

TESTIMONY AGAINST

GENERAL ASSEMBLY BILL No. 1145 - AN ACT CONCERNING REVISIONS TO THE COMMON INTEREST OWNERSHIP ACT AND THE CONDOMINIUM ACT

MARCH 25, 2013

I am Richard Mellin, Mellin & Associates LLC, a property management firm based in the Danbury area. My partner and I manage large condominiums with more than one thousand residents. We have been managing community association properties for over 25 years.

Mellin & Associates LLC is registered with the Department of Consumer Protection as a Community Association Manager holding Registration # CAM.0000082.

Mellin & Associates LLC is a proud member of the Connecticut Chapter of Community Associations Institute. I serve on the organization's Legislative Action Committee and Chair the organization's Manager's Council which is comprised of fellow community association managers in CT.

Most of this bill should not be adopted because it is redundant and unnecessary, and will place an additional burden on thousands of smaller community associations in CT that can not afford to hire professional management. It is unreasonable to assume small associations that do not have the resources to manage their properties will have the resources to comply with additional mandated laws and even know about these additional requirements.

(1) Community association managers are agents of the associations that they manage. They can only act pursuant to powers delegated to them contractually by the association. Depending on when the community was declared, the Condominium Act and/or CIOA is binding on associations, and thus any powers, rights, duties or obligations delegated to the management are subject to the requirements of these already existing Acts.

The laws governing principal and agents already cover the issue that requires the boards of associations to ensure that their managers provide services in full compliance with their bylaws, CIOA and the Condominium Act.

The associations we manage engage a professional manager because, in part, the volunteer board members want someone well versed in all aspects of the operation of the business affairs of the association and all the technical requirements of the Connecticut statutes. Smaller associations want but do not have the same benefits.

(2) The current provisions of CIOA require the boards of associations to provide unit owners with 5 days' notice of any board meeting that is not held pursuant to the schedule that has been published to the community. If the board publishes a schedule, no further notice is required. Only meetings held outside of that schedule require separate notice.

CIOA currently requires that any material is distributed to the board before a meeting and copies of these materials are available to all unit owners. This bill adds another layer of administrative work that is unnecessary which leads to additional expenses.

(3) Requiring an association to provide owners with “form” proxies is problematic because there is no one acceptable form that fits all associations. Associations should be free to use any proxy format that complies with legal requirements. Again, this adds another layer onto the process by which associations give notices of meetings.

(4) It is unreasonable to require that a ballot shall not include the name of the proxy holder if there is reason to do so. For example, some of our associations have percentage ownership that gives percentage voting rights. In these cases, it is necessary to distinguish votes by different unit owners.

(5) CIOA already requires associations to keep “detailed records of receipts and expenditures affecting the operation and administration of the association and other appropriate account records”. It is not necessary to specifically require records relating to reserve accounts.

(6) Eliminating the requirement that a master insurance policy maintained by an association provide primary coverage in the event of damage or destruction to portions of the community already exists under CIOA. Our associations are required to maintain property insurance covering the common elements, and for our communities, the units as well.

I urge you to NOT adopt these portions of HB 1101.

However, I do support the adoption of the portion of the Raised Bill #1145 that provides that officers and directors of the association shall not be criminally liable for any conduct performed on behalf of the association, provided they have acted within their scope of authority.

The officers and directors of the associations we manage are typical of most associations in that they are unpaid volunteers that have chosen to serve the community. Many communities including those we manage have a very difficult time finding unit owners who are willing to volunteer their time to run their association. To expose an officer or director as criminally liable by virtue of holding that position is unreasonable and would effectively leave communities without qualified leadership.

If you have any questions, please do not hesitate to contact me. Thank you.

Respectfully Submitted,

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