

FIRST REGULAR SESSION

[CORRECTED]

HOUSE BILL NO. 1096

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BROWN (27).

1734H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 355, RSMo, by adding thereto twenty-four new sections relating to homeowners' associations.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 355, RSMo, is amended by adding thereto twenty-four new sections,
2 to be known as sections 355.901, 355.902, 355.903, 355.904, 355.905, 355.906, 355.907,
3 355.908, 355.909, 355.910, 355.911, 355.912, 355.913, 355.914, 355.915, 355.916, 355.917,
4 355.918, 355.919, 355.920, 355.921, 355.922, 355.923, and 355.924, to read as follows:

355.901. Sections 355.901 to 355.924 shall be known and may be cited as the
2 **"Uniform Common Interest Owners Bill of Rights Act".**

355.902. As used in sections 355.901 to 355.924, the following terms mean:

2 **(1) "Assessment", the sum attributable to each unit and due to the association**
3 **pursuant to the budget adopted under section 355.920;**

4 **(2) "Association", the unit owners association;**

5 **(3) "Bylaws", the instruments, however denominated, that contain the procedures**
6 **for conduct of the affairs of the association, regardless of the form in which the association**
7 **is organized, including any amendments to the instruments;**

8 **(4) "Common expense liability", the liability for common expenses allocated to each**
9 **unit;**

10 **(5) "Common expenses", expenditures made by, or financial liabilities of, the**
11 **association, together with any allocations to reserves;**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

12 (6) "Common interest community", real estate described in a declaration with
13 respect to which a person, by virtue of the person's ownership of a unit, is obligated to pay
14 for a share of real estate taxes, insurance premiums, maintenance, or improvement of, or
15 services or other expenses related to, common elements, other units, or other real estate
16 described in that declaration. The term shall not include an arrangement described under
17 section 355.907. For purposes of this subdivision, ownership of a unit shall not include
18 holding a leasehold interest of less than twenty years in a unit, including renewal options;

19 (7) "Declarant", a person or group of persons acting in concert who:

20 (a) As part of a common promotional plan, offers to dispose of the interest of the
21 person or group of persons in a unit not previously disposed of; or

22 (b) Reserves or succeeds to any declarant right;

23 (8) "Declaration", the instrument, however denominated, that creates a common
24 interest community, including any amendments to that instrument;

25 (9) "Executive board", the body, regardless of name, designated in the declaration
26 or bylaws that has power to act on behalf of the association;

27 (10) "Limited common element", a portion of the common elements allocated for
28 the exclusive use of one or more but fewer than all of the units;

29 (11) "Person", an individual, corporation, business trust, estate, trust, partnership,
30 limited liability company, association, joint venture, public corporation, government or
31 governmental subdivision, agency, or instrumentality, or any other legal or commercial
32 entity. In the case of a land trust, the term means the beneficiary of the trust rather than
33 the trust or the trustee;

34 (12) "Record", if used as a noun, means information that is inscribed on a tangible
35 medium or that is stored in an electronic or other medium and is retrievable in perceivable
36 form;

37 (13) "Residential purposes", use for dwelling or recreational purposes, or both;

38 (14) "Rule", a policy, guideline, restriction, procedure, or regulation of an
39 association, however denominated, which is not set forth in the declaration or bylaws and
40 which governs the conduct of persons or the use or appearance of property;

41 (15) "Unit", a physical portion of the common interest community designated for
42 separate ownership or occupancy;

43 (16) "Unit owner", a person that owns a unit.

 355.903. Except as expressly provided under this act, the effect of its provisions
2 shall not be varied by agreement, and rights conferred by it shall not be waived.

 355.904. Every contract or duty governed by this act imposes an obligation of good
2 faith in its performance or enforcement.

