



**Substitute Senate Bill No. 457**

**Public Act No. 14-215**

**AN ACT CONCERNING REVISIONS TO THE COMMON INTEREST OWNERSHIP ACT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (b) of section 47-250 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(b) The following requirements apply to meetings of the executive board and committees of the association authorized to act for the association:

(1) Meetings shall be open to the unit owners and to a representative designated by any unit owner except during executive sessions. The executive board and those committees may hold an executive session only during a regular or special meeting of the board or a committee. No final vote or action may be taken during an executive session. An executive session may be held only to: (A) Consult with the association's attorney concerning legal matters; (B) discuss existing or potential litigation or mediation, arbitration or administrative proceedings; (C) discuss labor or personnel matters; (D) discuss contracts, leases and other commercial transactions to purchase or provide goods or services currently being negotiated, including the

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review of bids or proposals, if premature general knowledge of those matters would place the association at a disadvantage; or (E) prevent public knowledge of the matter to be discussed if the executive board or committee determines that public knowledge would violate the privacy of any person.

(2) For purposes of this section, a gathering of board members at which the board members do not conduct association business is not a meeting of the executive board. The executive board and its members may not use incidental or social gatherings of board members or any other method to evade the open meeting requirements of this section.

(3) Notwithstanding any actions taken by unanimous consent pursuant to subdivision (8) [of subsection (b) of this section] or (9) of this subsection, during and after the period of declarant control, the executive board shall meet at least two times a year at the common interest community or at a place convenient to the community. Those meetings, and after termination of the period of declarant control, all executive board meetings, shall be at the common interest community or at a place convenient to the community unless the bylaws are amended to vary the location of those meetings.

(4) At each executive board meeting, the executive board shall provide a reasonable opportunity for unit owners to comment regarding any matter affecting the common interest community and the association.

(5) Unless the meeting is included in a schedule given to the unit owners or the meeting is called to deal with an emergency, the secretary or other officer specified in the bylaws shall give notice of each executive board meeting to each board member and to the unit owners. The notice shall be given at least five days before the meeting and shall state the time, date, place and agenda of the meeting, except that notice of a meeting called to adopt, amend or repeal a rule shall be

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given in accordance with subsection (a) of section 47-261b. If notice of the meeting is included in a schedule given to the unit owners, the secretary or other officer specified in the bylaws shall make available an agenda for such meeting to each board member and to the unit owners not later than forty-eight hours prior to the meeting.

(6) If any materials are distributed to the executive board before the meeting, the executive board at the same time shall make copies of those materials reasonably available to unit owners, except that the board need not make available copies of unapproved minutes or materials that are to be considered in executive session.

(7) Unless prohibited by the declaration or bylaws, the executive board may meet by telephonic, video or other conferencing process if (A) the meeting notice states the conferencing process to be used and provides information explaining how unit owners may participate in the conference directly or by meeting at a central location or conference connection; and (B) the process provides all unit owners the opportunity to hear or perceive the discussion and offer comments as provided in subdivision (4) of this subsection.

(8) The minutes of all executive board meetings shall contain a record of how each board member cast his or her vote on any final action proposed to be taken by the executive board, unless such action was approved either by unanimous consent of the board members or without objection by any board member.

[(8)] (9) Instead of meeting, the executive board may act by unanimous consent as documented in a record authenticated by all its members. The secretary promptly shall give notice to all unit owners of any action taken by unanimous consent.

[(9)] (10) Even if an action by the executive board is not in compliance with this section, it is valid unless set aside by a court. A

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challenge to the validity of an action of the executive board for failure to comply with this section may not be brought more than sixty days after the minutes of the executive board of the meeting at which the action was taken are approved or the record of that action is distributed to unit owners, whichever is later.

Sec. 2. Subsection (b) of section 47-252 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(b) At either a meeting of unit owners or in a vote conducted without a meeting the following requirements apply:

(1) If only one of several owners of a unit is present at a meeting of the association or participating in the vote without a meeting, that owner is entitled to cast all the votes allocated to that unit. If more than one of the owners are present at the meeting or participating in the vote without a meeting, the votes allocated to that unit may be cast only in accordance with the agreement of a majority in interest of the owners, unless the declaration expressly provides otherwise. There is majority agreement if any one of the owners casts the votes allocated to the unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the unit.

(2) [Unless] Except as otherwise provided in this subsection, unless a greater number or fraction of the votes in the association is required by this chapter or other law or the declaration, a majority of the votes cast is the decision of the unit owners.

