



House of Representatives

General Assembly

File No. 605

January Session, 2007

Substitute House Bill No. 7288

House of Representatives, April 26, 2007

The Committee on Judiciary reported through REP. LAWLOR of the 99th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE LICENSING OF COMMUNITY ASSOCIATION MANAGERS AND THE RIGHTS OF UNIT OWNERS IN CONDOMINIUMS AND OTHER COMMON INTEREST COMMUNITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 20-450 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2008*):

3 As used in sections 20-450 to 20-462, inclusive, as amended by this
4 act, and sections 13 to 16, inclusive, of this act, unless the context
5 otherwise requires:

6 (1) "Association" means (A) an association, as defined in section 47-
7 202, and an association of unit owners, as defined in section 47-68a and
8 in section 47-68 of the general statutes, revision of 1958, revised to
9 January 1, 1975, and (B) the mandatory owners organization of any
10 common interest community, as defined in section 47-202, which
11 community was not created under chapter 825 or 828 or under chapter
12 825 of the general statutes, revision of 1958, revised to January 1, 1975.

13 "Association" does not include an association of a common interest
14 community which contains only units restricted to nonresidential use;

15 (2) "Community association manager" means a person who
16 provides association management services, and includes any partner,
17 director, officer, employee or agent of such person who directly
18 provides association management services on behalf of such person;

19 (3) "Association management services" means services provided to
20 an association for remuneration, including one or more of the
21 following: (A) Collecting, controlling or disbursing funds of the
22 association or having the authority to do so; (B) preparing budgets or
23 other financial documents for the association; (C) assisting in the
24 conduct of or conducting association meetings; (D) advising or
25 assisting the association in obtaining insurance; (E) coordinating or
26 supervising the overall operations of the association; and (F) advising
27 the association on the overall operations of the association. Any person
28 licensed in this state under any provision of the general statutes or
29 rules of court who provides the services for which [he] such person is
30 licensed to an association for remuneration [,] shall not be deemed to
31 be providing association management services. Any director, officer or
32 other member of an association who provides services specified in this
33 subdivision to the association of which he or she is a member shall not
34 be deemed to be providing association management services unless
35 such director, officer or other member owns or controls more than
36 two-thirds but less than all of the votes in such association;

37 (4) "Commission" means the [Connecticut Real Estate Commission
38 appointed under the provisions of section 20-311a] Connecticut
39 Community Association Commission appointed under the provisions
40 of section 13 of this act;

41 (5) "Department" means the Department of Consumer Protection;
42 and

43 (6) "Person" means an individual, partnership, corporation, limited
44 liability company or other legal entity.

45 Sec. 2. Section 20-451 of the general statutes is repealed and the
46 following is substituted in lieu thereof (*Effective January 1, 2008*):

47 No person shall hold himself or herself out to be a community
48 association manager or provide association management services
49 without first obtaining a [certificate of registration] license as provided
50 in sections 20-450 to 20-462, inclusive, as amended by this act, and
51 sections 13 to 16, inclusive, of this act.

52 Sec. 3. Section 20-452 of the general statutes is repealed and the
53 following is substituted in lieu thereof (*Effective January 1, 2008*):

54 (a) Any person seeking a [certificate of registration] license as a
55 community association manager shall apply to the department, in
56 writing, on a form provided by the department. Such application shall
57 include the applicant's name, residence address, business address,
58 business telephone number and such other information as the
59 department may require.

60 (b) Each application for a [certificate of registration] license as a
61 community association manager shall be accompanied by an
62 application fee of sixty dollars and a [registration] license fee of one
63 hundred dollars. The department shall refund the [registration] license
64 fee if it refuses to issue a [certificate of registration] license. The
65 payment of an application fee shall entitle an applicant who otherwise
66 meets the requirements established by the commission to take the
67 written examination, as provided in subsection (c) of this section, four
68 times within the one-year period from the date of payment. In addition
69 to the application fee, applicants taking an examination administered
70 by a national testing service shall be required to pay directly to such
71 testing service an examination fee covering the cost of such
72 examination.

73 (c) The commission shall subject any applicant for a license under
74 this section to personal written examination as to the applicant's
75 competency to act as a community association manager. Such
76 examination shall be prepared by the Department of Consumer

77 Protection or by a national testing service designated by the
78 Commissioner of Consumer Protection and shall be administered to
79 applicants by the Department of Consumer Protection or by such
80 testing service at such times and places as the commissioner deems
81 necessary. The commission may waive the written examination
82 requirement in the case of an applicant who, in the opinion of the
83 commission, has taken an equivalent written examination in another
84 state and has received a score deemed satisfactory by the commission.

85 (d) Each applicant for a license as a community association manager
86 shall, before being admitted to an examination as provided in
87 subsection (c) of this section, prove to the satisfaction of the
88 commission that the applicant has successfully completed a course
89 approved by the commission in community association management
90 principles and practices, or that the applicant has equivalent
91 experience or education as determined by the commission.

92 Sec. 4. Section 20-453 of the general statutes is repealed and the
93 following is substituted in lieu thereof (*Effective January 1, 2008*):

94 Upon receipt of a completed application and the appropriate fees,
95 and after an examination as provided in subsection (c) of section 20-
96 452, as amended by this act, the department, upon authorization of the
97 commission, shall: (1) Issue and deliver to the applicant a [certificate of
98 registration] license as a community association manager; or (2) refuse
99 to issue [the certificate] or renew such license. The commission may
100 suspend, revoke or refuse to issue or renew any [certificate] license
101 issued under sections 20-450 to 20-462, inclusive, as amended by this
102 act, and sections 13 to 16, inclusive, of this act, or may place a
103 [registrant] licensee on probation or issue a letter of reprimand for any
104 of the reasons stated in subsection (a) of section 20-456, as amended by
105 this act. No application for the reinstatement of a [certificate] license
106 which has been revoked shall be accepted by the department within
107 one year after the date of such revocation.