355.905. Except as otherwise provided under this act, this act applies to all
2 condominiums in this state that may be used for residential purposes and to all other
3 common interest communities that contain twelve or more units that may be used for
4 residential purposes and are created within this state after the effective date of this act.
5 Amendments to this act apply to all common interest communities that contain twelve or
6 more units that may be used for residential purposes and are created after the effective
7 date of this act or are subjected to this act by amendment of their declaration, regardless
8 of when the amendment to this act is adopted in this state.

355.906. 1. This act applies to all common interest communities that contain twelve
2 or more units that may be used for residential purposes created in this state before the
3 effective date of this act, but this act applies only with respect to events and circumstances
4 occurring after the effective date of this act and shall not invalidate existing provisions of
5 the declaration, bylaws, or plats or plans of those common interest communities.

6 2. The declaration, bylaws, or plats and plans of any common interest community
7 created before the effective date of this act may be amended to achieve any result permitted
8 by this act, regardless of the law applicable before the effective date of this act.

355.907. 1. An arrangement between the associations for two or more common
2 interest communities to share the costs of real estate taxes, insurance premiums, services,
3 maintenance or improvements of real estate, or other activities specified in their
4 arrangement or declarations shall not create a separate common interest community.

5 2. An arrangement between an association and the owner of real estate that is not
6 part of a common interest community to share the costs of real estate taxes, insurance
7 premiums, services, maintenance or improvements of real estate, or other activities
8 specified in their arrangement shall not create a separate common interest community.
9 However, assessments against the units in the common interest community required by the
10 arrangement shall be included in the periodic budget for the common interest community,
11 and the arrangement shall be disclosed in all public offering statements and resale
12 certificates required by this act.

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

355.908. 1. Regardless of the powers and duties of the association described in the
2 declaration and bylaws, the association:

- 3 (1) Shall adopt and may amend bylaws and may adopt and amend rules;
4 (2) Shall adopt and may amend budgets;

5 (3) May require that disputes between the association and unit owners or between
6 two or more unit owners regarding the common interest community be submitted to
7 nonbinding alternative dispute resolution as a prerequisite to commencement of a judicial
8 proceeding;

9 (4) Promptly shall provide notice to the unit owners of any legal proceedings in
10 which the association is a party other than proceedings involving enforcement of rules or
11 to recover unpaid assessments or other sums due the association;

12 (5) Shall establish a reasonable method for unit owners to communicate among
13 themselves and with the executive board concerning the association;

14 (6) May suspend any right or privilege of a unit owner that fails to pay an
15 assessment, but shall not:

16 (a) Deny a unit owner or other occupant access to the owner's unit;

17 (b) Suspend a unit owner's right to vote;

18 (c) Prevent a unit owner from seeking election as a director or officer of the
19 association; or

20 (d) Withhold services provided to a unit or a unit owner by the association if the
21 effect of withholding the service would be to endanger the health, safety, or property of any
22 person; and

23 (7) May exercise all other powers that may be exercised in this state by
24 organizations of the same type as the association.

25 2. The executive board may determine whether to take enforcement action by
26 exercising the association's power to impose sanctions or commencing an action for a
27 violation of the declaration, bylaws, or rules, including whether to compromise any claim
28 for unpaid assessments or other claim made by or against it. The executive board shall not
29 have a duty to take enforcement action if it determines that, under the facts and
30 circumstances presented:

31 (1) The association's legal position shall not justify taking any or further
32 enforcement action;

33 (2) The covenant, restriction, or rule being enforced is, or is likely to be construed
34 as, inconsistent with law;

35 (3) Although a violation may exist or may have occurred, such violation is not so
36 material as to be objectionable to a reasonable person or to justify expending the
37 association's resources; or

38 (4) The association's interests are not best served by pursuing an enforcement
39 action.