(3) Unless a greater number or fraction of the votes in the association is required by the declaration, bylaws or certificate of incorporation of the association, directors shall be elected by a plurality of the votes cast by the unit owners. If the declaration, bylaws or certificate of incorporation of the association requires any or all

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directors to be elected by unit owners of a specified group or class of units, then such directors shall be elected by a plurality of the votes cast by the unit owners of units of such group or class of units. The provisions of this subdivision shall not apply to directors who may be appointed by the declarant or under subsection (g) of section 47-245.

(4) If the declaration, bylaws or certificate of incorporation of the association provide for the election of officers by the unit owners, then unless a greater number or fraction of the votes in the association is required by the declaration, bylaws or certificate of incorporation of the association, officers shall be elected by a plurality of the votes cast by the unit owners. If the declaration, bylaws or certificate of incorporation of the association requires any or all officers to be elected by unit owners of a specified group or class of units, then such officers shall be elected by a plurality of the votes cast by the unit owners of units of such group or class of units. The provisions of this subdivision shall not apply to directors who may be appointed by the declarant or under subsection (g) of section 47-245.

Sec. 3. Subsection (a) of section 47-270 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) Except in the case of a sale in which delivery of a public offering statement is required under either this chapter or chapter 825, or unless exempt under subsection (b) of section 47-262, a unit owner shall furnish to a purchaser or such purchaser's attorney, before the earlier of conveyance or transfer of the right to possession of a unit, a copy of the declaration, other than any surveys and plans, the bylaws, the rules or regulations of the association, and a certificate containing: (1) A statement disclosing the effect on the proposed disposition of any right of first refusal or other restraint on the free alienability of the unit held by the association; (2) a statement setting forth the amount of the periodic common expense assessment and any unpaid common

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expense or special assessment currently due and payable from the selling unit owner; (3) a statement of any other fees payable by the owner of the unit being sold; (4) a statement of any capital expenditures in excess of one thousand dollars approved by the executive board for the current and next succeeding fiscal year; (5) a statement of the amount of any reserves for capital expenditures; (6) the current operating budget of the association; (7) a statement of any unsatisfied judgments against the association and the existence of any pending suits or administrative proceedings in which the association is a party, including foreclosures but excluding other collection matters; (8) a statement of the insurance coverage provided for the benefit of unit owners, including any schedule of standard fixtures, improvements and betterments in the units covered by the association's insurance that the association prepared pursuant to subsection (b) of section 47-255; (9) a statement of any restrictions in the declaration affecting the amount that may be received by a unit owner on sale, condemnation, casualty loss to the unit or the common interest community or termination of the common interest community; (10) in a cooperative, an accountant's statement, if any was prepared, as to the deductibility for federal income tax purposes by the unit owner of real property taxes and interest paid by the association; (11) if the association is unincorporated, the name of the statutory agent for service of process filed with the Secretary of the State pursuant to section 47-244a; (12) a statement describing any pending sale or encumbrance of common elements; (13) a statement disclosing the effect on the unit to be conveyed of any restrictions on the owner's right to use or occupy the unit or to lease the unit to another person; (14) a statement disclosing the number of units whose owners are at least sixty days' delinquent in paying their common charges on a specified date within sixty days of the date of the statement; (15) a statement disclosing the number of foreclosure actions brought by the association during the past twelve months and the number of such actions pending on a specified date within sixty days of the date of the

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statement; [and] (16) a statement disclosing (A) the most recent fiscal period within the five years preceding the date on which the certificate is being furnished for which an independent certified public accountant reported on a financial statement, and (B) whether such report on a financial statement was a compilation, review or audit; and (17) any established maintenance standards adopted by the association pursuant to subsection (e) of section 47-257.

Sec. 4. Subsection (b) of section 20-457 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(b) No person shall: (1) Present or attempt to present, as his own, the certificate of another, (2) knowingly give false evidence of a material nature to the commission or department for the purpose of procuring a certificate, (3) represent himself falsely as, or impersonate, a registered community association manager, (4) use or attempt to use a certificate which has expired or which has been suspended or revoked, (5) offer to provide association management services without having a current certificate of registration under sections 20-450 to 20-462, inclusive, (6) represent in any manner that his registration constitutes an endorsement of the quality of his services or of his competency by the commission or department. In addition to any other remedy provided for in sections 20-450 to 20-462, inclusive, any person who violates any provision of this subsection shall be fined not more than [five hundred] one thousand dollars or imprisoned for not more than one year or be both fined and imprisoned. A violation of any of the provisions of sections 20-450 to 20-462, inclusive, shall be deemed an unfair or deceptive trade practice under subsection (a) of section 42-110b.

