

Proposal for amendments to the Condominium Ownership
Management Act

With a view to implementing a reform towards 'Facilitating and increasing the effectiveness of investments in energy efficiency of multi-unit residential buildings', as provided for in the National Recovery and Resilience Plan (NRRP) of the Republic of Bulgaria, the Council of Ministers has put up for public consultation the proposed amendments to the Condominium Ownership Management Act (COMA). The proposed measure aims to resolve the existing issues concerning investments in energy efficiency of multi-unit residential buildings by, inter alia, simplifying and facilitating the decision-making process for owners of individual units in multi-unit residential buildings, providing a legal framework for the professional condominium ownership management with a view to improving oversight by the property owners of companies providing such services; and providing a legal basis for opening and maintaining a bank account on behalf of a multi-unit residential building.

The key amendments proposed to be made in COMA relate to the manner of convening a general homeowners' assembly (GHA) and changes in the required quorum.

In addition to the traditional face-to-face format of conducting GHA, the amendments envision a possibility for online attendance using one of the available platforms for online meetings. The point of that is to enable the participation of more homeowners, users and occupants of units within the building concerned. Also included is a proposal for voting in absentia on draft resolutions of the GHA within 7 days from the actual date of the meeting, by means of a declaration signed personally by the voting homeowner and filed with the managing board (manager) of the building.

A significant change is envisioned in the quorum required for convening a GHA, by reducing it from the current 67% to a 51% share of the common parts of the building's plinth area. The proposed amendments will also concern the quorum for convening another GHA, if the initial one had to be re-scheduled for lack of quorum: instead of the current 33% share of the common parts of the building's plinth area, the re-scheduled meeting will be deemed legitimate no matter how many homeowners attend and what share of the common parts of the plinth area they represent.

To provide a legal framework for the operation of property management companies or professional property managers, the proposed amendments envision the creation of a register of such entities to be kept by the Ministry of Regional Development and Public Works (MRDPW). Registration will be valid for a period of 5 years whereby registered entities will be required to update the information in their registration whenever changes occur in their

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status that affect the relevant requirements applicable to them.

The purpose of the proposed amendments to the law is to expand the scope of activity of such entities beyond merely administering funds from the budget of the condominium or convening a general homeowners' assembly, by adding functions pertinent to the all-round management of the property, such as management and maintenance of the common areas as well as reliable and effective representation of the homeowners before local authorities and other entities, full support in filing applications and gaining access to programs and measures for improving the energy efficiency of residential buildings funded by the European Union or by the municipal or national budgets, or through own funds or bank loans granted to the homeowners' association, as well as any other initiatives contributing to the upgrading and retro-fitting of the property.

Another significant change in the law is the proposal to make it mandatory for the homeowners' association to elect a supervisory board (comptroller) in order to improve the security of the spending of its funds.

The proposed amendments to the law also envision that the funds for condominium ownership management and maintenance of the common parts of the building would be collected in a special purpose current account set up on behalf of the homeowners' association. Such funds are to be spent by the chair of the management board (manager) based upon a resolution of the general homeowners' assembly. This will promote greater transparency of changes in the income and expenditure parts of the condominium budget, which in turn would increase the chances of approval in case the homeowners' association would opt for a bank loan to finance measures for improving the energy efficiency of the building.