

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

HOUSE BILL 4112

By: Kannady

AS INTRODUCED

An Act relating to property; enacting the Uniform Common Interest Ownership Act; providing for applicability of act; defining terms; limiting waiver or variation of applicability; providing for taxation of property; providing for applicability of certain ordinances, regulations and building codes; requiring certain payments if property acquired through eminent domain; providing for applicability of certain laws; prohibiting implicit repeal of act; requiring uniform application of act; limiting applicability of contract terms if found unconscionable; requiring good-faith effort in performance of obligations of contract; requiring remedies of act be liberally construed; allowing adjustment of certain dollar amounts under act; providing relationship of act to certain federal act; providing for applicability of act on or after effective date; providing exception from act for certain cooperatives; providing exception from act for certain communities; providing for applicability of act to certain preexisting communities; providing exception from act for certain preexisting cooperatives and planned communities; allowing for amendments to certain bylaws if in conformity to act; providing for applicability of act to certain nonresidential and mixed-use common interest communities; limiting applicability of act to certain out-of-state communities; providing exemption for certain real estate arrangements and covenants; creating common interest communities; providing for boundaries of units; providing for construction and validity of declaration and bylaws; providing for adequate legal description of units; requiring certain provisions be present in a declaration; requiring recording of leases of certain

1 leasehold common interest communities; providing for
2 allocation of certain interests; requiring certain
3 common elements be specified in declaration;
4 requiring certain provisions be a part of plats and
5 plans; allowing exercise of certain development
6 rights; allowing for alteration of units; providing
7 for relocation of unit boundaries by amendment;
8 allowing for subdivision of units in certain
9 circumstances; providing for easements for
10 encroachments by units or common elements; allowing
11 for units to be used as sales or management offices
12 in certain circumstances; providing for easement and
13 use rights; allowing for amendment of declaration;
14 providing for termination of common interest
15 community; establishing rights of secured lenders;
16 providing for existence of master associations;
17 providing for merger or consolidation of common
18 interest communities; providing for the addition of
19 unspecified real estate in certain circumstances;
20 providing for existence of master planned community;
21 providing for termination of common interest
22 community following catastrophe; providing for
23 organization of unit owners association; designating
24 powers of unit owners association; establishing
powers of executive board members and officers of
association; providing for transfer of special
declarant rights; providing for termination of
certain contracts and leases; providing for bylaws of
associations; requiring upkeep of common interest
community; providing for meetings of associations;
defining amount needed for quorum in association
meeting; providing for voting of unit owners and
voting by proxy; establishing tort and contract
liability of association; providing for tolling of
certain statute of limitations; providing for
conveyance or encumbrance of common elements;
requiring insurance coverage be maintained by
association; directing use of surplus funds of
association; providing for assessments for common
expenses; allowing for lien for assessments;
providing for other liens; requiring maintenance of
association records; allowing association to act as
trustee; providing procedure for adopting, amending
or repealing rules; providing methods for delivery of
notice; providing for removal of officers and
directors; requiring annual adoption of budget;
authorizing special assessment under certain

1 circumstances; providing requirements and procedures
2 for maintaining certain proceedings; providing for
3 applicability and waiver of act; requiring public
4 offering statements for offerings; providing
5 liability for false or misleading statements and for
6 omission of material facts in public offering
7 statement; providing general requirements for public
8 offering statements; requiring certain disclosures in
9 public offering statements relating to common
10 interest communities; requiring disclosure of
11 timeshare provisions in public offering statement;
12 requiring disclosure of conversion buildings in
13 public offering statement; providing securities
14 registration requirements for common interest
15 community; establishing right of purchaser to cancel
16 purchase contract; establishing procedures for resale
17 of units; requiring escrow of certain deposits;
18 providing for release of certain liens; requiring
19 notice to tenants and subtenants of conversion
20 buildings; establishing express warranties of
21 quality; establishing implied warranties of quality;
22 allowing for exclusion or modification of implied
23 warranties of quality; providing statute of
24 limitations for warranties; creating cause of action
for violations of act; providing for exemplary
damages; providing for award of attorney fees and
costs; requiring labeling of promotional materials;
creating obligation of declarant to complete and
restore property; requiring substantial completion of
units before sale; providing for codification; and
providing an effective date.

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

ARTICLE 1

GENERAL PROVISIONS

PART 1

DEFINITIONS AND OTHER GENERAL PROVISIONS

1 SECTION 1. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 901.101 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 SHORT TITLE. This act shall be known and may be cited as the
5 "Uniform Common Interest Ownership Act".

6 SECTION 2. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 901.102 of Title 60, unless
8 there is created a duplication in numbering, reads as follows:

9 APPLICABILITY. Applicability of the Uniform Common Interest
10 Ownership Act is governed by Part 2 of this article.

11 SECTION 3. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 901.103 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 DEFINITIONS. As used in the Uniform Common Interest Ownership
15 Act:

16 1. "Affiliate of a declarant" means any person who controls, is
17 controlled by, or is under common control with a declarant. For
18 purposes of this definition:

- 19 a. a person controls a declarant if the person:
 - 20 (1) is a general partner, officer, director, or
 - 21 employer of the declarant,
 - 22 (2) directly or indirectly or acting in concert with
 - 23 one or more other persons, or through one or more
 - 24 subsidiaries, owns, controls, holds with power to

1 vote, or holds proxies representing, more than
2 twenty percent (20%) of the voting interest in
3 the declarant,

4 (3) controls in any manner the election of a majority
5 of the directors of the declarant, or

6 (4) has contributed more than twenty percent (20%) of
7 the capital of the declarant,

8 b. a person is controlled by a declarant if the
9 declarant:

10 (1) is a general partner, officer, director, or
11 employer of the person,

12 (2) directly or indirectly or acting in concert with
13 one or more other persons, or through one or more
14 subsidiaries, owns, controls, holds with power to
15 vote, or holds proxies representing, more than
16 twenty percent (20%) of the voting interest in
17 the person,

18 (3) controls in any manner the election of a majority
19 of the directors of the person, or

20 (4) has contributed more than twenty percent (20%) of
21 the capital of the person, and

22 c. control does not exist if the powers described in this
23 paragraph are held solely as security for an
24 obligation and are not exercised;

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2. "Allocated interests" means the following interests allocated to each unit:
- a. in a condominium, the undivided interest in the common elements, the common expense liability, and votes in the association,
 - b. in a cooperative, the common expense liability, the ownership interest, and votes in the association, and
 - c. in a planned community, the common expense liability and votes in the association;
3. "Assessment" means the sum attributable to each unit and due to the association pursuant to Section 64 of this act;
4. "Association" or "unit owners association" means the unit owners association organized under Section 50 of this act;
5. "Bylaws" means the instruments, however denominated, that contain the procedures for conduct of the affairs of the association regardless of the form in which the association is organized, including any amendments to the instruments;
6. "Common elements" means:
- a. in the case of:
 - (1) a condominium or cooperative, all portions of the common interest community other than the units,
 - and

1 (2) a planned community, any real estate within a
2 planned community which is owned or leased by the
3 association, other than a unit, and

4 b. in all common interest communities, any other
5 interests in real estate for the benefit of unit
6 owners which are subject to the declaration;

7 7. "Common expense liability" means the liability for common
8 expenses allocated to each unit pursuant to Section 32 of this act;

9 8. "Common expenses" means expenditures made by, or financial
10 liabilities of, the association, together with any allocations to
11 reserves;

12 9. "Common interest community" means real estate described in a
13 declaration with respect to which a person, by virtue of the
14 person's ownership of a unit, is obligated to pay for a share of
15 real estate taxes, insurance premiums, maintenance, or improvement
16 of, or services or other expenses related to, common elements, other
17 units, or other real estate described in the declaration. The term
18 does not include an arrangement described in Section 34 or 35 of
19 this act. For purposes of this paragraph, ownership of a unit does
20 not include holding a leasehold interest of less than twenty (20)
21 years in a unit, including renewal options;

22 10. "Condominium" means a common interest community in which
23 portions of the real estate are designated for separate ownership
24 and the remainder of the real estate is designated for common

1 ownership solely by the owners of those portions. A common interest
2 community is not a condominium unless the undivided interests in the
3 common elements are vested in the unit owners;

4 11. "Conversion building" means a building that at any time
5 before creation of the common interest community was occupied wholly
6 or partially by persons other than purchasers and persons that
7 occupy with the consent of purchasers;

8 12. "Cooperative" means a common interest community in which
9 the real estate is owned by an association, each of whose members is
10 entitled by virtue of the member's ownership interest in the
11 association to exclusive possession of a unit;

12 13. "Dealer" means a person in the business of selling units
13 for the person's own account;

14 14. "Declarant" means any person or group of persons acting in
15 concert that:

- 16 a. as part of a common promotional plan, offers to
17 dispose of the interest of the person or group of
18 persons in a unit not previously disposed of, or
19 b. reserves or succeeds to any special declarant right;

20 15. "Declaration" means the instrument, however denominated,
21 that creates a common interest community, including any amendments
22 to the instrument;

23 16. "Development rights" means any right or combination of
24 rights reserved by a declarant in the declaration to:

- 1 a. add real estate to a common interest community,
2 b. create units, common elements, or limited common
3 elements within a common interest community,
4 c. subdivide units or convert units into common elements,
5 or
6 d. withdraw real estate from a common interest community;

7 17. "Dispose" or "disposition" means a voluntary transfer to a
8 purchaser of any legal or equitable interest in a unit, but the term
9 does not include the transfer or release of a security interest;

10 18. "Executive board" means the body, regardless of name,
11 designated in the declaration or bylaws to act on behalf of the
12 association;

13 19. "Identifying number" means a symbol or address that
14 identifies only one unit in a common interest community;

15 20. "Leasehold common interest community" means a common
16 interest community in which all or a portion of the real estate is
17 subject to a lease the expiration or termination of which will
18 terminate the common interest community or reduce its size;

19 21. "Limited common element" means a portion of the common
20 elements allocated by the declaration or by operation of paragraph 2
21 or 4 of Section 27 of this act for the exclusive use of one or more
22 but fewer than all of the units;

1 22. "Master association" means an organization described in
2 Section 45 of this act, whether or not it is also an association
3 described in Section 50 of this act;

4 23. "Offering" means any advertisement, inducement,
5 solicitation, or attempt to encourage any person to acquire any
6 interest in a unit, other than as security for an obligation. An
7 advertisement in a newspaper or other periodical of general
8 circulation, or in any broadcast medium to the general public, of a
9 common interest community not located in this state, is not an
10 offering if the advertisement states that an offering may be made
11 only in compliance with the law of the jurisdiction in which the
12 common interest community is located;

13 24. "Person" means an individual, corporation, business trust,
14 estate, trust, partnership, limited liability company, association,
15 joint venture, public corporation, government or governmental
16 subdivision, agency, or instrumentality, or any other legal or
17 commercial entity. In the case of a land trust, the term means the
18 beneficiary of the trust rather than the trust or the trustee;

19 25. "Planned community" means a common interest community that
20 is not a condominium or a cooperative. A condominium or cooperative
21 may be part of a planned community;

22 26. "Proprietary lease" means an agreement with the association
23 pursuant to which a member is entitled to exclusive possession of a
24 unit in a cooperative;

1 27. "Purchaser" means a person, other than a declarant or a
2 dealer, that by means of a voluntary transfer acquires a legal or
3 equitable interest in a unit other than:

4 a. a leasehold interest, including renewal options, of
5 less than twenty (20) years, or

6 b. as security for an obligation;

7 28. "Real estate" means any leasehold or other estate or
8 interest in, over, or under land, including structures, fixtures,
9 and other improvements and interests that by custom, usage, or law
10 pass with a conveyance of land though not described in the contract
11 of sale or instrument of conveyance. The term includes parcels with
12 or without upper or lower boundaries and spaces that may be filled
13 with air or water;

14 29. "Record", used as a noun, means information that is
15 inscribed on a tangible medium or that is stored in an electronic or
16 other medium and is retrievable in perceivable form;

17 30. "Residential purposes" means use for dwelling or
18 recreational purposes, or both;

19 31. "Rule" means a policy, guideline, restriction, procedure,
20 or regulation of an association, however denominated, which is not
21 set forth in the declaration or bylaws and which governs the conduct
22 of persons or the use or appearance of property;

23 32. "Security interest" means an interest in real estate or
24 personal property, created by contract or conveyance, which secures

1 payment or performance of an obligation. The term includes a lien
2 created by a mortgage, deed of trust, trust deed, security deed,
3 contract for deed, land sales contract, lease intended as security,
4 assignment of lease or rents intended as security, pledge of an
5 ownership interest in an association, and any other consensual lien
6 or title retention contract intended as security for an obligation;

7 33. "Special declarant rights" means rights reserved for the
8 benefit of a declarant to:

- 9 a. complete improvements indicated on plats and plans
10 filed with the declaration or, in a cooperative, to
11 complete improvements described in the public offering
12 statement pursuant to paragraph 2 of subsection A of
13 Section 76 of this act,
- 14 b. exercise any development right,
- 15 c. maintain sales offices, management offices, signs
16 advertising the common interest community, and models,
- 17 d. use easements through the common elements for the
18 purpose of making improvements within the common
19 interest community or within real estate which may be
20 added to the common interest community,
- 21 e. make the common interest community subject to a master
22 association,

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- 1 f. merge or consolidate a common interest community with
- 2 another common interest community of the same form of
- 3 ownership,
- 4 g. appoint or remove any officer of the association or
- 5 any master association or any executive board member
- 6 during any period of declarant control,
- 7 h. control any construction, design review, or aesthetic
- 8 standards committee or process,
- 9 i. attend meetings of the unit owners and, except during
- 10 an executive session, the executive board, and
- 11 j. have access to the records of the association to the
- 12 same extent as a unit owner;

13 34. "Time share" means a right to occupy a unit or any of
14 several units during five (5) or more separated time periods over a
15 period of at least five (5) years, including renewal options,
16 whether or not coupled with an estate or interest in a common
17 interest community or a specified portion thereof;

18 35. "Unit" means a physical portion of the common interest
19 community designated for separate ownership or occupancy, the
20 boundaries of which are described pursuant to paragraph 5 of
21 subsection A of Section 30 of this act. If a unit in a cooperative
22 is owned by a unit owner or is sold, conveyed, voluntarily or
23 involuntarily encumbered, or otherwise transferred by a unit owner,
24 the interest in that unit which is owned, sold, conveyed,

1 | encumbered, or otherwise transferred is the right to possession of
2 | that unit under a proprietary lease, coupled with the allocated
3 | interests of that unit, and the association's interest in that unit
4 | is not thereby affected; and

5 | 36. "Unit owner" means a declarant or other person that owns a
6 | unit, or a lessee of a unit in a leasehold common interest community
7 | whose lease expires simultaneously with any lease the expiration or
8 | termination of which will remove the unit from the common interest
9 | community, but does not include a person having an interest in a
10 | unit solely as security for an obligation. In a condominium or
11 | planned community, the declarant is the owner of any unit created by
12 | the declaration. In a cooperative, the declarant is treated as the
13 | owner of any unit to which allocated interests have been allocated
14 | until that unit has been conveyed to another person.

15 | SECTION 4. NEW LAW A new section of law to be codified
16 | in the Oklahoma Statutes as Section 901.104 of Title 60, unless
17 | there is created a duplication in numbering, reads as follows:

18 | NO VARIATION BY AGREEMENT. Except as expressly provided in the
19 | Uniform Common Interest Ownership Act, the effect of its provisions
20 | may not be varied by agreement, and rights conferred by it may not
21 | be waived. Except as otherwise provided in Section 22 of this act,
22 | a declarant may not act under a power of attorney, or use any other
23 | device, to evade the limitations or prohibitions of this act or the
24 | declaration.

1 SECTION 5. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 901.105 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 SEPARATE TITLES AND TAXATION.

5 A. In a cooperative, unless the declaration provides that a
6 unit owner's interest in a unit and its allocated interests is real
7 estate for all purposes, that interest is personal property. That
8 interest is subject to the provisions of Title 31 of the Oklahoma
9 Statutes, even if it is personal property.

10 B. In a condominium or planned community:

11 1. If there is any unit owner other than a declarant, each unit
12 that has been created, together with its interest in the common
13 elements, constitutes for all purposes a separate parcel of real
14 estate.

15 2. If there is any unit owner other than a declarant, each unit
16 must be separately taxed and assessed, and no separate tax or
17 assessment may be rendered against any common elements for which a
18 declarant has reserved no development rights.

19 C. Any portion of the common elements for which the declarant
20 has reserved any development right must be separately taxed and
21 assessed against the declarant, and the declarant alone is liable
22 for payment of those taxes.

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1 D. If there is no unit owner other than a declarant, the real
2 estate comprising the common interest community may be taxed and
3 assessed in any manner provided by law.

4 SECTION 6. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 901.106 of Title 60, unless
6 there is created a duplication in numbering, reads as follows:

7 APPLICABILITY OF LOCAL ORDINANCES, REGULATIONS, AND BUILDING
8 CODES.

9 A. A building code may not impose any requirement upon any
10 structure in a common interest community which it would not impose
11 upon a physically identical development under a different form of
12 ownership.

13 B. In condominiums and cooperatives, no zoning, subdivision, or
14 other real estate use law, ordinance, or regulation may prohibit the
15 condominium or cooperative form of ownership or impose any
16 requirement upon a condominium or cooperative which it would not
17 impose upon a physically identical development under a different
18 form of ownership.

19 C. Except as provided in subsections A and B of this section,
20 the provisions of the Uniform Common Interest Ownership Act do not
21 invalidate or modify any provision of any building code, zoning,
22 subdivision, or other real estate use law, ordinance, rule, or
23 regulation governing the use of real estate.

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1 SECTION 7. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 901.107 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 EMINENT DOMAIN.

5 A. If a unit is acquired by eminent domain or part of a unit is
6 acquired by eminent domain leaving the unit owner with a remnant
7 that may not practically or lawfully be used for any purpose
8 permitted by the declaration, the award must include compensation to
9 the unit owner for that unit and its allocated interests, whether or
10 not any common elements are acquired. Upon acquisition, unless the
11 decree otherwise provides, that unit's allocated interests are
12 automatically reallocated to the remaining units in proportion to
13 the respective allocated interests of those units before the taking,
14 and the association shall promptly prepare, execute, and record an
15 amendment to the declaration reflecting the reallocations. Any
16 remnant of a unit remaining after part of a unit is taken under this
17 subsection is thereafter a common element.

18 B. Except as provided in subsection A of this section, if part
19 of a unit is acquired by eminent domain, the award must compensate
20 the unit owner for the reduction in value of the unit and its
21 interest in the common elements, whether or not any common elements
22 are acquired. Upon acquisition, unless the decree otherwise
23 provides:

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1 1. That unit's allocated interests are reduced in proportion to
2 the reduction in the size of the unit, or on any other basis
3 specified in the declaration; and

4 2. The portion of the allocated interests divested from the
5 partially acquired unit are automatically reallocated to that unit
6 and to the remaining units in proportion to the respective allocated
7 interests of those units before the taking, with the partially
8 acquired unit participating in the reallocation on the basis of its
9 reduced allocated interests.

10 C. If part of the common elements is acquired by eminent
11 domain, the portion of the award attributable to the common elements
12 taken must be paid to the association. Unless the declaration
13 provides otherwise, any portion of the award attributable to the
14 acquisition of a limited common element must be equally divided
15 among the owners of the units to which that limited common element
16 was allocated at the time of acquisition.

17 D. The court decree must be recorded in every county in which
18 any portion of the common interest community is located.

19 SECTION 8. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 901.108 of Title 60, unless
21 there is created a duplication in numbering, reads as follows:

22 SUPPLEMENTAL GENERAL PRINCIPLES OF LAW APPLICABLE. The
23 principles of law and equity, including the law of corporations, any
24 other form of organization authorized by the law of this state, and

1 unincorporated associations, the law of real estate, and the law
2 relative to capacity to contract, principal and agent, eminent
3 domain, estoppel, fraud, misrepresentation, duress, coercion,
4 mistake, receivership, substantial performance, or other validating
5 or invalidating cause supplement the provisions of the Uniform
6 Common Interest Ownership Act, except to the extent inconsistent
7 with this act.

8 SECTION 9. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 901.109 of Title 60, unless
10 there is created a duplication in numbering, reads as follows:

11 CONSTRUCTION AGAINST IMPLICIT REPEAL. The Uniform Common
12 Interest Ownership Act being a general act intended as a unified
13 coverage of its subject matter, no part of it shall be construed to
14 be impliedly repealed by subsequent legislation if that construction
15 can reasonably be avoided.

16 SECTION 10. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 901.110 of Title 60, unless
18 there is created a duplication in numbering, reads as follows:

19 UNIFORMITY OF APPLICATION AND CONSTRUCTION. The Uniform Common
20 Interest Ownership Act shall be applied and construed so as to
21 effectuate its general purpose to make uniform the law with respect
22 to the subject of this act among states enacting it.

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1 SECTION 11. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 901.111 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 UNCONSCIONABLE AGREEMENT OR TERM OF CONTRACT.

5 A. The court, upon finding as a matter of law that a contract
6 or contract clause was unconscionable at the time the contract was
7 made, may refuse to enforce the contract, enforce the remainder of
8 the contract without the unconscionable clause, or limit the
9 application of any unconscionable clause in order to avoid an
10 unconscionable result.

11 B. Whenever it is claimed, or appears to the court, that a
12 contract or any contract clause is or may be unconscionable, the
13 parties, in order to aid the court in making the determination, must
14 be afforded a reasonable opportunity to present evidence as to:

- 15 1. The commercial setting of the negotiations;
- 16 2. Whether a party has knowingly taken advantage of the
17 inability of the other party reasonably to protect his interests by
18 reason of physical or mental infirmity, illiteracy, inability to
19 understand the language of the agreement, or similar factors;
- 20 3. The effect and purpose of the contract or clause; and
- 21 4. If a sale, any gross disparity, at the time of contracting,
22 between the amount charged for the property and the value of that
23 property measured by the price at which similar property was readily
24 obtainable in similar transactions. A disparity between the

1 contract price and the value of the property measured by the price
2 at which similar property was readily obtainable in similar
3 transactions does not, of itself, render the contract
4 unconscionable.

