

SENATE BILL NO. 23

INTRODUCED BY R. WEBB

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING CONDOMINIUM, TOWNHOME, AND
5 TOWNHOUSE OWNERSHIP LAWS; PROVIDING THAT A TITLE INSURER INSURING A TOWNHOME OR
6 TOWNHOUSE MAY NOT BE HELD LIABLE FOR CLAIMS ASSERTED BY A UNIT OWNER WHO OBJECTED
7 TO A CONVERSION OF A CONDOMINIUM TO A TOWNHOUSE OR TOWNHOME UNDER CERTAIN
8 CIRCUMSTANCES; PROVIDING THAT A TITLE INSURER MAY NOT BE HELD LIABLE FOR CLAIMS
9 ASSERTED BY A LENDER WHO FAILS TO OBJECT AFTER WRITTEN NOTICE OF A CONVERSION FROM
10 A CONDOMINIUM TO A TOWNHOME OR TOWNHOUSE; REQUIRING A CONDOMINIUM DECLARATION TO
11 STATE THE PERCENTAGE OF OWNERS ALLOWED TO AMEND THE DECLARATION IF LESS THAN 100%;
12 AMENDING SECTION 70-23-301, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND
13 APPLICABILITY DATES."

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15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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17 NEW SECTION. **Section 1. Limitation on title insurer's liability.** A title insurer providing title insurance
18 as defined in 33-1-212 for a townhome or townhouse created from a converted condominium may not be held
19 liable for claims asserted by:

20 (1) a unit owner who objected to the conversion on the basis that the conversion required the consent
21 of a greater percentage of unit owners than required for approval of amendments under the original declaration
22 as most recently amended and recorded before the conversion; or

23 (2) a lender, mortgage holder, or loan servicing company that fails to object to the conversion of a
24 condominium to a townhome or townhouse within 45 days following receipt of a written notice of the conversion.
25 The lender, mortgage holder, or loan servicing company may object only in writing to the sender of the notice of
26 conversion.
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28 **Section 2.** Section 70-23-301, MCA, is amended to read:

29 **"70-23-301. Contents of declaration.** A declaration must contain:

30 (1) a description of the land, whether leased or in fee simple, on which the building is located or is to be

1 located;

2 (2) the name by which the property will be known and a general description of the building, including the
3 number of stories and basements, the number of units, and the principal materials of which it is constructed;

4 (3) the unit designation, location, approximate area of each unit, and any other data necessary for proper
5 identification;

6 (4) a description of the general common elements and the percentage of the interest of each unit owner
7 in the common elements;

8 (5) a description of the limited common elements, if any, stating to which units their use is reserved and
9 in what percentage;

10 (6) a statement of the use for which the building and each of the units is intended;

11 (7) the name of a person to receive service of process in the cases provided in 70-23-901 and the
12 residence or place of business of the person, which must be within the county in which the property is located;

13 (8) an exhibit containing certification from the applicable local government that the condominiums,
14 townhomes, or townhouses are either exempt from review under 76-3-203 or have been approved following
15 review under Title 76, chapter 3, parts 5 and 6; and

16 (9) if less than 100%, the percentage of unit owners required to amend the declaration, except that the
17 percentage of unit owners may not be less than 75%; and

18 ~~(9)(10)~~ any other details regarding the property that the person executing the declaration considers
19 desirable."

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21 NEW SECTION. Section 3. Codification instruction. [Section 1] is intended to be codified as an
22 integral part of Title 70, chapter 23, part 6, and the provisions of Title 70, chapter 23, part 6, apply to [section 1].

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24 NEW SECTION. Section 4. Saving clause. [This act] does not affect rights and duties that matured,
25 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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27 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

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29 NEW SECTION. Section 6. Applicability. (1) [Section 1] applies to conversions of condominiums to
30 townhomes or townhouses effective on or after [the effective date of this act].

