

**COMMENTS CONCERNING SENATE RAISED BILL NO. 691**  
**AN ACT CONCERNING THE LICENSING OF COMMUNITY ASSOCIATION MANAGERS**  
**By Erica Edwards, CMCA, AMS**

Summary

This bill proposes to require the licensure of community association managers. This requirement will mandate that managers receive proper training and pass an examination.

CAI-CT supports manager licensing, but opposes the establishment of a Community Association Commission as it is currently proposed. We advocate for severing the language about the commission from the sections dealing with licensure, so that each can be evaluated on their own merits.

Erica Edwards

I am currently a member of the Board of Directors of the Community Associations Institute – Connecticut Chapter. I also serve on our Legislative Action Committee. CAI-CT is the educational and technical assistance entity for community associations and their service providers in Connecticut. I also serve as the Secretary of the common interest community in which I live. I have worked in the community association industry for many years. I was a property manager for over 12 years and obtained my professional designations.

I am submitting my comments, and appearing before the committee, to present my insights into how the proposed bill will affect the more than 3,900 common interest communities in Connecticut, and the hundreds of thousands of people who live in them.

Statement

All over Connecticut, hundreds of thousands of homeowners live in condominiums, cooperatives, or residential communities represented by "community associations." The individuals who provide the knowledge and expertise crucial to successfully managing and operating these associations are known as "community association managers." They are the professional backbone of the residential communities they serve and provide a voice for these homeowners.

· These planned communities often provide a more efficient use of land than communities developed one home at a time. In addition to addressing sprawl, these efficiencies often make planned communities a more affordable way to own a home, especially for first-time homebuyers, retirees and low- and moderate-income families.

· It is time to pass legislation to license community association managers and improve consumer protection, while providing sanctions for persons who engage in misconduct or act as association managers without proper qualifications or financial security. Past misconduct has led to misuse of funds, decrease in home values and homeowners pursuing legal action regarding association rules.

· For most Connecticut residents, protecting the biggest investment they have is fundamental to owning a home. And because community managers administer both association property and funds, it is in the best interest of the State and its homeowners to require community association managers pass an examination to become professionally licensed.

· Community association managers *do not* perform the same core functions as real estate brokers or property managers; they must master a unique set of skills to competently manage an association. Maintaining standards for professional and financial responsibility will protect the homeowner and go a long way toward limiting manager misconduct, while enhancing the level of professionalism.

· To further protect homeowners, a license holder or his or her management firm would be required to have a fidelity bond to cover both the license holder and all partners, officers and employees of the firm. Funds of the community association shall not be co-mingled with the funds of the individual license holder or the management firm, or with funds of any other community association.

## Why Connecticut Does Not Need a Community Association Commission

New research by a respected international polling firm affirms that an overwhelming majority of Americans who live in community associations are satisfied with their communities, a finding that refutes those who use isolated anecdotal evidence to paint a negative image of common-interest communities.

More than seven in 10 community association residents say they are satisfied with their community association experience, according to the survey conducted by Zogby International in November 2007. Only 9 percent express dissatisfaction, with 19 percent neutral on the question.

The survey was sponsored by the Foundation for Community Association Research, a nonprofit organization created in 1975 to facilitate greater understanding of community associations.

The 2007 findings are consistent with national surveys conducted by Zogby in August 2005 and the Gallup Organization in 1999. The 2007 survey confirms and reinforces what community association residents told Zogby in 2005, including:

- \* They believe their association board members strive to serve the best interests of the community.
- \* They think their community managers provide value and support to the association.
- \* They believe association rules protect and enhance property values.
- \* They are satisfied with the return they get on their association assessments.
- \* They do not welcome additional government intrusion in their communities.

Eighty-eight percent of community association residents believe their association board members strive to serve the best interests of the community. Almost 50 percent say this is "absolutely" true, while about 40 percent say it's true "for the most part." Ten percent say it's not true, which is consistent with the 9 percent of residents who express differing levels of dissatisfaction with their associations.

Many associations use professional management services, and 73 percent of residents say their managers provide value to their communities. Among those residents who have interacted with their professional managers, 79 percent say their experiences were positive, down from 88 percent in 2005.