5 SECTION 12. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 901.112 of Title 60, unless
7 there is created a duplication in numbering, reads as follows:

8 OBLIGATION OF GOOD FAITH. Every contract or duty governed by
9 the Uniform Common Interest Ownership Act imposes an obligation of
10 good faith in its performance or enforcement.

11 SECTION 13. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 901.113 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 REMEDIES TO BE LIBERALLY ADMINISTERED.

15 The remedies provided by the Uniform Common Interest Ownership
16 Act shall be liberally administered to the end that the aggrieved
17 party is put in as good a position as if the other party had fully
18 performed. However, consequential, special, or punitive damages may
19 not be awarded except as specifically provided in the Uniform Common
20 Interest Ownership Act or by other rule of law.

21 SECTION 14. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 901.114 of Title 60, unless
23 there is created a duplication in numbering, reads as follows:

24 ADJUSTMENT OF DOLLAR AMOUNTS.

1 A. From time to time the dollar amount specified in Section 18
2 of this act must change, as provided in subsections B and C of this
3 section, according to and to the extent of changes in the Consumer
4 Price Index for Urban Wage Earners and Clerical Workers: U.S. City
5 Average, All Items 1967 = 100, compiled by the Bureau of Labor
6 Statistics, United States Department of Labor, (the "Index"). The
7 Index for December, 1979, which was 230, is the Reference Base
8 Index.

9 B. The dollar amount specified in Section 18 of this act and
10 any amount stated in the declaration pursuant to that section, must
11 change on July 1 of each year if the percentage of change,
12 calculated to the nearest whole percentage point, between the Index
13 at the end of the preceding year and the Reference Base Index is ten
14 percent (10%) or more, but:

15 1. The portion of the percentage change in the Index in excess
16 of a multiple of ten percent (10%) must be disregarded and the
17 dollar amount shall change only in multiples of ten percent (10%) of
18 the amount appearing in the Uniform Common Interest Ownership Act on
19 the date of enactment;

20 2. The dollar amount must not change if the amount required by
21 this section is that currently in effect pursuant to this act as a
22 result of earlier application of this section; and

23 3. In no event may the dollar amount be reduced below the
24 amount appearing in this act on November 1, 2020.

1 C. If the Index is revised after December, 1979, the percentage
2 of change pursuant to this section must be calculated on the basis
3 of the revised Index. If the revision of the Index changes the
4 Reference Base Index, a revised Reference Base Index must be
5 determined by multiplying the Reference Base Index then applicable
6 by the rebasing factor furnished by the Bureau of Labor Statistics.
7 If the Index is superseded, the Index referred to in this section is
8 the one represented by the Bureau of Labor Statistics as reflecting
9 most accurately changes in the purchasing power of the dollar for
10 consumers.

11 SECTION 15. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 901.115 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL
15 COMMERCE ACT. The Uniform Common Interest Ownership Act modifies,
16 limits, and supersedes the federal Electronic Signatures in Global
17 and National Commerce Act, 15 U.S.C., Section 7001, et seq., but
18 does not modify, limit, or supersede Section 101(c) of that act, 15
19 U.S.C., Section 7001(c), or authorize electronic delivery of any of
20 the notices described in Section 103(b) of that act, 15 U.S.C.,
21 Section 7003(b).

22 PART 2

23 APPLICABILITY

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1 SECTION 16. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 901.201 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 APPLICABILITY TO NEW COMMON INTEREST COMMUNITIES. Except as
5 otherwise provided in Part 2 of this article, the Uniform Common
6 Interest Ownership Act applies to all common interest communities
7 created within this state on or after November 1, 2020. Amendments
8 to this act apply to all common interest communities created on or
9 after November 1, 2020, or made subject to this act by amendment of
10 the declaration of the common interest community regardless of when
11 the amendment to this act becomes effective.

12 SECTION 17. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 901.202 of Title 60, unless
14 there is created a duplication in numbering, reads as follows:

15 EXCEPTION FOR SMALL COOPERATIVES. If a cooperative contains no
16 more than twelve (12) units and is not subject to any development
17 rights, it is subject only to Sections 6 and 7 of this act unless
18 the declaration provides that the entire Uniform Common Interest
19 Ownership Act is applicable.

20 SECTION 18. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 901.203 of Title 60, unless
22 there is created a duplication in numbering, reads as follows:

23 EXCEPTION FOR SMALL AND LIMITED EXPENSE LIABILITY PLANNED
24 COMMUNITIES.

1 A. Unless the declaration provides that the entire Uniform
2 Common Interest Ownership Act is applicable, a planned community
3 that is not subject to any development right is subject only to
4 Sections 5, 6 and 7 of this act, if the community:

- 5 1. Contains no more than twelve (12) units; or
- 6 2. Provides in its declaration that the annual average common
7 expense liability of all units restricted to residential purposes,
8 exclusive of optional user fees and any insurance premiums paid by
9 the association, may not exceed Three Hundred Dollars (\$300.00),
10 as adjusted pursuant to Section 14 of this act.

11 B. The exemption provided in paragraph 2 of subsection A of
12 this section applies only if:

- 13 1. The declarant reasonably believes in good faith that the
14 maximum stated assessment will be sufficient to pay the expenses of
15 the planned community; and
- 16 2. The declaration provides that the assessment may not be
17 increased above the limitation in paragraph 2 of subsection A of
18 this section during the period of declarant control without the
19 consent of all unit owners.

20 SECTION 19. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 901.204 of Title 60, unless
22 there is created a duplication in numbering, reads as follows:

23 APPLICABILITY TO PREEXISTING COMMON INTEREST COMMUNITIES.

24

1 A. Except for a cooperative or planned community described in
2 Section 20 of this act or a nonresidential common interest community
3 described in Section 22 of this act, the following sections apply to
4 a common interest community created in this state before November 1,
5 2020:

- 6 1. Section 5 of this act;
- 7 2. Section 6 of this act;
- 8 3. Section 7 of this act;
- 9 4. Section 21 of this act;
- 10 5. Section 27 of this act;
- 11 6. Section 28 of this act;
- 12 7. Section 29 of this act;
- 13 8. Subsections H and I of Section 42 of this act;
- 14 9. Section 46 of this act;
- 15 10. Section 49 of this act;
- 16 11. Paragraphs 1 through 6 and 11 through 16 of subsection A of
17 Section 51 of this act;
- 18 12. Section 52 of this act;
- 19 13. Section 60 of this act;
- 20 14. Section 65 of this act;
- 21 15. Section 67 of this act;
- 22 16. Section 73 of this act;
- 23 17. Section 82 of this act;
- 24 18. Section 90 of this act; and

1 19. Section 3 of this act to the extent necessary to construe
2 those sections.

3 B. The sections described in subsection A of this section apply
4 only to events and circumstances occurring on or after November 1,
5 2020, and do not invalidate existing provisions of the declaration,
6 bylaws, or plats or plans of those common interest communities.

7 SECTION 20. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 901.205 of Title 60, unless
9 there is created a duplication in numbering, reads as follows:

10 APPLICABILITY TO SMALL PREEXISTING COOPERATIVES AND PLANNED
11 COMMUNITIES. If a cooperative or planned community created within
12 this state before November 1, 2020, contains no more than twelve
13 (12) units and is not subject to any development right, it is
14 subject only to Sections 5, 6 and 7 of this act unless the
15 declaration is amended in conformity with applicable law and with
16 the procedures and requirements of the declaration to take advantage
17 of Section 21 of this act, in which case, all the sections
18 enumerated in subsection A of Section 19 of this act apply to that
19 cooperative or planned community.

20 SECTION 21. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 901.206 of Title 60, unless
22 there is created a duplication in numbering, reads as follows:

23 AMENDMENTS TO GOVERNING INSTRUMENTS.
24

1 A. The declaration, bylaws, or plats and plans of any common
2 interest community created before November 1, 2020, may be amended
3 to achieve any result permitted by the Uniform Common Interest
4 Ownership Act, regardless of what applicable law provided before
5 this act was adopted.

6 B. Except as otherwise provided in subsections I and J of
7 Section 42 of this act, an amendment to the declaration, bylaws, or
8 plats and plans authorized by this section must be adopted in
9 conformity with any procedures and requirements for amending the
10 instruments specified by those instruments or, if there are none, in
11 conformity with the amendment procedures of this act. If an
12 amendment grants to a person a right, power, or privilege permitted
13 by this act, any correlative obligation, liability, or restriction
14 in this act also applies to the person.

15 SECTION 22. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 901.207 of Title 60, unless
17 there is created a duplication in numbering, reads as follows:

18 APPLICABILITY TO NONRESIDENTIAL AND MIXED-USE COMMON INTEREST
19 COMMUNITIES.

20 A. Except as otherwise provided in subsection D of this
21 section, this section applies only to a common interest community in
22 which all units are restricted exclusively to nonresidential
23 purposes.

24

1 B. A nonresidential common interest community is not subject to
2 the Uniform Common Interest Ownership Act except to the extent the
3 declaration provides that:

4 1. This entire act applies to the community;

5 2. Articles 1 and 2 of this act apply to the community; or

6 3. In the case of a planned community or a cooperative, only
7 Sections 5, 6 and 7 of this act apply to the community.

8 C. If this entire act applies to a nonresidential common
9 interest community, the declaration may also require, subject to
10 Section 12 of this act, that:

11 1. Notwithstanding Section 54 of this act, any management,
12 maintenance, operations, or employment contract, lease of
13 recreational or parking areas or facilities, and any other contract
14 or lease between the association and a declarant or an affiliate of
15 a declarant continues in force after the declarant turns over
16 control of the association; and

17 2. Notwithstanding Section 4 of this act, purchasers of units
18 must execute proxies, powers of attorney, or similar devices in
19 favor of the declarant regarding particular matters enumerated in
20 those instruments.

21 D. A common interest community that contains units restricted
22 exclusively to nonresidential purposes and other units that may be
23 used for residential purposes is not subject to this act unless the
24 units that may be used for residential purposes would comprise a

1 common interest community that would be subject to this act in the
2 absence of the nonresidential units or the declaration provides that
3 this act applies as provided in subsection B or C of this section.

4 SECTION 23. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 901.208 of Title 60, unless
6 there is created a duplication in numbering, reads as follows:

7 APPLICABILITY TO OUT-OF-STATE COMMON INTEREST COMMUNITIES. The
8 Uniform Common Interest Ownership Act does not apply to a common
9 interest community located outside this state, but Sections 75 and
10 76 of this act and, to the extent applicable, Sections 77 through 79
11 of this act, apply to a contract for the disposition of a unit in
12 that common interest community signed in this state by any party
13 unless exempt under subsection B of Section 74 of this act.

14 SECTION 24. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 901.209 of Title 60, unless
16 there is created a duplication in numbering, reads as follows:

17 OTHER EXEMPT REAL ESTATE ARRANGEMENTS.

18 A. An arrangement between the associations for two or more
19 common interest communities to share the costs of real estate taxes,
20 insurance premiums, services, maintenance or improvements of real
21 estate, or other activities specified in their arrangement or
22 declarations does not create a separate common interest community.

23 B. An arrangement between an association and the owner of real
24 estate that is not part of a common interest community to share the

1 costs of real estate taxes, insurance premiums, services,
2 maintenance or improvements of real estate, or other activities
3 specified in their arrangement does not create a separate common
4 interest community. However, assessments against the units in the
5 common interest community required by the arrangement must be
6 included in the periodic budget for the common interest community,
7 and the arrangement must be disclosed in all public offering
8 statements and resale certificates required by the Uniform Common
9 Interest Ownership Act.

10 SECTION 25. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 901.210 of Title 60, unless
12 there is created a duplication in numbering, reads as follows:

13 OTHER EXEMPT COVENANTS. A covenant that requires the owners of
14 separately owned parcels of real estate to share costs or other
15 obligations associated with a party wall, driveway, well, or other
16 similar use does not create a common interest community unless the
17 owners otherwise agree.

18 ARTICLE 2

19 CREATION, ALTERATION, AND

20 TERMINATION OF COMMON INTEREST COMMUNITIES

21 SECTION 26. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 902.101 of Title 60, unless
23 there is created a duplication in numbering, reads as follows:

24 CREATION OF COMMON INTEREST COMMUNITIES.

1 A. A common interest community may be created pursuant to the
2 Uniform Common Interest Ownership Act only by recording a
3 declaration executed in the same manner as a deed and, in a
4 cooperative, by conveying the real estate subject to that
5 declaration to the association. The declaration must be recorded in
6 every county in which any portion of the common interest community
7 is located and must be indexed in the grantee's index in the name of
8 the common interest community and the association and in the
9 grantor's index in the name of each person executing the
10 declaration.

11 B. In a condominium, a declaration, or an amendment to a
12 declaration, adding units may not be recorded unless all structural
13 components and mechanical systems of all buildings containing or
14 comprising any units thereby created are substantially completed in
15 accordance with the plans, as evidenced by a recorded certificate of
16 completion executed by an independent registered engineer, surveyor,
17 or architect.

18 SECTION 27. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 902.102 of Title 60, unless
20 there is created a duplication in numbering, reads as follows:

21 UNIT BOUNDARIES. Except as provided by the declaration:

22 1. If walls, floors, or ceilings are designated as boundaries
23 of a unit, all lath, furring, wallboard, plasterboard, plaster,
24 paneling, tiles, wallpaper, paint, finished flooring, and any other

1 materials constituting any part of the finished surfaces thereof are
2 a part of the unit, and all other portions of the walls, floors, or
3 ceilings are a part of the common elements;

4 2. If any chute, flue, duct, wire, conduit, bearing wall,
5 bearing column, or any other fixture lies partially within and
6 partially outside the designated boundaries of a unit, any portion
7 thereof serving only that unit is a limited common element allocated
8 solely to that unit, and any portion thereof serving more than one
9 unit or any portion of the common elements is a part of the common
10 elements;

11 3. Subject to paragraph 2 of this section, all spaces, interior
12 partitions, and other fixtures and improvements within the
13 boundaries of a unit are a part of the unit; and

14 4. Any shutters, awnings, window boxes, doorsteps, stoops,
15 porches, balconies, patios, and all exterior doors and windows or
16 other fixtures designed to serve a single unit, but located outside
17 the unit's boundaries, are limited common elements allocated
18 exclusively to that unit.

19 SECTION 28. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 902.103 of Title 60, unless
21 there is created a duplication in numbering, reads as follows:

22 CONSTRUCTION AND VALIDITY OF DECLARATION AND BYLAWS.

23 A. All provisions of the declaration and bylaws are severable.

24

1 B. The rule against perpetuities does not apply to defeat any
2 provision of the declaration, bylaws or rules.

3 C. If a conflict exists between the declaration and the bylaws,
4 the declaration prevails except to the extent the declaration is
5 inconsistent with the Uniform Common Interest Ownership Act.

6 D. Title to a unit and common elements is not rendered
7 unmarketable or otherwise affected by reason of an insubstantial
8 failure of the declaration to comply with this act. Whether a
9 substantial failure impairs marketability is not affected by this
10 act.

11 SECTION 29. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 902.104 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 DESCRIPTION OF UNITS. A description of a unit which sets forth
15 the name of the common interest community, the recording data for
16 the declaration, the county in which the common interest community
17 is located, and the identifying number of the unit, is a legally
18 sufficient description of that unit and all rights, obligations, and
19 interests appurtenant to that unit which were created by the
20 declaration or bylaws.

21 SECTION 30. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 902.105 of Title 60, unless
23 there is created a duplication in numbering, reads as follows:

24 CONTENTS OF DECLARATION.

1 A. The declaration must contain:

2 1. The names of the common interest community and the
3 association and a statement that the common interest community is
4 either a condominium, cooperative, or planned community;

5 2. The name of every county in which any part of the common
6 interest community is situated;

7 3. A legally sufficient description of the real estate included
8 in the common interest community;

9 4. A statement of the maximum number of units that the
10 declarant reserves the right to create;

11 5. In a condominium or planned community, a description of the
12 boundaries of each unit created by the declaration, including the
13 unit's identifying number or, in a cooperative, a description, which
14 may be by plats or plans, of each unit created by the declaration,
15 including the unit's identifying number, its size or number of
16 rooms, and its location within a building if it is within a building
17 containing more than one unit;

18 6. A description of any limited common elements, other than
19 those specified in paragraphs 2 and 4 of Section 27 of this act, as
20 provided paragraph 10 of subsection B of Section 34 of this act and,
21 in a planned community, any real estate that is or must become
22 common elements;

23 7. A description of any real estate, except real estate subject
24 to development rights, that may be allocated subsequently as limited

1 common elements, other than limited common elements specified in
2 paragraphs 2 and 4 of Section 27 of this act, together with a
3 statement that they may be so allocated;

4 8. A description of any development right and other special
5 declarant rights reserved by the declarant, together with a legally
6 sufficient description of the real estate to which each of those
7 rights applies, and a time limit within which each of those rights
8 must be exercised;

9 9. If any development right may be exercised with respect to
10 different parcels of real estate at different times, a statement to
11 that effect together with:

12 a. either a statement fixing the boundaries of those
13 portions and regulating the order in which those
14 portions may be subjected to the exercise of each
15 development right or a statement that no assurances
16 are made in those regards, and

17 b. a statement as to whether, if any development right is
18 exercised in any portion of the real estate subject to
19 that development right, that development right must be
20 exercised in all or in any other portion of the
21 remainder of that real estate;

22 10. Any other conditions or limitations under which the rights
23 described in paragraph 8 of this subsection may be exercised or will
24 lapse;

1 11. An allocation to each unit of the allocated interests in
2 the manner described in Section 32 of this act;

3 12. Any restrictions on alienation of the units, including any
4 restrictions on leasing which exceed the restrictions on leasing
5 units which executive boards may impose pursuant to subsection D of
6 Section 69 of this act and on the amount for which a unit may be
7 sold or on the amount that may be received by a unit owner on sale,
8 condemnation, or casualty loss to the unit or to the common interest
9 community, or on termination of the common interest community;

10 13. The recording data for recorded easements and licenses
11 appurtenant to or included in the common interest community or to
12 which any portion of the common interest community is or may become
13 subject by virtue of a reservation in the declaration;

14 14. Any authorization pursuant to which the association may
15 establish and enforce construction and design criteria and aesthetic
16 standards as provided in Sections 55 and 69 of this act; and

17 15. All matters required by Sections 31, 32, 33, 34, 40, 41,
18 and 52 of this act.

19 B. The declaration may contain any other matters the declarant
20 considers appropriate, including any restrictions on the uses of a
21 unit or the number or other qualifications of persons who may occupy
22 units.

1 SECTION 31. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 902.106 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 LEASEHOLD COMMON INTEREST COMMUNITIES.

5 A. Any lease the expiration or termination of which may
6 terminate the common interest community or reduce its size must be
7 recorded. Every lessor of those leases in a condominium or planned
8 community shall sign the declaration. The declaration must state:

9 1. The recording data for the lease or a statement of where the
10 complete lease may be inspected;

11 2. The date on which the lease is scheduled to expire;

12 3. A legally sufficient description of the real estate subject
13 to the lease;

14 4. Any right of the unit owners to redeem the reversion and the
15 manner whereby those rights may be exercised, or a statement that
16 they do not have those rights;

17 5. Any right of the unit owners to remove any improvements
18 within a reasonable time after the expiration or termination of the
19 lease, or a statement that they do not have those rights; and

20 6. Any rights of the unit owners to renew the lease and the
21 conditions of any renewal, or a statement that they do not have
22 those rights.

23 B. After the declaration for a leasehold condominium or
24 leasehold planned community is recorded, neither the lessor nor the

1 lessor's successor in interest may terminate the leasehold interest
2 of a unit owner who makes timely payment of a unit owner's share of
3 the rent and otherwise complies with all covenants which, if
4 violated, would entitle the lessor to terminate the lease. A unit
5 owner's leasehold interest in a condominium or planned community is
6 not affected by failure of any other person to pay rent or fulfill
7 any other covenant.

8 C. Acquisition of the leasehold interest of any unit owner by
9 the owner of the reversion or remainder does not merge the leasehold
10 and fee simple interests unless the leasehold interests of all unit
11 owners subject to that reversion or remainder are acquired.

12 D. If the expiration or termination of a lease decreases the
13 number of units in a common interest community, the allocated
14 interests must be reallocated in accordance with subsection A of
15 Section 7 of this act as if those units had been taken by eminent
16 domain. Reallocations must be confirmed by an amendment to the
17 declaration prepared, executed, and recorded by the association.

18 SECTION 32. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 902.107 of Title 60, unless
20 there is created a duplication in numbering, reads as follows:

21 ALLOCATION OF ALLOCATED INTERESTS.

22 A. The declaration must allocate to each unit:
23
24

1 1. In a condominium, a fraction or percentage of undivided
2 interests in the common elements and in the common expenses of the
3 association, and a portion of the votes in the association;

4 2. In a cooperative, an ownership interest in the association,
5 a fraction or percentage of the common expenses of the association,
6 and a portion of the votes in the association; and

7 3. In a planned community, a fraction or percentage of the
8 common expenses of the association, and a portion of the votes in
9 the association.

10 B. The declaration must state the formulas used to establish
11 allocations of interests. Those allocations may not discriminate in
12 favor of units owned by the declarant or an affiliate of the
13 declarant.

14 C. If units may be added to or withdrawn from the common
15 interest community, the declaration must state the formulas to be
16 used to reallocate the allocated interests among all units included
17 in the common interest community after the addition or withdrawal.

18 D. The declaration may provide:

19 1. That different allocations of votes shall be made to the
20 units on particular matters specified in the declaration;

21 2. For cumulative voting only for the purpose of electing
22 members of the executive board; and

23 3. For class voting on specified issues affecting the class if
24 necessary to protect valid interests of the class. A declarant may

1 not utilize cumulative or class voting for the purpose of evading
2 any limitation imposed on declarants by the Uniform Common Interest
3 Ownership Act nor may units constitute a class because they are
4 owned by a declarant.

5 E. Except for minor variations due to rounding, the sum of the
6 common expense liabilities and, in a condominium, the sum of the
7 undivided interests in the common elements allocated at any time to
8 all the units must each equal one if stated as a fraction or one
9 hundred percent (100%) if stated as a percentage. In the event of
10 discrepancy between an allocated interest and the result derived
11 from application of the pertinent formula, the allocated interest
12 prevails.

13 F. In a condominium, the common elements are not subject to
14 partition, and any purported conveyance, encumbrance, judicial sale,
15 or other voluntary or involuntary transfer of an undivided interest
16 in the common elements made without the unit to which that interest
17 is allocated is void.

