
OLR Bill Analysis

sHB 6513 (File 667, as amended by Senate "A")*

AN ACT CONCERNING THE BUDGET AND SPECIAL ASSESSMENT APPROVAL PROCESS IN COMMON INTEREST COMMUNITIES.

SUMMARY:

This bill changes requirements under the Common Interest Ownership Act (CIOA) for approval of annual budgets and special assessments for certain large common interest communities and master associations.

Under existing law, common interest community annual budgets and special assessments are approved unless a majority of all unit owners (not just a majority of those voting), or a larger number specified in the association's declaration, votes to reject them.

The bill creates an exception for (1) common interest communities that have at least 2,400 residential units and were established before July 3, 1991 and (2) master associations exercising the powers on behalf of one or more common interest communities or for the benefit of the unit owners of one or more such communities, with the same size and establishment requirements as specified above. The bill provides that, for these communities and master associations, a proposed budget or assessment is approved unless (1) a majority of unit owners participating in the vote rejects it and (2) at least one-third of unit owners entitled to vote on the measure vote to reject it.

Under existing law and the bill:

1. the absence of a quorum in the vote does not affect the budget's or assessment's approval or rejection;
2. if unit owners reject a proposed budget, the last approved budget continues until they approve a subsequent one; and

3. unit owner approval is not required for special assessments that are (1) small relative to the association's budget (unless the declaration or bylaws provide otherwise) or (2) needed in an emergency (see BACKGROUND).

The bill also makes minor and technical changes.

*Senate Amendment "A" (1) makes the budget and special assessment provisions apply only to communities with 2,400 or more units that were established before July 3, 1991, as well as to master communities meeting these requirements and (2) makes minor and technical changes.

EFFECTIVE DATE: October 1, 2013

BACKGROUND

Common Interest Ownership Act

CIOA governs the creation, alteration, management, termination, and sale of condominiums and other common interest communities (CGS § 47-200 et seq.).

Generally, CIOA applies to common interest communities created in Connecticut on or after January 1, 1984. However, certain provisions of CIOA, including the provisions for approval of budgets and special assessments, apply to common interest communities created in Connecticut before January 1, 1984 but do not invalidate existing provisions of the communities' governing instruments. Common interest communities created before then can amend their governing instruments to conform to portions of CIOA that do not automatically apply (CGS §§ 47-214, -216, -218).

Special Assessments Not Requiring Owner Approval

Under CIOA, unless the association's declaration or bylaws provide otherwise, if a special assessment, together with all other special and emergency assessments the board proposed in the same calendar year, do not exceed 15% of the association's last adopted budget for that year, the assessment is effective without unit owner approval.

CIOA also allows a special assessment to take effect immediately if the executive board (1) determines by a two-thirds vote that it is necessary to respond to an emergency and (2) promptly provides notice of the emergency assessment to all unit owners. The board may spend emergency assessment receipts only for the purposes described in its vote.

COMMITTEE ACTION

Judiciary Committee

Joint Favorable

Yea 42 Nay 2 (04/12/2013)