### Pre-purchase Awareness

Eighty-six percent of respondents said they knew they were moving into an association when they decided to purchase or rent. For 61 percent, the existence of an association had no impact on their decision, but 30 percent said the association made them more likely to buy or rent. Nine percent said they were hesitant to join an association community.

Based on more than 700 telephone interviews conducted in November 2007, the survey has a margin of error of +/- 3.8 percentage points. Seventy-nine percent of respondents live in single-family homes or townhouses, 16 percent in condominiums and 6 percent in cooperatives and other forms of common-interest housing.

### Communities Take Responsibility for their Governance

Many elements of community association governance are subject to interpretation, and that's true in virtually any human endeavor. Still, there are basic expectations that can be defined and achieved. It is with this challenge in mind that Community Associations Institute (CAI) developed Rights and Responsibilities for Better Communities.

# Rights and Responsibilities for Better Communities

## *Principles for Homeowners and Community Leaders*

### **Homeowners Have the Right To:**

1. A responsive and competent community association.
2. Honest, fair and respectful treatment by community leaders and managers.
3. Participate in governing the community association by attending meetings, serving on committees and standing for election.
4. Access appropriate association books and records.
5. Prudent expenditure of fees and other assessments.
6. Live in a community where the property is maintained according to established standards.
7. Fair treatment regarding financial and other association obligations, including the opportunity to discuss payment plans and options with the association before foreclosure is initiated.
8. Receive all documents that address rules and regulations governing the community association—if not prior to purchase and settlement by a real estate agent or attorney, then upon joining the community.
9. Appeal to appropriate community leaders those decisions affecting non-routine financial responsibilities or property rights.

### **Homeowners Have the Responsibility To:**

1. Read and comply with the governing documents of the community.
2. Maintain their property according to established standards.
3. Treat association leaders honestly and with respect.
4. Vote in community elections and on other issues.
5. Pay association assessments and charges on time.
6. Contact association leaders or managers, if necessary, to discuss financial obligations and alternative payment arrangements.
7. Request reconsideration of material decisions that personally affect them.
8. Provide current contact information to association leaders or managers to help ensure they receive information from the community.
9. Ensure that those who reside on their property (e.g., tenants, relatives, friends) adhere to all rules and regulations.

### **Community Leaders Have the Right To:**

1. Expect owners and non-owner residents to meet their financial obligations to the community.
2. Expect residents to know and comply with the rules and regulations of the community and to stay informed by reading materials provided by the association.
3. Respectful and honest treatment from residents.
4. Conduct meetings in a positive and constructive atmosphere.
5. Receive support and constructive input from owners and non-owner residents.

6. Personal privacy at home and during leisure time in the community.
7. Take advantage of educational opportunities (e.g., publications, training workshops) that are directly related to their responsibilities, and as approved by the association.

### **Community Leaders Have the Responsibility To:**

1. Fulfill their fiduciary duties to the community and exercise discretion in a manner they reasonably believe to be in the best interests of the community.
2. Exercise sound business judgment and follow established management practices.
3. Balance the needs and obligations of the community as a whole with those of individual homeowners and residents.
4. Understand the association's governing documents and become educated with respect to applicable state and local laws, and to manage the community association accordingly.
5. Establish committees or use other methods to obtain input from owners and non-owner residents.
6. Conduct open, fair and well-publicized elections.
7. Welcome and educate new members of the community—owners and non-owner residents alike.
8. Encourage input from residents on issues affecting them personally and the community as a whole.
9. Encourage events that foster neighborliness and a sense of community.
10. Conduct business in a transparent manner when feasible and appropriate.
11. Allow homeowners access to appropriate community records, when requested.
12. Collect all monies due from owners and non-owner residents.
13. Devise appropriate and reasonable arrangements, when needed and as feasible, to facilitate the ability of individual homeowners to meet their financial obligations to the community.
14. Provide a process residents can use to appeal decisions affecting their non-routine financial responsibilities or property rights—where permitted by law and the association's governing documents.
15. Initiate foreclosure proceedings only as a measure of last resort.
16. Make covenants, conditions and restrictions as understandable as possible, adding clarifying "lay" language or supplementary materials when drafting or revising the documents.
17. Provide complete and timely disclosure of personal and financial conflicts of interest related to the actions of community leaders, e.g., officers, the board and committees. (Community associations may want to develop a code of ethics.)