18 G. In a cooperative, any purported conveyance, encumbrance,
19 judicial sale, or other voluntary or involuntary transfer of an
20 ownership interest in the association made without the possessory
21 interest in the unit to which that interest is related is void.

22 SECTION 33. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 902.108 of Title 60, unless
24 there is created a duplication in numbering, reads as follows:

1 LIMITED COMMON ELEMENTS.

2 A. Except for the limited common elements described in
3 paragraphs 2 and 4 of Section 27 of this act, the declaration must
4 specify to which unit or units each limited common element is
5 allocated. An allocation may not be altered without the consent of
6 the unit owners whose units are affected.

7 B. Except as the declaration otherwise provides, a limited
8 common element may be reallocated by an amendment to the declaration
9 executed by the unit owners between or among whose units the
10 reallocation is made. The persons executing the amendment shall
11 provide a copy thereof to the association, which shall record it.
12 The amendment must be recorded in the names of the parties and the
13 common interest community.

14 C. A common element not previously allocated as a limited
15 common element may be so allocated only pursuant to provisions in
16 the declaration made in accordance with paragraph 7 of subsection A
17 of Section 30 of this act. The allocations must be made by
18 amendments to the declaration.

19 SECTION 34. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 902.109 of Title 60, unless
21 there is created a duplication in numbering, reads as follows:

22 PLATS AND PLANS.

23 A. Plats and plans are a part of the declaration, and are
24 required for all common interest communities except cooperatives.

1 Separate plats and plans are not required by the Uniform Common
2 Interest Ownership Act if all the information required by this
3 section is contained in either a plat or plan. Each plat and plan
4 must be clear and legible and contain a certification that the plat
5 or plan contains all information required by this section.

6 B. Each plat must show or project:

7 1. The name and a survey or general schematic map of the entire
8 common interest community;

9 2. The location and dimensions of all real estate not subject
10 to development rights, or subject only to the development right to
11 withdraw, and the location and dimensions of all existing
12 improvements within that real estate;

13 3. A legally sufficient description of any real estate subject
14 to development rights, labeled to identify the rights applicable to
15 each parcel, but plats and plans need not designate or label which
16 development rights are applicable to each parcel if that information
17 is clearly delineated in the declaration;

18 4. The extent of any encroachments by or upon any portion of
19 the common interest community;

20 5. To the extent feasible, a legally sufficient description of
21 all easements serving or burdening any portion of the common
22 interest community;

23 6. Except as otherwise provided in subsection H of this
24 section, the approximate location and dimensions of any vertical

1 unit boundaries not shown or projected on plans recorded pursuant to
2 subsection D of this section and that unit's identifying number;

3 7. Except as otherwise provided in subsection H of this
4 section, the approximate location with reference to an established
5 datum of any horizontal unit boundaries not shown or projected on
6 plans recorded pursuant to subsection D of this section and that
7 unit's identifying number;

8 8. A legally sufficient description of any real estate in which
9 the unit owners will own only an estate for years, labeled as
10 leasehold real estate;

11 9. The distance between noncontiguous parcels of real estate
12 comprising the common interest community;

13 10. The approximate location and dimensions of any porches,
14 decks, balconies, garages, or patios allocated as limited common
15 elements, and show or contain a narrative description of any other
16 limited common elements; and

17 11. For real estate not subject to development rights, all
18 other matters customarily shown on land surveys.

19 C. A plat may also show the intended location and dimensions of
20 any contemplated improvement to be constructed anywhere within the
21 common interest community. Any contemplated improvement shown must
22 be labeled either MUST BE BUILT or NEED NOT BE BUILT.

23

24

1 D. Except as otherwise provided in subsection H of this
2 section, to the extent not shown or projected on the plats, plans of
3 the units must show or project:

4 1. The approximate location and dimensions of the vertical
5 boundaries of each unit, and that unit's identifying number;

6 2. The approximate location of any horizontal unit boundaries,
7 with reference to an established datum, and that unit's identifying
8 number; and

9 3. The approximate location of any units in which the declarant
10 has reserved the right to create additional units or common
11 elements, identified appropriately.

12 E. Unless the declaration provides otherwise, the horizontal
13 boundaries of part of a unit located outside a building have the
14 same elevation as the horizontal boundaries of the inside part and
15 need not be depicted on the plats and plans.

16 F. Upon exercising any development right, the declarant shall
17 record either new plats and plans necessary to conform to the
18 requirements of subsections A, B and D of this section, or new
19 certifications of plats and plans previously recorded if those plats
20 and plans otherwise conform to the requirements of those
21 subsections.

22 G. A certification of a plat or plan required by this section
23 or subsection B of Section 26 of this act must be made by a licensed
24 surveyor, architect, or engineer.

1 H. Plats and plans need not show the location and dimensions of
2 the units' boundaries or their limited common elements if:

3 1. The plat shows the location and dimensions of all buildings
4 containing or comprising the units; and

5 2. The declaration includes other information that shows or
6 contains a narrative description of the general layout of the units
7 in those buildings and the limited common elements allocated to
8 those units.

9 SECTION 35. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 902.110 of Title 60, unless
11 there is created a duplication in numbering, reads as follows:

12 EXERCISE OF DEVELOPMENT RIGHTS.

13 A. To exercise any development right reserved under paragraph 8
14 of subsection A of Section 30 of this act, the declarant shall
15 prepare, execute, and record an amendment to the declaration
16 pursuant to Section 42 of this act and in a condominium or planned
17 community comply with Section 34 of this act. The declarant is the
18 unit owner of any units thereby created. The amendment to the
19 declaration must assign an identifying number to each new unit
20 created, and, except in the case of subdivision or conversion of
21 units described in subsection B of this section, reallocate the
22 allocated interests among all units. The amendment must describe
23 any common elements and any limited common elements thereby created
24 and, in the case of limited common elements, designate the unit to

1 which each is allocated to the extent required by Section 33 of this
2 act.

3 B. Development rights may be reserved within any real estate
4 added to the common interest community if the amendment adding that
5 real estate includes all matters required by Section 30 or 31 of
6 this act, as the case may be, and, in a condominium or planned
7 community, the plats and plans include all matters required by
8 Section 34 of this act. This provision does not extend the time
9 limit on the exercise of development rights imposed by the
10 declaration pursuant to paragraph 8 of subsection A of Section 30 of
11 this act.

12 C. Whenever a declarant exercises a development right to
13 subdivide or convert a unit previously created into additional
14 units, common elements, or both:

15 1. If the declarant converts the unit entirely to common
16 elements, the amendment to the declaration must reallocate all the
17 allocated interests of that unit among the other units as if that
18 unit had been taken by eminent domain pursuant to Section 7 of this
19 act; and

20 2. If the declarant subdivides the unit into two or more units,
21 whether or not any part of the unit is converted into common
22 elements, the amendment to the declaration must reallocate all the
23 allocated interests of the unit among the units created by the
24 subdivision in any reasonable manner prescribed by the declarant.

1 D. If the declaration provides, pursuant to paragraph 8 of
2 subsection A of Section 30 of this act, that all or a portion of the
3 real estate is subject to a right of withdrawal:

4 1. If all the real estate is subject to withdrawal, and the
5 declaration does not describe separate portions of real estate
6 subject to that right, none of the real estate may be withdrawn
7 after a unit has been conveyed to a purchaser; and

8 2. If any portion is subject to withdrawal, it may not be
9 withdrawn after a unit in that portion has been conveyed to a
10 purchaser.

11 SECTION 36. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 902.111 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 ALTERATIONS OF UNITS. Subject to the provisions of the
15 declaration and other provisions of law, a unit owner:

16 1. May make any improvements or alterations to his unit that do
17 not impair the structural integrity or mechanical systems or lessen
18 the support of any portion of the common interest community;

19 2. May not change the appearance of the common elements, or the
20 exterior appearance of a unit or any other portion of the common
21 interest community, without permission of the association;

22 3. After acquiring an adjoining unit or an adjoining part of an
23 adjoining unit, may remove or alter any intervening partition or
24 create apertures therein, even if the partition in whole or in part

1 is a common element, if those acts do not impair the structural
2 integrity or mechanical systems or lessen the support of any portion
3 of the common interest community. Removal of partitions or creation
4 of apertures under this paragraph is not an alteration of
5 boundaries.

6 SECTION 37. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 902.112 of Title 60, unless
8 there is created a duplication in numbering, reads as follows:

9 RELOCATION OF UNIT BOUNDARIES.

10 A. Subject to the provisions of the declaration and other
11 provisions of law, the boundaries between adjoining units may be
12 relocated by an amendment to the declaration upon application to the
13 association by the owners of those units. If the owners of the
14 adjoining units have specified a reallocation between their units of
15 their allocated interests, the application must state the proposed
16 reallocations. Unless the executive board determines, within thirty
17 (30) days, that the reallocations are unreasonable, the association
18 shall prepare an amendment that identifies the units involved and
19 states the reallocations. The amendment must be executed by those
20 unit owners, contain words of conveyance between them, and, on
21 recordation, be indexed in the name of the grantor and the grantee,
22 and, in the grantee's index, in the name of the association.

23 B. Subject to the provisions of the declaration and other
24 provisions of law, boundaries between units and common elements may

1 be relocated to incorporate common elements within a unit by an
2 amendment to the declaration upon application to the association by
3 the owner of the unit who proposes to relocate a boundary. Unless
4 the declaration provides otherwise, the amendment may be approved
5 only if persons entitled to cast at least sixty-seven percent (67%)
6 of the votes in the association, including sixty-seven percent (67%)
7 of the votes allocated to units not owned by the declarant, agree to
8 the action. The amendment may describe any fees or charges payable
9 by the owner of the affected unit in connection with the boundary
10 relocation and the fees and charges are assets of the association.
11 The amendment must be executed by the unit owner of the unit whose
12 boundary is being relocated and by the association, contain words of
13 conveyance between them, and on recordation be indexed in the name
14 of the unit owner and the association as grantor or grantee, as
15 appropriate.

16 C. The association:

17 1. In a condominium or planned community shall prepare and
18 record plats or plans necessary to show the altered boundaries of
19 affected units, and their dimensions and identifying numbers; and

20 2. In a cooperative shall prepare and record amendments to the
21 declaration, including any plans necessary to show or describe the
22 altered boundaries of affected units, and their dimensions and
23 identifying numbers.

24

1 SECTION 38. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 902.113 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 SUBDIVISION OF UNITS.

5 A. If the declaration expressly so permits, a unit may be
6 subdivided into two or more units. Subject to the declaration and
7 law other than the Uniform Common Interest Ownership Act, upon
8 application of a unit owner to subdivide a unit, the association
9 shall prepare, execute, and record an amendment to the declaration
10 including, in a condominium or planned community, the plats and
11 plans subdividing that unit.

12 B. The amendment to the declaration must be executed by the
13 owner of the unit to be subdivided, assign an identifying number to
14 each unit created, and reallocate the allocated interests formerly
15 allocated to the subdivided unit to the new units in any reasonable
16 manner prescribed by the owner of the subdivided unit or on any
17 other basis the declaration requires.

18 SECTION 39. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 902.114 of Title 60, unless
20 there is created a duplication in numbering, reads as follows:

21 EASEMENT FOR ENCROACHMENTS. To the extent that any unit or
22 common element encroaches on any other unit or common element, a
23 valid easement for the encroachment exists. The easement does not
24 relieve a unit owner of liability in case of his or her willful

1 misconduct nor relieve a declarant or any other person of liability
2 for failure to adhere to any plats and plans or, in a cooperative,
3 to any representation in the public offering statement.

4 SECTION 40. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 902.115 of Title 60, unless
6 there is created a duplication in numbering, reads as follows:

7 USE FOR SALES PURPOSES. A declarant may maintain sales offices,
8 management offices, and models in units or on common elements in the
9 common interest community only if the declaration so provides and
10 specifies the rights of a declarant with regard to the number, size,
11 location, and relocation thereof. In a cooperative or condominium,
12 any sales office, management office, or model not designated a unit
13 by the declaration is a common element. If a declarant ceases to be
14 a unit owner, he ceases to have any rights with regard thereto
15 unless it is removed promptly from the common interest community in
16 accordance with a right to remove reserved in the declaration.
17 Subject to any limitations in the declaration, a declarant may
18 maintain signs on the common elements advertising the common
19 interest community. This section is subject to the provisions of
20 other state law and to local ordinances.

21 SECTION 41. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 902.116 of Title 60, unless
23 there is created a duplication in numbering, reads as follows:

24 EASEMENT AND USE RIGHTS.

1 A. Subject to the declaration, a declarant has an easement
2 through the common elements as may be reasonably necessary for the
3 purpose of discharging the declarant's obligations or exercising
4 special declarant rights, whether arising under this [act] or
5 reserved in the declaration.

6 B. Subject to paragraph 6 of subsection A of Sections 51 of
7 this act and Section 61 of this act, the unit owners have an
8 easement in the common elements for access to their units.

9 C. Subject to the declaration and rules, the unit owners have a
10 right to use the common elements that are not limited common
11 elements and all real estate that must become common elements for
12 the purposes for which they were intended.

13 SECTION 42. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 902.117 of Title 60, unless
15 there is created a duplication in numbering, reads as follows:

16 AMENDMENT OF DECLARATION.

17 A. Except in cases of amendments that may be executed by a
18 declarant under subsection F of Section 34 of this act or Section 35
19 of this act, the association under Section 7 of this act, subsection
20 D of Section 31 of this act, subsection C of Section 33 of this act,
21 subsection A of Section 37 of this act, or Section 38 of this act,
22 or certain unit owners under subsection B of Section 33 of this act,
23 subsection A of Section 37 of this act, subsection B of Section 38
24 of this act, or subsection B of Section 43 of this act, and except

1 as limited by subsections D, F, G, and H of this section, the
2 declaration, including any plats and plans, may be amended only by
3 vote or agreement of unit owners of units to which at least sixty-
4 seven percent (67%) of the votes in the association are allocated,
5 unless the declaration specifies a different percentage for all
6 amendments or for specific subjects of amendment. If the
7 declaration requires the approval of another person as a condition
8 of its effectiveness, the amendment is not valid without that
9 approval.

10 B. No action to challenge the validity of an amendment adopted
11 by the association pursuant to this section may be brought more than
12 one (1) year after the amendment is recorded.

13 C. Every amendment to the declaration must be recorded in every
14 county in which any portion of the common interest community is
15 located and is effective only upon recordation. An amendment,
16 except an amendment pursuant to subsection A of Section 37 of this
17 act, must be indexed in the grantee's index in the name of the
18 common interest community and the association and in the grantor's
19 index in the name of the parties executing the amendment.

20 D. Except to the extent expressly permitted or required by
21 other provisions of the Uniform Common Interest Ownership Act, no
22 amendment may create or increase special declarant rights, increase
23 the number of units, change the boundaries of any unit, or change
24

1 the allocated interests of a unit, in the absence of unanimous
2 consent of the unit owners.

3 E. Amendments to the declaration required by this act to be
4 recorded by the association must be prepared, executed, recorded,
5 and certified on behalf of the association by any officer of the
6 association designated for that purpose or, in the absence of
7 designation, by the president of the association.

8 F. An amendment to the declaration may prohibit or materially
9 restrict the permitted uses of or behavior in a unit or the number
10 or other qualifications of persons who may occupy units only by vote
11 or agreement of unit owners of units to which at least eighty
12 percent (80%) of the votes in the association are allocated, unless
13 the declaration specifies that a larger percentage of unit owners
14 must vote or agree to that amendment or that such an amendment may
15 be approved by unit owners of units having at least eighty percent
16 (80%) of the votes of a specified group of units that would be
17 affected by the amendment. An amendment approved under this
18 subsection must provide reasonable protection for a use or occupancy
19 permitted at the time the amendment was adopted.

20 G. The time limits specified in the declaration pursuant to
21 paragraph 8 of subsection A of Section 30 of this act within which
22 reserved development rights must be exercised may be extended, and
23 additional development rights may be created, if persons entitled to
24 cast at least eighty percent (80%) of the votes in the association,

1 including eighty percent (80%) of the votes allocated to units not
2 owned by the declarant, agree to that action. The agreement is
3 effective thirty (30) days after an amendment to the declaration
4 reflecting the terms of the agreement is recorded unless all the
5 persons holding the affected special declarant rights, or security
6 interests in those rights, record a written objection within the
7 thirty-day period, in which case the amendment is void, or consent
8 in writing at the time the amendment is recorded, in which case the
9 amendment is effective when recorded.

10 H. A provision in the declaration creating special declarant
11 rights that have not expired may not be amended without the consent
12 of the declarant.

13 I. If any provision of this act or of the declaration requires
14 the consent of a holder of a security interest in a unit as a
15 condition to the effectiveness of an amendment to the declaration,
16 that consent is deemed granted if a refusal to consent in a record
17 is not received by the association within sixty (60) days after the
18 association delivers notice of the proposed amendment to the holder
19 at an address for notice provided by the holder or mails the notice
20 to the holder by certified mail, return receipt requested, at that
21 address. If the holder has not provided to the association an
22 address for notice, the association shall provide notice to the
23 address in the security interest of record. Notwithstanding this
24 section, an amendment to the declaration that affects the priority

1 of a holder's security interest or the ability of that holder to
2 foreclose its security interest may not be adopted without that
3 holder's consent in a record if the declaration requires that
4 consent as a condition to the effectiveness of the amendment.

5 J. If the declaration contains a provision requiring that
6 amendments to the declaration may be adopted only by the vote or
7 agreement of unit owners of units to which more than eighty percent
8 (80%) of the votes in the association are allocated, the amendment
9 is approved:

10 1. If:

11 a. unit owners of units to which at least eighty percent
12 (80%) of the votes in the association are allocated
13 vote for or agree to the proposed amendment,

14 b. no unit owner votes against the proposed amendment,
15 and

16 c. notice of the proposed amendment is delivered to the
17 unit owners holding the votes in the association which
18 have not voted or agreed to the proposed amendment and
19 no written objection to the proposed amendment is
20 received by the association within sixty (60) days
21 after the association delivers notice; or

22 2. Unit owners of units to which at least eighty percent (80%)
23 of the votes in the association are allocated vote for or agree to
24 the proposed amendment but at least one unit owner objects to the

1 proposed amendment and, pursuant to an action brought by the
2 association in district court against all objecting unit owners, the
3 court finds that the objecting unit owners do not have an interest,
4 different in kind from the interests of the other unit owners, that
5 the voting requirement of the declaration was intended to protect.

6 SECTION 43. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 902.118 of Title 60, unless
8 there is created a duplication in numbering, reads as follows:

9 TERMINATION OF COMMON INTEREST COMMUNITY.

10 A. Except for a taking of all the units by eminent domain,
11 foreclosure against an entire cooperative of a security interest
12 that has priority over the declaration, or in the circumstances
13 described in Section 49 of this act, a common interest community may
14 be terminated only by agreement of unit owners of units to which at
15 least eighty percent (80%) of the votes in the association are
16 allocated, or any larger percentage the declaration specifies, and
17 with any other approvals required by the declaration. The
18 declaration may specify a smaller percentage only if all of the
19 units are restricted exclusively to nonresidential uses.

20 B. An agreement to terminate must be evidenced by the execution
21 of a termination agreement, or ratifications thereof, in the same
22 manner as a deed, by the requisite number of unit owners. The
23 termination agreement must specify a date after which the agreement
24 is void unless it is recorded before that date. A termination

1 agreement and all ratifications thereof must be recorded in every
2 county in which a portion of the common interest community is
3 situated and is effective only upon recordation.

4 C. In the case of a condominium or planned community containing
5 only units having horizontal boundaries described in the
6 declaration, a termination agreement may provide that all of the
7 common elements and units of the common interest community must be
8 sold following termination. If, pursuant to the agreement, any real
9 estate in the common interest community is to be sold following
10 termination, the termination agreement must set forth the minimum
11 terms of the sale.

12 D. In the case of a condominium or planned community containing
13 any units not having horizontal boundaries described in the
14 declaration, a termination agreement may provide for sale of the
15 common elements, but it may not require that the units be sold
16 following termination, unless the declaration as originally recorded
17 provided otherwise or all the unit owners consent to the sale.

18 E. The association, on behalf of the unit owners, may contract
19 for the sale of real estate in a common interest community, but the
20 contract is not binding on the unit owners until approved pursuant
21 to subsections A and B of this section. If any real estate is to be
22 sold following termination, title to that real estate, upon
23 termination, vests in the association as trustee for the holders of
24 all interests in the units. Thereafter, the association has all

1 powers necessary and appropriate to effect the sale. Until the sale
2 has been concluded and the proceeds thereof distributed, the
3 association continues in existence with all powers it had before
4 termination. Proceeds of the sale must be distributed to unit
5 owners and lien holders as their interests may appear, in accordance
6 with subsections H, I and J of this section. Unless otherwise
7 specified in the termination agreement, as long as the association
8 holds title to the real estate, each unit owner and the unit owner's
9 successors in interest have an exclusive right to occupancy of the
10 portion of the real estate that formerly constituted the unit.
11 During the period of that occupancy, each unit owner and the unit
12 owner's successors in interest remain liable for all assessments and
13 other obligations imposed on unit owners by this act or the
14 declaration.

15 F. In a condominium or planned community, if the real estate
16 constituting the common interest community is not to be sold
17 following termination, title to the common elements and, in a common
18 interest community containing only units having horizontal
19 boundaries described in the declaration, title to all the real
20 estate in the common interest community, vests in the unit owners
21 upon termination as tenants in common in proportion to their
22 respective interests as provided in subsection J of this section,
23 and liens on the units shift accordingly. While the tenancy in
24 common exists, each unit owner and the unit owner's successors in

1 interest have an exclusive right to occupancy of the portion of the
2 real estate that formerly constituted the unit.

3 G. Following termination of the common interest community, the
4 proceeds of sale of real estate, together with the assets of the
5 association, are held by the association as trustee for unit owners
6 and holders of liens on the units as their interests may appear.

7 H. Following termination of a condominium or planned community,
8 creditors of the association holding liens on the units, which were
9 recorded before termination, may enforce those liens in the same
10 manner as any lien holder. All other creditors of the association
11 are to be treated as if they had perfected liens on the units
12 immediately before termination.