108 Sec. 5. Section 20-254 of the general statutes is repealed and the
109 following is substituted in lieu thereof (*Effective January 1, 2008*):

110 (a) Upon refusal to issue or renew a [certificate] license as a
111 community association manager, the department shall notify the
112 applicant of the denial and of [his] the applicant's right to request a
113 hearing within ten days from the date of receipt of the notice of denial.

114 (b) In the event the applicant requests a hearing within such ten
115 days, the commission shall give notice of the grounds for its refusal
116 and shall conduct a hearing concerning such refusal in accordance
117 with the provisions of chapter 54 concerning contested cases.

118 (c) In the event the commission's denial of a [certificate] license is
119 sustained after such hearing, an applicant may make new application
120 not less than one year after the date on which such denial was
121 sustained.

122 Sec. 6. Section 20-455 of the general statutes is repealed and the
123 following is substituted in lieu thereof (*Effective January 1, 2008*):

124 (a) The commission may hold hearings on any matter under the
125 provisions of sections 20-450 to 20-462, inclusive, as amended by this
126 act, and sections 13 to 16, inclusive, of this act, and any matter
127 concerning a violation of chapter 825 or 828 by an association or the
128 governing board or any officer of such association. The commission or
129 department may issue subpoenas, administer oaths, compel testimony
130 and order the production of books, records and documents. If any
131 person refuses to appear, to testify or to produce any book, record,
132 paper or document when so ordered, upon application of the
133 commission or department, a judge of the Superior Court may make
134 such order as may be appropriate to aid in the enforcement of this
135 section.

136 (b) The Attorney General, at the request of the commission or
137 department or after investigation of a complaint concerning a violation
138 of chapter 825 or 828 by an association or the governing board or any
139 officer of such association, is authorized to apply in the name of the
140 state of Connecticut to the Superior Court for an order temporarily or
141 permanently restraining and enjoining any person from violating any

142 provision of sections 20-450 to 20-462, inclusive, as amended by this
143 act, sections 13 to 16, inclusive, of this act or chapter 825 or 828, or an
144 order requiring such person to make restitution for any damages
145 caused by the violation, or both.

146 (c) For the purposes of this section, "governing board" means (1) an
147 executive board, as defined in section 47-202, and (2) a board of
148 directors, as defined in section 47-68a.

149 Sec. 7. Section 20-456 of the general statutes is repealed and the
150 following is substituted in lieu thereof (*Effective January 1, 2008*):

151 (a) The commission may revoke, suspend or refuse to issue or renew
152 any [certificate of registration] license as a community association
153 manager or place a [registrant] licensee on probation or issue a letter of
154 reprimand for: (1) Making any material misrepresentation; (2) making
155 any false promise of a character likely to influence, persuade or induce;
156 (3) failing, within a reasonable time, to account for or remit any
157 moneys coming into [his] the licensee's possession which belong to
158 others; (4) conviction in a court of competent jurisdiction of this or any
159 other state of forgery, embezzlement, obtaining money under false
160 pretenses, larceny, extortion, conspiracy to defraud, or other like
161 offense or offenses, provided suspension or revocation under this
162 subdivision shall be subject to the provisions of section 46a-80; (5)
163 commingling funds of others in an escrow or trustee account; (6)
164 commingling funds of different associations; (7) any act or conduct
165 which constitutes dishonest, fraudulent or improper dealings; or (8) a
166 violation of any provision of sections 20-450 to 20-462, inclusive, as
167 amended by this act, or sections 13 to 16, inclusive, of this act, or any
168 regulation adopted under section 20-461, as amended by this act.

169 (b) The commission shall not revoke or suspend any [certificate of
170 registration] license as a community association manager except upon
171 notice and hearing in accordance with chapter 54.

172 Sec. 8. Section 20-457 of the general statutes is repealed and the
173 following is substituted in lieu thereof (*Effective January 1, 2008*):

174 (a) Each person engaged in providing association management
175 services shall (1) exhibit [his certificate of registration] such person's
176 license upon request by any interested party, (2) state in any
177 advertisement the fact that [he is registered] such person is licensed,
178 and (3) include [his registration] such person's license number in any
179 advertisement.

180 (b) No person shall: (1) Present or attempt to present, as [his] such
181 person's own, the [certificate] license of another, (2) knowingly give
182 false evidence of a material nature to the commission or department
183 for the purpose of procuring a [certificate] license, (3) represent himself
184 or herself falsely as, or impersonate, a [registered] licensed community
185 association manager, (4) use or attempt to use a [certificate] license
186 which has expired or which has been suspended or revoked, (5)
187 provide or offer to provide association management services without
188 having a current [certificate of registration] license under sections 20-
189 450 to 20-462, inclusive, as amended by this act, and sections 13 to 16,
190 inclusive, of this act, or (6) represent in any manner that [his
191 registration] such person's licensure constitutes an endorsement of the
192 quality of [his] such person's services or of [his] such person's
193 competency by the commission or department. In addition to any
194 other remedy provided for in sections 20-450 to 20-462, inclusive, as
195 amended by this act, and sections 13 to 16, inclusive, of this act, any
196 person who violates any provision of this subsection shall be fined not
197 more than five hundred dollars or imprisoned for not more than one
198 year, or be both fined and imprisoned. A violation of any of the
199 provisions of sections 20-450 to 20-462, inclusive, as amended by this
200 act, and sections 13 to 16, inclusive, of this act, shall be deemed an
201 unfair or deceptive trade practice under subsection (a) of section 42-
202 110b.

