Tsarkov, Alex

From: Allen Palmer [AllenP123@att.net]
Sent: Thursday, March 24, 2011 11:25 AM
To: Tsarkov, Alex
Subject: Written Testimony is Support of HB6620 Condo Bills; For Public Hearing 3/25/11

Dear Judicial Committee Members:

I am writing in support of HB6620, HB1205 and HB1208 Condo Bills. I live at Eden Harbour Condominiums, an active adult community located on the Connecticut River in Old Saybrook, CT. The site plan is approved for the construction of 32 luxury condominium units, located in 16 separate (duplex) structures. To date a total of 22 units have been built of which 21 units have been sold. After 60% of the units had been sold, the Eden Harbour Condominium Association was formed and the unit owners took over the management of the complex in May 2008. Since then our condominium complex has been under the control of an over-zealous and abusive Board of Directors. This began with the filing of a series of four lawsuits which began June 2009, two of which are still ongoing today. Since the lawsuits began, the developer has not built, and does not plan to build, any addition units until all lawsuits against him are settled. This has resulted in a **78%** increase in the monthly maintenance fee for our units, increasing from $325/month in 2008 to $580/ month in 2011. In addition, because of the ongoing lawsuits, our units are essentially unmarketable because banks and mortgage lenders will not provide mortgages, home equity loans, or refinance existing loans on a property that is subject to liens from an active lawsuit. Among the list of abusive practices our unit owners have endured over the last three years under the control of our Board includes the following:

- The Board of Directors, without notifying all the owners or obtaining a vote of approval from the owners, filed a lawsuit against the developer, the builder, and the Building Department of the Town of Old Saybrook. The Board has stated that it has spent more than $250,000 preparing for this lawsuit; and is seeking in more than $1.3M in damages. Although the lawsuit was filed in May 2009, it has not yet gone to trial. This lawsuit has made our units essentially unmarketable because banks will not provide (mortgage or home-equity) loans on properties subject to liens from an active lawsuit.
- The Board, without obtaining a vote of approval from the owners, rejected a offer made by the developer in June 2009 to contribute $24,000 to the budget for the maintenance of the common area. This contribution would have offset the maintenance costs for the un-built units and reduced each unit owners monthly fee by $91/month.
- As a non-participant in the lawsuit, I and other non-participating unit owners are being discriminated against when requesting unit owner services routinely granted to other unit owners who did choose to participate in the lawsuit. When I requested that the developer repair the cause of a water leak into my bedroom under the (1-year) warranty clause of my sales agreement, the Board obtained a court order to stop the builder after he had already begun the repair work. The repair work, which required the removal of a second floor walk-out balcony, was started in July 2009 and has not yet to be completed. I am still without my balcony, the water-damaged exterior plywood sheathing and insulation in my bedroom wall has never been replaced, and I still have water leaks in my unit
- The Board failed to present a realistic budget in 2010 to the unit owners for

approval. The 2010 budget was "backed into" by adjusting the line item costs so that the monthly maintenance fee would be unchanged from 2009. This was done in order to gain unit owner support and re-election at the annual meeting. As anticipated by many, this resulted in a second annual deficit; and an assessment of over $700 per unit was imposed by the Board, without a unit owner vote, in October 2010.

- The Board did not have the unit owners vote for approval of the 2011 budget. They simply stated that the revised condo laws (July 2010) did not require one. As a result, our monthly maintenance fee increased 38% from last year.
- The Board failed to pay our property manager for nearly two years. When she was terminated this year, an assessment of over $500 per unit was imposed by the Board, without a unit owner vote, in February 2011. This assessment was required to cover her back pay..
- The Board has failed to respond numerous times to written questions concerning the rationale used to establish the annual budgets, answer claims made by unpaid contractors, justification for payments made by the Board, and copies of invoices and bills paid by the Board. A year-end financial report has never been provided to unit owners.
- The Board has held meetings without unit owner notice, and abused the use of executive sessions to exclude unit owners from learning details of topics which they considered "controversial" or details of the progress and status of meetings, agreements, offers or concessions with the defendants in the lawsuit. The published meeting minutes are not a true and accurate report of the meeting events. Written correspondence to the Board is not reported or recorded in the minutes.
- The Board has limited the right of unit owners to speak at meetings to the last 15-minutes of each meeting. Therefore, the unit owners are not allowed to express their opinions on the items which will be discussed and voted upon by the Board at that meeting.
- The Board has the autonomous power to change the by-laws. The latest change will (legally) allow them to hold unannounced meetings and executive sessions, and allow them to exclude unit owners from attending.
- The Board obtained "blanket approval" proxy forms from three non-resident unit owners which remained in effect for 11 months. These proxies have allowed the Board to control a majority vote at the annual meetings.
- Despite the by-law requirement that at least 1/3 of the Board must be replaced each year, the Board has been successful at the last two annual meetings to obtain enough votes to re-elect (all of) themselves to new 1, 2, and 3-year terms on the Board.

I support the establishment of a State condominium ombudsman and a procedure for condominium owners to have problems with their boards resolved without the expense of lawyers or the time-consuming process of using the court system. Therefore, I urge you to support HB6620, HB1205 and HB1208 Condo Bills.

Sincerely,

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