

Condominium Terminology 101

Common Elements

* The common elements are all parts of a condominium except the units. For this reason, common elements will differ from condominium to condominium depending on how units are described in the condominium declarations. Your condominium documents should explain how common elements may be used and how they are to be maintained and repaired.

Limited Common Elements

* Limited common elements are common elements that are reserved for the exclusive use of one or more but less than all of the unit owners. Your condominium plat or declaration should describe all of the limited common elements in your condominium, and your condominium documents should explain how common elements may be used, maintained, and repaired.

Statutory Reserve Account

* A statutory reserve account is a special type of account established according to state law to hold reserve funds that may be used in the future for the repair and replacement of common elements, other than routine maintenance.

Declarant

* A declarant is any property owner who subjects his or her property to a condominium declaration. In many cases, a declarant will also be the developer.

CONDOMINIUM QUESTIONS?



WE HAVE ANSWERS

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*Serving Condominium Associations
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FREQUENTLY ASKED QUESTIONS

Q: My neighbor has two dogs and the condominium rules only allow for one dog. What can I do?

A: You should report the violation to the Board and ask the Board to take action to enforce the rules. Many, if not most condominiums give the Board the authority to impose charges, fines, or assessments for rule violations, provided adequate prior notice is given to the unit owner. The association may file a statement of condominium lien against a unit for unpaid charges, fines, or assessments. In some cases, however, it may be necessary for the Board to commence court action if the unit owner refuses to comply with the rules.

Q: I have decorated my balcony with plants, statutes and sunshades, and the Board has told me I have to remove certain items because it is a violation of the condominium rules. Can they do that?

A: Many condominiums have restrictions regarding the use and alteration of limited common elements, such as balconies and patios. You should refer to your condominium declaration, bylaws, and rules to determine whether the Board is correctly interpreting the rules governing use of limited common elements.

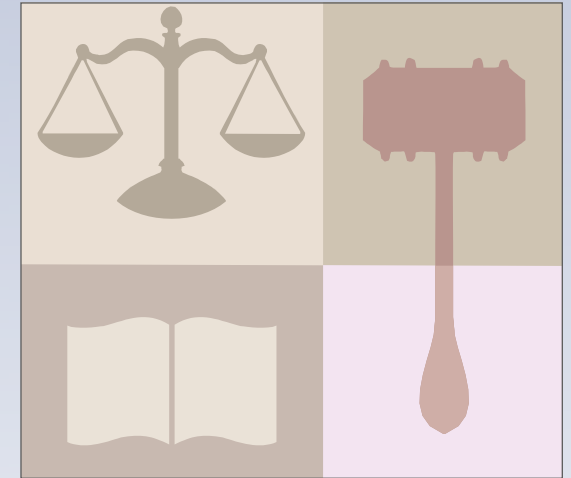


Condominium Legal Update

The following are just a few issues of concern to all condominium owners and associations following the recent enactment of amendments to the Wisconsin Condominium Ownership Act.

- * **Executive Summary.** In an effort to improve disclosure to prospective purchasers, the Act now requires that all condominium associations provide an executive summary of key condominium provisions such as governance, parking, pets, reserves, and reserve funds. The executive summary must be provided simultaneously with the real estate condition report when a unit is being sold. For this reason, it is crucial for your association to have a standard and uniform executive summary in place to facilitate unit sales in the future.
- * **Annual Budget.** Condominiums with at least one residential unit must now adopt an annual budget and distribute it to unit owners. The annual budget must include detailed information regarding anticipated association expenses and expenditures, reserve fund balances and contributions, common surpluses, income and assessments to be levied.
- * **Statutory Reserve Account.** Under state law, a condominium association is

not required to maintain a statutory reserve account for long-range repairs to or replace-



ment of common elements. However, if a condominium association decides to “opt-out” of the statutory reserve account, it must do so within a specified period of time prescribed by statute. Consult with legal counsel if your association has not yet “opted-out” of establishing a statutory reserve account.

- * **Declarant Control.** In the case of a non-expandable condominium, a developer must relinquish control within three years. A developer may, however, control an expandable condominium for up to ten years. This is just one reason why it is important to determine whether your condominium is expandable or non-expandable.