall be composed of representatives of (i) the Common Interest Community  
32 Board, (ii) local governments, (iii) local and state building officials, (iv) common interest community  
33 property owners, (v) developers and builders, (vi) common interest community managers, (vii) community  
34 association attorneys, (viii) reserve specialists, (ix) professional engineers, (x) auditors, (xi)  
35 representatives of financial institutions, (xii) insurance professionals, (xiii) attorneys with experience  
36 representing individuals with property or personal injury claims; (xiv) the Office of the Common Interest  
37 Community Ombudsman; and (xv) volunteer community leaders.

38 C. The Department of Professional and Occupational Regulation's Office of the Common Interest  
39 Community Ombudsman shall report the work group's findings and provide recommendations, including  
40 any legislative recommendations, to the Chairs of the House Committee on General Laws and the Senate  
41 Committee on General Laws and Technology no later than April 1, 2023.

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