### LOUISIANA STATE LAW INSTITUTE



OFFICE OF
THE DIRECTOR
(225) 578-0200
FAX: (225) 578-0211
EMAIL: LAWINSTITUTE@LSLI.ORG

PAUL M. HEBERT LAW CENTER, ROOM W127 UNIVERSITY STATION BATON ROUGE, LA 70803-1016

November 18, 2015

Senator John A. Alario, Jr.
President of the Senate
P.O. Box 94183
Baton Rouge, Louisiana 70804

Representative Charles "Chuck" Kleckley Speaker of the House of Representatives P.O. Box 94062 Baton Rouge, Louisiana 70804-9062

RE: SCR 104 of the 2014 Regular Session

Dear Mr. President and Mr. Speaker:

The Louisiana State Law Institute respectfully submits herewith its interim report to the legislature in response to 2014 Senate Concurrent Resolution No. 104, relative to common interest ownership regimes.

Sincerely,

William E. Crawford

Director

WEC/puc Enclosure

cc: Senator Fred H. Mills, Jr.

Senator Rick Ward

email cc: David R. Poynter Legislative Research Library

drplibrary@legis.ta.us

Secretary of State, Mr. Tom Schedler

admin@sos.louisiana.gov

# LOUISIANA STATE LAW INSTITUTE COMMON INTEREST OWNERSHIP REGIMES COMMITTTEE

## INTERIM REPORT TO THE LEGISLATURE IN RESPONSE TO SCR 104 OF THE 2014 REGULAR LEGISLATIVE SESSION

Prepared for the Legislature on

November 18, 2015

Baton Rouge, Louisiana

To: Senator John A. Alario, Jr.
President of the Senate
P.O. Box 94183
Baton Rouge, Louisiana 70804

Representative Charles E. Kleckley Speaker of the House P.O. Box 94062 Baton Rouge, Louisiana 70804

### INTERIM REPORT TO THE LEGISLATURE IN RESPONSE TO SCR 104 OF THE 2014 REGULAR SESSION

Senate Concurrent Resolution No. 104 of the 2014 Regular Sessions request the Louisiana State Law Institute to study and make recommendations regarding Louisiana's three common interest community statutes—the Condominium Act, the Timesharing Act, and the Homeowners Association Act. To that end, the Law Institute created the Common Interest Ownership Regimes Committee, comprised of lawyers and law professors with expertise in these areas.

The Committee has met on eight occasions to study the issue, conduct research, and identify issues and deficiencies under the current acts. The Committee decided to first take up the Homeowners Association Act, since it is the most recently enacted and also the most lacking in substance. While the Committee has made significant progress in formulating revisions to this statute, the work is still ongoing. The Committee will continue meeting to complete its work.

A final report will be submitted to the Legislature once the Committee has received full approval of its project from the Council of the Law Institute. The first review by the Council will be at its meeting on March 11-12, 2016.

Respectfully submitted,

Professor Christopher K. Odinet, Reporter Common Interest Ownership Regimes Committee Louisiana State Law Institute BY SENATORS MILLS AND WARD

#### A CONCURRENT RESOLUTION

To urge and request the Louisiana State Law Institute to study and make recommendations to the Louisiana Legislature regarding state laws governing common interest ownership regimes, including but not limited to homeowners associations, condominium developments, townhomes, and real estate cooperatives.

WHEREAS, R.S. 9:1121.101 provides for the Louisiana Condominium Act, R.S. 9:1131.1 provides for the Louisiana Timesharing Act, and R.S. 9:1141.1 provides for the Louisiana Homeowners Association Act; and

WHEREAS, these various legal regimes, often called common interest ownership regimes, each provide a framework for the governance of certain real estate developments, the ability of multiple parcel or unit owners within a development to share an ownership interest in certain common areas, and a mechanism to enforce shared obligations and responsibilities for the maintenance and care of the development; and

WHEREAS, Louisiana real estate developments are increasingly comprised of these common interest ownership regimes because they can provide for a sustained level of quality and shared governance among the various owners within the larger planned community; and

WHEREAS, there has been a prevailing movement across many states to enact comprehensive common interest ownership statutes that contemplate a single, flexible, legal framework that can be used for all types of common interest ownership developments; and

WHEREAS, one such national model adopted by several states is the Uniform Common Interest Ownership Act, promulgated most recently in 2008 by the Uniform Law Commission, which governs the formation, management, and termination of a common interest community, whether that community is a condominium, planned community, or real estate cooperative; and

WHEREAS, presently Louisiana law does not comprehensively address common interest communities, creating uncertainty and forcing many developers and their legal counsel to consider various disparate statutes in attempting to confect a legal framework that properly supports the purpose and economic viability of the development; and

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WHEREAS, it is important that Louisiana's law governing common interest communities enables and encourages such communities and provides an appropriate level of balance between the rights of owners and the rights of developers.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request the Louisiana State Law Institute to study legal issues surrounding present Louisiana law governing common interest communities and to report and recommend in the form of proposed legislation any needed revisions to present law, including but not limited to the adoption, in whole or in part, of the Uniform Common Interest Ownership Act.

BE IT FURTHER RESOLVED that the Louisiana State Law Institute shall report its finding and recommendations to the Legislature of Louisiana on or before January 1, 2016.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the director of the Louisiana State Law Institute.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES