



Senate Urban Affairs & Housing Committee

Senate John Pippy, Chairman

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Summary of House Bill 2295, Printer's Number 3913 Prime Sponsor: Representative Petrone

Synopsis:

The bill amends the Uniform Condominium Act addressing the payment of unpaid assessments for common expenses that are owed to a condominium association.

Summer of current law:

The Uniform Condominium Act, 68 Pa.C.S. §§ 3101-3414, provides generally for the creation and administration of condominiums within the Commonwealth. Section 3302(a)(2) of the Act authorizes a condominium association to collect assessments for common expenses from unit owners. The assessments provide the association with the funds necessary to perform maintenance and other services in accordance with the association's contractual and statutory obligations. Section 3315(b) of the Act provides that an association's lien for unpaid common expense assessments shall take priority over most other liens and encumbrances to the extent of payment of a minimum of six (6) months of unpaid assessments owed to an association upon a judicial sale of a unit.

Act 191 of 2004 amended Section 3315(b) of the Act by changing the computation of the sixth month period from the date immediately preceding institution of the foreclosing lender's suit against the unit owner to the six months immediately preceding the date of the judicial sale. However, the act inadvertently removed existing language from this subsection which provided that the six months of unpaid assessments shall be paid out of the proceeds from the judicial sale.

Analysis:

This legislation will amend the Uniform Condominium Act to restore to Section 3315(b) language which provides that the six months of unpaid assessments for common expenses which an association is entitled to shall be paid out of the proceeds from the judicial sale of a condominium unit.

Background on issue:

The removal of the provision for payment of unpaid assessments from the proceeds of the judicial sale of a unit has caused, and will likely cause in the future, condominium associations to lose their statutory entitlement to this important lien and significant source of revenue when a unit is sold at a judicial sale. The intent of this legislation is to rectify the previous error, restore the original language of Section 3315(b) and eliminate the discrepancy with the provisions of the two other statutes that govern common interest ownership communities (the Real Estate Cooperative Act and the Uniform Planned Community Act).