40 **3. The executive board's decision under subsection 2 of this section not to pursue**
41 **enforcement under one set of circumstances shall not prevent the executive board from**
42 **taking enforcement action under another set of circumstances, but the executive board**
43 **shall not be arbitrary or capricious in taking enforcement action.**

355.909. 1. In the performance of their duties, officers and members of the
2 **executive board appointed by the declarant shall exercise the degree of care and loyalty to**
3 **the association required of a trustee. Officers and members of the executive board not**
4 **appointed by the declarant shall exercise the degree of care and loyalty to the association**
5 **required of an officer or director of a corporation organized, and are subject to the conflict**
6 **of interest rules governing directors and officers, under this chapter. The standards of**
7 **care and loyalty described in this section apply regardless of the form in which the**
8 **association is organized.**

9 **2. An association shall have an executive board created in accordance with its**
10 **declaration or bylaws. Except as otherwise provided in the declaration, the bylaws,**
11 **subsection 3 of this section, or other provisions of this act, the executive board acts on**
12 **behalf of the association.**

13 **3. The executive board shall not:**

- 14 **(1) Amend the declaration except as provided by law other than this act;**
15 **(2) Amend the bylaws;**
16 **(3) Terminate the common interest community;**
17 **(4) Elect members of the executive board, but may fill vacancies in its membership**
18 **for the unexpired portion of any term or, if earlier, until the next regularly scheduled**
19 **election of executive board members; or**
20 **(5) Determine the qualifications, powers, duties, or terms of office of executive**
21 **board members.**

355.910. 1. The bylaws of the association shall:

- 2 **(1) Provide the number of members of the executive board and the titles of the**
3 **officers of the association;**
4 **(2) Provide for election by the executive board or, if the declaration requires, by the**
5 **unit owners, of a president, treasurer, secretary, and any other officers of the association**
6 **the bylaws specify;**
7 **(3) Specify the qualifications, powers and duties, terms of office, and manner of**
8 **electing and removing executive board members and officers and filling vacancies;**
9 **(4) Specify the powers the executive board or officers may delegate to other persons**
10 **or to a managing agent;**

11 (5) Specify the officers who may prepare, execute, certify, and record amendments
12 to the declaration on behalf of the association;

13 (6) Specify a method for the unit owners to amend the bylaws;

14 (7) Contain any provision necessary to satisfy requirements in this act or the
15 declaration concerning meetings, voting, quorums, and other activities of the association;
16 and

17 (8) Provide for any matter required by law of this state other than this act to
18 appear in the bylaws of organizations of the same type as the association.

19 2. Subject to the declaration and this act, the bylaws may provide for any other
20 necessary or appropriate matters, including matters that could be adopted as rules.

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

3 2. An association shall hold a special meeting of unit owners to address any matter
4 affecting the common interest community or the association if its president, a majority of
5 the executive board, or twenty percent, or any lower percentage specified in the bylaws,
6 of unit owners' votes request that the secretary call the meeting. If the association does not
7 notify unit owners of a special meeting within thirty days after the requisite number or
8 percentage of unit owners request the secretary to do so, the requesting members may
9 directly notify all the unit owners of the meeting. Only matters described in the meeting
10 notice required by subsection 3 of this section may be considered at a special meeting.

11 3. An association shall notify unit owners of the time, date, and place of each annual
12 and special unit owners meeting no later than ten days or earlier than sixty days before the
13 meeting date. Notice may be by any method reasonably calculated to provide notice to the
14 unit owner. The notice for any meeting shall state the time, date, and place of the meeting
15 and the items on the agenda, including:

16 (1) A statement of the general nature of any proposed amendment to the
17 declaration or bylaws;

18 (2) Any budget changes; and

19 (3) Any proposal to remove an officer or member of the executive board.

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

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

24 6. The declaration or bylaws may allow for meetings of unit owners to be conducted
25 by telephonic, video, or other conferencing process, if the alternative process is consistent
26 with subsection 7 of section 355.912.