Sec. 5. Subsection (a) of section 47-224 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

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(a) The declaration shall contain:

(1) The names of the common interest community and the association and a statement that the common interest community is either a condominium, cooperative or planned community;

(2) The name of every town in which any part of the common interest community is situated;

(3) A legally sufficient description of the real property included in the common interest community;

(4) A statement of the maximum number of units that the declarant reserves the right to create;

(5) In a condominium or planned community, a description of the boundaries of each unit created by the declaration, including the unit's identifying number or, in a cooperative, a description, which may be by surveys or plans, of each unit created by the declaration, including the unit's identifying number, its size or number of rooms and its location within a building if it is within a building containing more than one unit;

(6) A description of any limited common elements, other than those specified in subdivisions (2) and (4) of section 47-221, as provided in subdivision (10) of subsection (b) of section 47-228 and, in a planned community, any real property that is or must become common elements;

(7) A description of any real property, except real property subject to development rights, that may be allocated subsequently as limited common elements, other than limited common elements specified in subdivisions (2) and (4) of section 47-221, together with a statement that they may be so allocated;

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(8) A description of any development rights, as defined in subsection [(14)] (16) of section 47-202, and other special declarant rights, as defined in subsection [(29)] (33) of section 47-202, reserved by the declarant, together with a legally sufficient description of the real property to which each of those rights applies and a time limit within which each of those rights must be exercised;

(9) If any development right may be exercised with respect to different parcels of real property at different times, a statement to that effect together with (A) either a statement fixing the boundaries of those portions and regulating the order in which those portions may be subjected to the exercise of each development right or a statement that no assurances are made in those regards, and (B) a statement as to whether, if any development right is exercised in any portion of the real property subject to that development right, that development right must be exercised in all or in any other portion of the remainder of that real property;

(10) Any other conditions or limitations under which the rights described in subdivision (8) of this subsection may be exercised or will lapse;

(11) An allocation to each unit of the allocated interests in the manner described in section 47-226;

(12) Any restrictions (A) on alienation of the units, including any restrictions on leasing which exceed the restrictions on leasing units which executive boards may impose pursuant to [subdivision (2) of subsection (c) of section 47-244] subdivision (3) of subsection (f) of section 47-261b, and (B) on the amount for which a unit may be sold or on the amount that may be received by a unit owner on sale, condemnation or casualty loss to the unit or to the common interest community, or on termination of the common interest community;

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(13) The recording data for recorded easements and licenses appurtenant to or included in the common interest community or to which any portion of the common interest community is or may become subject by virtue of a reservation in the declaration; and

(14) All matters required by sections 47-225 to 47-228, inclusive, sections 47-234 and 47-235 and subsection (d) of section 47-245.

Sec. 6. Subsection (a) of section 47-17a of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) As used in this section:

(1) "Person" means an individual, corporation, limited liability company, partnership, association, trustee or other entity capable of holding an interest in real property or any combination thereof.

(2) (A) "Private transfer fee" means a fee or charge payable (i) upon the conveyance and subsequent conveyance of an interest in real property located in this state, or (ii) for the right to make or accept such conveyance;

(B) "Private transfer fee" does not include:

(i) Any consideration payable by a grantee to a grantor for the conveyance of an interest in real property located in this state, including any subsequent consideration payable by such grantee for such real property based on subsequent appreciation, development or sale of such real property, provided such subsequent consideration is payable on a one-time basis and the obligation to pay such consideration does not bind successors in title to such real property. For purposes of this subparagraph, "real property" includes a mineral estate, as defined in section 47-33o;

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(ii) Any commission payable to a real estate broker or a real estate salesperson for the sale of real property located in this state pursuant to a contract or agreement between such broker or salesperson and a grantee or grantor, including any subsequent commission payable by such grantee or grantor for such real property based on subsequent appreciation, development or sale of such real property;

(iii) Any interest, fee, charge or other amount payable by a borrower to a lender pursuant to a loan secured by a mortgage against real property located in this state, including any fee payable to such lender for consenting to an assumption of such loan or conveyance of such real property subject to such mortgage, any fee or charge payable to such lender for an estoppel letter or certificate issued by such lender, and any shared appreciation interest, profit participation or other consideration payable to the lender in connection with such loan;