203 (c) [Certificates] Licenses issued to community association managers
204 shall not be transferable or assignable.

205 (d) All [certificates] licenses issued under the provisions of sections
206 20-450 to 20-462, inclusive, as amended by this act, and sections 13 to

207 16, inclusive, of this act, shall expire annually on the thirty-first day of
208 January, except as provided in section 16 of this act. The fee for
209 renewal of a [certificate] license shall be one hundred dollars.

210 (e) A community association manager whose [certificate] license has
211 expired more than one month before his or her application for renewal
212 is made shall have his [registration] or her license restored upon
213 payment of a fee of twenty-five dollars in addition to [his] the renewal
214 fee. Restoration of a [registration] license shall be effective upon
215 approval of the application for renewal by the commission.

216 (f) A [certificate] license shall not be restored unless it is renewed
217 not later than one year after its expiration.

218 (g) Failure to receive a notice of expiration or a renewal application
219 shall not exempt a community association manager from the obligation
220 to renew his or her license.

221 Sec. 9. Subsection (a) of section 20-458 of the general statutes is
222 repealed and the following is substituted in lieu thereof (*Effective*
223 *January 1, 2008*):

224 (a) No contract between a person contracting to provide association
225 management services and an association which provides for the
226 management of the association shall be valid or enforceable unless the
227 contract is in writing and:

228 (1) Provides that the person contracting to provide management
229 services shall be [registered] licensed as provided in sections 20-450 to
230 20-462, inclusive, as amended by this act, and sections 13 to 16,
231 inclusive, of this act, and shall obtain a bond as provided in section 20-
232 460, as amended by this act; and

233 (2) Provides that the person contracting to provide management
234 services shall not issue a check on behalf of the association or transfer
235 moneys exceeding a specified amount determined by the association
236 without the written approval of an officer designated by the
237 association; and

238 (3) Provides that the person contracting to provide management
239 services shall not enter into any contract binding the association
240 exceeding a specified amount determined by the association, except in
241 the case of an emergency, without the written approval of an officer
242 designated by the association.

243 Sec. 10. Subsection (a) of section 20-460 of the general statutes is
244 repealed and the following is substituted in lieu thereof (*Effective*
245 *January 1, 2008*):

246 (a) No person who provides association management services under
247 the provisions of sections 20-450 to 20-462, inclusive, as amended by
248 this act, and sections 13 to 16, inclusive, of this act, shall control,
249 collect, have access to or disburse funds of an association unless, at all
250 times during which the person controls, collects, has access to or
251 disburses such funds, there is in effect [,] a fidelity bond complying
252 with the provisions of this section.

253 Sec. 11. Section 20-461 of the general statutes is repealed and the
254 following is substituted in lieu thereof (*Effective January 1, 2008*):

255 The [department] Commissioner of Consumer Protection, with the
256 advice and assistance of the commission, shall adopt regulations₂ in
257 accordance with chapter 54₂ to carry out the provisions of sections 20-
258 450 to 20-462, inclusive, as amended by this act, and sections 13 to 16,
259 inclusive, of this act. Such regulations shall include, but not be limited
260 to: (1) Passing scores for examinations as provided in subsection (c) of
261 section 20-452, as amended by this act; (2) required topics and
262 classroom hours for courses as provided in subsection (d) of said
263 section; and (3) continuing education requirements for the renewal of a
264 license as a community association manager.

265 Sec. 12. Section 20-462 of the general statutes is repealed and the
266 following is substituted in lieu thereof (*Effective January 1, 2008*):

267 Any person aggrieved by an order or decision of the commission
268 under sections 20-450 to 20-462, inclusive, as amended by this act, and

269 sections 13 to 16, inclusive, of this act, may appeal [therefrom] from
270 such order or decision in accordance with the provisions of section 4-
271 183.

272 Sec. 13. (NEW) (*Effective January 1, 2008*) (a) There is created in the
273 department the Connecticut Community Association Commission.

274 (b) The commission shall consist of eight persons who shall be
275 electors of the state and appointed by the Governor. Five of the
276 members shall be at the time of appointment licensed community
277 association managers, except that the initial appointees shall be so
278 licensed at the time of or within one month after appointment, and
279 three of the members shall be public members. Not more than a bare
280 majority of the commission shall be members of the same political
281 party and there shall be at least one member from each congressional
282 district.

283 (c) The members of the commission shall serve until the expiration
284 of the term for which they were appointed and until their successors
285 have qualified. Members shall not be compensated for their services
286 but shall be reimbursed for necessary expenses incurred in the
287 performance of their duties. The Governor may remove any member
288 for cause upon notice and an opportunity to be heard. Upon the death,
289 resignation or removal of a member, the Governor shall appoint a
290 successor to serve for the unexpired portion of the vacated term and
291 until such member's successor is appointed and qualifies. Each
292 member shall, before entering upon such member's duties, take and
293 file with the commission an oath to faithfully perform the duties of
294 such member's office.

295 Sec. 14. (NEW) (*Effective January 1, 2008*) (a) Within thirty days after
296 the appointment of the members of the commission, the commission
297 shall meet in the city of Hartford for the purpose of organizing by
298 selecting such officers other than a chairperson as the commission may
299 deem necessary and appropriate. A majority of the members of the
300 commission shall constitute a quorum for the exercise of the powers or
301 authority conferred upon it.