27 **7. Except as otherwise provided in the bylaws, meetings of the association shall be**
28 **conducted in accordance with the most recent edition of Robert's Rules of Order Newly**
29 **Revised.**

355.912. 1. Meetings of the executive board and committees of the association
2 **authorized to act for the association shall be open to the unit owners except during**
3 **executive sessions. The executive board and those committees may hold an executive**
4 **session only during a regular or special meeting of the board or a committee. No final vote**
5 **or action may be taken during an executive session. An executive session may be held only**
6 **to:**

- 7 **(1) Consult with the association's attorney concerning legal matters;**
- 8 **(2) Discuss existing or potential litigation or mediation, arbitration, or**
9 **administrative proceedings;**
- 10 **(3) Discuss labor or personnel matters;**
- 11 **(4) Discuss contracts, leases, and other commercial transactions to purchase or**
12 **provide goods or services currently being negotiated, including the review of bids or**
13 **proposals, if premature general knowledge of those matters would place the association at**
14 **a disadvantage; or**
- 15 **(5) Prevent public knowledge of the matter to be discussed if the executive board**
16 **or committee determines that public knowledge would violate the privacy of any person.**
- 17 **2. For purposes of this section, a gathering of board members at which the board**
18 **members do not conduct association business is not a meeting of the executive board. The**
19 **executive board and its members shall not use incidental or social gatherings of board**
20 **members or any other method to evade the open meeting requirements of this section.**
- 21 **3. During the period of declarant control, the executive board shall meet at least**
22 **four times a year. At least one of those meetings shall be held at the common interest**
23 **community or at a place convenient to the community. After termination of the period of**
24 **declarant control, all executive board meetings shall be at the common interest community**
25 **or at a place convenient to the community unless the unit owners amend the bylaws to vary**
26 **the location of those meetings.**
- 27 **4. At each executive board meeting, the executive board shall provide a reasonable**
28 **opportunity for unit owners to comment regarding any matter affecting the common**
29 **interest community and the association.**
- 30 **5. Unless the meeting is included in a schedule given to the unit owners or the**
31 **meeting is called to deal with an emergency, the secretary or other officer specified in the**
32 **bylaws shall give notice of each executive board meeting to each board member and to the**

33 unit owners. The notice shall be given at least ten days before the meeting and shall state
34 the time, date, place, and agenda of the meeting.

35 6. If any materials are distributed to the executive board before the meeting, the
36 executive board at the same time shall make copies of those materials reasonably available
37 to unit owners, except that the board need not make available copies of unapproved
38 minutes or materials that are to be considered in executive session.

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

41 (1) The meeting notice states the conferencing process to be used and provides
42 information explaining how unit owners may participate in the conference directly or by
43 meeting at a central location or conference connection; and

44 (2) The process provides all unit owners the opportunity to hear or perceive the
45 discussion and to comment as provided in subsection 4 of this section.

46 8. After termination of any period when the declarant controls the association, unit
47 owners may amend the bylaws to vary the procedures for meetings described in subsection
48 7 of this section.

49 9. Instead of meeting, the executive board may act by unanimous consent as
50 documented in a record authenticated by all its members. The secretary promptly shall
51 give notice to all unit owners of any action taken by unanimous consent. After termination
52 of the period of declarant control, the executive board may act by unanimous consent only
53 to undertake ministerial actions or to implement actions previously taken at a meeting of
54 the executive board.

55 10. Even if an action by the executive board is not in compliance with this section,
56 it is valid unless set aside by a court. A challenge to the validity of an action of the
57 executive board for failure to comply with this section shall not be brought more than sixty
58 days after the minutes of the executive board of the meeting at which the action was taken
59 are approved or the record of that action is distributed to unit owners, whichever is later.

2 355.913. 1. Unless the bylaws otherwise provide, a quorum is present throughout
3 any meeting of the unit owners if persons entitled to cast twenty percent of the votes in the
4 association:

5 (1) Are present in person or by proxy at the beginning of the meeting;

6 (2) Have cast absentee ballots, solicited in accordance with the association's
7 procedures, which have been delivered to the secretary in a timely manner; or

8 (3) Are present by any combination of subdivisions (1) and (2).

