

SENATE BILL 863

By Reeves

AN ACT to amend Tennessee Code Annotated, Title 66,
Chapter 27, relative to reserve studies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 66-27-203, is amended by adding the following as a new subdivision:

() "Reserve study" means an analysis by one (1) or more independent engineering, architectural, or construction contractors or another qualified person, performed or updated within the last five (5) years, of the remaining useful life and the estimated cost to replace each separate system and component of common elements, the purpose of which is to inform association members and the board of the amount that should be maintained from year to year in a fully funded repair and replacement reserve to minimize the need for a special assessment;

SECTION 2. Tennessee Code Annotated, Section 66-27-403, is amended by adding the following as a new subsection:

(g)

(1) If the board of directors has had a reserve study conducted on or after January 1, 2023, the board shall have an updated reserve study conducted within five (5) years after the date the reserve study was conducted, and at least every five (5) years thereafter, for purposes of assessing the condition of and planning for repair and maintenance of the common elements critical to structural integrity and safety.

(2) If the board of directors has not had a reserve study conducted on or after January 1, 2023, the board shall have a reserve study conducted on or before January 1, 2024, and the study must be updated every five (5) years for purposes of assessing the condition of and planning for repair and maintenance of the common elements critical to structural integrity and safety.

(3) As used in this subsection (g), "common elements critical to the structural integrity and safety" include:

- (A) A roof;
- (B) Load-bearing walls or other primary structural members;
- (C) The floor;
- (D) The foundation;
- (E) Fireproofing and fire protection systems;
- (F) Plumbing;
- (G) Electrical systems;
- (H) Waterproofing and exterior painting;
- (I) A balcony;
- (J) An elevator; or
- (K) Another item with a deferred maintenance expense or replacement cost that exceeds ten thousand dollars (\$10,000), and for which the failure to replace or maintain the item negatively affects an item listed in this subdivision (g)(3), as determined by an independent engineering, architectural, or construction contractor, or another qualified person, performing the visual inspection portion of a reserve study.

SECTION 3. This act takes effect January 1, 2024, the public welfare requiring it.

Amendment No. _____

Signature of Sponsor

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

AMEND Senate Bill No. 863

House Bill No. 750*

by adding the following as a new subdivision to subsection (g) in SECTION 2:

(4) This subsection (g) does not apply to a:

(1) Board of directors controlled by a declarant;

(2) Condominium titled to a single owner; or

(3) Husband and wife who own such condominium as a tenancy by the

entirety.



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