13 I. In a cooperative, the declaration may provide that all
14 creditors of the association have priority over any interests of
15 unit owners and creditors of unit owners. In that event, following
16 termination, creditors of the association holding liens on the
17 cooperative which were recorded before termination may enforce their
18 liens in the same manner as any lien holder, and any other creditor
19 of the association is to be treated as if the creditor had perfected
20 a lien against the cooperative immediately before termination.
21 Unless the declaration provides that all creditors of the
22 association have that priority:

23 1. The lien of each creditor of the association which was
24 perfected against the association before termination becomes, upon

1 termination, a lien against each unit owner's interest in the unit
2 as of the date the lien was perfected;

3 2. Any other creditor of the association is to be treated upon
4 termination as if the creditor had perfected a lien against each
5 unit owner's interest immediately before termination;

6 3. The amount of the lien of an association's creditor
7 described in paragraphs 1 and 2 of this subsection against each of
8 the unit owners' interest must be proportionate to the ratio which
9 each unit's common expense liability bears to the common expense
10 liability of all of the units;

11 4. The lien of each creditor of each unit owner which was
12 perfected before termination continues as a lien against that unit
13 owner's unit as of the date the lien was perfected;

14 5. The assets of the association must be distributed to all
15 unit owners and all lien holders as their interests may appear in
16 the order described above; and

17 6. Creditors of the association are not entitled to payment
18 from any unit owner in excess of the amount of the creditor's lien
19 against that unit owner's interest.

20 J. The respective interests of unit owners referred to in
21 subsections E, F, G, H, and I of this section are as follows:

22 1. Except as otherwise provided in paragraph 2 of this
23 subsection, the respective interests of unit owners are the fair
24 market values of their units, allocated interests, and any limited

1 common elements immediately before the termination, as determined by
2 one or more independent appraisers selected by the association. The
3 decision of the independent appraisers must be distributed to the
4 unit owners and becomes final unless disapproved within thirty (30)
5 days after distribution by unit owners of units to which twenty-five
6 percent (25%) of the votes in the association are allocated. The
7 proportion of any unit owner's interest to that of all unit owners
8 is determined by dividing the fair market value of that unit owner's
9 unit and its allocated interests by the total fair market values of
10 all the units and their allocated interests;

11 2. If any unit or any limited common element is destroyed to
12 the extent that an appraisal of the fair market value thereof before
13 destruction cannot be made, the interests of all unit owners are:

- 14 a. in a condominium, their respective common element
15 interests immediately before the termination,
- 16 b. in a cooperative, their respective ownership interests
17 immediately before the termination, and
- 18 c. in a planned community, their respective common
19 expense liabilities immediately before the
20 termination.

21 K. In a condominium or planned community, except as otherwise
22 provided in subsection L of this section, foreclosure or enforcement
23 of a lien or encumbrance against the entire common interest
24 community does not terminate, of itself, the common interest

1 community, and foreclosure or enforcement of a lien or encumbrance
2 against a portion of the common interest community, other than
3 withdrawable real estate, does not withdraw that portion from the
4 common interest community. Foreclosure or enforcement of a lien or
5 encumbrance against withdrawable real estate, or against common
6 elements that have been subjected to a security interest by the
7 association under Section 61 of this act, does not withdraw, of
8 itself, that real estate from the common interest community, but the
9 person taking title thereto may require from the association, upon
10 request, an amendment excluding the real estate from the common
11 interest community.

12 L. In a condominium or planned community, if a lien or
13 encumbrance against a portion of the real estate comprising the
14 common interest community has priority over the declaration and the
15 lien or encumbrance has not been partially released, the parties
16 foreclosing the lien or encumbrance, upon foreclosure, may record an
17 instrument excluding the real estate subject to that lien or
18 encumbrance from the common interest community.

19 SECTION 44. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 902.119 of Title 60, unless
21 there is created a duplication in numbering, reads as follows:

22 RIGHTS OF SECURED LENDERS.

23 A. The declaration may require that all or a specified number
24 or percentage of the lenders who hold security interests encumbering

1 the units or who have extended credit to the association approve
2 specified actions of the unit owners or the association as a
3 condition to the effectiveness of those actions, but no requirement
4 for approval may operate to:

5 1. Deny or delegate control over the general administrative
6 affairs of the association by the unit owners or the executive
7 board;

8 2. Prevent the association or the executive board from
9 commencing, intervening in, or settling any litigation or
10 proceeding; or

11 3. Prevent any insurance trustee or the association from
12 receiving and distributing any insurance proceeds except pursuant to
13 Section 62 of this act.

14 B. A lender who has extended credit to an association secured
15 by an assignment of income as provided in paragraph 14 of Section 51
16 of this act or an encumbrance on the common elements as provided in
17 Section 61 of this act may enforce its security agreement in
18 accordance with its terms, subject to the requirements of this [act]
19 and other law. Requirements that the association must deposit its
20 periodic common charges before default with the lender to which the
21 association's income has been assigned, or increase its common
22 charges at the lender's direction by amounts reasonably necessary to
23 amortize the loan in accordance with its terms, do not violate the
24

1 prohibitions on lender approval contained in subsection of this
2 section.

3 SECTION 45. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 902.120 of Title 60, unless
5 there is created a duplication in numbering, reads as follows:

6 MASTER ASSOCIATIONS.

7 A. If the declaration provides that any of the powers described
8 in Section 51 of this act are to be exercised by or may be delegated
9 to a profit or nonprofit corporation or unincorporated association
10 that exercises those or other powers on behalf of one or more common
11 interest communities or for the benefit of the unit owners of one or
12 more common interest communities, all provisions of the Uniform
13 Common Interest Ownership Act applicable to unit owners'
14 associations apply to any such corporation or unincorporated
15 association, except as modified by this section.

16 B. Unless it is acting in the capacity of an association
17 described in Section 50 of this act, a master association may
18 exercise the powers set forth in paragraph 2 of subsection S of
19 Section 51 of this act only to the extent expressly permitted in the
20 declarations of common interest communities which are part of the
21 master association or expressly described in the delegations of
22 power from those common interest communities to the master
23 association.

24

1 C. If the declaration of any common interest community provides
2 that the executive board may delegate certain powers to a master
3 association, the members of the executive board have no liability
4 for the acts or omissions of the master association with respect to
5 those powers following delegation.

6 D. The rights and responsibilities of unit owners with respect
7 to the unit owners' association set forth in Sections 52, 57, 58,
8 59, and 61 of this act apply in the conduct of the affairs of a
9 master association only to persons who elect the board of a master
10 association, whether or not those persons are otherwise unit owners
11 within the meaning of this act.

12 E. Even if a master association is also an association
13 described in Section 50 of this act, the certificate of
14 incorporation or other instrument creating the master association
15 and the declaration of each common interest community, the powers of
16 which are assigned by the declaration or delegated to the master
17 association, may provide that the executive board of the master
18 association must be elected after the period of declarant control in
19 any of the following ways:

20 1. All unit owners of all common interest communities subject
21 to the master association may elect all members of the master
22 association's executive board;

23
24

1 2. All members of the executive boards of all common interest
2 communities subject to the master association may elect all members
3 of the master association's executive board;

4 3. All unit owners of each common interest community subject to
5 the master association may elect specified members of the master
6 association's executive board; and

7 4. All members of the executive board of each common interest
8 community subject to the master association may elect specified
9 members of the master association's executive board.

10 SECTION 46. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 902.121 of Title 60, unless
12 there is created a duplication in numbering, reads as follows:

13 MERGER OR CONSOLIDATION OF COMMON INTEREST COMMUNITIES.

14 A. Any two or more common interest communities of the same form
15 of ownership, by agreement of the unit owners as provided in
16 subsection B of this section, may be merged or consolidated into a
17 single common interest community. In the event of a merger or
18 consolidation, unless the agreement otherwise provides, the
19 resultant common interest community is the legal successor, for all
20 purposes, of all of the preexisting common interest communities, and
21 the operations and activities of all associations of the preexisting
22 common interest communities are merged or consolidated into a single
23 association that holds all powers, rights, obligations, assets, and
24 liabilities of all preexisting associations.

1 B. An agreement of two or more common interest communities to
2 merge or consolidate pursuant to subsection A of this section must
3 be evidenced by an agreement prepared, executed, recorded, and
4 certified by the president of the association of each of the
5 preexisting common interest communities following approval by owners
6 of units to which are allocated the percentage of votes in each
7 common interest community required to terminate that common interest
8 community. The agreement must be recorded in every county in which
9 a portion of the common interest community is located and is not
10 effective until recorded.

11 C. Every merger or consolidation agreement must provide for the
12 reallocation of the allocated interests in the new association among
13 the units of the resultant common interest community either:

14 1. By stating the reallocations or the formulas upon which they
15 are based; or

16 2. By stating the percentage of overall allocated interests of
17 the new common interest community which are allocated to all of the
18 units comprising each of the preexisting common interest
19 communities, and providing that the portion of the percentages
20 allocated to each unit formerly comprising a part of the preexisting
21 common interest community must be equal to the percentages of
22 allocated interests allocated to that unit by the declaration of the
23 preexisting common interest community.

24

1 SECTION 47. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 902.122 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 ADDITION OF UNSPECIFIED REAL ESTATE. In a planned community, if
5 the right is originally reserved in the declaration, the declarant
6 in addition to any other development right, may amend the
7 declaration at any time during as many years as are specified in the
8 declaration for adding additional real estate to the planned
9 community without describing the location of that real estate in the
10 original declaration; but the amount of real estate added to the
11 planned community pursuant to this section may not exceed ten
12 percent (10%) of the real estate described in paragraph 3 of
13 subsection A of Section 30 of this act and the declarant may not in
14 any event increase the number of units in the planned community
15 beyond the number stated in the original declaration pursuant to
16 paragraph 5 of subsection A of Section 30 of this act.

17 SECTION 48. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 902.123 of Title 60, unless
19 there is created a duplication in numbering, reads as follows:

20 MASTER PLANNED COMMUNITIES.

21 A. The declaration for a common interest community may state
22 that it is a master planned community if the declarant has reserved
23 the development right to create at least five hundred units that may
24 be used for residential purposes, and at the time of the reservation

1 that declarant owns or controls more than five hundred (500) acres
2 on which the units may be built.

3 B. If the requirements of subsection A of this section are
4 satisfied, the declaration for the master planned community need not
5 state a maximum number of units and need not contain any of the
6 information required by paragraphs 3 through 14 of subsection A of
7 Section 30 of this act until the declaration is amended under
8 subsection C of this section.

9 C. When each unit in a master planned community is conveyed to
10 a purchaser, the declaration must contain:

11 1. A sufficient legal description of the unit and all portions
12 of the master planned community in which any other units have been
13 conveyed to a purchaser; and

14 2. All the information required by paragraphs 3 through 14 of
15 subsection A of Section 30 of this act with respect to that real
16 estate.

17 D. The only real estate in a master planned community subject
18 to the Uniform Common Interest Ownership Act are units that have
19 been declared or which are being offered for sale and any other real
20 estate described pursuant to subsection C of this section. Other
21 real estate that is or may become part of the master planned
22 community is only subject to other law and to any other restrictions
23 and limitations that appear of record.

24

1 E. If the public offering statement conspicuously identifies
2 the fact that the community is a master planned community, the
3 disclosure requirements contained in Article 4 of this act apply
4 only with respect to units that have been declared or are being
5 offered for sale in connection with the public offering statement
6 and to the real estate described pursuant to subsection C of this
7 act.

8 F. Limitations in this act on the addition of unspecified real
9 estate do not apply to a master planned community.

10 G. The period of declarant control of the association for a
11 master planned community terminates in accordance with any
12 conditions specified in the declaration or otherwise at the time the
13 declarant, in a recorded instrument and after giving notice in a
14 record to all the unit owners, voluntarily surrenders all rights to
15 control the activities of the association.

16 SECTION 49. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 902.124 of Title 60, unless
18 there is created a duplication in numbering, reads as follows:

19 TERMINATION FOLLOWING CATASTROPHE. If substantially all the
20 units in a common interest community have been destroyed or are
21 uninhabitable and the available methods for giving notice under
22 Section 70 of this act of a meeting of unit owners to consider
23 termination under Section 43 of this act will not likely result in
24 receipt of the notice, the executive board or any other interested

1 person may commence an action in district court seeking to terminate
2 the common interest community. During the pendency of the action,
3 the court may issue whatever orders it considers appropriate,
4 including appointment of a receiver. After a hearing, the court may
5 terminate the common interest community or reduce its size and may
6 issue any other order the court considers to be in the best interest
7 of the unit owners and persons holding an interest in the common
8 interest community.

9 ARTICLE 3

10 MANAGEMENT OF THE COMMON INTEREST COMMUNITY

11 SECTION 50. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 903.101 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 ORGANIZATION OF UNIT OWNERS ASSOCIATION. A unit owners
15 association must be organized no later than the date the first unit
16 in the common interest community is conveyed. The membership of the
17 association at all times consists exclusively of all unit owners or,
18 following termination of the common interest community, of all
19 former unit owners entitled to distributions of proceeds under
20 Section 43 of his act or their heirs, successors, or assigns. The
21 association must have an executive board. The association must be
22 organized as a profit or nonprofit corporation, trust, limited
23 liability company, partnership, unincorporated association, or any
24 other form of organization authorized by the law of this state.

1 SECTION 51. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 903.102 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 POWERS AND DUTIES OF UNIT OWNERS ASSOCIATION.

5 A. Except as otherwise provided in subsection B of this section
6 and other provisions of the Uniform Common Interest Ownership Act,
7 the association:

8 1. Shall adopt and may amend bylaws and may adopt and amend
9 rules;

10 2. Shall adopt and may amend budgets under Section 72 of this
11 act, may collect assessments for common expenses from unit owners,
12 and may invest funds of the association;

13 3. May hire and discharge managing agents and other employees,
14 agents, and independent contractors;

15 4. May institute, defend, or intervene in litigation or in
16 arbitration, mediation, or administrative proceedings in its own
17 name on behalf of itself or two or more unit owners on matters
18 affecting the common interest community, subject to Section 73 of
19 this act;

20 5. May make contracts and incur liabilities;

21 6. May regulate the use, maintenance, repair, replacement, and
22 modification of common elements;

23 7. May cause additional improvements to be made as a part of
24 the common elements;

- 1 8. May acquire, hold, encumber, and convey in its own name any
2 right, title, or interest to real estate or personal property, but:
- 3 a. common elements in a condominium or planned community
4 may be conveyed or subjected to a security interest
5 only pursuant to Section 61 of this act, and
 - 6 b. part of a cooperative may be conveyed, or all or part
7 of a cooperative may be subjected to a security
8 interest, only pursuant to Section 61 of this act;
- 9 9. May grant easements, leases, licenses, and concessions
10 through or over the common elements;
- 11 10. May impose and receive any payments, fees, or charges for:
- 12 a. the use, rental, or operation of the common elements,
13 other than limited common elements described in
14 paragraphs 2 and 4 of Section 27 of this act, and
 - 15 b. services provided to unit owners;
- 16 11. May impose charges for late payment of assessments and,
17 after notice and an opportunity to be heard, may impose reasonable
18 fines for violations of the declaration, bylaws, and rules of the
19 association;
- 20 12. May impose reasonable charges for the preparation and
21 recordation of amendments to the declaration, resale certificates
22 required by Section 82 of this act, or statements of unpaid
23 assessments;

24

1 13. May provide for the indemnification of its officers and
2 executive board and maintain directors and officers liability
3 insurance;

4 14. Except to the extent limited by the declaration, may assign
5 its right to future income, including the right to receive
6 assessments;

7 15. May exercise any other powers conferred by the declaration
8 or bylaws;

9 16. May exercise all other powers that may be exercised in this
10 state by organizations of the same type as the association;

11 17. May exercise any other powers necessary and proper for the
12 governance and operation of the association;

13 18. May require that disputes between the association and unit
14 owners or between two or more unit owners regarding the common
15 interest community be submitted to nonbinding alternative dispute
16 resolution as a prerequisite to commencement of a judicial
17 proceeding; and

18 19. May suspend any right or privilege of a unit owner that
19 fails to pay an assessment, but may not:

20 a. deny a unit owner or other occupant access to the
21 owner's unit,

22 b. suspend a unit owner's right to vote,

23 c. prevent a unit owner from seeking election as a
24 director or officer of the association, or

1 d. withhold services provided to a unit or a unit owner
2 by the association if the effect of withholding the
3 service would be to endanger the health, safety, or
4 property of any person.

5 B. The declaration may not limit the power of the association
6 beyond the limit authorized in paragraph 18 of subsection A of this
7 section to:

8 1. Deal with the declarant if the limit is more restrictive
9 than the limit imposed on the power of the association to deal with
10 other persons; or

11 2. Institute litigation or an arbitration, mediation, or
12 administrative proceeding against any person, subject to the
13 following:

14 a. the association shall comply with Section 73 of this
15 act, if applicable, before instituting any proceeding
16 described in subsection A of Section 73 of this act in
17 connection with construction defects, and

18 b. the executive board promptly shall provide notice to
19 the unit owners of any legal proceeding in which the
20 association is a party other than proceedings
21 involving enforcement of rules or to recover unpaid
22 assessments or other sums due the association.

1 C. If a tenant of a unit owner violates the declaration,
2 bylaws, or rules of the association, in addition to exercising any
3 of its powers against the unit owner, the association may:

4 1. Exercise directly against the tenant the powers described in
5 paragraph 11 of subsection A of this section;

6 2. After giving notice to the tenant and the unit owner and an
7 opportunity to be heard, levy reasonable fines against the tenant
8 for the violation; and

9 3. Enforce any other rights against the tenant for the
10 violation which the unit owner as landlord could lawfully have
11 exercised under the lease or which the association could lawfully
12 have exercised directly against the unit owner, or both.

13 D. The rights referred to in paragraph 3 of subsection C of
14 this section may be exercised only if the tenant or unit owner fails
15 to cure the violation within ten (10) days after the association
16 notifies the tenant and unit owner of that violation.

17 E. Unless a lease otherwise provides, this section does not:

18 1. Affect rights that the unit owner has to enforce the lease
19 or that the association has under other law; or

20 2. Permit the association to enforce a lease to which it is not
21 a party in the absence of a violation of the declaration, bylaws, or
22 rules.

23 F. The executive board may determine whether to take
24 enforcement action by exercising the association's power to impose

1 sanctions or commencing an action for a violation of the
2 declaration, bylaws, and rules, including whether to compromise any
3 claim for unpaid assessments or other claim made by or against it.
4 The executive board does not have a duty to take enforcement action
5 if it determines that, under the facts and circumstances presented:

6 1. The association's legal position does not justify taking any
7 or further enforcement action;

8 2. The covenant, restriction, or rule being enforced is, or is
9 likely to be construed as, inconsistent with law;

10 3. Although a violation may exist or may have occurred, it is
11 not so material as to be objectionable to a reasonable person or to
12 justify expending the association's resources; or

13 4. It is not in the association's best interests to pursue an
14 enforcement action.

15 G. The executive board's decision under subsection F of this
16 section not to pursue enforcement under one set of circumstances
17 does not prevent the executive board from taking enforcement action
18 under another set of circumstances, but the executive board may not
19 be arbitrary or capricious in taking enforcement action.

20 H. The executive board shall establish a reasonable method for
21 unit owners to communicate among themselves and with the executive
22 board on matters concerning the association.

23
24

1 SECTION 52. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 903.103 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 EXECUTIVE BOARD MEMBERS AND OFFICERS.

5 A. Except as otherwise provided in the declaration, the bylaws,
6 subsection B of this section, or other provisions of the Uniform
7 Common Interest Ownership Act, the executive board acts on behalf of
8 the association. In the performance of their duties, officers and
9 members of the executive board appointed by the declarant shall
10 exercise the degree of care and loyalty to the association required
11 of a trustee. Officers and members of the executive board not
12 appointed by the declarant shall exercise the degree of care and
13 loyalty to the association required of an officer or director of a
14 corporation organized under the Oklahoma General Corporation Act,
15 and are subject to the conflict of interest rules governing
16 directors and officers, under Sections 865 through 868 of Title 18
17 of the Oklahoma Statutes. The standards of care and loyalty
18 described in this section apply regardless of the form in which the
19 association is organized.

20 B. The executive board may not:

- 21 1. Amend the declaration except as provided in Section 42 of
- 22 this act;
- 23 2. Amend the bylaws;
- 24 3. Terminate the common interest community;

1 4. Elect members of the executive board but may fill vacancies
2 in its membership for the unexpired portion of any term or, if
3 earlier, until the next regularly scheduled election of executive
4 board members; or

5 5. Determine the qualifications, powers, duties, or terms of
6 office of executive board members.

7 C. The executive board shall adopt budgets as provided in
8 Section 72 of this act.

9 D. Subject to subsection E of this section, the declaration may
10 provide for a period of declarant control of the association, during
11 which a declarant, or persons designated by the declarant, may
12 appoint and remove the officers and members of the executive board.
13 A declarant may voluntarily surrender the right to appoint and
14 remove officers and members of the executive board before the period
15 ends. In that event, the declarant may require during the remainder
16 of the period that specified actions of the association or executive
17 board, as described in a recorded instrument executed by the
18 declarant, be approved by the declarant before they become
19 effective. Regardless of the period provided in the declaration, and
20 except as provided in paragraph G of Section 72 of this act, a
21 period of declarant control terminates no later than the earliest
22 of:

23 1. Sixty (60) days after conveyance of three-fourths of the
24 units that may be created to unit owners other than a declarant;

1 2. Two (2) years after all declarants have ceased to offer
2 units for sale in the ordinary course of business;

3 3. Two (2) years after any right to add new units was last
4 exercised; or

5 4. The day the declarant, after giving notice in a record to
6 unit owners, records an instrument voluntarily surrendering all
7 rights to control activities of the association.

8 E. Not later than sixty (60) days after conveyance of one-
9 fourth (1/4) of the units that may be created to unit owners other
10 than a declarant, at least one member and not less than twenty-five
11 percent (25%) of the members of the executive board must be elected
12 by unit owners other than the declarant. Not later than sixty (60)
13 days after conveyance of one-half (1/2) of the units that may be
14 created to unit owners other than a declarant, not less than one-
15 third of the members of the executive board must be elected by unit
16 owners other than the declarant.

17 F. Except as otherwise provided in subsection E of Section 45
18 of this act, not later than the termination of any period of
19 declarant control, the unit owners shall elect an executive board of
20 at least three members, at least a majority of whom must be unit
21 owners. Unless the declaration provides for the election of
22 officers by the unit owners, the executive board shall elect the
23 officers. The executive board members and officers shall take
24 office upon election or appointment.