9 2. Unless the bylaws specify a larger number, a quorum of the executive board is
present for purposes of determining the validity of any action taken at a meeting of the

10 executive board only if individuals entitled to cast a majority of the votes on that board are
11 present at the time a vote regarding that action is taken. If a quorum is present when a
12 vote is taken, the affirmative vote of a majority of the board members present is the act of
13 the executive board unless a greater vote is required by the declaration or bylaws.

14 3. Except as otherwise provided in the bylaws, meetings of the association shall be
15 conducted in accordance with the most recent edition of Robert's Rules of Order Newly
16 Revised.

355.914. 1. Unless prohibited or limited by the declaration or bylaws, unit owners
2 may vote at a meeting in person, by absentee ballot pursuant to subdivision (4) of
3 subsection 2 of this section, by a proxy pursuant to subsection 3 of this section, or, if a vote
4 is conducted without a meeting, by electronic or paper ballot pursuant to subsection 4 of
5 this section.

6 2. At a meeting of unit owners the following requirements apply:

7 (1) Unit owners who are present in person may vote by voice vote, show of hands,
8 standing, or any other method for determining the votes of unit owners, as designated by
9 the person presiding at the meeting;

10 (2) If only one of several owners of a unit is present, that owner is entitled to cast
11 all the votes allocated to that unit. If more than one of the owners are present, the votes
12 allocated to that unit may be cast only in accordance with the agreement of a majority in
13 interest of the owners, unless the declaration expressly provides otherwise. There is
14 majority agreement if any one of the owners casts the votes allocated to the unit without
15 protest being made promptly to the person presiding over the meeting by any of the other
16 owners of the unit;

17 (3) Unless a greater number or fraction of the votes in the association is required
18 by this act or the declaration, a majority of the votes cast determines the outcome of any
19 action of the association;

20 (4) Subject to subsection 1 of this section, a unit owner may vote by absentee ballot
21 without being present at the meeting. The association promptly shall deliver an absentee
22 ballot to an owner that requests it if the request is made at least three days before the
23 scheduled meeting. Votes cast by absentee ballot shall be included in the tally of a vote
24 taken at that meeting; and

25 (5) If a unit owner votes by absentee ballot, the association shall be able to verify
26 that the ballot is cast by the unit owner having the right to do so.

27 3. Except as otherwise provided in the declaration or bylaws, the following
28 requirements apply with respect to proxy voting:

29 (1) Votes allocated to a unit may be cast pursuant to a directed or undirected proxy
30 duly executed by a unit owner;

31 (2) If a unit is owned by more than one person, each owner of the unit may vote or
32 register protest to the casting of votes by the other owners of the unit through a duly
33 executed proxy;

34 (3) A unit owner may revoke a proxy given pursuant to this section only by actual
35 notice of revocation to the person presiding over a meeting of the association;

36 (4) A proxy is void if it is not dated or purports to be revocable without notice;

37 (5) A proxy is valid only for the meeting at which it is cast and any recessed session
38 of that meeting; and

39 (6) A person shall not cast undirected proxies representing more than fifteen
40 percent of the votes in the association.

41 4. Unless prohibited or limited by the declaration or bylaws, an association may
42 conduct a vote without a meeting. In that event, the following requirements apply:

43 (1) The association shall notify the unit owners that the vote will be taken by ballot;

44 (2) The association shall deliver a paper or electronic ballot to every unit owner
45 entitled to vote on the matter;

46 (3) The ballot shall set forth each proposed action and provide an opportunity to
47 vote for or against the action;

48 (4) When the association delivers the ballots, it shall also:

49 (a) Indicate the number of responses needed to meet the quorum requirements;

50 (b) State the percent of votes necessary to approve each matter other than election
51 of directors;

52 (c) Specify the time and date by which a ballot shall be delivered to the association
53 to be counted, which date shall not be fewer than three days after the date the association
54 delivers the ballot; and

55 (d) Describe the time, date, and manner by which unit owners wishing to deliver
56 information to all unit owners regarding the subject of the vote may do so;

57 (5) Except as otherwise provided in the declaration or bylaws, a ballot is not
58 revoked after delivery to the association by death or disability or attempted revocation by
59 the person that cast that vote; and

60 (6) Approval by ballot pursuant to this subsection is valid only if the number of
61 votes cast by ballot equals or exceeds the quorum required to be present at a meeting
62 authorizing the action.

