



## Ohio Revised Code

### Section 5312.06 Powers and duties of owner's association.

Effective: September 13, 2022

Legislation: Senate Bill 61 - 134th General Assembly

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(A) The owners association, through its board of directors, shall do both of the following:

(1) Annually adopt and amend an estimated budget for revenues and expenditures. Any budget shall include reserves in an amount adequate to repair and replace major capital items in the normal course of operations without the necessity of special assessments, unless the owners, exercising not less than a majority of the voting power of the owners association, waive the reserve requirement in writing annually.

(2) Collect assessments for common expenses from owners in accordance with section 5312.10 of the Revised Code.

(B) Commencing not later than the time of the first conveyance of a lot to a person other than a declarant, the owners association shall maintain all of the following to the extent reasonably available and applicable:

(1) Property insurance on the common elements;

(2) Liability insurance pertaining to the common elements;

(3) Directors and officers liability insurance;

(4)(a) Blanket fidelity, crime, or dishonesty insurance coverage for any person who controls or disburses association funds. As used in division (B)(4)(a) of this section, "person who controls or disburses association funds" means any individual with authority or access to sign checks, conduct electronic transfers, or otherwise withdraw funds from any association account or deposit, including the following:

(i) A management company's principals and employees;



(ii) A bookkeeper;

(iii) The president, secretary, treasurer, any other board member, or employee of the owners association.

(b) All of the following apply to the insurance coverage required under division (B)(4)(a) of this section:

(i) Coverage shall be for the maximum amount of funds that will be in the custody of the association or its designated agent at any one time plus three months of operating expenses.

(ii) The insurance shall be the property of and for the sole benefit of the association and shall protect against theft, embezzlement, misappropriation, or any other unauthorized taking or loss of association funds.

(iii) The policy shall include in its definition of "employee" the manager and the managing agent of the association's funds or provide for this inclusion by an endorsement to the policy.

(iv) The policy shall name the association as the insured party and shall include a provision requiring the issuer of the policy to provide a ten-day written notice to the association's president or manager in the event of cancellation or substantial modification of the policy. The manager or managing agent, if any, of the association shall be the designated agent on the policy.

(v) If there is a change in the manager or the managing agent of the association, then within ten days of the effective start date, the new manager or managing agent shall notify the insurer of such change.

(C) The owners association shall keep all of the following:

(1) Correct and complete books and records of account that specify the receipts and expenditures relating to the common elements and other common receipts and expenses;



- (2) Records showing the collection of the common expenses from the owners;
  - (3) Minutes of the meetings of the association and the board of directors;
  - (4) Records of the names and addresses of the owners.
- (D) An owners association, through its board of directors, may do any of the following:
- (1) Hire and fire managing agents, attorneys, accountants, and other independent professionals and employees that the board determines are necessary or desirable in the management of the property and the association;
  - (2) Commence, defend, intervene in, settle, or compromise any civil, criminal, land use planning, or administrative action or proceeding that is in the name of, or threatened against, the association, the board of directors, or the property, or that involves two or more owners, impacts zoning, or otherwise relates to matters affecting the property;
  - (3) Enter into contracts and incur liabilities relating to the operation of the property;
  - (4) Enforce all provisions of the declaration, bylaws, covenants, conditions, restrictions, and articles of incorporation governing the lots, common elements, and limited common elements;
  - (5) Adopt and enforce rules that regulate the maintenance, repair, replacement, modification, and appearance of common elements, and any other rules as the declaration provides;
  - (6) Acquire, encumber, and convey or otherwise transfer real and personal property, subject to section 5312.10 of the Revised Code;
  - (7) Hold in the name of the owners association the real property and personal property;
  - (8) Grant easements, leases, licenses, and concessions through or over the common elements;
  - (9) Levy and collect fees or other charges for the use, rental, or operation of the common elements or



for services provided to owners;

(10) Pursuant to section 5312.11 of the Revised Code, levy the following charges and assessments:

(a) Interest and charges for the late payment of assessments;

(b) Returned check charges;

(c) Enforcement assessments for violations of the declaration, the bylaws, and the rules of the owners association;

(d) Charges for damage to the common elements or other property.

(11) Adopt and amend rules that regulate the collection of delinquent assessments and the application of payments of delinquent assessments;

(12) Impose reasonable charges for preparing, recording, or copying the declaration, bylaws, amendments to the declaration and bylaws, resale certificates, or statements of unpaid assessments;

(13) Authorize entry to any portion of the planned community by designated individuals when conditions exist that involve an imminent risk of damage or harm to common elements, another dwelling unit, or to the health or safety of the occupants of that dwelling unit or another dwelling unit;

(14) Subject to division (A)(1) of section 5312.09 of the Revised Code, borrow money and assign the right to common assessments or other future income to a lender as security for a loan to the owners association;

(15) Suspend the voting privileges and use of recreational facilities of an owner who is delinquent in the payment of assessments for more than thirty days;

(16) Purchase insurance and fidelity bonds the directors consider appropriate and necessary;



(17) Invest excess funds in investments that meet standards for fiduciary investments under the laws of this state;

(18) Exercise powers that are any of the following:

(a) Conferred by the declaration or bylaws;

(b) Necessary to incorporate the owners association as a nonprofit corporation;

(c) Permitted to be exercised in this state by a nonprofit corporation;

(d) Necessary and proper for the government and operation of the owners association.