1 G. A declaration may provide for the appointment of specified
2 positions on the executive board by persons other than the declarant
3 during or after the period of declarant control. It also may
4 provide a method for filling vacancies in those positions, other
5 than by election by the unit owners. However, after the period of
6 declarant control, appointed members:

- 7 1. May not comprise more than one-third (1/3) of the board; and
- 8 2. Have no greater authority than any other member of the
9 board.

10 SECTION 53. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 903.104 of Title 60, unless
12 there is created a duplication in numbering, reads as follows:

13 TRANSFER OF SPECIAL DECLARANT RIGHTS.

14 A. A special declarant right created or reserved under the
15 Uniform Common Interest Ownership Act may be transferred only by an
16 instrument evidencing the transfer recorded in every county in which
17 any portion of the common interest community is located. The
18 instrument is not effective unless executed by the transferee.

19 B. Upon transfer of any special declarant right, the liability
20 of a transferor declarant is as follows:

- 21 1. A transferor is not relieved of any obligation or liability
22 arising before the transfer and remains liable for warranty
23 obligations imposed upon the transferor by this act. Lack of
24

1 privity does not deprive any unit owner of standing to maintain an
2 action to enforce any obligation of the transferor;

3 2. If a successor to any special declarant right is an
4 affiliate of a declarant, the transferor is jointly and severally
5 liable with the successor for any obligations or liabilities of the
6 successor relating to the common interest community;

7 3. If a transferor retains any special declarant rights, but
8 transfers other special declarant rights to a successor who is not
9 an affiliate of the declarant, the transferor is liable for any
10 obligations or liabilities imposed on a declarant by this [act] or
11 by the declaration relating to the retained special declarant rights
12 and arising after the transfer;

13 4. A transferor has no liability for any act or omission or any
14 breach of a contractual or warranty obligation arising from the
15 exercise of a special declarant right by a successor declarant who
16 is not an affiliate of the transferor.

17 C. Unless otherwise provided in a mortgage instrument, deed of
18 trust, or other agreement creating a security interest, in case of
19 foreclosure of a security interest, sale by a trustee under an
20 agreement creating a security interest, tax sale, judicial sale, or
21 sale under Bankruptcy Code or receivership proceedings, of any units
22 owned by a declarant or real estate in a common interest community
23 subject to development rights, a person acquiring title to all the
24 property being foreclosed or sold, but only upon his request,

1 succeeds to all special declarant rights related to that property
2 held by that declarant, or only to any rights reserved in the
3 declaration pursuant to Section 40 of this act and held by that
4 declarant to maintain models, sales offices, and signs. The
5 judgment or instrument conveying title must provide for transfer of
6 only the special declarant rights requested.

7 D. Upon foreclosure of a security interest, sale by a trustee
8 under an agreement creating a security interest, tax sale, judicial
9 sale, or sale under Bankruptcy Code or receivership proceedings, of
10 all interests in a common interest community owned by a declarant:

11 1. The declarant ceases to have any special declarant rights;
12 and

13 2. The period of declarant control terminates unless the
14 judgment or instrument conveying title provides for transfer of all
15 special declarant rights held by that declarant to a successor
16 declarant.

17 E. The liabilities and obligations of a person who succeeds to
18 special declarant rights are as follows:

19 1. A successor to any special declarant right who is an
20 affiliate of a declarant is subject to all obligations and
21 liabilities imposed on the transferor by this act or by the
22 declaration;

23 2. A successor to any special declarant right, other than a
24 successor described in paragraph 3 or 4 of this subsection or a

1 successor who is an affiliate of a declarant, is subject to the
2 obligations and liabilities imposed by this act or the declaration:

3 a. on a declarant which relate to the successor's
4 exercise or nonexercise of special declarant rights,
5 or

6 b. on his transferor, other than:

7 (1) misrepresentations by any previous declarant,

8 (2) warranty obligations on improvements made by any
9 previous declarant, or made before the common
10 interest community was created,

11 (3) breach of any fiduciary obligation by any
12 previous declarant or his appointees to the
13 executive board, or

14 (4) any liability or obligation imposed on the
15 transferor as a result of the transferor's acts
16 or omissions after the transfer;

17 3. A successor to only a right reserved in the declaration to
18 maintain models, sales offices, and signs, may not exercise any
19 other special declarant right, and is not subject to any liability
20 or obligation as a declarant, except the obligation to provide a
21 public offering statement and any liability arising as a result
22 thereof;

23 4. A successor to all special declarant rights held by a
24 transferor who succeeded to those rights pursuant to a deed or other

1 instrument of conveyance in lieu of foreclosure or a judgment or
2 instrument conveying title under subsection C of this section, may
3 declare in a recorded instrument the intention to hold those rights
4 solely for transfer to another person. Thereafter, until
5 transferring all special declarant rights to any person acquiring
6 title to any unit or real estate subject to development rights owned
7 by the successor, or until recording an instrument permitting
8 exercise of all those rights, that successor may not exercise any of
9 those rights other than any right held by his transferor to control
10 the executive board in accordance with subsection D of Section 52 of
11 this act for the duration of any period of declarant control, and
12 any attempted exercise of those rights is void. So long as a
13 successor declarant may not exercise special declarant rights under
14 this subsection, the successor declarant is not subject to any
15 liability or obligation as a declarant other than liability for his
16 acts and omissions under subsection D of Section 52 of this act.

17 F. Nothing in this section subjects any successor to a special
18 declarant right to any claims against or other obligations of a
19 transferor declarant, other than claims and obligations arising
20 under this act or the declaration.

21 SECTION 54. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 903.105 of Title 60, unless
23 there is created a duplication in numbering, reads as follows:

24 TERMINATION OF CONTRACTS AND LEASES.

1 A. Within two (2) years after the executive board elected by
2 the unit owners pursuant to subsection F of Section 52 of this act
3 takes office, the association may terminate without penalty, upon
4 not less than ninety (90) days' notice to the other party, any of
5 the following if it was entered into before the executive board was
6 elected:

7 1. Any management, maintenance, operations, or employment
8 contract, or lease of recreational or parking areas or facilities;
9 or

10 2. Any other contract or lease between the association and a
11 declarant or an affiliate of a declarant.

12 B. The association may terminate without penalty, at any time
13 after the executive board elected by the unit owners pursuant to
14 subsection F of Section 52 of this act takes office upon not less
15 than ninety (90) days' notice to the other party, any contract or
16 lease that is not bona fide or was unconscionable to the unit owners
17 at the time entered into.

18 C. This section does not apply to:

19 1. Any lease the termination of which would terminate the
20 common interest community or reduce its size, unless the real estate
21 subject to that lease was included in the common interest community
22 for the purpose of avoiding the right of the association to
23 terminate a lease under this section; or

24 2. A proprietary lease.

1 SECTION 55. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 903.106 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 BYLAWS.

5 A. The bylaws of the association must:

6 1. Provide the number of members of the executive board and the
7 titles of the officers of the association;

8 2. Provide for election by the executive board or, if the
9 declaration requires, by the unit owners, of a president, treasurer,
10 secretary, and any other officers of the association the bylaws
11 specify;

12 3. Specify the qualifications, powers and duties, terms of
13 office, and manner of electing and removing executive board members
14 and officers and filling vacancies;

15 4. Specify the powers the executive board or officers may
16 delegate to other persons or to a managing agent;

17 5. Specify the officers who may prepare, execute, certify, and
18 record amendments to the declaration on behalf of the association;

19 6. Specify a method for the unit owners to amend the bylaws;

20 7. Contain any provision necessary to satisfy requirements in
21 this act or the declaration concerning meetings, voting, quorums,
22 and other activities of the association; and

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1 8. Provide for any matter required by law of this state other
2 than the Uniform Common Interest Ownership Act to appear in the
3 bylaws of organizations of the same type as the association.

4 B. Subject to the declaration and this act, the bylaws may
5 provide for any other necessary or appropriate matters, including
6 matters that could be adopted as rules.

7 SECTION 56. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 903.107 of Title 60, unless
9 there is created a duplication in numbering, reads as follows:

10 UPKEEP OF COMMON INTEREST COMMUNITY.

11 A. Except to the extent provided by the declaration, subsection
12 B of this section, or subsection H of Section 62 of this act, the
13 association is responsible for maintenance, repair, and replacement
14 of the common elements, and each unit owner is responsible for
15 maintenance, repair, and replacement of his unit. Each unit owner
16 shall afford to the association and the other unit owners, and to
17 their agents or employees, access through his unit reasonably
18 necessary for those purposes. If damage is inflicted on the common
19 elements or on any unit through which access is taken, the unit
20 owner responsible for the damage, or the association if it is
21 responsible, is liable for the prompt repair thereof.

22 B. In addition to the liability that a declarant as a unit
23 owner has under the Uniform Common Interest Ownership Act, the
24 declarant alone is liable for all expenses in connection with real

1 estate subject to development rights. No other unit owner and no
2 other portion of the common interest community is subject to a claim
3 for payment of those expenses. Unless the declaration provides
4 otherwise, any income or proceeds from real estate subject to
5 development rights inures to the declarant.

6 C. In a planned community, if all development rights have
7 expired with respect to any real estate, the declarant remains
8 liable for all expenses of that real estate unless, upon expiration,
9 the declaration provides that the real estate becomes common
10 elements or units.

11 SECTION 57. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 903.108 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 MEETINGS.

15 A. The following requirements apply to unit owner meetings:

16 1. An association shall hold a meeting of unit owners annually
17 at a time, date, and place stated in or fixed in accordance with the
18 bylaws;

19 2. An association shall hold a special meeting of unit owners
20 to address any matter affecting the common interest community or the
21 association if its president, a majority of the executive board, or
22 unit owners having at least twenty percent (20%), or any lower
23 percentage specified in the bylaws, of the votes in the association
24 request that the secretary call the meeting. If the association

1 does not notify unit owners of a special meeting within thirty (30)
2 days after the requisite number or percentage of unit owners request
3 the secretary to do so, the requesting members may directly notify
4 all the unit owners of the meeting. Only matters described in the
5 meeting notice required by paragraph 3 of this subsection may be
6 considered at a special meeting;

7 3. An association shall notify unit owners of the time, date,
8 and place of each annual and special unit owners meeting not less
9 than ten (10) days or more than sixty (60) days before the meeting
10 date. Notice may be by any means described in Section 70 of this act
11 The notice of any meeting must state the time, date and place of the
12 meeting and the items on the agenda, including:

- 13 a. a statement of the general nature of any proposed
14 amendment to the declaration or bylaws,
- 15 b. any budget changes, and
- 16 c. any proposal to remove an officer or member of the
17 executive board;

18 4. The minimum time to give notice required by paragraph 3 of
19 this subsection may be reduced or waived for a meeting called to
20 deal with an emergency;

21 5. Unit owners must be given a reasonable opportunity at any
22 meeting to comment regarding any matter affecting the common
23 interest community or the association;

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1 6. The declaration or bylaws may allow for meetings of unit
2 owners to be conducted by telephonic, video, or other conferencing
3 process, if the alternative process is consistent with paragraph 7
4 of subsection B of this section;

5 7. Except as otherwise provided in the bylaws, meetings of the
6 association must be conducted in accordance with the most recent
7 edition of Roberts' Rules of Order Newly Revised.

8 B. The following requirements apply to meetings of the
9 executive board and committees of the association authorized to act
10 for the association:

11 1. Meetings must be open to the unit owners except during
12 executive sessions. The executive board and those committees may
13 hold an executive session only during a regular or special meeting
14 of the board or a committee. No final vote or action may be taken
15 during an executive session. An executive session may be held only
16 to:

- 17 a. consult with the association's attorney concerning
18 legal matters,
- 19 b. discuss existing or potential litigation or mediation,
20 arbitration, or administrative proceedings,
- 21 c. discuss labor or personnel matters,
- 22 d. discuss contracts, leases, and other commercial
23 transactions to purchase or provide goods or services
24 currently being negotiated, including the review of

1 bids or proposals, if premature general knowledge of
2 those matters would place the association at a
3 disadvantage, or

4 e. prevent public knowledge of the matter to be discussed
5 if the executive board or committee determines that
6 public knowledge would violate the privacy of any
7 person;

8 2. For purposes of this section, a gathering of board members
9 at which the board members do not conduct association business is
10 not a meeting of the executive board. The executive board and its
11 members may not use incidental or social gatherings of board members
12 or any other method to evade the open meeting requirements of this
13 section;

14 3. During the period of declarant control, the executive board
15 shall meet at least four (4) times a year. At least one of those
16 meetings must be held at the common interest community or at a place
17 convenient to the community. After termination of the period of
18 declarant control, all executive board meetings must be at the
19 common interest community or at a place convenient to the community
20 unless the unit owners amend the bylaws to vary the location of
21 those meetings;

22 4. At each executive board meeting, the executive board shall
23 provide a reasonable opportunity for unit owners to comment
24

1 regarding any matter affecting the common interest community and the
2 association;

3 5. Unless the meeting is included in a schedule given to the
4 unit owners or the meeting is called to deal with an emergency, the
5 secretary or other officer specified in the bylaws shall give notice
6 of each executive board meeting to each board member and to the unit
7 owners. The notice must be given at least ten (10) days before the
8 meeting and must state the time, date, place, and agenda of the
9 meeting;

10 6. If any materials are distributed to the executive board
11 before the meeting, the executive board at the same time shall make
12 copies of those materials reasonably available to unit owners,
13 except that the board need not make available copies of unapproved
14 minutes or materials that are to be considered in executive session;

15 7. Unless the declaration or bylaws otherwise provide, the
16 executive board may meet by telephonic, video, or other conferencing
17 process if:

18 a. the meeting notice states the conferencing process to
19 be used and provides information explaining how unit
20 owners may participate in the conference directly or
21 by meeting at a central location or conference
22 connection, and

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1 b. the process provides all unit owners the opportunity
2 to hear or perceive the discussion and to comment as
3 provided in paragraph 4 of this subsection;

4 8. After termination of the period of declarant control, unit
5 owners may amend the bylaws to vary the procedures for meetings
6 described in paragraph 7 of this subsection;

7 9. Instead of meeting, the executive board may act by unanimous
8 consent as documented in a record authenticated by all its members.
9 The secretary promptly shall give notice to all unit owners of any
10 action taken by unanimous consent. After termination of the period
11 of declarant control, the executive board may act by unanimous
12 consent only to undertake ministerial actions or to implement
13 actions previously taken at a meeting of the executive board;

14 10. Even if an action by the executive board is not in
15 compliance with this section, it is valid unless set aside by a
16 court. A challenge to the validity of an action of the executive
17 board for failure to comply with this section may not be brought
18 more than sixty (60) days after the minutes of the executive board
19 of the meeting at which the action was taken are approved or the
20 record of that action is distributed to unit owners, whichever is
21 later.

22 SECTION 58. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 903.109 of Title 60, unless
24 there is created a duplication in numbering, reads as follows:

1 QUORUM.

2 A. Unless the bylaws otherwise provide, a quorum is present
3 throughout any meeting of the unit owners if persons entitled to
4 cast twenty percent (20%) of the votes in the association:

5 1. Are present in person or by proxy at the beginning of the
6 meeting;

7 2. Have cast absentee ballots solicited in accordance with
8 paragraph 4 of subsection C of Section 59 of this act which have
9 been delivered to the secretary in a timely manner; or

10 3. Are present by any combination of paragraphs 1 and 2 of this
11 subsection.

12 B. Unless the bylaws specify a larger number, a quorum of the
13 executive board is present for purposes of determining the validity
14 of any action taken at a meeting of the executive board only if
15 individuals entitled to cast a majority of the votes on that board
16 are present at the time a vote regarding that action is taken. If a
17 quorum is present when a vote is taken, the affirmative vote of a
18 majority of the board members present is the act of the executive
19 board unless a greater vote is required by the declaration or
20 bylaws.

21 C. Except as otherwise provided in the bylaws, meetings of the
22 association must be conducted in accordance with the most recent
23 edition of Roberts' Rules of Order Newly Revised.

1 SECTION 59. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 903.110 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 VOTING; PROXIES; BALLOTS.

5 A. Unless prohibited or limited by the declaration or bylaws,
6 unit owners may vote at a meeting in person, by absentee ballot
7 pursuant to paragraph 4 of subsection B of this section, by a proxy
8 pursuant to subsection C of this section or, when a vote is
9 conducted without a meeting, by electronic or paper ballot pursuant
10 to subsection D of this section.

11 B. At a meeting of unit owners the following requirements
12 apply:

13 1. Unit owners who are present in person may vote by voice
14 vote, show of hands, standing, or any other method for determining
15 the votes of unit owners, as designated by the person presiding at
16 the meeting;

17 2. If only one of several owners of a unit is present, that
18 owner is entitled to cast all the votes allocated to that unit. If
19 more than one of the owners are present, the votes allocated to that
20 unit may be cast only in accordance with the agreement of a majority
21 in interest of the owners, unless the declaration expressly provides
22 otherwise. There is majority agreement if any one of the owners
23 casts the votes allocated to the unit without protest being made
24

1 promptly to the person presiding over the meeting by any of the
2 other owners of the unit;

3 3. Unless a greater number or fraction of the votes in the
4 association is required by this the Uniform Common Interest
5 Ownership Act or the declaration, a majority of the votes cast
6 determines the outcome of any action of the association;

7 4. Subject to subsection A of this section, a unit owner may
8 vote by absentee ballot without being present at the meeting. The
9 association promptly shall deliver an absentee ballot to an owner
10 that requests it if the request is made at least three (3) days
11 before the scheduled meeting. Votes cast by absentee ballot must be
12 included in the tally of a vote taken at that meeting;

13 5. When a unit owner votes by absentee ballot, the association
14 must be able to verify that the ballot is cast by the unit owner
15 having the right to do so.

16 C. Except as otherwise provided in the declaration or bylaws,
17 the following requirements apply with respect to proxy voting:

18 1. Votes allocated to a unit may be cast pursuant to a directed
19 or undirected proxy duly executed by a unit owner;

20 2. If a unit is owned by more than one person, each owner of
21 the unit may vote or register protest to the casting of votes by the
22 other owners of the unit through a duly executed proxy;

23
24

1 3. A unit owner may revoke a proxy given pursuant to this
2 section only by actual notice of revocation to the person presiding
3 over a meeting of the association;

4 4. A proxy is void if it is not dated or purports to be
5 revocable without notice;

6 5. A proxy is valid only for the meeting at which it is cast
7 and any recessed session of that meeting; and

8 6. A person may not cast undirected proxies representing more
9 than fifteen percent (15%) of the votes in the association.

10 D. Unless prohibited or limited by the declaration or bylaws,
11 an association may conduct a vote without a meeting. In that event,
12 the following requirements apply:

13 1. The association shall notify the unit owners that the vote
14 will be taken by ballot;

15 2. The association shall deliver a paper or electronic ballot
16 to every unit owner entitled to vote on the matter;

17 3. The ballot must set forth each proposed action and provide
18 an opportunity to vote for or against the action;

19 4. When the association delivers the ballots, it shall also:

20 a. indicate the number of responses needed to meet the
21 quorum requirements,

22 b. state the percent of votes necessary to approve each
23 matter other than election of directors,
24

1 c. specify the time and date by which a ballot must be
2 delivered to the association to be counted, which time
3 and date may not be fewer than three (3) days after
4 the date the association delivers the ballot, and

5 d. describe the time, date, and manner by which unit
6 owners wishing to deliver information to all unit
7 owners regarding the subject of the vote may do so;

8 5. Except as otherwise provided in the declaration or bylaws, a
9 ballot is not revoked after delivery to the association by death or
10 disability or attempted revocation by the person that cast that
11 vote;

12 6. Approval by ballot pursuant to this subsection is valid only
13 if the number of votes cast by ballot equals or exceeds the quorum
14 required to be present at a meeting authorizing the action.

15 E. If the declaration requires that votes on specified matters
16 affecting the common interest community be cast by lessees rather
17 than unit owners of leased units:

18 1. This section applies to lessees as if they were unit owners;

19 2. Unit owners that have leased their units to other persons
20 may not cast votes on those specified matters; and

21 3. Lessees are entitled to notice of meetings, access to
22 records, and other rights respecting those matters as if they were
23 unit owners.

1 F. Unit owners must also be given notice of all meetings at
2 which lessees are entitled to vote.

3 G. Votes allocated to a unit owned by the association must be
4 cast in any vote of the unit owners in the same proportion as the
5 votes cast on the matter by unit owners other than the association.

6 SECTION 60. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 903.111 of Title 60, unless
8 there is created a duplication in numbering, reads as follows:

9 TORT AND CONTRACT LIABILITY; TOLLING OF LIMITATION PERIOD.

10 A. A unit owner is not liable, solely by reason of being a unit
11 owner, for an injury or damage arising out of the condition or use
12 of the common elements. Neither the association nor any unit owner
13 except the declarant is liable for that declarant's torts in
14 connection with any part of the common interest community which that
15 declarant has the responsibility to maintain.

16 B. An action alleging a wrong done by the association,
17 including an action arising out of the condition or use of the
18 common elements, may be maintained only against the association and
19 not against any unit owner. If the wrong occurred during any period
20 of declarant control and the association gives the declarant
21 reasonable notice of and an opportunity to defend against the
22 action, the declarant who then controlled the association is liable
23 to the association or to any unit owner for all tort losses not
24 covered by insurance suffered by the association or that unit owner,

1 and all costs that the association would not have incurred but for a
2 breach of contract or other wrongful act or omission. Whenever the
3 declarant is liable to the association under this section, the
4 declarant is also liable for all expenses of litigation, including
5 reasonable attorney's fees, incurred by the association.

6 C. Except as provided in subsection D of Section 89 of this act
7 with respect to warranty claims, any statute of limitation affecting
8 the association's right of action against a declarant under this act
9 is tolled until the period of declarant control terminates. A unit
10 owner is not precluded from maintaining an action contemplated by
11 this section because he is a unit owner or a member or officer of
12 the association. Liens resulting from judgments against the
13 association are governed by Section 66 of this act.