302 (b) The commission shall:

303 (1) Authorize the department to issue licenses to community
304 association managers;

305 (2) Administer the provisions of sections 20-450 to 20-462, inclusive,
306 of the general statutes, as amended by this act, and sections 13 to 16,
307 inclusive, of this act as to the licensure and the issuance, renewal,
308 suspension or revocation of licenses of community association
309 managers; and

310 (3) Receive complaints of violations of chapter 825 or 828 of the
311 general statutes by associations or the governing boards or officers of
312 such associations.

313 (c) The commission shall be provided with the necessary office
314 space in Hartford by the Commissioner of Public Works. The place of
315 business of the commission and all files, records and property of the
316 commission shall at all times be and remain at such office, except that
317 inactive files shall be stored at a location designated by the
318 commission.

319 (d) The commission shall hold meetings and hearings in Hartford,
320 in space provided by the Commissioner of Administrative Services, or
321 at such places outside of Hartford as shall be determined by the
322 chairperson of the commission. The commission shall meet at least
323 once in each three-month period and may meet more often at the call
324 of its chairperson. The chairperson of the commission shall call a
325 meeting of the commission whenever requested to do so by a majority
326 of the members of the commission.

327 (e) The commission shall vote on all matters requiring a decision
328 and votes shall be recorded in the commission's minutes.

329 Sec. 15. (NEW) (*Effective January 1, 2008*) In addition to any other
330 remedy provided for in sections 20-450 to 20-462, inclusive, of the
331 general statutes, as amended by this act, sections 13 to 16, inclusive, of
332 this act or chapter 416 of the general statutes, the commission or the

333 Commissioner of Consumer Protection may, after notice and hearing,
334 impose a civil penalty on any person providing association
335 management services who has engaged in one or more of the activities
336 specified in subdivisions (1), (2), (3) and (5) to (8), inclusive, of
337 subsection (a) of section 20-456 of the general statutes, as amended by
338 this act, and subdivisions (1) to (6), inclusive, of subsection (b) of
339 section 20-457 of the general statutes, as amended by this act. Such civil
340 penalty shall be in an amount not more than one thousand dollars for a
341 first violation of this section, not more than one thousand five hundred
342 dollars for a second violation of this section and not more than three
343 thousand dollars for each violation of this section occurring less than
344 three years after a second or subsequent violation of this section.

345 Sec. 16. (NEW) (*Effective January 1, 2008*) The department shall issue
346 a license as a community association manager to any person holding a
347 valid certificate of registration as a community association manager on
348 the effective date of this section, upon payment of a license fee of one
349 hundred dollars, provided such person shall take and receive a
350 satisfactory score on the examination required by subsection (c) of
351 section 20-452 of the general statutes, as amended by this act, during
352 the period commencing on the effective date of this section and ending
353 one year from said date. Such license shall expire on the thirty-first day
354 of January of the year immediately following the year in which it is
355 issued and shall not be renewed by the department if such person fails
356 to take or receive a satisfactory score on such examination during such
357 period. The provisions of subsection (d) of section 20-452 of the general
358 statutes, as amended by this act, shall not apply to the issuance or
359 renewal of any such license.

360 Sec. 17. Section 21a-6 of the general statutes is repealed and the
361 following is substituted in lieu thereof (*Effective January 1, 2008*):

362 The following boards shall be within the Department of Consumer
363 Protection:

364 (1) The Architectural Licensing Board established under chapter
365 390;

- 366 (2) Repealed by P.A. 93-151, S. 3, 4;
- 367 (3) The examining boards for electrical work; plumbing and piping
368 work; heating, piping, cooling and sheet metal work; elevator
369 installation, repair and maintenance work; fire protection sprinkler
370 systems work and automotive glasswork and flat glass work
371 established under chapter 393;
- 372 (4) The State Board of Television and Radio Service Examiners
373 established under chapter 394;
- 374 (5) The Commission of Pharmacy established under chapter 400j;
- 375 (6) The State Board of Landscape Architects established under
376 chapter 396;
- 377 (7) Deleted by P.A. 98-229;
- 378 (8) The State Board of Examiners for Professional Engineers and
379 Land Surveyors established under chapter 391;
- 380 (9) Repealed by P.A. 80-484, S. 175, 176;
- 381 (10) The Connecticut Real Estate Commission established under
382 chapter 392;
- 383 (11) The Connecticut Real Estate Appraisal Commission established
384 under chapter 400g;
- 385 (12) The State Board of Examiners of Shorthand Reporters
386 established under chapter 400l;
- 387 (13) The Liquor Control Commission established under chapter 545;
- 388 (14) Repealed by P.A. 06-187, S. 99, effective October 1, 2006;
- 389 (15) The Home Inspection Licensing Board established under
390 section 20-490a₂;
- 391 (16) The Connecticut Community Association Commission

392 established under chapter 400b, as amended by this act.

393 Sec. 18. Subsection (d) of section 21a-9 of the general statutes is
394 repealed and the following is substituted in lieu thereof (*Effective*
395 *January 1, 2008*):

396 (d) As used in chapters 390, 391, 392, 393, 394, 396, 400b, as
397 amended by this act, 400g, 400j, 482 and 400l:

398 (1) "Certificate" includes the whole or part of any Department of
399 Consumer Protection permit which the department issues under
400 authority of the general statutes and which (A) authorizes practice of
401 the profession by certified persons but does not prohibit the practice of
402 the profession by others, not certified, (B) prohibits a person from
403 falsely representing that such person is certified to practice the
404 profession unless the person holds a certificate issued by the
405 department, and (C) requires as a condition of certification that a
406 person submit specified credentials to the department which attest to
407 qualifications to practice the profession.