63 5. If the declaration requires that votes on specified matters affecting the common
64 interest community be cast by lessees rather than unit owners of leased units:

- 65 (1) This section shall apply to lessees as if they were unit owners;
66 (2) Unit owners that have leased their units to other persons shall not cast votes on
67 those specified matters; and
68 (3) Lessees are entitled to notice of meetings, access to records, and other rights
69 respecting those matters as if they were unit owners.
- 70 6. Unit owners shall also be given notice of all meetings at which lessees are entitled
71 to vote.
- 72 7. Votes allocated to a unit owned by the association shall be cast in any vote of the
73 unit owners in the same proportion as the votes cast on the matter by unit owners other
74 than the association.
- 355.915. 1. Regardless of provisions in the declaration, an association shall not
2 commence an action to foreclose a lien on a unit under this section unless:
- 3 (1) The unit owner, at the time the action is commenced, owes a sum equal to at
4 least three months of common expense assessments based on the periodic budget last
5 adopted by the association pursuant to section 355.920, and the unit owner has failed to
6 accept or comply with a payment plan offered by the association; and
7 (2) The executive board votes to commence a foreclosure action specifically against
8 that unit.
- 9 2. Unless the parties otherwise agree, the association shall apply any sums paid by
10 unit owners that are delinquent in paying assessments in the following order:
- 11 (1) Unpaid assessments;
12 (2) Late charges;
13 (3) Reasonable attorney's fees and costs and other reasonable collection charges;
14 and
15 (4) All other unpaid fees, charges, penalties, interest, and late charges.
- 16 3. If the only sums due with respect to a unit are fines and related sums imposed
17 against the unit, a foreclosure action shall not be commenced against the unit unless the
18 association has a judgment against the unit owner with respect to the fines and related
19 sums and has perfected a judgment lien against the unit under section 511.360.
- 20 4. Every aspect of a foreclosure, sale, or other disposition under this section,
21 including the method, advertising, time, date, place, and terms, shall be commercially
22 reasonable.

 355.916. 1. The association shall retain the following:

- 2 (1) Detailed records of receipts and expenditures affecting the operation and
3 administration of the association and other appropriate accounting records;

4 (2) Minutes of all meetings of its unit owners and executive board other than
5 executive sessions, a record of all actions taken by the unit owners or executive board
6 without a meeting, and a record of all actions taken by a committee in place of the
7 executive board on behalf of the association;

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

11 (4) The original or restated organizational documents, if required by law other than
12 this act, bylaws and all amendments to them, and all rules currently in effect;

13 (5) All financial statements and tax returns of the association for the past three
14 years;

15 (6) A list of the names and addresses of its current executive board members and
16 officers;

17 (7) Its most recent annual report filed with the secretary of state, if any;

18 (8) Financial and other records sufficiently detailed to enable the association to
19 comply with other requirements of law;

20 (9) Copies of current contracts to which it is a party;

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

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

25 2. Subject to subsections 3 and 4 of this section, all records retained by an
26 association shall be available for examination and copying by a unit owner or the owner's
27 authorized agent:

28 (1) During reasonable business hours or at a mutually convenient time and
29 location; and

30 (2) Upon five days' notice in a request reasonably identifying the specific records
31 of the association requested.

