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# Wisconsin Legislative Council

## AMENDMENT MEMO

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**Memo published:** January 26, 2022

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**2021 Assembly Bill 570**

**Assembly Amendment 1**

### BACKGROUND

Current law requires a condominium association to keep detailed, accurate records of receipts and expenditures affecting the common elements of the condominium, specifying and itemizing the maintenance and repair expenses of the common elements and any other expenses incurred.<sup>1</sup>

Current law allows a unit owner to examine those records and the vouchers authorizing the payments at convenient hours.

### 2021 ASSEMBLY BILL 570

Among other provisions, 2021 Assembly Bill 570 expands and specifies the types of records that a condominium association must maintain, allows a unit owner to inspect and obtain copies of most of those records, and establishes the fee an association may charge for providing copies, as described below.

#### Record Maintenance

The bill requires an association to maintain appropriate financial records for at least six years, including the following:

- The annual budget required to be adopted under current law.
- Financial statements.
- Bank statements and account statements, including any reserve account.
- Income and expense statements.
- Insurance policies.
- The most recent audit of the association's financial records, if any.
- Contracts entered into within the past six years and any bids for those contracts received within the past three years.
- Invoices and expense records.

The bill also requires an association to keep the following other records for the following periods of time:

- Minutes of meetings of the association and of the board of directors, for at least six years.

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<sup>1</sup> The common elements are all of a condominium except its units.

- Records of actions taken without a meeting by the unit owners on behalf of the association or the board of directors, for at least six years.
- Various documents and information that are adopted by the association under current law, such as any bylaws, articles of incorporation, management contracts, and leases to which the association or unit owners will be a party, permanently.

## **Record Inspection and Copying**

The bill allows a unit owner to inspect and copy the above records,<sup>2</sup> except for the following:

- Records protected by lawyer-client privilege.
- Personnel records.
- Records of a violation of a declaration, bylaw, or rule by another unit owner.
- Records of an assessment against, or the account status of, another unit owner.

## **Copying Fee**

The bill allows an association to impose a reasonable charge for providing copies of any records requested by a unit owner, but the charge may not exceed the lesser of the estimated cost of production or \$50.

## **ASSEMBLY AMENDMENT 1**

Assembly Amendment 1 specifies that an association is not required to maintain, and is not required to allow a unit owner to inspect and copy, any financial records related to the declarant's initial construction of the common elements during the period of declarant control<sup>3</sup> if the costs of the initial construction are not assessed against unit owners as common expenses and no contract related to the initial construction is made by or on behalf of the association.

The amendment also increases the maximum charge an association may impose for providing copies of records to the lesser of the estimated cost of production or \$150 (instead of \$50).

## **BILL HISTORY**

Representative Kitchens offered Assembly Amendment 1 on January 13, 2022. On January 19, 2022, the Assembly Committee on Housing and Real Estate recommended adoption of the amendment, and passage of the bill, as amended, on votes of Ayes, 9; Noes, 1.

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<sup>2</sup> For most of the records, the right to inspect and copy is limited to records that were created within the past six years. For other records, the right exists regardless of when the record was created.

<sup>3</sup> Under current law, unchanged by the bill and the amendment, the declarant must establish an association for a condominium not later than the date of the first conveyance of a unit to a purchaser. However, the declarant may exercise the powers and responsibilities of the association for a limited period of time after the association has been established. This period of time is known as the "period of declarant control."