408 (2) "License" includes the whole or part of any Department of
409 Consumer Protection permit, approval, or similar form of permission
410 which the department issues under authority of the general statutes
411 and which requires (A) practice of the profession by licensed persons
412 only, (B) demonstration of competence to practice by examination or
413 other means and meeting of certain minimum standards, and (C)
414 enforcement of standards by the department or regulatory board or
415 commission.

416 (3) "Registration" includes the whole or part of any Department of
417 Consumer Protection permit which the department issues under
418 authority of the general statutes and which (A) requires persons to
419 place their names on a list maintained by the department before they
420 can engage in the practice of a specified profession or occupation, (B)
421 does not require a person to demonstrate competence by examination
422 or other means, and (C) may be revoked or suspended by the
423 commissioner for cause.

424 Sec. 19. Section 47-80a of the general statutes is repealed and the
425 following is substituted in lieu thereof (*Effective October 1, 2007*):

426 (a) Except to the extent prohibited by the condominium
427 instruments, and subject to any restrictions and limitations specified
428 therein, the unit owners' association, whether incorporated or
429 unincorporated, shall have the power to: (1) Employ, dismiss and
430 replace agents and employees to exercise and discharge the powers
431 and responsibilities of the association; (2) make or cause to be made
432 additional improvements on and as a part of the common elements; (3)
433 grant or withhold approval of any action by one or more unit owners
434 or other persons entitled to occupancy of any unit which would
435 change the exterior appearance of any unit or of any other portion of
436 the condominium, or elect or provide for the appointment of an
437 architectural control committee [,] to grant or withhold such approval;
438 (4) acquire, hold, convey and encumber title to real property,
439 including, but not limited to, condominium units and the common
440 elements appurtenant thereto, recreation facilities and personal
441 property; (5) sue and be sued in any court, [;] appear on behalf of all
442 unit owners before any officer, agency, board, commission or
443 department of the state or any political subdivision thereof and appeal
444 from any judgments, orders, decisions or decrees rendered by the
445 same; and (6) [to] grant easements through the common elements and
446 accept easements benefiting the condominium or any portion thereof.
447 The foregoing enumeration of powers shall not be construed to
448 prohibit the grant by the condominium instruments of other powers
449 and responsibilities to the unit owners' association, [nor] or to divest a
450 unit owners' association incorporated as a stock corporation under
451 chapter 601 or any predecessor statutes thereto, or as a nonstock
452 corporation under chapter 602 or any predecessor statutes thereto, of
453 any powers which it may exercise thereunder.

454 (b) Notwithstanding any provision of the condominium instruments
455 to the contrary, at any meeting of the unit owners to consider the final
456 adoption or ratification of any proposed budget for the condominium,
457 or on a day prior to such meeting, the board of directors shall provide

458 a reasonable opportunity for all unit owners to express their views
459 concerning the proposed budget before its adoption or ratification. At
460 least one copy of the proposed budget shall be available for inspection
461 at such meeting.

462 Sec. 20. Subsection (b) of section 47-81 of the general statutes is
463 repealed and the following is substituted in lieu thereof (*Effective*
464 *October 1, 2007*):

465 (b) (1) Records maintained by the declarant, by the association or by
466 the manager, including, but not limited to, minutes of meetings and
467 voting records of the board of directors, shall be made available for
468 examination and copying by any unit owner, [his] or the unit owner's
469 duly authorized [agents or attorneys] agent, at the expense of the unit
470 owner, during normal business hours [and after reasonable notice]
471 upon the request of such unit owner or agent.

472 (2) Notwithstanding any provision of the condominium instruments
473 to the contrary, at least fourteen days prior to entering into any loan
474 agreement on behalf of the association of unit owners, the board of
475 directors shall (A) disclose in writing to all unit owners the amount
476 and terms of the loan and the effect of such loan on any assessment for
477 common expenses, and (B) afford the unit owners a reasonable
478 opportunity to submit written comments to the board of directors with
479 respect to such loan.

480 Sec. 21. Subsection (c) of section 47-245 of the general statutes is
481 repealed and the following is substituted in lieu thereof (*Effective*
482 *October 1, 2007*):

483 (c) [Within] Notwithstanding any provision of the declaration or
484 bylaws to the contrary, within thirty days after adoption of any
485 proposed budget for the common interest community, the executive
486 board shall provide a summary of the proposed budget to all the unit
487 owners and shall set a date for a meeting of the unit owners to
488 consider ratification of the proposed budget not less than fourteen
489 [nor] or more than thirty days after hand-delivery or mailing of the

490 summary. At such meeting, or on a day prior to such meeting, the
 491 executive board shall provide a reasonable opportunity for all unit
 492 owners to express their views concerning the proposed budget before
 493 its ratification. At least one copy of the proposed budget shall be
 494 available for inspection at such meeting. Unless at [that] such meeting
 495 a majority of all unit owners, or any larger vote specified in the
 496 declaration, reject the proposed budget, the budget is ratified, whether
 497 or not a quorum is present. In the event the proposed budget is
 498 rejected, the periodic budget last ratified by the unit owners shall be
 499 continued until such time as the unit owners ratify a subsequent
 500 budget proposed by the executive board as provided in this
 501 subsection.

502 Sec. 22. Section 47-260 of the general statutes is repealed and the
 503 following is substituted in lieu thereof (*Effective October 1, 2007*):

504 (a) The association shall keep financial records sufficiently detailed
 505 to enable the association to comply with section 47-270. All accounting,
 506 financial and other books and records of the association, including, but
 507 not limited to, minutes of meetings and voting records of the executive
 508 board, shall be made reasonably available by the executive board or a
 509 managing agent of the association for examination and copying by any
 510 unit owner, [and his] or the unit owner's authorized [agents] agent,
 511 upon the request of such unit owner or agent.