32 3. Records retained by an association may be withheld from inspection and copying
33 to the extent that they concern:

34 (1) Personnel, salary, and medical records relating to specific individuals;

35 (2) Contracts, leases, and other commercial transactions to purchase or provide
36 goods or services currently being negotiated;

37 (3) Existing or potential litigation or mediation, arbitration, or administrative
38 proceedings;

39 (4) Existing or potential matters involving federal, state, or local administrative or
40 other formal proceedings before a governmental tribunal for enforcement of the
41 declaration, bylaws, or rules;

42 (5) Communications with the association's attorney that are otherwise protected
43 by the attorney-client privilege or the attorney work-product doctrine;

44 (6) Information whose disclosure would violate law other than this act;

45 (7) Records of an executive session of the executive board; or

46 (8) Individual unit files other than those of the requesting owner.

47 4. An association may charge a reasonable fee for providing copies of any records
48 under this section and for supervising the unit owner's inspection.

49 5. A right to copy records under this section includes the right to receive copies by
50 photocopying or other means, including copies through an electronic transmission if
51 available upon request by the unit owner.

52 6. An association is not obligated to compile or synthesize information.

53 7. Information provided pursuant to this section shall not be used for commercial
54 purposes.

 355.917. 1. Before adopting, amending, or repealing any rule, the executive board
2 shall give all unit owners notice of:

3 (1) Its intention to adopt, amend, or repeal a rule and provide the text of the rule
4 or the proposed change; and

5 (2) A date on which the executive board will act on the proposed rule or
6 amendment after considering comments from unit owners.

7 2. Following adoption, amendment, or repeal of a rule, the association shall notify
8 the unit owners of its action and provide a copy of any new or revised rule.

9 3. An association may adopt rules to establish and enforce construction and design
10 criteria and aesthetic standards if the declaration so provides. If the declaration so
11 provides, the association shall adopt procedures for enforcement of those standards and
12 for approval of construction applications, including a reasonable time within which the
13 association shall act after an application is submitted and the consequences of its failure
14 to act.

15 4. A rule regulating display of the flag of the United States shall be consistent with
16 federal law. In addition, the association shall not prohibit display on a unit or on a limited
17 common element adjoining a unit of the flag of this state, or signs regarding candidates for
18 public or association office or ballot questions, but the association may adopt rules
19 governing the time, place, size, number, and manner of those displays.

20 **5. Unit owners may peacefully assemble on the common elements to consider**
21 **matters related to the common interest community, but the association may adopt rules**
22 **governing the time, place, and manner of those assemblies.**

23 **6. An association may adopt rules that affect the use of or behavior in units that**
24 **may be used for residential purposes, only to:**

25 **(1) Implement a provision of the declaration;**

26 **(2) Regulate any behavior in or occupancy of a unit that violates the declaration or**
27 **adversely affects the use and enjoyment of other units or the common elements by other**
28 **unit owners; or**

29 **(3) Restrict the leasing of residential units to the extent those rules are reasonably**
30 **designed to meet underwriting requirements of institutional lenders that regularly make**
31 **loans secured by first mortgages on units in common interest communities or regularly**
32 **purchase those mortgages.**

33 **7. An association's internal business operating procedures need not be adopted as**
34 **rules.**

35 **8. Every rule shall be reasonable.**

355.918. 1. An association shall deliver any notice required to be given by the
2 **association under this act to any mailing or electronic mail address a unit owner designates.**
3 **Otherwise, the association may deliver notices by:**

4 **(1) Hand delivery to each unit owner;**

5 **(2) Hand delivery; United States mail, postage-paid; or commercially reasonable**
6 **delivery service to the mailing address of each unit;**

7 **(3) Electronic means, if the unit owner has given the association an electronic mail**
8 **address; or**

9 **(4) Any other method reasonably calculated to provide notice to the unit owner.**

10 **2. The failure of a good faith effort to deliver notice by an authorized means shall**
11 **not invalidate action taken at or without a meeting.**