14 SECTION 61. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 903.112 of Title 60, unless
16 there is created a duplication in numbering, reads as follows:

17 CONVEYANCE OR ENCUMBRANCE OF COMMON ELEMENTS.

18 A. In a condominium or planned community, portions of the
19 common elements may be conveyed or subjected to a security interest
20 by the association if persons entitled to cast at least eighty
21 percent (80%) of the votes in the association, including eighty
22 percent (80%) of the votes allocated to units not owned by a
23 declarant, or any larger percentage the declaration specifies, agree
24 to that action; but all owners of units to which any limited common

1 element is allocated must agree in order to convey that limited
2 common element or subject it to a security interest. The
3 declaration may specify a smaller percentage only if all of the
4 units are restricted exclusively to non-residential uses. Proceeds
5 of the sale are an asset of the association, but the proceeds of the
6 sale of limited common elements must be distributed equitably among
7 the owners of units to which the limited common elements were
8 allocated.

9 B. Part of a cooperative may be conveyed and all or part of a
10 cooperative may be subjected to a security interest by the
11 association if persons entitled to cast at least eighty percent
12 (80%) of the votes in the association, including eighty percent
13 (80%) of the votes allocated to units not owned by a declarant, or
14 any larger percentage the declaration specifies, agree to that
15 action; but, if fewer than all of the units or limited common
16 elements are to be conveyed or subjected to a security interest,
17 then all unit owners of those units, or the units to which those
18 limited common elements are allocated, must agree in order to convey
19 those units or limited common elements or subject them to a security
20 interest. The declaration may specify a smaller percentage only if
21 all of the units are restricted exclusively to nonresidential uses.
22 Proceeds of the sale are an asset of the association. Any purported
23 conveyance or other voluntary transfer of an entire cooperative,
24 unless made pursuant to Section 43 of this act, is void.

1 C. An agreement to convey common elements in a condominium or
2 planned community, or to subject them to a security interest, or in
3 a cooperative, an agreement to convey any part of a cooperative or
4 subject it to a security interest, must be evidenced by the
5 execution of an agreement, or ratifications thereof, in the same
6 manner as a deed, by the requisite number of unit owners. The
7 agreement must specify a date after which the agreement will be void
8 unless recorded before that date. The agreement and all
9 ratifications thereof must be recorded in every county in which a
10 portion of the common interest community is situated, and is
11 effective only upon recordation.

12 D. The association, on behalf of the unit owners, may contract
13 to convey an interest in a common interest community pursuant to
14 subsection A of this section, but the contract is not enforceable
15 against the association until approved pursuant to subsections A, B
16 and C of this section. Thereafter, the association has all powers
17 necessary and appropriate to effect the conveyance or encumbrance,
18 including the power to execute deeds or other instruments.

19 E. Unless made pursuant to this section, any purported
20 conveyance, encumbrance, judicial sale, or other voluntary transfer
21 of common elements or of any other part of a cooperative is void.

22 F. A conveyance or encumbrance of common elements or of a
23 cooperative pursuant to this section does not deprive any unit of
24 its rights of access and support.

1 G. Unless the declaration otherwise provides, if the holders of
2 first security interests on eighty percent (80%) of the units that
3 are subject to security interests on the day the unit owners'
4 agreement under subsection C of this section is recorded consent in
5 writing:

6 1. A conveyance of common elements pursuant to this section
7 terminates both the undivided interests in those common elements
8 allocated to the units and the security interests in those undivided
9 interests held by all persons holding security interests in the
10 units; and

11 2. An encumbrance of common elements pursuant to this section
12 has priority over all preexisting encumbrances on the undivided
13 interests in those common elements held by all persons holding
14 security interests in the units.

15 H. The consents by holders of first security interests on units
16 described in subsection G of this section, or a certificate of the
17 secretary affirming that those consents have been received by the
18 association, may be recorded at any time before the date on which
19 the agreement under subsection C of this section becomes void.

20 Consents or certificates so recorded are valid from the date they
21 are recorded for purposes of calculating the percentage of
22 consenting first security interest holders, regardless of later
23 sales or encumbrances on those units. Even if the required
24 percentage of first security interest holders so consent, a

1 conveyance or encumbrance of common elements does not affect
2 interests having priority over the declaration, or created by the
3 association after the declaration was recorded.

4 I. In a cooperative, the association may acquire, hold,
5 encumber, or convey a proprietary lease without complying with this
6 section.

7 SECTION 62. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 903.113 of Title 60, unless
9 there is created a duplication in numbering, reads as follows:

10 INSURANCE.

11 A. Commencing not later than the time of the first conveyance
12 of a unit to a person other than a declarant, the association shall
13 maintain, to the extent reasonably available and subject to
14 reasonable deductibles:

15 1. Property insurance on the common elements and, in a planned
16 community, also on property that must become common elements,
17 insuring against risks of direct physical loss commonly insured
18 against, which insurance, after application of any deductibles, must
19 be not less than eighty percent (80%) of the actual cash value of
20 the insured property at the time the insurance is purchased and at
21 each renewal date, exclusive of land, excavations, foundations, and
22 other items normally excluded from property policies;

23 2. Commercial general liability insurance, including medical
24 payments insurance, in an amount determined by the executive board

1 but not less than any amount specified in the declaration, covering
2 all occurrences commonly insured against for bodily injury and
3 property damage arising out of or in connection with the use,
4 ownership, or maintenance of the common elements and, in
5 cooperatives, also of all units; and

6 3. Fidelity insurance.

7 B. In the case of a building that contains units divided by
8 horizontal boundaries described in the declaration, or vertical
9 boundaries that comprise common walls between units, the insurance
10 maintained under paragraph 1 of subsection A of this section, to the
11 extent reasonably available, must include the units, but need not
12 include improvements and betterments installed by unit owners.

13 C. If the insurance described in subsections A and B of this
14 section is not reasonably available, the association promptly shall
15 cause notice of that fact to be given to all unit owners. The
16 declaration may require the association to carry any other
17 insurance, and the association may carry any other insurance it
18 considers appropriate to protect the association or the unit owners.

19 D. Insurance policies carried pursuant to subsections A and B
20 of this section must provide that:

21 1. Each unit owner is an insured person under the policy with
22 respect to liability arising out of the owner's interest in the
23 common elements or membership in the association;

24

1 2. The insurer waives its right to subrogation under the policy
2 against any unit owner or member of the owner's household;

3 3. No act or omission by a unit owner, unless acting within the
4 owner's scope of authority on behalf of the association, voids the
5 policy or is a condition to recovery under the policy; and

6 4. If, at the time of a loss under the policy, there is other
7 insurance in the name of a unit owner covering the same risk covered
8 by the policy, the association's policy provides primary insurance.

9 E. Any loss covered by the property policy under paragraph 1 of
10 subsection A of this section and subsection B of this section must
11 be adjusted with the association, but the insurance proceeds for
12 that loss are payable to any insurance trustee designated for that
13 purpose, or otherwise to the association, and not to any holder of a
14 security interest. The insurance trustee or the association shall
15 hold any insurance proceeds in trust for the association, unit
16 owners, and lien holders as their interests may appear. Subject to
17 subsection H of this section, the proceeds must be disbursed first
18 for the repair or replacement of the damaged property, and the
19 association, unit owners, and lien holders are not entitled to
20 receive payment of any portion of the proceeds unless there is a
21 surplus of proceeds after the property has been completely repaired
22 or replaced, or the common interest community is terminated.

23
24

1 F. An insurance policy issued to the association does not
2 prevent a unit owner from obtaining insurance for the owner's own
3 benefit.

4 G. An insurer that has issued an insurance policy under this
5 section shall issue certificates or memoranda of insurance to the
6 association and, upon request made in a record, to any unit owner or
7 holder of a security interest. The insurer issuing the policy may
8 not cancel or refuse to renew it until thirty (30) days after notice
9 of the proposed cancellation or nonrenewal has been mailed to the
10 association, each unit owner, and each holder of a security interest
11 to whom a certificate or memorandum of insurance has been issued at
12 their respective last known addresses.

13 H. Any portion of the common interest community for which
14 insurance is required under this section which is damaged or
15 destroyed must be repaired or replaced promptly by the association
16 unless:

17 1. The common interest community is terminated, in which case
18 Section 43 of this act applies;

19 2. Repair or replacement would be illegal; or

20 3. Eighty percent (80%) of the unit owners, including every
21 owner of a unit or assigned limited common element that will not be
22 rebuilt, vote not to rebuild.

1 I. The cost of repair or replacement in excess of insurance
2 proceeds, deductibles, and reserves is a common expense. If the
3 entire common interest community is not repaired or replaced:

4 1. The insurance proceeds attributable to the damaged common
5 elements must be used to restore the damaged area to a condition
6 compatible with the remainder of the common interest community; and

7 2. Except to the extent that other persons will be
8 distributees:

9 a. the insurance proceeds attributable to units and
10 limited common elements that are not repaired or
11 replaced must be distributed to the owners of those
12 units and the owners of the units to which those
13 limited common elements were allocated, or to lien
14 holders, as their interests may appear, and

15 b. the remainder of the proceeds must be distributed to
16 all the unit owners or lien holders, as their
17 interests may appear, as follows:

18 (1) in a condominium, in proportion to the common
19 element interests of all the units, and

20 (2) in a cooperative or planned community, in
21 proportion to the common expense liabilities of
22 all the units.

23 J. If the unit owners vote not to rebuild any unit, that unit's
24 allocated interests are automatically reallocated upon the vote as

1 if the unit had been condemned under subsection A of Section 7 of
2 this act, and the association promptly shall prepare, execute, and
3 record an amendment to the declaration reflecting the reallocations.

4 K. This section may be varied or waived in the case of a common
5 interest community all of whose units are restricted to
6 nonresidential use.

7 SECTION 63. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 903.114 of Title 60, unless
9 there is created a duplication in numbering, reads as follows:

10 SURPLUS FUNDS. Unless otherwise provided in the declaration,
11 any surplus funds of the association remaining after payment of or
12 provision for common expenses and any prepayment of reserves must be
13 paid annually to the unit owners in proportion to their common
14 expense liabilities or credited to them to reduce their future
15 common expense assessments.

16 SECTION 64. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 903.115 of Title 60, unless
18 there is created a duplication in numbering, reads as follows:

19 ASSESSMENTS.

20 A. Until the association makes a common expense assessment, the
21 declarant shall pay all common expenses. After an assessment has
22 been made by the association, assessments must be made at least
23 annually, based on a budget adopted at least annually by the
24 association.

1 B. Except for assessments under subsections C, D and E of this
2 section, or as otherwise provided in the Uniform Common Interest
3 Ownership Act, all common expenses must be assessed against all the
4 units in accordance with the allocations set forth in the
5 declaration pursuant to subsections A and B of Section 32 of this
6 act. The association may charge interest on any past due assessment
7 or portion thereof at the rate established by the association, not
8 exceeding eighteen percent (18%) per year.

9 C. To the extent required by the declaration:

10 1. A common expense associated with the maintenance, repair, or
11 replacement of a limited common element must be assessed against the
12 units to which that limited common element is assigned, equally, or
13 in any other proportion the declaration provides;

14 2. A common expense benefiting fewer than all of the units or
15 their owners may be assessed exclusively against the units or unit
16 owners benefitted; and

17 3. The costs of insurance must be assessed in proportion to
18 risk, and the costs of utilities must be assessed in proportion to
19 usage.

20 D. Assessments to pay a judgment against the association may be
21 made only against the units in the common interest community at the
22 time the judgment was entered, in proportion to their common expense
23 liabilities.

24

1 E. If damage to a unit or other part of the common interest
2 community, or if any other common expense is caused by the willful
3 misconduct or gross negligence of any unit owner or a guest or
4 invitee of a unit owner, the association may assess that expense
5 exclusively against that owner's unit, even if the association
6 maintains insurance with respect to that damage or common expense.

7 F. If common expense liabilities are reallocated, common
8 expense assessments and any instalment thereof not yet due must be
9 recalculated in accordance with the reallocated common expense
10 liabilities.

11 SECTION 65. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 903.116 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 LIEN FOR SUMS DUE ASSOCIATION; ENFORCEMENT.

15 A. The association has a statutory lien on a unit for any
16 assessment attributable to that unit or fines imposed against its
17 unit owner. Any priority accorded to the association's lien under
18 this section is a priority in right and not merely a priority in
19 payment from the proceeds of the sale of the unit by a competing
20 lienholder or encumbrancer. Unless the declaration provides
21 otherwise, reasonable attorney's fees and costs, other fees,
22 charges, late charges, fines, and interest charged pursuant to
23 paragraphs 10, 11 and 12 of subsection A of Section 51 of this act,
24 and any other sums due to the association under the declaration, the

1 Uniform Common Interest Ownership Act, or as a result of an
2 administrative, arbitration, mediation, or judicial decision are
3 enforceable in the same manner as unpaid assessments under this
4 section. If an assessment is payable in installments, the lien is
5 for the full amount of the assessment from the time the first
6 installment thereof becomes due.

7 B. A lien under this section has priority over all other liens
8 and encumbrances on a unit except:

9 1. Liens and encumbrances recorded before the recordation of
10 the declaration and, in a cooperative, liens and encumbrances that
11 the association creates, assumes, or takes subject to;

12 2. Except as otherwise provided in subsection C of this
13 section, a first security interest on the unit recorded before the
14 date on which the assessment sought to be enforced became delinquent
15 or, in a cooperative, the first security interest encumbering only
16 the unit owner's interest and perfected before the date on which the
17 assessment sought to be enforced became delinquent;

18 3. Liens for real estate taxes and other governmental
19 assessments or charges against the unit or cooperative; and

20 4. Mechanics' or materialmen's liens to the extent that law of
21 this state other than this act gives priority to mechanics' or
22 materialmen's liens.

23

24

1 C. A lien under this section also has priority over a security
2 interest described in paragraph 2 of subsection B of this section,
3 but only to the extent of:

4 1. The unpaid amount of assessments for common expenses, not to
5 exceed six months for each budget year of the association, as based
6 on the periodic budget adopted by the association under Section 3-
7 115(a) for the applicable year; and

8 2. Reasonable attorney fees and costs incurred by the
9 association in enforcing the association's lien.

10 D. Unless the declaration otherwise provides, if two or more
11 associations have liens for assessments created at any time on the
12 same property, those liens have equal priority.

13 E. Recording of the declaration constitutes record notice and
14 perfection of the lien. No further recordation of any claim of lien
15 for assessment under this section is required.

16 F. A lien for unpaid assessments is extinguished unless
17 proceedings to enforce the lien are instituted within three (3)
18 years after the full amount of the assessments becomes due.

19 G. This section does not prohibit an action by an association
20 against a unit owner to recover past due sums for which subsection A
21 of this section creates a lien or prohibit an association from
22 taking a deed in lieu of foreclosure.

1 H. A judgment or decree in any action brought under this
2 section must include costs and reasonable attorney fees for the
3 prevailing party.

4 I. The association upon request made in a record shall furnish
5 to a unit owner a statement setting forth the amount of unpaid
6 assessments against the unit. If the unit owner's interest is real
7 estate, the statement must be in recordable form. The statement
8 must be furnished within ten (10) business days after receipt of the
9 request and is binding on the association, the executive board, and
10 every unit owner.

11 J. On nonpayment of an assessment on a unit, the association is
12 entitled to obtain possession of the unit under Sections 1148.1
13 through 1148.16 of Title 12 of the Oklahoma Statutes.

14 K. The association's lien may be foreclosed as provided in this
15 subsection and subsection P of this subsection:

16 1. In a condominium or planned community, the association's
17 lien must be foreclosed in like manner as a mortgage on real estate
18 or by power of sale under the Oklahoma Power of Sale Mortgage
19 Foreclosure Act;

20 2. In a cooperative whose unit owners' interests in the units
21 are real estate, the association's lien must be foreclosed in like
22 manner as a mortgage on real estate or by power of sale under the
23 Oklahoma Power of Sale Mortgage Foreclosure Act;

1 3. In a cooperative whose unit owners' interests in the units
2 are personal property, the association's lien must be foreclosed in
3 like manner as a security interest under Article 9 of the Uniform
4 Commercial Code - Secured Transactions; and

5 4. In a foreclosure under the Oklahoma Power of Sale Mortgage
6 Foreclosure Act, the association shall give the notice required by
7 statute or, if there is no such requirement, reasonable notice of
8 its action to all lien holders of the unit whose interest would be
9 affected.

10 L. If the unit owner's interest in a unit in a cooperative is
11 real estate, the following requirements apply:

12 1. The association, upon nonpayment of assessments and
13 compliance with this subsection, may sell that unit at a public sale
14 or by private negotiation and at any time, date, and place. The
15 association shall give to the unit owner and any lessee of the unit
16 owner reasonable notice in a record of the time, date, and place of
17 any public sale or, if a private sale is intended, of the intention
18 of entering into a contract to sell and of the time and date after
19 which a private disposition may be made. The same notice must also
20 be sent to any other person that has a recorded interest in the unit
21 which would be cut off by the sale, but only if the recorded
22 interest was on record seven (7) weeks before the date specified in
23 the notice as the date of any public sale or seven (7) weeks before
24 the date specified in the notice as the date after which a private

1 sale may be made. The notices required by this subsection may be
2 sent to any address reasonable in the circumstances. A sale may not
3 be held until five weeks after the sending of the notice. The
4 association may buy at any public sale and, if the sale is conducted
5 by a fiduciary or other person not related to the association, at a
6 private sale;

7 2. Unless otherwise agreed, the unit owner is liable for any
8 deficiency in a foreclosure sale;

9 3. The proceeds of a foreclosure sale must be applied in the
10 following order:

- 11 a. the reasonable expenses of sale,
- 12 b. the reasonable expenses of securing possession before
13 sale; the reasonable expenses of holding, maintaining,
14 and preparing the unit for sale, including payment of
15 taxes and other governmental charges and premiums on
16 insurance; and, to the extent provided for by
17 agreement between the association and the unit owner,
18 reasonable attorney fees, costs, and other legal
19 expenses incurred by the association,
- 20 c. satisfaction of the association's lien,
- 21 d. satisfaction in the order of priority of any
22 subordinate claim of record, and
- 23 e. remittance of any excess to the unit owner;

24

1 4. A good-faith purchaser for value acquires the unit free of
2 the association's debt that gave rise to the lien under which the
3 foreclosure sale occurred and any subordinate interest, even though
4 the association or other person conducting the sale failed to comply
5 with this section. The person conducting the sale shall execute a
6 conveyance to the purchaser sufficient to convey the unit and
7 stating that it is executed by the person after a foreclosure of the
8 association's lien by power of sale and that the person was
9 empowered to make the sale. Signature and title or authority of the
10 person signing the conveyance as grantor and a recital of the facts
11 of nonpayment of the assessment and of the giving of the notices
12 required by this subsection are sufficient proof of the facts
13 recited and of the authority to sign. Further proof of authority is
14 not required even though the association is named as grantee in the
15 conveyance;

16 5. At any time before the association has disposed of a unit in
17 a cooperative or entered into a contract for its disposition under
18 the power of sale, the unit owners or the holder of any subordinate
19 security interest may cure the unit owner's default and prevent sale
20 or other disposition by tendering the performance due under the
21 security agreement, including any amounts due because of exercise of
22 a right to accelerate, plus the reasonable expenses of proceeding to
23 foreclosure incurred to the time of tender, including reasonable
24 attorney fees and costs of the creditor.

1 M. In an action by an association to collect assessments or to
2 foreclose a lien on a unit under this section, the court may appoint
3 a receiver to collect all sums alleged to be due and owing to a unit
4 owner before commencement or during pendency of the action. The
5 receivership is governed by Sections 1551 through 1559 of Title 12
6 of the Oklahoma Statutes. The court may order the receiver to pay
7 any sums held by the receiver to the association during pendency of
8 the action to the extent of the association's common expense
9 assessments based on a periodic budget adopted by the association
10 pursuant to Section 64 of this act.

11 N. An association may not commence an action to foreclose a
12 lien on a unit under this section or to evict a unit owner under
13 subsection J of this section unless:

14 1. The unit owner, at the time the action is commenced, owes a
15 sum equal to at least three (3) months of common expense assessments
16 based on the periodic budget last adopted by the association
17 pursuant to subsection A of Section 64 of this act and the unit
18 owner has failed to accept or comply with a payment plan offered by
19 the association; and

20 2. The executive board votes to commence a foreclosure action
21 specifically against that unit or to evict the unit owner.

22 O. Unless the parties otherwise agree, the association shall
23 apply any sums paid by unit owners that are delinquent in paying
24 assessments in the following order:

- 1 1. Unpaid assessments;
- 2 2. Late charges;
- 3 3. Reasonable attorney fees and costs and other reasonable
- 4 collection charges; and
- 5 4. All other unpaid fees, charges, fines, penalties, interest,
- 6 and late charges.

7 P. If the only sums due with respect to a unit are fines and
8 related sums imposed against the unit, a foreclosure action may not
9 be commenced against the unit unless the association has a judgment
10 against the unit owner for the fines and related sums and has
11 perfected a judgment lien against the unit under Section 706 of
12 Title 12 of the Oklahoma Statutes.

13 Q. Every aspect of a foreclosure, sale, or other disposition
14 under this section, including the method, advertising, time, date,
15 place, and terms, must be commercially reasonable.

16 SECTION 66. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 903.117 of Title 60, unless
18 there is created a duplication in numbering, reads as follows:

19 OTHER LIENS.

20 A. In a condominium or planned community:

21 1. Except as otherwise provided in paragraph 2 of this
22 subsection, a judgment for money against the association if filed as
23 provided in Section 706 of Title 12 of the Oklahoma Statutes, is not
24 a lien on the common elements, but is a lien in favor of the

1 judgment lien holder against all of the other real estate of the
2 association and all of the units in the common interest community at
3 the time the judgment was entered. No other property of a unit
4 owner is subject to the claims of creditors of the association;

5 2. If the association has granted a security interest in the
6 common elements to a creditor of the association pursuant to Section
7 61 of this act, the holder of that security interest shall exercise
8 its right against the common elements before its judgment lien on
9 any unit may be enforced;

10 3. Whether perfected before or after the creation of the common
11 interest community, if a lien, other than a deed of trust or
12 mortgage, including a judgment lien or lien attributable to work
13 performed or materials supplied before creation of the common
14 interest community, becomes effective against two or more units, the
15 unit owner of an affected unit may pay to the lien holder the amount
16 of the lien attributable to the unit, and the lien holder, upon
17 receipt of payment, promptly shall deliver a release of the lien
18 covering that unit. The amount of the payment must be proportionate
19 to the ratio that the unit owner's common expense liability bears to
20 the common expense liabilities of all unit owners the units of which
21 are subject to the lien. After payment, the association may not
22 assess or have a lien against that unit owner's unit for any portion
23 of the common expenses incurred in connection with that lien;

24

1 4. A judgment against the association must be indexed in the
2 name of the common interest community and the association and, when
3 so indexed, is notice of the lien against the units.