512 (b) Notwithstanding any provision of the declaration or bylaws to
 513 the contrary, at least fourteen days prior to entering into any loan
 514 agreement on behalf of the association, the executive board shall (1)
 515 disclose in writing to all unit owners the amount and terms of the loan
 516 and the effect of such loan on any common expense assessment, and
 517 (2) afford the unit owners a reasonable opportunity to submit written
 518 comments to the executive board with respect to such loan.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	January 1, 2008	20-450
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Sec. 2	<i>January 1, 2008</i>	20-451
Sec. 3	<i>January 1, 2008</i>	20-452
Sec. 4	<i>January 1, 2008</i>	20-453
Sec. 5	<i>January 1, 2008</i>	20-254
Sec. 6	<i>January 1, 2008</i>	20-455
Sec. 7	<i>January 1, 2008</i>	20-456
Sec. 8	<i>January 1, 2008</i>	20-457
Sec. 9	<i>January 1, 2008</i>	20-458(a)
Sec. 10	<i>January 1, 2008</i>	20-460(a)
Sec. 11	<i>January 1, 2008</i>	20-461
Sec. 12	<i>January 1, 2008</i>	20-462
Sec. 13	<i>January 1, 2008</i>	New section
Sec. 14	<i>January 1, 2008</i>	New section
Sec. 15	<i>January 1, 2008</i>	New section
Sec. 16	<i>January 1, 2008</i>	New section
Sec. 17	<i>January 1, 2008</i>	21a-6
Sec. 18	<i>January 1, 2008</i>	21a-9(d)
Sec. 19	<i>October 1, 2007</i>	47-80a
Sec. 20	<i>October 1, 2007</i>	47-81(b)
Sec. 21	<i>October 1, 2007</i>	47-245(c)
Sec. 22	<i>October 1, 2007</i>	47-260

JUD *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Consumer Protection, Dept.	GF - Cost	Potential Significant ¹	Potential Significant
Consumer Protection, Dept.	GF - Revenue Gain	Minimal	Minimal
Attorney General	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill could result in a potential significant cost to the Department of Consumer Protection (DCP) for additional staff resources pertaining to the creation of a new licensing board, the Connecticut Community Association Commission (CCAC) for the agency to administer, and creating a new jurisdiction for DCP to oversee. DCP would use these additional staff resources to field potential complaints from over 120,000 condominium units within the state, using the powers and duties given to CCAC under the bill. The agency previously did not have any jurisdiction over this type of complaint, and the associated administrative process. The extent of the need for these resources is dependent upon the number of complaints received by DCP.

DCP would also experience a minimal revenue gain for imposing a new \$100 license fee on the 158 current active community association managers.

Any workload to the Attorney General would be accommodated without requiring additional appropriations.

¹ OFA defines significant as exceeding \$100,000.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sHB 7288

AN ACT CONCERNING THE LICENSING OF COMMUNITY ASSOCIATION MANAGERS AND THE RIGHTS OF UNIT OWNERS IN CONDOMINIUMS AND OTHER COMMON INTEREST COMMUNITIES.

SUMMARY:

This bill requires community association managers to be licensed instead of registered. It prohibits people from holding themselves out to be community association managers or provide association management services without first obtaining a license. The bill requires that people pass an exam before being licensed.

The bill requires the Department of Consumer Protection (DCP) to issue a license as a community association manager to any person holding a valid certificate of registration as a community association manager on January 1, 2008, upon payment of a \$100 license fee. But the manager must pass the exam before January 2, 2009. The license expires on January 31, 2009 and may not be renewed if the person does not pass the test during the one-year period.

The bill specifies that a manager includes any partner, director, officer, employee or agent of any person who directly provides association management services on behalf of the manager. In addition, it specifies that licensing requirements also apply to anyone who provides association management services.

The bill creates the Connecticut Community Association Commission (CCAC). It gives the commission the power to (1) authorize DCP to issue licenses to community association managers; (2) administer the provisions of the law regarding granting, renewing,

suspending, or revoking licenses of community association managers; and (3) receive complaints of violations of the Condominium Act and Common Interest Ownership Act (CIOA) by associations or their governing boards or officers. It puts the commission in DCP.

The bill requires the DCP commissioner, instead of the DCP, with the advice and assistance of the CCAC instead of the Real Estate Commission, to adopt regulations to carry out the provisions of the law regulating community association managers and management. It also requires these regulations to include passing scores for examinations, required topics and classroom hours, and continuing education requirements for the license renewal.

It gives the CCAC the authority to administer a written test to applicants for a license and eliminates the Real Estate Commission's authority to register and regulate association managers.

It gives the CCAC the authority to investigate and hold hearings on violations of the laws governing community association managers and for violations of the Condominium Act or CIOA by an association, its governing board, or any officer.

The bill gives the attorney general the authority to investigate violations of the Condominium Act or CIOA by an association or its governing board or officers and to apply to the Superior Court for an order temporarily or permanently restraining and enjoining any person from violating any provision of these laws, or an order requiring restitution for any damages caused by the violation, or both.

It ensures that unit owners have the right to receive information concerning, and to comment on, proposed association budgets and loan transactions and gives unit owners the right to access certain condominium records.