(iv) Any rent, reimbursement, fee, charge or other amount payable by a lessee to a lessor, including any fee or charge payable to such lessor for consenting to an assignment, sublease or encumbrance of a rental agreement or lease;

(v) Any consideration payable to the holder of an option to purchase an interest in real property or the holder of a right of first refusal or first offer to purchase an interest in real property located in this state, for such holder's waiver, release or nonexercise of such option or right;

(vi) Any tax, assessment, fine, fee, charge or other amount payable to or imposed by a governmental entity;

(vii) Any dues, assessment, fine, contribution, fee, charge or other amount payable to an association or a unit owners' association [organized under] of a common interest community as defined by chapter 828, pursuant to any declaration, covenant, law, association

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bylaw, association rule or association regulation, including a fee or charge payable to such association for an estoppel letter or certificate issued by such association or its authorized agent;

(viii) Any dues, assessment, fine, contribution, fee, charge or other amount imposed by a declaration or covenant encumbering a municipality or a county or any combination thereof or a neighborhood or other area, irrespective of boundaries or political subdivision, in this state, and payable solely to an organization that is tax exempt pursuant to 26 USC 501(c) for the purpose of supporting cultural, educational, charitable, recreational, environmental, conservation or other similar activities that benefit such municipality, county, neighborhood or other area; or

(ix) Any dues, assessment, contribution, fee, charge or other amount payable for the purchase or transfer of a club membership related to real property located in this state.

(3) "Private transfer fee obligation" means an obligation arising under a declaration or a covenant recorded against the title to real property located in this state or under any contractual agreement or promise, whether or not recorded, that requires or purports to require the payment of a private transfer fee upon a conveyance or a subsequent conveyance of an interest in such real property.

Sec. 7. (NEW) (*Effective January 1, 2015*) In the case of a master association: (1) That is comprised of common interest communities consisting of not less than four hundred units, (2) in which the master association is governed by a board of directors consisting of one individual representing each constituent common interest community, who is on the board of directors of the constituent common interest community, and (3) in which the master association board of directors has a weighted vote based on the number of units in the constituent common interest community represented by the director:

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(A) On the written consent of unit owners owning not less than twenty-five per cent of the units in the constituent common interest communities of such master association, the master association shall be terminated and dissolved and shall convey all assets owned by the master association to a new nonstock corporation that shall be formed not later than sixty days after the termination and dissolution of the master association.

(B) The associations of unit owners of the constituent common interest communities shall be the members of the new nonstock corporation. Each of the member associations shall appoint one person to be a member of the board of directors of the new nonstock corporation. Each member of the board of directors of the new nonstock corporation shall have one equal vote on matters to be voted on by the board of directors.

(C) The unit owners of each constituent common interest community shall have equal rights to utilize the facilities owned by the new nonstock corporation and each constituent common interest community shall share in the cost of the operation, maintenance, repair and replacement of the facilities of the new nonstock corporation on the basis of the number of units in each constituent common interest community as a percentage of the total number of units in all constituent common interest communities that comprise the master association.

(D) The Superior Court shall have jurisdiction to enter such orders as may be appropriate in the circumstances to implement the termination and transfer and the organization and operation of the new nonstock corporation.

Sec. 8. Subsections (a) and (b) of section 47-261e of the 2014 supplement to the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(a) (1) Except as provided in subdivision (2) of this subsection, the executive board, at least annually, shall adopt a proposed budget for the common interest community for consideration by the unit owners. Not later than thirty days after the adoption of a proposed budget, the executive board shall provide to all unit owners a summary of the proposed budget, including a statement of the amount of any reserves, and a statement of the basis on which such reserves are calculated and funded. Simultaneously, the board shall set a date not less than ten days or more than sixty days after providing the summary for either a meeting of the unit owners or a vote by ballot without a meeting to consider approval or rejection of the proposed budget. If, at that meeting or in the vote by ballot, a majority of all unit owners or any larger number specified in the declaration votes to reject the proposed budget, the proposed budget shall be rejected. If, at that meeting or in the vote by ballot, a majority of all unit owners or any larger number specified in the declaration does not vote to reject the proposed budget, the proposed budget shall be approved. The absence of a quorum at such meeting or participating in the vote by ballot shall not affect rejection or approval of the proposed budget. If a proposed budget is rejected, the budget last approved by the unit owners continues until unit owners approve a subsequent budget. If a proposed budget is not rejected in accordance with the provisions of this subdivision, the proposed budget shall be deemed approved.

