

RICHARD BLUMENTHAL
ATTORNEY GENERAL



55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120

Office of The Attorney General
State of Connecticut

*TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE JUDICIARY COMMITTEE
MARCH 19, 2007*

I appreciate the opportunity to strongly support House Bill 7288, An Act Concerning the Licensing of Community Association Managers and the Rights of Unit Owners in Condominiums and Other Common Interest Communities with an amendment to establish an arbitration or mediation process for condominium disputes.

My office receives hundreds of complaints from condominium unit owners regarding violations of state condominium laws or condominium bylaws by their association board of directors. Sadly, there is no any state office to assist these unit owners. I submitted legislation similar to House Bill 7288 to provide help to outmatched unit owners who are fighting for their basic rights under our condominium laws.

House Bill 7288 establishes a Connecticut Community Association Commission to license condominium managers and investigate violations of state condominium law by condominium managers, officers or board of directors. The Attorney General, upon referral by the commission, may bring a civil action to collect restitution and civil fines of up to \$1,000 for the first violation, \$1,500 for the second violation and \$3,000 for any subsequent violation within three years of the previous violations. The commissioner may require continuing education for condominium managers. Condominium boards of directors must notify their unit owners and provide an opportunity to comment on the annual budget.

Many of the complaints received by my office concern failures by the association board of directors to follow basic governance principles such as adopting an annual budget with notice to the unit owners, holding fair elections for the board of directors, providing key financial information about the association, fairly imposing association fines.

Some of these complaints are based on deliberate indifference to association bylaws or state condominium laws. Others are probably due to a lack of full understanding of condominium association responsibilities.

The current law is unfair to unit owners. The law provides certain responsibilities on condominium association boards of directors and establishes certain rights in unit owners. The unit owners must hire -- at their own expense -- a lawyer to enforce those rights and responsibilities while the association board of directors can defend itself using association funds,

raised through assessments on the unit owners. Thus, the unit owner's own funds are being used to defend a lawsuit brought by such unit owner.

The establishment of a Connecticut Community Association Commission will provide much-needed assistance to unit owners and provide an important enforcement tool for our condominium laws. The Commission will be charged with investigating unit complaints and encouraging compliance with our state laws regulating condominium associations.

Licensing condominium managers will raise the level of professionalism of such managers and make them more responsive to the needs of the unit owners and association boards of directors.

I urge the committee to consider an amendment to authorize the Commission to establish an arbitration or mediation process for disputes between unit owners, boards of directors and managers. Many of these disputes could easily be resolved through mediation or arbitration. A formal process -- based on our Lemon law procedure -- could facilitate quick, expeditious resolution of these disputes.

I urge the committee's favorable consideration of House Bill 7288 with an amendment to establish a mediation or arbitration process for condominium disputes.