EFFECTIVE DATE: January 1, 2008, except for the provisions dealing with condominium budgets and loans, which become effective October 1, 2007

LICENSING REQUIREMENTS AND PROCEDURES***Authority to License and Suspend Licenses***

The bill gives DCP the authority to license instead of register community association managers, and to suspend, revoke or refuse to issue or renew any license instead of registration certificate or place a licensee on probation or issue a letter of reprimand for any of the reasons stated in law. It bars DCP from accepting an application for the reinstatement of a license, which has been revoked within one year after the date of the revocation.

§ 3 — *Application Fee*

The bill allows license applicants who pay the application fee and otherwise meet the requirements the commission establishes, to take the written examination four times within the one-year period from the date of payment. In addition to the application fee, applicants taking an examination administered by a national testing service must pay an examination fee covering the cost of the examination directly to the testing service.

§ 3 — *Written Examination*

The bill requires the commission to subject any applicant to a written examination relating to his competency to act as a community association manager. The examination must be prepared by the DCP or a national testing service designated by the DCP commissioner. It must be administered to applicants by the DCP or the testing service at such times and places as the commissioner deems necessary. The bill authorizes the commission to waive the written examination requirement if, in the commission's opinion, the applicant has taken an equivalent written examination in another state and has received a score the commission deems satisfactory.

Each applicant for a community association manager's license, before being admitted to an examination must prove to the commission's satisfaction that the applicant has successfully completed a course it approves in community association management principles and practices, or that the applicant has equivalent experience or

education.

§ 16 — Licensing of Current Registrants

The bill requires DCP to issue a community association manager license to any person holding a valid certificate of registration as a community association manager on January 1, 2008, upon payment of a \$100 license fee. But the manager must pass the exam before January 2, 2009. The license expires on January 31, 2009 and may not be renewed if the person does not pass the test during the one-year period.

§ 13 — CONNECTICUT COMMUNITY ASSOCIATION COMMISSION (CCAC)

The bill creates the CCAC, which consists of eight persons who must be electors of the state and appointed by the governor. At the time of appointment, five must be licensed community association managers. But initial appointees must be licensed at the time of, or within one month after appointment. Three of the members must be public members. Not more than five commissioners may be members of the same political party. There must be at least one member from each congressional district.

Members must serve until the expiration of the term for which they were appointed and until their successors have qualified. Members may not be compensated for their services but must be reimbursed for necessary expenses incurred in the performance of their duties.

The governor may remove any member for cause upon notice and an opportunity to be heard. Upon the death, resignation, or removal of a member, the governor must appoint a successor to serve for the unexpired portion of the vacated term and until the member's successor is appointed and qualifies. Each member must, before beginning his duties, take and file with the commission an oath to faithfully perform the duties of office.

§ 14 — First Meeting

Within 30 days after the appointment of the members of the

commission, the commission must meet in Hartford to organize by selecting such officers other than a chairperson as the commission may deem necessary and appropriate. A majority of the members of the commission constitutes a quorum for the exercise of the powers or authority conferred upon it.

Commission Duties and Powers

The bill requires the commission to:

1. authorize DCP to issue licenses to community association managers;
2. administer the provisions of the law regarding granting, renewing, suspending, or revoking of licenses of community association managers; and
3. receive complaints of violations of the Condominium Act and CIOA by associations or their governing boards or officers.

The bill requires the commissioner of public works to provide the commission with the necessary office space in Hartford. The place of business of the commission and all files, records, and property must remain at the office. But inactive files must be stored at a location the commission designates.

The commission must hold meetings and hearings in Hartford, in space the commissioner of administrative services provides, or at places outside of Hartford as the commission chairperson determines. The commission must meet at least once in each three-month period and may meet more often at the call of its chairperson. The chairperson must call a meeting whenever a majority of members ask for one.

The commission must vote on all matters requiring a decision and votes must be recorded in the commission's minutes.

ENFORCEMENT AND PENALTIES

§ 6 — Investigations and Hearings

The bill gives the CCAC instead of the Real Estate Commission the

authority to hold hearings on any matter relating to the laws governing community association managers and management. It gives the CCAC the authority to investigate and hold hearings on any matter concerning a violation of CIOA or the Condominium Act by an association, its governing board, or any officer.

The bill gives the attorney general the authority to investigate violations of the Condominium Act or CIOA by an association or its governing board or officers and to apply in the state's name to the Superior Court for an order temporarily or permanently restraining and enjoining any person from violating any provision of these laws, or an order requiring restitution for any damages caused by the violation, or both.

The bill defines a "governing board" as (1) an association's executive board, as defined in CIOA, and (2) board of directors, as defined in the Condominium Act. CIOA defines "executive board" as the body, regardless of name, designated in the declaration to act on the association's behalf. The Condominium Act defines a "board of directors" as an entity consisting of natural persons elected by the unit owners to direct the operation of the condominium.

§ 15 — Civil Penalties

The bill gives the CCAC or the DCP commissioner the power, after notice and hearing, to impose a civil penalty on any person providing association management services who has engaged in certain violations of the law.

Specifically, a civil penalty may be imposed for:

1. making any material misrepresentation;
2. making any false promise of a character likely to influence, persuade, or induce;
3. failing, within a reasonable time, to account for or remit any funds coming into his possession that belong to others;

4. commingling funds of others in an escrow or trustee account;
5. violating laws governing community association managers and management, including regulations adopted under these laws;
6. presenting or attempting to present someone else's license as his or her own;
7. knowingly giving false evidence of a material nature to the commission or DCP to procure a license,
8. representing himself falsely as, or impersonating, a licensed community association manager;
9. using or attempting to use an expired, suspended, or revoked license;
10. providing or offering to provide association management services without having a current license; or
11. representing in any manner that his or her licensure constitutes an endorsement of the quality of his or her services or competency by the commission or DCP.