(2) The executive board of an association of a common interest community, or of a master association as defined in section 47-239 exercising the powers on behalf of one or more common interest communities or for the benefit of the unit owners of one or more common interest communities, which community or communities were established prior to July 3, 1991, and have more than two thousand four hundred residential units, at least annually, shall adopt a proposed budget for the common interest community for consideration by the unit owners. Not later than thirty days after the

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adoption of a proposed budget, the executive board shall provide to all unit owners a summary of the proposed budget, including a statement of the amount of any reserves, and a statement of the basis on which such reserves are calculated and funded. Simultaneously, the board shall set a date not less than ten days or more than sixty days after providing the summary for either a meeting of the unit owners or a vote by ballot without a meeting to consider approval or rejection of the proposed budget. If, at that meeting or in the vote by ballot, a majority of unit owners actually voting votes to reject the proposed budget, the proposed budget shall be rejected, provided not less than thirty-three and one-third per cent of the unit owners entitled to vote on the proposed budget vote at that meeting or in the vote by ballot to reject the proposed budget. If an association's declaration or bylaws include quorum requirements for a meeting, the absence of a quorum at such meeting or participating in the vote by ballot shall not affect rejection or approval of the proposed budget. If a proposed budget is rejected, the budget last approved by the unit owners continues until unit owners approve a subsequent budget. If a proposed budget is not rejected in accordance with the provisions of this subdivision, the proposed budget shall be deemed approved.

(b) (1) Except as provided in subdivision (2) of this subsection, the executive board, at any time, may propose a special assessment. Not later than thirty days after adoption of a proposed special assessment, the executive board shall provide to all unit owners a summary of the proposed special assessment. Unless the declaration or bylaws otherwise provide, if the proposed special assessment, together with all other special and emergency assessments proposed by the executive board in the same calendar year, do not exceed fifteen per cent of the association's last adopted periodic budget for that calendar year, the proposed special assessment is effective without approval of the unit owners. Otherwise, the board shall set a date not less than ten days or more than sixty days after providing the summary for either a meeting

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of the unit owners or a vote by ballot without a meeting to consider approval or rejection of the proposed special assessment. If, at that meeting or in the vote by ballot, a majority of all unit owners or any larger number specified in the declaration votes to reject the special assessment, the special assessment shall be rejected. If, at such meeting or in the balloting, a majority of all unit owners or any larger number specified in the declaration does not vote to reject the special assessment, the special assessment shall be approved. The absence of a quorum at such meeting or participating in the vote by ballot shall not affect the rejection or approval of the special assessment. If a proposed special assessment is not rejected in accordance with the provisions of this subdivision, the proposed special assessment shall be deemed approved.

(2) The executive board of an association of a common interest community, or of a master association as defined in section 47-239 exercising the powers on behalf of one or more common interest communities or for the benefit of the unit owners of one or more common interest communities, which community or communities were established prior to July 3, 1991, and have more than two thousand four hundred residential units, at any time, may propose a special assessment. Not later than thirty days after adoption of a proposed special assessment, the executive board shall provide to all unit owners a summary of the proposed special assessment. Unless the declaration or bylaws otherwise provide, if the proposed special assessment, together with all other special and emergency assessments proposed by the executive board in the same calendar year, do not exceed fifteen per cent of the association's last adopted periodic budget for that calendar year, the proposed special assessment is effective without approval of the unit owners. Otherwise, the board shall set a date not less than ten days or more than sixty days after providing the summary for either a meeting of the unit owners or a vote by ballot without a meeting to consider approval or rejection of the proposed

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special assessment. If, at that meeting or in the vote by ballot, a majority of unit owners actually voting votes to reject the proposed special assessment, the proposed special assessment shall be rejected, provided not less than thirty-three and one-third per cent of the unit owners entitled to vote on the proposed special assessment vote at that meeting or in the vote by ballot to reject the proposed special assessment. If an association's declaration or bylaws include quorum requirements for a meeting, the absence of a quorum at such meeting or participating in the vote by ballot shall not affect the rejection or approval of the proposed special assessment. If a proposed special assessment is not rejected in accordance with the provisions of this [subsection] subdivision, the proposed special assessment shall be deemed approved.

Approved June 13, 2014