

SENATE BILL 1143

By Henry

AN ACT to amend Tennessee Code Annotated, Title 47, Chapter 18, relative to the responsibility of homeowner's associations to insure its obligations and make certain reports.

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

SECTION 1. Tennessee Code Annotated, Title 47, Chapter 18, is amended by inserting Sections 2 through 5 as a new part.

SECTION 2. A homeowner's association shall maintain insurance coverage to discharge contractual obligations in the event of damage, without prejudice to the right of each homeowner to insure their own property on their own account and for their own benefit.

SECTION 3. A homeowner's association shall report the following information quarterly to each homeowner, and upon written request, to each homeowner, mortgagee, or beneficiary under a deed of trust:

- (1) Certificate or memoranda of insurance;
- (2) Proof of policy coverage available; and
- (3) Name, address and phone number for the homeowner's association's designated insurance carriers and banking institutions holding funds in escrow.

SECTION. 4. Notwithstanding immunity granted to directors and officers under §§ 48-18-601, 48-58-601, or any other law to the contrary, failure of a homeowner's association to abide by the requirements of this part shall subject the directors and officers of the association to joint and several personal liability.

SECTION 5.

(a) This part shall apply to homeowner's associations established on or after the effective date of this act.

(b) Homeowner's associations established prior to the effective date of this act are urged to follow the terms of this part.

SECTION 6. Tennessee Code Annotated, Section 47-18-104(b), is amended by adding the following as a new subdivision:

- (49) The board of directors or officers of a homeowner's association failing to:
  - (A) Obtain and maintain insurance as required by Section 2; or
  - (B) Report the information as required by Section 3.

SECTION 7. This act shall take effect July 1, 2011, the public welfare requiring it, and shall only apply to a homeowners association established on or after the effective date of this act.