

**Raised H.B. No. 7288 - An Act Concerning The Licensing of
Community Association Managers And The Rights Of Unit Owners In
Condominiums And Other Common Interest Communities**

Common interest communities are made up of co-operatives, planned unit developments, and condominiums. These complexes are governed by the Connecticut General Statutes, the Non-Stock Corporation Act, Section 33-1000, the Common Interest Ownership Act, Section 47-200 and their Declaration.

At first glance it would appear that the consumers and lending institutions are amply protected due to the number of governing documents that are in place, but regrettably this is not always the case. For example, unlike the state of Florida, consumers are allowed to purchase these properties without receiving an educational pamphlet that at least outlines their rights and responsibilities. In addition, many of these complexes employ the services of a community association manager, an individual who is registered and licensed with the Department of Consumer Protection. Unfortunately, these managers, unlike the state of Florida (ref. Florida Statute, Section 468.431), have not been required to pass a competency examination that would test the applicant's knowledge of basic management skills and responsibilities. This places our state in an embarrassing and intolerable position.

Under current law a community association manager is a *person* who is responsible for overseeing and managing thousands of dollars in fees collected from individual condominium unit owners. Managers are required to register with the Department of Consumer Protection by filling out a form, accompanied by a check that is made out for the initial application and prorated registration fee of \$160 or the renewal fee of \$100. This is mandated by Connecticut General Statute 20-450 et. seq. - Community Association Managers. The form is entitled "Application For Registration As A Community Association Manager." The applicant is then granted a Community Association Manager's license. The applicant is *not* required to take an examination that would demonstrate that he/she has a fundamental knowledge of state laws relating to the operation of common interest communities.

Section 20-450 (6) of that statute specifies a "person" as being "an individual, partnership, corporation, a limited liability company or other legal entity." The Department of Consumer Protection has determined that if a corporation fills out the required registration application and is granted a license, *all* employees of the corporation are covered under that single license. This allows a corporation

March 19, 2007

Page 2 of 2

to form other divisions that, in turn, can have several offices in various parts of the state and *all* employees are still covered under the basic single license.

The application *does require* that any applicant who has “ever been convicted or now under arrest for forgery, embezzlement, obtaining money under false pretenses, extortion, criminal conspiracy to defraud, or any like offenses,” to explain the circumstances. This can be used as grounds for denial. Since only the corporation is required to fill out this portion of the application, the possibility exists that there are employees of the corporation who could have been convicted of the listed offenses and are being allowed to provide managerial services. This represents an unacceptable situation that must be corrected.

Common Interest communities rely heavily on the services provided by community association managers. Tremendous financial harm can be inflicted upon unsuspecting unit owners due to the relaxed manner by which managers are awarded registration and licensing. Given the financial responsibilities placed on managers, it is only appropriate that they at least be individually licensed and tested for competency. Passage of **Raised H.B. No. 7288** would not only provide protection to the consumers in these complexes, but would also benefit senior citizens who are particularly vulnerable to various forms of exploitation. The cost to the Department of Consumer Protection associated with licensure of all individuals providing managerial services would be borne by the applicant. Therefore, this important legislation would not place any negative impact on departmental budgets and would result in a positive cash flow.

Another important portion of this proposed bill creates the “**Connecticut Community Association Commission**” which would allow the requirements set forth by the Connecticut General Statutes to be followed.

For the foregoing reasons, I respectfully request that the Judicial Committee approve passage of **Raised H.B. No 7288** that would require licensing of all individuals who provide managerial services to common interest communities and establish the **Connecticut Community Association Commission** in order to provide protection to the consumers who reside in these complexes.

Thank you.



Anthony Perrelli

Community Association Manager