4 B. In a cooperative:

5 1. If the association receives notice of an impending
6 foreclosure on all or any portion of the association's real estate,
7 the association shall promptly transmit a copy of that notice to
8 each unit owner of a unit located within the real estate to be
9 foreclosed. Failure of the association to transmit the notice does
10 not affect the validity of the foreclosure; and

11 2. Whether a unit owner's unit is subject to the claims of the
12 association's creditors, no other property of a unit owner is
13 subject to those claims.

14 SECTION 67. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 903.118 of Title 60, unless
16 there is created a duplication in numbering, reads as follows:

17 ASSOCIATION RECORDS.

18 A. An association must retain the following:

19 1. Detailed records of receipts and expenditures affecting the
20 operation and administration of the association and other
21 appropriate accounting records;

22 2. Minutes of all meetings of its unit owners and executive
23 board other than executive sessions, a record of all actions taken
24 by the unit owners or executive board without a meeting, and a

1 record of all actions taken by a committee in place of the executive
2 board on behalf of the association;

3 3. The names of unit owners in a form that permits preparation
4 of a list of the names of all owners and the addresses at which the
5 association communicates with them, in alphabetical order showing
6 the number of votes each owner is entitled to cast;

7 4. Its original or restated organizational documents, if
8 required by law other than the Uniform Common Interest Ownership
9 Act, bylaws and all amendments to them, and all rules currently in
10 effect;

11 5. All financial statements and tax returns of the association
12 for the past three (3) years;

13 6. A list of the names and addresses of its current executive
14 board members and officers;

15 7. Its most recent annual report delivered to the Secretary of
16 State, if any;

17 8. Financial and other records sufficiently detailed to enable
18 the association to comply with Section 82 of this act;

19 9. Copies of current contracts to which it is a party;

20 10. Records of executive board or committee actions to approve
21 or deny any requests for design or architectural approval from unit
22 owners; and
23
24

1 11. Ballots, proxies, and other records related to voting by
2 unit owners for one (1) year after the election, action, or vote to
3 which they relate.

4 B. Subject to subsections C and D of this section, all records
5 retained by an association must be available for examination and
6 copying by a unit owner or the owner's authorized agent:

7 1. During reasonable business hours or at a mutually convenient
8 time and location; and

9 2. Upon five (5) days' notice in a record reasonably
10 identifying the specific records of the association requested.

11 C. Records retained by an association may be withheld from
12 inspection and copying to the extent that they concern:

13 1. Personnel, salary, and medical records relating to specific
14 individuals;

15 2. Contracts, leases, and other commercial transactions to
16 purchase or provide goods or services, currently being negotiated;

17 3. Existing or potential litigation or mediation, arbitration,
18 or administrative proceedings;

19 4. Existing or potential matters involving federal, state, or
20 local administrative or other formal proceedings before a
21 governmental tribunal for enforcement of the declaration, bylaws, or
22 rules;

1 5. Communications with the association's attorney which are
2 otherwise protected by the attorney-client privilege or the attorney
3 work-product doctrine;

4 6. Information the disclosure of which would violate law other
5 than this act;

6 7. Records of an executive session of the executive board; or

7 8. Individual unit files other than those of the requesting
8 owner.

9 D. An association may charge a reasonable fee for providing
10 copies of any records under this section and for supervising the
11 unit owner's inspection.

12 E. A right to copy records under this section includes the
13 right to receive copies by photocopying or other means, including
14 copies through an electronic transmission if available upon request
15 by the unit owner.

16 F. An association is not obligated to compile or synthesize
17 information.

18 G. Information provided pursuant to this section may not be
19 used for commercial purposes.

20 SECTION 68. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 903.119 of Title 60, unless
22 there is created a duplication in numbering, reads as follows:

23 ASSOCIATION AS TRUSTEE. With respect to a third person dealing
24 with the association in the association's capacity as a trustee, the

1 existence of trust powers and their proper exercise by the
2 association may be assumed without inquiry. A third person is not
3 bound to inquire whether the association has power to act as trustee
4 or is properly exercising trust powers. A third person, without
5 actual knowledge that the association is exceeding or improperly
6 exercising its powers, is fully protected in dealing with the
7 association as if it possessed and properly exercised the powers it
8 purports to exercise. A third person is not bound to assure the
9 proper application of trust assets paid or delivered to the
10 association in its capacity as trustee.

11 SECTION 69. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 903.120 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 RULES.

15 A. Before adopting, amending, or repealing any rule, the
16 executive board shall give all unit owners notice of:

17 1. Its intention to adopt, amend, or repeal a rule and provide
18 the text of the rule or the proposed change; and

19 2. A date on which the executive board will act on the proposed
20 rule or amendment after considering comments from unit owners.

21 B. Following adoption, amendment, or repeal of a rule, the
22 association shall notify the unit owners of its action and provide a
23 copy of any new or revised rule.

24

1 C. An association may adopt rules to establish and enforce
2 construction and design criteria and aesthetic standards if the
3 declaration so provides. If the declaration so provides, the
4 association shall adopt procedures for enforcement of those
5 standards and for approval of construction applications, including a
6 reasonable time within which the association must act after an
7 application is submitted and the consequences of its failure to act.

8 D. A rule regulating display of the flag of the United States
9 must be consistent with federal law. In addition, the association
10 may not prohibit display on a unit or on a limited common element
11 adjoining a unit of the flag of this state, or signs regarding
12 candidates for public or association office or ballot questions, but
13 the association may adopt rules governing the time, place, size,
14 number, and manner of those displays.

15 E. Unit owners may peacefully assemble on the common elements
16 to consider matters related to the common interest community, but
17 the association may adopt rules governing the time, place, and
18 manner of those assemblies.

19 F. An association may adopt rules that affect the use of or
20 behavior in units that may be used for residential purposes, only
21 to:

22 1. Implement a provision of the declaration;
23
24

1 2. Regulate any behavior in or occupancy of a unit which
2 violates the declaration or adversely affects the use and enjoyment
3 of other units or the common elements by other unit owners; or

4 3. Restrict the leasing of residential units to the extent
5 those rules are reasonably designed to meet underwriting
6 requirements of institutional lenders that regularly make loans
7 secured by first mortgages on units in common interest communities
8 or regularly purchase those mortgages.

9 G. An association's internal business operating procedures need
10 not be adopted as rules.

11 H. Every rule must be reasonable.

12 SECTION 70. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 903.121 of Title 60, unless
14 there is created a duplication in numbering, reads as follows:

15 NOTICE TO UNIT OWNERS.

16 A. An association shall deliver any notice required to be given
17 by the association under the Uniform Common Interest Ownership Act
18 to any mailing or electronic mail address a unit owner designates.
19 Otherwise, the association may deliver notices by:

- 20 1. Hand delivery to each unit owner;
- 21 2. Hand delivery, United States mail postage paid, or
- 22 commercially reasonable delivery service to the mailing address of
- 23 each unit;
- 24

1 3. Electronic means, if the unit owner has given the
2 association an electronic address; or

3 4. Any other method reasonably calculated to provide notice to
4 the unit owner.

5 B. The ineffectiveness of a good-faith effort to deliver notice
6 by an authorized means does not invalidate action taken at or
7 without a meeting.

8 SECTION 71. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 903.122 of Title 60, unless
10 there is created a duplication in numbering, reads as follows:

11 REMOVAL OF OFFICERS AND DIRECTORS.

12 A. Notwithstanding any provision of the declaration or bylaws
13 to the contrary, unit owners present in person, by proxy, or by
14 absentee ballot at any meeting of the unit owners at which a quorum
15 is present, may remove any member of the executive board and any
16 officer elected by the unit owners, with or without cause, if the
17 number of votes cast in favor of removal exceeds the number of votes
18 cast in opposition to removal, but:

19 1. A member appointed by the declarant may not be removed by a
20 unit owner vote during the period of declarant control;

21 2. A member appointed under subsection G of Section 52 of this
22 act may be removed only by the person that appointed that member;
23 and

24

1 3. The unit owners may not consider whether to remove a member
2 of the executive board or an officer elected by the unit owners at a
3 meeting of the unit owners unless that subject was listed in the
4 notice of the meeting.

5 B. At any meeting at which a vote to remove a member of the
6 executive board or an officer is to be taken, the member or officer
7 being considered for removal must have a reasonable opportunity to
8 speak before the vote.

9 SECTION 72. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 903.123 of Title 60, unless
11 there is created a duplication in numbering, reads as follows:

12 ADOPTION OF BUDGETS; SPECIAL ASSESSMENTS.

13 A. The executive board, at least annually, shall adopt a
14 proposed budget for the common interest community for consideration
15 by the unit owners. Not later than thirty (30) days after adoption
16 of a proposed budget, the executive board shall provide to all the
17 unit owners a summary of the budget, including any reserves, and a
18 statement of the basis on which any reserves are calculated and
19 funded. Simultaneously, the board shall set a date not less than
20 ten (10) days or more than sixty (60) days after providing the
21 summary for a meeting of the unit owners to consider ratification of
22 the budget. Unless at that meeting a majority of all unit owners or
23 any larger number specified in the declaration reject the budget,
24 the budget is ratified, whether or not a quorum is present. If a

1 proposed budget is rejected, the budget last ratified by the unit
2 owners continues until unit owners ratify a subsequent budget.

3 B. The executive board, at any time, may propose a special
4 assessment. Except as otherwise provided in subsection (c), the
5 assessment is effective only if the executive board follows the
6 procedures for ratification of a budget described in subsection (a)
7 and the unit owners do not reject the proposed assessment.

8 C. If the executive board determines by a two-thirds vote that
9 a special assessment is necessary to respond to an emergency:

10 1. The special assessment becomes effective immediately in
11 accordance with the terms of the vote;

12 2. Notice of the emergency assessment must be provided promptly
13 to all unit owners; and

14 3. The executive board may spend the funds paid on account of
15 the emergency assessment only for the purposes described in the
16 vote.

17 SECTION 73. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 903.124 of Title 60, unless
19 there is created a duplication in numbering, reads as follows:

20 LITIGATION INVOLVING DECLARANT.

21 A. The following requirements apply to an association's
22 authority under paragraph 4 of subsection A of Section 51 of this
23 act to institute and maintain a proceeding alleging a construction
24 defect with respect to the common interest community, whether by

1 litigation, mediation, arbitration, or administratively, against a
2 declarant or an employee, independent contractor, or other person
3 directly or indirectly providing labor or materials to a declarant:

4 1. Subject to subsection E of this section, before the
5 association institutes a proceeding described in this section, it
6 shall provide notice in a record of its claims to the declarant and
7 those persons that the association seeks to hold liable for the
8 claimed defects. The text of the notice may be in any form
9 reasonably calculated to give notice of the general nature of the
10 association's claims, including a list of the claimed defects. The
11 notice may be delivered by any method of service and may be
12 addressed to any person if the method of service used:

- 13 a. provides actual notice to the person named in the
14 claim, or
15 b. would be sufficient to give notice to the person in
16 connection with commencement of an action by the
17 association against the person;

18 2. Subject to subsection E of this section, the association may
19 not institute a proceeding against a person until forty-five (45)
20 days after the association sends notice of its claim to that person;

21 3. During the period described in paragraph 2 of this
22 subsection, the declarant and any other person to which the
23 association gave notice may present to the association a plan to
24 repair or otherwise remedy the construction defects described in the

1 notice. If the association does not receive a timely remediation
2 plan from a person to which it gave notice, or if the association
3 does not accept the terms of any plan submitted, the association may
4 institute a proceeding against the person;

5 4. If the association receives one or more timely remediation
6 plans, the executive board shall consider promptly those plans and
7 notify the persons to which it directed notice whether the plan is
8 acceptable as presented, acceptable with stated conditions, or not
9 accepted;

10 5. If the association accepts a remediation plan from a person
11 the association seeks to hold liable for the claimed defect, or if a
12 person agrees to stated conditions to an otherwise acceptable plan,
13 the parties shall agree on a period for implementation of the plan.
14 The association may not institute a proceeding against the person
15 during the time the plan is being diligently implemented;

16 6. Except as otherwise provided in subsection D of Section 89
17 of this act for warranty claims, any statute of limitation affecting
18 the association's right of action against a declarant or other
19 person is tolled during the period described in paragraph 2 of this
20 subsection and during any extension of that time because a person to
21 which notice was directed has commenced and is diligently pursuing
22 the remediation plan.

23
24

1 B. After the time described in paragraph 2 of subsection A of
2 this section expires, whether or not the association agrees to any
3 remediation plan, a proceeding may be instituted by:

4 1. The association against a person to which notice was
5 directed which fails to submit a timely remediation plan, the plan
6 of which is not acceptable, or which fails to pursue diligent
7 implementation of that plan; or

8 2. A unit owner with respect to the owner's unit and any
9 limited common elements assigned to that unit, regardless of any
10 action of the association.

11 C. This section does not preclude the association from making
12 repairs necessary to mitigate damages or to correct any defect that
13 poses a significant and immediate health or safety risk.

14 D. Subject to the other provisions of this section, the
15 determination of whether and when the association may institute a
16 proceeding described in this section may be made by the executive
17 board. The declaration may not require a vote by any number or
18 percent of unit owners as a condition to institution of a
19 proceeding.

20 E. This section does not prevent an association from seeking
21 equitable relief at any time without complying with paragraph 1 or 2
22 of subsection A of this section.

23 ARTICLE 4

24 PROTECTION OF PURCHASERS

1 SECTION 74. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 904.101 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 APPLICABILITY; WAIVER.

5 A. This article applies to all units subject to the Uniform
6 Common Interest Ownership Act, except as provided in subsection B of
7 this section or as modified or waived by agreement of purchasers of
8 units in a common interest community in which all units are
9 restricted to nonresidential use.

10 B. Neither a public offering statement nor a resale certificate
11 need be prepared or delivered in the case of:

- 12 1. A gratuitous disposition of a unit;
- 13 2. A disposition pursuant to court order;
- 14 3. A disposition by a government or governmental agency;
- 15 4. A disposition by foreclosure or deed in lieu of foreclosure;
- 16 5. A disposition to a dealer;
- 17 6. A disposition that may be canceled at any time and for any
18 reason by the purchase without penalty; or
- 19 7. A disposition of a unit restricted to nonresidential
20 purposes.

21 SECTION 75. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 904.102 of Title 60, unless
23 there is created a duplication in numbering, reads as follows:

24 LIABILITY FOR PUBLIC OFFERING STATEMENT REQUIREMENTS.

1 A. Except as otherwise provided in subsection B of this
2 section, a declarant, before offering any interest in a unit to the
3 public, shall prepare a public offering statement conforming to the
4 requirements of Sections 76, 77, 78 and 79 of this act.

5 B. A declarant may transfer responsibility for preparation of
6 all or a part of the public offering statement to a successor
7 declarant or to a dealer that intends to offer units in the common
8 interest community. In the event of any such transfer, the
9 transferor shall provide the transferee with any information
10 necessary to enable the transferee to fulfill the requirements of
11 subsection A of this section.

12 C. Any declarant or dealer that offers a unit to a purchaser
13 shall deliver a public offering statement in the manner prescribed
14 in subsection A of Section 81 of this act. The declarant or dealer
15 that prepared all or a part of the public offering statement is
16 liable under Sections 81 and 90 of this act for any false or
17 misleading statement set forth therein or for any omission of a
18 material fact therefrom.

19 D. If a unit is part of a common interest community and is part
20 of any other real estate regime in connection with the sale of which
21 the delivery of a public offering statement is required under the
22 laws of this state, a single public offering statement conforming to
23 the requirements of Sections 76, 77, 78, and 79 of this act as those
24 requirements relate to each regime in which the unit is located, and

1 to any other requirements imposed under the laws of this state, may
2 be prepared and delivered in lieu of providing two or more public
3 offering statements.

4 SECTION 76. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 904.103 of Title 60, unless
6 there is created a duplication in numbering, reads as follows:

7 PUBLIC OFFERING STATEMENT; GENERAL PROVISIONS.

8 A. Except as otherwise provided in subsection B of this
9 section, a public offering statement must contain or fully and
10 accurately disclose:

11 1. The name and principal address of the declarant and of the
12 common interest community, and a statement that the common interest
13 community is a condominium, cooperative, or planned community;

14 2. A general description of the common interest community,
15 including to the extent possible, the types, number, and declarant's
16 schedule of commencement and completion of construction of
17 buildings, and amenities that the declarant anticipates including in
18 the common interest community;

19 3. The number of units in the common interest community;

20 4. Copies and a brief narrative description of the significant
21 features of the declaration, other than any plats and plans, and any
22 other recorded covenants, conditions, restrictions, and reservations
23 affecting the common interest community; the bylaws and any rules of
24 the association; copies of any contracts and leases to be signed by

1 purchasers at closing; and a brief narrative description of any
2 contracts or leases that will or may be subject to cancellation by
3 the association under Section 55 of this act;

4 5. The financial information required by subsection B of this
5 section;

6 6. Any services not reflected in the budget that the declarant
7 provides, or expenses that the declarant pays and which the
8 declarant expects may become at any subsequent time a common expense
9 of the association and the projected common expense assessment
10 attributable to each of those services or expenses for the
11 association and for each type of unit;

12 7. Any initial or special fee due from the purchaser or seller
13 at the time of sale, together with a description of the purpose and
14 method of calculating the fee;

15 8. A description of any liens, defects, or encumbrances on or
16 affecting the title to the common interest community;

17 9. A description of any financing offered or arranged by the
18 declarant;

19 10. The terms and significant limitations of any warranties
20 provided by the declarant, including statutory warranties and
21 limitations on the enforcement thereof or on damages;

22 11. A statement that:

23 a. within fifteen (15) days after receipt of a public
24 offering statement a purchaser, before conveyance, may

1 cancel any contract for purchase of a unit from a
2 declarant,

3 b. if a declarant fails to provide a public offering
4 statement to a purchaser before conveying a unit, that
5 purchaser may recover from the declarant ten percent
6 (10%) of the sales price of the unit plus ten percent
7 (10%) of the share, proportionate to the purchaser's
8 common expense liability, of any indebtedness of the
9 association secured by security interests encumbering
10 the common interest community, and

11 c. if a purchaser receives the public offering statement
12 more than fifteen (15) days before signing a contract,
13 the purchaser may not cancel the contract;

14 12. A statement of any unsatisfied judgment or pending action
15 against the association, and the status of any pending action
16 material to the common interest community of which a declarant has
17 actual knowledge;

18 13. Statement that any deposit made in connection with the
19 purchase of a unit will be held in an escrow account until closing
20 and will be returned to the purchaser if the purchaser cancels the
21 contract pursuant to Section 81 of this act, together with the name
22 and address of the escrow agent;

23 14. Any restraints on alienation of any portion of the common
24 interest community and any restrictions:

- 1 a. on use, occupancy, and alienation of the units, and
2 b. on the amount for which a unit may be sold or on the
3 amount that may be received by a unit owner on sale,
4 condemnation, or casualty loss to the unit or to the
5 common interest community, or on termination of the
6 common interest community;

7 15. A description of the insurance coverage provided for the
8 benefit of unit owners;

9 16. Any current or expected fees or charges to be paid by unit
10 owners for the use of the common elements and other facilities
11 related to the common interest community;

12 17. The extent to which financial arrangements have been
13 provided for completion of all improvements that the declarant is
14 obligated to build pursuant to Section 92 of this act;

15 18. A brief narrative description of any zoning and other land
16 use requirements affecting the common interest community;

17 19. Any other unusual and material circumstances, features, and
18 characteristics of the common interest community and the units;

19 20. In a cooperative, a statement whether the unit owners will
20 be entitled, for federal, state, and local income tax purposes, to a
21 pass-through of deductions for payments made by the association for
22 real estate taxes and interest paid the holder of a security
23 interest encumbering the cooperative and a statement as to the
24 effect on every unit owner if the association fails to pay real

1 estate taxes or payments due the holder of a security interest
2 encumbering the cooperative; and

3 21. A description of any arrangement described in Section 24 of
4 this act binding the association.

5 B. The public offering statement must contain any current
6 balance sheet and a projected budget for the association, either
7 within or as an exhibit to the public offering statement, for one
8 (1) year after the date of the first conveyance to a purchaser, and
9 thereafter the current budget of the association, a statement of who
10 prepared the budget, and a statement of the budget's assumptions
11 concerning occupancy and inflation factors. The budget must
12 include:

13 1. A statement of the amount, or a statement that there is no
14 amount, included in the budget as a reserve for repairs and
15 replacement;

16 2. A statement of any other reserves;

17 3. The projected common expense assessment by category of
18 expenditures for the association; and

19 4. The projected monthly common expense assessment for each
20 type of unit.

21 C. If a common interest community composed of not more than
22 twelve units is not subject to any development right and no power is
23 reserved to a declarant to make the common interest community part
24 of a larger common interest community, group of common interest

1 communities, or other real estate, a public offering statement may
2 include the information otherwise required by paragraphs 9, 10, 15,
3 16, 17, 18 and 19 of subsection A of this section and the narrative
4 descriptions of documents required by paragraph 4 of subsection A of
5 this section.

6 D. A declarant promptly shall amend the public offering
7 statement to report any material change in the information required
8 by this section.