355.919. 1. Notwithstanding any provision of the declaration or bylaws to the
2 **contrary, unit owners present in person, by proxy, or by absentee ballot at any meeting of**
3 **the unit owners at which a quorum is present may remove any member of the executive**
4 **board and any officer elected by the unit owners, with or without cause, if the number of**
5 **votes cast in favor of removal exceeds the number of votes cast in opposition to removal,**
6 **but:**

7 **(1) A member appointed by the declarant shall not be removed by a unit owner vote**
8 **during the period of declarant control;**

9 (2) If a member is elected or appointed pursuant to the declaration by persons
10 other than the declarant or the unit owners, that member may be removed only by the
11 person that elected or appointed that member; and

12 (3) The unit owners shall not consider whether to remove a member of the
13 executive board or an officer elected by the unit owners at a meeting of the unit owners
14 unless that subject was listed in the notice of the meeting.

15 2. At any meeting at which a vote to remove a member of the executive board or an
16 officer is to be taken, the member or officer being considered for removal shall have a
17 reasonable opportunity to speak before the vote.

 355.920. 1. The executive board, at least annually, shall adopt a proposed budget
2 for the common interest community for consideration by the unit owners. No later than
3 thirty days after adoption of a proposed budget, the executive board shall provide to all the
4 unit owners a summary of the budget, including any reserves, and a statement of the basis
5 on which any reserves are calculated and funded. Simultaneously, the board shall set a
6 date no earlier than ten days or later than sixty days after providing the summary for a
7 meeting of the unit owners to consider ratification of the budget. Unless at that meeting
8 a majority of all unit owners or any larger number specified in the declaration reject the
9 budget, the budget is ratified, regardless of whether a quorum is present. If a proposed
10 budget is rejected, the budget last ratified by the unit owners continues until unit owners
11 ratify a subsequent budget.

12 2. The executive board, at any time, may propose a special assessment. Except as
13 otherwise provided in subsection 3 of this section, the assessment is effective only if the
14 executive board follows the procedures for ratification of a budget described in subsection
15 1 of this section and the unit owners do not reject the proposed assessment.

16 3. If the executive board determines by a two-thirds vote that a special assessment
17 is necessary to respond to an emergency:

18 (1) The special assessment shall become effective immediately in accordance with
19 the terms of the vote;

20 (2) Notice of the emergency assessment shall be provided promptly to all unit
21 owners; and

22 (3) The executive board may spend the funds paid on account of the emergency
23 assessment only for the purposes described in the vote.

 355.921. 1. A declarant, association, unit owner, or any other person subject to this
2 act may bring an action to enforce a right granted or obligation imposed by this act, the
3 declaration, or the bylaws. Punitive damages may be awarded for a willful failure to
4 comply with this act. The court may award reasonable attorney's fees and costs.

5 **2. Parties to a dispute arising under this act, the declaration, or the bylaws may**
6 **agree to resolve the dispute by any form of binding or nonbinding alternative dispute**
7 **resolution, but:**

8 **(1) A declarant may agree with the association to do so only after the period of**
9 **declarant control has expired; and**

10 **(2) An agreement to submit to any form of binding alternative dispute resolution**
11 **shall be in a record authenticated by the parties.**

12 **3. The remedies provided by this act shall be liberally administered to the end that**
13 **the aggrieved party is put in as good a position as if the other party had fully performed.**
14 **However, consequential or special damages shall not be awarded except as specifically**
15 **provided in this act or by other rule of law.**

355.922. This act shall withstand any law of this state to the contrary.

355.923. In applying and construing this uniform act, consideration shall be given
2 **to the need to promote uniformity of the law with respect to its subject matter among the**
3 **states that enact it.**

355.924. This act modifies, limits, and supersedes the federal Electronic Signatures
2 **in Global and National Commerce Act, 15 U.S.C. Section 7001, et seq., but shall not**
3 **modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c), or**
4 **authorize electronic delivery of any of the notices described in Section 103(b) of that act,**
5 **15 U.S.C. Section 7003(b).**

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