The civil penalty is up to \$1,000 for a first violation, up to \$1,500 for a second violation, and up to \$3,000 for each subsequent violation occurring less than three years after a second or subsequent violation.

ADOPTION OF CONDOMINIUM BUDGET

§ 19 — Condominiums Governed by the Condominium Act

The bill requires that, notwithstanding any provision of the condominium instruments to the contrary, the board of directors must give unit owners a reasonable opportunity to express their views concerning the proposed budget before its adoption or ratification. The bill requires the board to do so either at the meeting of unit owners to adopt or ratify it, or on a day before the meeting. The bill requires that at least one copy of the proposed budget be available for inspection at the meeting. (Apparently, this requirement only applies to the budget

adoption or ratification meeting.)

§ 21 — Adoption of Budget by Condominiums Governed by CIOA

By law, within 30 days after adoption of any proposed budget for the common interest community, the executive board must provide a summary of the budget to all the unit owners and set a date for a meeting of the unit owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the summary. (By law, “executive board” means the body, regardless of name, designated in the declaration to act on the association’s behalf.)

The bill specifies that this duty applies notwithstanding any provision of the declaration or bylaws to the contrary. It also specifies that this is the proposed budget and allows the summary to be hand-delivered.

The bill requires that at the meeting, or on any day before it, the board must provide a reasonable opportunity for all unit owners to express their views before the budget is ratified. It also requires that at least one copy of the proposed budget be available for inspection at the meeting.

As required by current law, the budget is ratified unless at the meeting a majority of all unit owners, or any larger vote the declaration specifies, rejects the proposed budget, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the unit owners must be continued until the unit owners ratify a subsequent budget proposed by the executive board as the bill requires.

§ 22 — LOANS AND RECORDS OF CONDOMINIUMS GOVERNED BY CIOA

The bill requires the executive boards of condominiums and other common interest communities governed by CIOA, at least 14 days before entering into any loan agreement on the association’s behalf, to (1) disclose in writing to all unit owners the amount and terms of the loan and its effect on any common expense assessment and (2) give the

unit owners a reasonable opportunity to submit written comments about the loan to the executive board. The bill specifies that this requirement applies notwithstanding any provisions of the declaration or bylaws to the contrary. This applies to all condominiums and other common interest communities regardless of when they were created (see BACKGROUND).

By law, the association must make all financial and other records reasonably available for examination by any unit owner and his or her authorized agents. The bill also requires associations to make all association accounting, and books available including minutes of executive board meetings and executive board voting records. It imposes this duty on the association's executive board or managing agent and specifies that this duty also includes permitting copying of such records and books. Finally, it specifies that this duty to allow an examination and copying arises upon a request by the unit owner or agent.

§ 20 — CONDOMINIUM RECORDS AND LOANS — CONDOMINIUMS GOVERNED BY THE CONDOMINIUM ACT

The bill requires that, notwithstanding any contrary provision in the condominium instruments, at least 14 days before entering into any loan agreement on the association's behalf, the board of directors of a condominium governed by the Condominium Act must

1. disclose in writing to all unit owners the amount and terms of the loan and its effect on any assessment for common expenses, and
2. afford the unit owners a reasonable opportunity to submit written comments to the board of directors regarding the loan.

Under current law, records maintained by the declarant, the association, or the manager must be available for examination and copying by any unit owner, his or her duly authorized agents or attorneys, at the unit owner's expense, during normal business hours and after reasonable notice. The bill specifies that these records include

minutes of the board of directors' meetings and their voting records. Also, it eliminates the requirement that the unit owner give reasonable notice and instead makes the duty apply upon the unit owner's or his or her agent's request (see BACKGROUND – CIOA and the Condominium Act).

BACKGROUND

CIOA and the Condominium Act

The Common Interest Ownership Act (CIOA) governs the creation, alteration, management, termination, and sale of condominiums and other common interest communities formed in Connecticut after January 1, 1984 (CGS § 47-200 et seq.). Condominiums created before CIOA was adopted were governed by the Condominium Act enacted in 1976 (PA 76-308; CGS §§ 47-68a to 47-90c). The Condominium Act governs condominiums created from 1977 through 1983. Condominiums created before the Condominium Act was adopted are governed by the Unit Ownership Act (PA 1963, No. 605, July 10, 1963; CGS §§47-67 to 47-115 Revised to 1975).

Certain CIOA provisions automatically apply to any condominium created in Connecticut before January 1, 1984, but only with respect to events and circumstances that occur after December 31, 1983. The CIOA budget provisions amended by this bill do not automatically apply to pre-CIOA condominiums. The provisions concerning association records and association loans automatically apply, but do not invalidate existing provisions of the declarations and bylaws (CGS § 47-216).

The law permits condominiums created before January 1, 1984, to amend their governing instruments (declaration, bylaws, survey, or plans) to conform to portions of CIOA that do not automatically apply. Thus, a pre-CIOA condominium may adopt any of these CIOA provisions it wishes and does not have to adopt all of CIOA. Any amendment must comply with the law that applied when the condominium was created and with the procedures and requirements specified by the condominium's declaration and bylaws (CGS § 47-

218).

Common Interest Community

“Common interest community” means real property described in a declaration on which a person, by virtue of his or her ownership of a unit, is obligated to make payments for (1) real property taxes, (2) insurance premiums, (3) maintenance, or (4) improvement of any other real property other than the unit described in the declaration (CGS § 47-202 (7)).

COMMITTEE ACTION

Judiciary Committee

Joint Favorable Substitute

Yea 43 Nay 0 (04/09/2007)