



**TESTIMONY IN SUPPORT OF GENERAL ASSEMBLY BILL No. 6662 - AN ACT
CONCERNING THE RECOUPMENT OF MONEYS OWED TO A UNIT OWNERS'
ASSOCIATION DUE TO NONPAYMENT OF ASSESSMENTS**

MARCH 25, 2013

Good morning Senator Coleman, Representative Fox, Senator Doyle, Representative Ritter, Senator Kissel, Representative Rebimbas and members of the Judiciary Committee. Thank you for the opportunity to provide testimony on behalf of Imagineers, LLC ("Imagineers").

I am Karl Kuegler, Jr. of Imagineers, LLC where I serve as the Director of Property Management for our common interest community management division. From our offices located in Hartford and Seymour, we serve about 178 Connecticut common interest communities comprising about 17,000 homes. Imagineers is registered with the Department of Consumer Protection as a Community Association Manager holding registration number 0001 and has been serving Connecticut common interest communities for 32 years. I have over 23 years experience in common interest community management and hold a Certified Manager of Community Associations designation from the National Board of Certification for Community Association Managers. Imagineers is a member of the Connecticut Chapter of Community Associations Institute. I serve on the organization's Legislative Action Committee and chair the organization's annual state educational conference.

Imagineers is in favor of the bill, but would like additional language added to address other deficiencies in the current statute. I would also like to mention that the Insurance and Real Estate Committee is entertaining a bill this session regarding the statutory lien for assessments on condominium units. Listed below is summary of thoughts and additional concerns with the current statute:

INCREASE IN THE PRIORITY LIEN FROM 6 MONTHS TO 12 MONTHS:

Section 1 (b) of 6662 provides for the increase in the priority lien amount from its current amount of 6 months to 12 months immediately preceding institution of an action to enforce the association's lien or a security interest. We certainly support the increase from 6 to 12 months. We understand the increase would not pose an issue or restrict mortgage options for owners financing properties in common interest communities. Connecticut is in compliance with current Fannie Mae Selling Guidelines. Section B4-2.1-06 of the guidelines dated August 21, 2012 indicates:

Fannie Mae allows the greater of six months of regular common expense assessments, or the maximum amount permitted under applicable state law, to have limited priority over Fannie Mae's mortgage lien if the condo or PUD project is located in a jurisdiction that has enacted

- the Uniform Condo Act;*
- the Uniform Common Interest Ownership Act; or*
- other similar statutes that provide for regular common expense assessments, as reflected by the project's operating budget, to have such priority over first mortgage liens.*

Connecticut common interest communities routinely are unable to collect fees as a result of extended foreclosure efforts. Rarely if ever do foreclosure efforts resolve within the 6 months. The association is restricted by state law from even instituting a foreclosure effort until at least 2 months of fees are delinquent. Ultimately the other homeowners of the community that are

bank's delay in finalizing the foreclosure effort while subsidizing the bank by maintaining the bank's asset with no obligation of the bank to pay for the expense. The extra funds necessary to keep the association financially solvent come directly from the other homeowners. There are no other sources of income to save the day for our common interest communities. With increasing expenses due to aging infrastructure and economically driven factors, associations are already facing financial challenges and hardships not experienced previously. The added burden of subsidizing big banks as they take advantage of associations may be too great for some associations to survive.