9 SECTION 77. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 904.104 of Title 60, unless
11 there is created a duplication in numbering, reads as follows:

12 SAME; COMMON INTEREST COMMUNITIES SUBJECT TO DEVELOPMENT RIGHTS.
13 If the declaration provides that a common interest community is
14 subject to any development rights, the public offering statement
15 must disclose, in addition to the information required by Section 76
16 of this act:

17 1. The maximum number of units, and the maximum number of units
18 per acre, that may be created;

19 2. A statement of how many or what percentage of the units that
20 may be created will be restricted exclusively to residential use, or
21 a statement that no representations are made regarding use
22 restrictions;

23 3. If any of the units that may be built within real estate
24 subject to development rights are not to be restricted exclusively

1 to residential use, a statement, with respect to each portion of
2 that real estate, of the maximum percentage of the real estate
3 areas, and the maximum percentage of the floor areas of all units
4 that may be created therein, that are not restricted exclusively to
5 residential use;

6 4. A brief narrative description of any development rights
7 reserved by a declarant and of any conditions relating to or
8 limitations upon the exercise of development rights;

9 5. A statement of the maximum extent to which each unit's
10 allocated interests may be changed by the exercise of any
11 development right described in paragraph 3 of this subsection;

12 6. A statement of the extent to which any buildings or other
13 improvements that may be erected pursuant to any development right
14 in any part of the common interest community will be compatible with
15 existing buildings and improvements in the common interest community
16 in terms of architectural style, quality of construction, and size,
17 or a statement that no assurances are made in those regards;

18 7. General descriptions of all other improvements that may be
19 made and limited common elements that may be created within any part
20 of the common interest community pursuant to any development right
21 reserved by the declarant, or a statement that no assurances are
22 made in that regard;

23 8. A statement of any limitations as to the locations of any
24 building or other improvement that may be made within any part of

1 the common interest community pursuant to any development right
2 reserved by the declarant, or a statement that no assurances are
3 made in that regard;

4 9. A statement that any limited common elements created
5 pursuant to any development right reserved by the declarant will be
6 of the same general types and sizes as the limited common elements
7 within other parts of the common interest community, or a statement
8 of the types and sizes planned, or a statement that no assurances
9 are made in that regard;

10 10. A statement that the proportion of limited common elements
11 to units created pursuant to any development right reserved by the
12 declarant will be approximately equal to the proportion existing
13 within other parts of the common interest community, or a statement
14 of any other assurances in that regard, or a statement that no
15 assurances are made in that regard;

16 11. A statement that all restrictions in the declaration
17 affecting use, occupancy, and alienation of units will apply to any
18 units created pursuant to any development right reserved by the
19 declarant, or a statement of any differentiations that may be made
20 as to those units, or a statement that no assurances are made in
21 that regard; and

22 12. A statement of the extent to which any assurances made
23 pursuant to this section apply or do not apply in the event that any
24 development right is not exercised by the declarant.

1 SECTION 78. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 904.105 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 SAME; TIME SHARES. If the declaration provides that ownership
5 or occupancy of any units, is or may be in time shares, the public
6 offering statement shall disclose, in addition to the information
7 required by Section 76 of this act:

8 1. The number and identity of units in which time shares may be
9 created;

10 2. The total number of time shares that may be created;

11 3. The minimum duration of any time shares that may be created;
12 and

13 4. The extent to which the creation of time shares will or may
14 affect the enforceability of the association's lien for assessments
15 provided in Section 65 of this act.

16 SECTION 79. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 904.106 of Title 60, unless
18 there is created a duplication in numbering, reads as follows:

19 SAME; COMMON INTEREST COMMUNITIES CONTAINING CONVERSION
20 BUILDINGS.

21 A. The public offering statement of a common interest community
22 containing any conversion building must contain, in addition to the
23 information required by Section 76 of this section:

24

1 1. A statement by the declarant, based on a report prepared by
2 an independent licensed architect or engineer, describing the
3 present condition of all structural components and mechanical and
4 electrical installations material to the use and enjoyment of the
5 building;

6 2. A statement by the declarant of the expected useful life of
7 each item reported on in paragraph 1 of this subsection or a
8 statement that no representations are made in that regard; and

9 3. A list of any outstanding notices of uncured violations of
10 building code or other municipal regulations, together with the
11 estimated cost of curing those violations.

12 B. This section applies only to buildings containing units that
13 may be occupied for residential use.

14 SECTION 80. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 904.107 of Title 60, unless
16 there is created a duplication in numbering, reads as follows:

17 SAME; COMMON INTEREST COMMUNITY SECURITIES. If an interest in a
18 common interest community is currently registered with the
19 Securities and Exchange Commission of the United States, a declarant
20 satisfies all requirements relating to the preparation of a public
21 offering statement of the Uniform Common Interest Ownership Act if
22 the declarant delivers to the purchaser and files with the agency a
23 copy of the public offering statement filed with the Securities and
24 Exchange Commission. An interest in a common interest community is

1 not a security under the provisions of Title 71 of the Oklahoma
2 Statutes.

3 SECTION 81. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 904.108 of Title 60, unless
5 there is created a duplication in numbering, reads as follows:

6 PURCHASER'S RIGHT TO CANCEL.

7 A. A person required to deliver a public offering statement
8 pursuant to subsection C of Section 75 of this act shall provide a
9 purchaser with a copy of the public offering statement and all
10 amendments thereto before conveyance of the unit, and not later than
11 the date of any contract of sale. Unless a purchaser is given the
12 public offering statement more than fifteen (15) days before
13 execution of a contract for the purchase of a unit, the purchaser,
14 before conveyance, may cancel the contract within fifteen (15) days
15 after first receiving the public offering statement.

16 B. If a purchaser elects to cancel a contract pursuant to
17 subsection A of this section, the purchaser may do so by hand
18 delivering notice thereof to the offeror or by mailing notice
19 thereof by prepaid United States mail to the offeror or to the
20 offeror's agent for service of process. Cancellation is without
21 penalty, and all payments made by the purchaser before cancellation
22 must be refunded promptly.

23 C. If a person required to deliver a public offering statement
24 pursuant to subsection C of Section 75 of this act fails to provide

1 a purchaser to whom a unit is conveyed with that public offering
2 statement and all amendments thereto as required by subsection A of
3 this section, the purchaser, in addition to any rights to damages or
4 other relief, is entitled to receive from that person an amount
5 equal to ten percent (10%) of the sale price of the unit, plus ten
6 percent (10%) of the share, proportionate to his or her common
7 expense liability, of any indebtedness of the association secured by
8 security interests encumbering the common interest community.

9 SECTION 82. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 904.109 of Title 60, unless
11 there is created a duplication in numbering, reads as follows:

12 RESALES OF UNITS.

13 A. Except in the case of a sale in which delivery of a public
14 offering statement is required, or unless exempt under subsection B
15 of Section 74 of this act, a unit owner shall furnish to a purchaser
16 before the earlier of conveyance or transfer of the right to
17 possession of a unit, a copy of the declaration, other than any
18 plats and plans, the bylaws, the rules or regulations of the
19 association, and a certificate containing:

20 1. A statement disclosing the effect on the proposed
21 disposition of any right of first refusal or other restraint on the
22 free alienability of the unit held by the association;

23

24

- 1 2. A statement setting forth the amount of the periodic common
2 expense assessment and any unpaid common expense or special
3 assessment currently due and payable from the selling unit owner;
- 4 3. A statement of any other fees payable by the owner of the
5 unit being sold;
- 6 4. A statement of any capital expenditures approved by the
7 association for the current and succeeding fiscal years;
- 8 5. A statement of the amount of any reserves for capital
9 expenditures and of any portions of those reserves designated by the
10 association for any specified projects;
- 11 6. The most recent regularly prepared balance sheet and income
12 and expense statement, if any, of the association;
- 13 7. The current operating budget of the association;
- 14 8. A statement of any unsatisfied judgments against the
15 association and the status of any pending suits in which the
16 association is a defendant;
- 17 9. A statement describing any insurance coverage provided for
18 the benefit of unit owners;
- 19 10. A statement as to whether the executive board has given or
20 received notice in a record that any existing uses, occupancies,
21 alterations, or improvements in or to the unit or to the limited
22 common elements assigned thereto violate any provision of the
23 declaration;

24

1 11. A statement as to whether the executive board has received
2 notice in a record from a governmental agency of any violation of
3 environmental, health, or building codes with respect to the unit,
4 the limited common elements assigned thereto, or any other portion
5 of the common interest community which has not been cured;

6 12. A statement of the remaining term of any leasehold estate
7 affecting the common interest community and the provisions governing
8 any extension or renewal thereof;

9 13. A statement of any restrictions in the declaration
10 affecting the amount that may be received by a unit owner upon sale,
11 condemnation, casualty loss to the unit or the common interest
12 community, or termination of the common interest community;

13 14. In a cooperative, an accountant's statement, if any was
14 prepared, as to the deductibility for federal income tax purposes by
15 the unit owner of real estate taxes and interest paid by the
16 association;

17 15. A statement describing any pending sale or encumbrance of
18 common elements; and

19 16. A statement disclosing the effect on the unit to be
20 conveyed of any restrictions on the owner's right to use or occupy
21 the unit or to lease the unit to another person.

22 B. The association, within ten (10) days after a request by a
23 unit owner, shall furnish a certificate containing the information
24 necessary to enable the unit owner to comply with this section. A

1 unit owner providing a certificate pursuant to subsection A of this
2 section is not liable to the purchaser for any erroneous information
3 provided by the association and included in the certificate.

4 C. A purchaser is not liable for any unpaid assessment or fee
5 greater than the amount set forth in the certificate prepared by the
6 association. A unit owner is not liable to a purchaser for the
7 failure or delay of the association to provide the certificate in a
8 timely manner, but the purchase contract is voidable by the
9 purchaser until the certificate has been provided and for five (5)
10 days thereafter or until conveyance, whichever first occurs.

11 SECTION 83. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 904.110 of Title 60, unless
13 there is created a duplication in numbering, reads as follows:

14 ESCROW OF DEPOSITS. Any deposit made in connection with the
15 purchase or reservation of a unit from a person required to deliver
16 a public offering statement pursuant to subsection C of Section 75
17 of this act must be placed in escrow and held either in this state
18 or in the state where the unit is located in an account designated
19 solely for that purpose by a licensed title insurance company or an
20 institution whose accounts are insured by a governmental agency or
21 instrumentality until:

- 22 1. Delivered to the declarant at closing;
- 23 2. Delivered to the declarant because of the purchaser's
24 default under a contract to purchase the unit; or

1 3. Refunded to the purchaser.

2 SECTION 84. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 904.111 of Title 60, unless
4 there is created a duplication in numbering, reads as follows:

5 RELEASE OF LIENS.

6 A. In the case of a sale of a unit where delivery of a public
7 offering statement is required pursuant to subsection C of Section
8 75 of this act, a seller:

9 1. Before conveying a unit, shall record or furnish to the
10 purchaser releases of all liens, except liens on real estate that a
11 declarant has the right to withdraw from the common interest
12 community, that the purchaser does not expressly agree to take
13 subject to or assume and that encumber:

14 a. in a condominium, that unit and its common element
15 interest, and

16 b. in a cooperative or planned community, that unit and
17 any limited common elements assigned thereto; or

18 2. Shall provide a surety bond or substitute collateral for or
19 insurance against the lien as provided for liens on real estate.

20 B. Before conveying real estate to the association, the
21 declarant shall have that real estate released from:

22 1. All liens the foreclosure of which would deprive unit owners
23 of any right of access to or easement of support of their units; and
24

1 2. All other liens on that real estate unless the public
2 offering statement describes certain real estate that may be
3 conveyed subject to liens in specified amounts.

4 SECTION 85. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 904.112 of Title 60, unless
6 there is created a duplication in numbering, reads as follows:

7 CONVERSION BUILDINGS.

8 A. A declarant of a common interest community containing
9 conversion buildings, and any dealer who intends to offer units in
10 such a common interest community, shall give each of the residential
11 tenants and any residential subtenant in possession of a portion of
12 a conversion building notice of the conversion and provide those
13 persons with the public offering statement no later than one hundred
14 twenty (120) days before the tenants and any subtenant in possession
15 are required to vacate. The notice must set forth generally the
16 rights of tenants and subtenants under this section and must be hand
17 delivered to the unit or mailed by prepaid United States mail to the
18 tenant and subtenant at the address of the unit or any other mailing
19 address provided by a tenant. No tenant or subtenant may be
20 required to vacate upon less than one hundred twenty (120) days'
21 notice, except by reason of nonpayment of rent, waste, or conduct
22 that disturbs other tenants' peaceful enjoyment of the premises, and
23 the terms of the tenancy may not be altered during that period.

1 Failure to give notice as required by this section is a defense to
2 an action for possession.

3 B. For sixty (60) days after delivery or mailing of the notice
4 described in subsection A of this section, the person required to
5 give the notice shall offer to convey each unit or proposed unit
6 occupied for residential use to the tenant who leases that unit. If
7 a tenant fails to purchase the unit during that sixty-day period,
8 the offeror may not offer to dispose of an interest in that unit
9 during the following one hundred eighty (180) days at a price or on
10 terms more favorable to the offeree than the price or terms offered
11 to the tenant. This subsection does not apply to any unit in a
12 conversion building if that unit will be restricted exclusively to
13 nonresidential use or the boundaries of the converted unit do not
14 substantially conform to the dimensions of the residential unit
15 before conversion.

16 C. If a seller, in violation of subsection B of this act,
17 conveys a unit to a purchaser for value who has no knowledge of the
18 violation, the recordation of the deed conveying the unit or, in a
19 cooperative, the conveyance of the unit, extinguishes any right a
20 tenant may have under subsection B of this act to purchase that unit
21 if the deed states that the seller has complied with subsection B of
22 this act, but the conveyance does not affect the right of a tenant
23 to recover damages from the seller for a violation of subsection B
24 of this act.

1 D. If a notice of conversion specifies a date by which a unit
2 or proposed unit must be vacated and otherwise complies with the
3 provisions of applicable state law, the notice also constitutes a
4 notice to vacate specified by that statute.

5 E. Nothing in this section permits termination of a lease by a
6 declarant in violation of its terms.

7 SECTION 86. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 904.113 of Title 60, unless
9 there is created a duplication in numbering, reads as follows:

10 EXPRESS WARRANTIES OF QUALITY.

11 A. Express warranties made by a declarant to a purchaser of a
12 unit, if relied upon by the purchaser, are created as follows:

13 1. Any affirmation of fact or promise which relates to the
14 unit, its use, or rights appurtenant thereto, area improvements to
15 the common interest community that would directly benefit the unit,
16 or the right to use or have the benefit of facilities not located in
17 the common interest community, creates an express warranty that the
18 unit and related rights and uses will conform to the affirmation or
19 promise;

20 2. Any model or description of the physical characteristics of
21 the common interest community, including plans and specifications of
22 or for improvements, creates an express warranty that the common
23 interest community will conform to the model or description unless
24

1 the model or description clearly discloses that it is only proposed
2 or is subject to change;

3 3. Any description of the quantity or extent of the real estate
4 comprising the common interest community, including plats or
5 surveys, creates an express warranty that the common interest
6 community will conform to the description, subject to customary
7 tolerances; and

8 4. A provision that a purchaser may put a unit only to a
9 specified use is an express warranty that the specified use is
10 lawful.

11 B. Neither formal words, such as "warranty" or "guarantee", nor
12 a specific intention to make a warranty, are necessary to create an
13 express warranty of quality, but a statement purporting to be merely
14 an opinion or commendation of the real estate or its value does not
15 create a warranty.

16 C. Any conveyance of a unit transfers to the purchaser all
17 express warranties of quality made by the declarant.

18 SECTION 87. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 904.114 of Title 60, unless
20 there is created a duplication in numbering, reads as follows:

21 IMPLIED WARRANTIES OF QUALITY.

22 A. A declarant and any dealer warrants that a unit will be in
23 at least as good condition at the earlier of the time of the
24

1 conveyance or delivery of possession as it was at the time of
2 contracting, reasonable wear and tear excepted.

3 B. A declarant and any dealer impliedly warrants that a unit
4 and the common elements in the common interest community are
5 suitable for the ordinary uses of real estate of its type and that
6 any improvements made or contracted for by the declarant or dealer
7 or made by any person before the creation of the common interest
8 community, will be:

9 1. Free from defective materials; and

10 2. Constructed in accordance with applicable law, according to
11 sound engineering and construction standards, and in a workmanlike
12 manner.

13 C. A declarant and any dealer warrants to a purchaser of a unit
14 that may be used for residential use that an existing use,
15 continuation of which is contemplated by the parties, does not
16 violate applicable law at the earlier of the time of conveyance or
17 delivery of possession.

18 D. Warranties imposed by this section may be excluded or
19 modified as specified in Section 88 of this act.

20 E. For purposes of this section, improvements made or
21 contracted for by an affiliate of a declarant are made or contracted
22 for by the declarant.

23 F. Any conveyance of a unit transfers to the purchaser all of
24 the declarant's implied warranties of quality.

1 SECTION 88. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 904.115 of Title 60, unless
3 there is created a duplication in numbering, reads as follows:

4 EXCLUSION OR MODIFICATION OF IMPLIED WARRANTIES OF QUALITY.

5 A. Except as limited by subsection B of this subsection with
6 respect to a purchaser of a unit that may be used for residential
7 use, implied warranties of quality:

- 8 1. May be excluded or modified by agreement of the parties; and
- 9 2. Are excluded by expression of disclaimer, such as "as is",
10 "with all faults", or other language that in common understanding
11 calls the purchaser's attention to the exclusion of warranties.

12 B. With respect to a purchaser of a unit that may be occupied
13 for residential use, no general disclaimer of implied warranties of
14 quality is effective, but a declarant and any dealer may disclaim
15 liability in an instrument signed by the purchaser for a specified
16 defect or specified failure to comply with applicable law, if the
17 defect or failure entered into and became a part of the basis of the
18 bargain.

19 SECTION 89. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 904.116 of Title 60, unless
21 there is created a duplication in numbering, reads as follows:

22 STATUTE OF LIMITATIONS FOR WARRANTIES.

23 A. Unless a period of limitation is tolled under subsection D
24 of Section 60 of this act or affected by subsection D of this

1 section, a judicial proceeding for breach of any obligation arising
2 under Section 86 or 87 of this act must be commenced within six (6)
3 years after the cause of action accrues, but the parties may agree
4 to reduce the period of limitation to not less than two (2) years.
5 With respect to a unit that may be occupied for residential use, an
6 agreement to reduce the period of limitation must be evidenced by a
7 separate instrument executed by the purchaser.

8 B. Subject to subsection C of this section, a cause of action
9 for breach of warranty of quality, regardless of the purchaser's
10 lack of knowledge of the breach, accrues:

11 1. As to a unit, at the time the purchaser to whom the warranty
12 is first made enters into possession if a possessory interest was
13 conveyed or at the time of acceptance of the instrument of
14 conveyance if a nonpossessory interest was conveyed; and

15 2. As to each common element, at the time the common element is
16 completed or, if later, as to:

17 a. a common element that is added to the common interest
18 community by exercise of development rights, at the
19 time the first unit which was added to the condominium
20 by the same exercise of development rights is conveyed
21 to a bona fide purchaser, or

22 b. a common element within any other portion of the
23 common interest community, at the time the first unit
24 is conveyed to a bona fide purchaser.

1 C. If a warranty of quality explicitly extends to future
2 performance or duration of any improvement or component of the
3 common interest community, the cause of action accrues at the time
4 the breach is discovered or at the end of the period for which the
5 warranty explicitly extends, whichever is earlier.

6 D. During the period of declarant control, the association may
7 authorize an independent committee of the executive board to
8 evaluate and enforce any warranty claims involving the common
9 elements, and to compromise those claims. Only members of the
10 executive board elected by unit owners other than the declarant and
11 other persons appointed by those independent members may serve on
12 the committee, and the committee's decision must be free of any
13 control by the declarant or any member of the executive board or
14 officer appointed by the declarant. All costs reasonably incurred
15 by the committee, including attorney's fees, are common expenses,
16 and must be added to the budget annually adopted by the association
17 under Section 64 of this act. If the committee is so created, the
18 period of limitation for a warranty claim considered by the
19 committee begins to run from the date of the first meeting of the
20 committee.

21 SECTION 90. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 904.117 of Title 60, unless
23 there is created a duplication in numbering, reads as follows:

24 EFFECT OF VIOLATIONS ON RIGHTS OF ACTION; ATTORNEY FEES.

1 A. A declarant, association, unit owner, or any other person
2 subject to the Uniform Common Interest Ownership Act may bring an
3 action to enforce a right granted or obligation imposed by this act,
4 the declaration, or the bylaws. Exemplary damages may be awarded
5 for a willful failure to comply with this act. The court may award
6 reasonable attorney fees and costs.

7 B. Parties to a dispute arising under this act, the
8 declaration, or the bylaws may agree to resolve the dispute by any
9 form of binding or nonbinding alternative dispute resolution, but:

10 1. A declarant may agree with the association to do so only
11 after the period of declarant control has expired unless the
12 agreement is made with an independent committee of the executive
13 board elected pursuant to subsection D of Section 89 of this act;
14 and

15 2. An agreement to submit to any form of binding alternative
16 dispute resolution must be in a record authenticated by the parties.

17 SECTION 91. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 904.118 of Title 60, unless
19 there is created a duplication in numbering, reads as follows:

20 LABELING OF PROMOTIONAL MATERIAL. No promotional material may
21 be displayed or delivered to prospective purchasers which describes
22 or portrays an improvement that is not in existence unless the
23 description or portrayal of the improvement in the promotional
24

1 material is conspicuously labeled or identified either as "MUST BE
2 BUILT" or as "NEED NOT BE BUILT".

3 SECTION 92. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 904.119 of Title 60, unless
5 there is created a duplication in numbering, reads as follows:

6 DECLARANT'S OBLIGATION TO COMPLETE AND RESTORE.

7 A. Except for improvements labeled "NEED NOT BE BUILT", the
8 declarant shall complete all improvements depicted on any site plan
9 or other graphic representation, including any plats or plans
10 prepared pursuant to Section 34 of this act, whether or not that
11 site plan or other graphic representation is contained in the public
12 offering statement or in any promotional material distributed by or
13 for the declarant.

14 B. The declarant is subject to liability for the prompt repair
15 and restoration, to a condition compatible with the remainder of the
16 common interest community, of any portion of the common interest
17 community affected by the exercise of rights reserved pursuant to or
18 created by Section 35, 36, 37, 39, 40 or 41 of this act.

19 SECTION 93. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 904.120 of Title 60, unless
21 there is created a duplication in numbering, reads as follows:

22 SUBSTANTIAL COMPLETION OF UNITS. In the case of a sale of a
23 unit in which delivery of a public offering statement is required, a
24 contract of sale may be executed, but no interest in that unit may

1 be conveyed, until the declaration is recorded and is substantially
2 completed, as evidenced by a recorded certificate of substantial
3 completion executed by a licensed architect, surveyor, or engineer,
4 or by issuance of a certificate of occupancy authorized by law.

5 SECTION 94. This act shall become effective November 1, 2020.

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7 57-2-10502 SD 01/12/20

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