

CONNECTICUT GENERAL ASSEMBLY
Monday, March 24, 2014

TESTIMONY OF Kim K. V. McClain
TO JUDICIARY COMMITTEE
ON PROPOSED RAISED BILL 457, "AN ACT CONCERNING REVISIONS TO
THE COMMON INTEREST OWNERSHIP ACT."

I currently serve as the Executive Director of the Connecticut Chapter of the Community Associations Institute (CAI-CT). The Community Associations Institute (CAI), is a national member supported, not-for-profit educational and resource organization dedicated to fostering vibrant, competent, harmonious community associations for the 1 in 6 Americans who live in common interest communities.

I am submitting testimony to present my insights about how the proposed bill will affect the more than 5,000 common interest communities in Connecticut, and the hundreds of thousands of people who live in them.

CAI-CT supports RB 457.

Background

In 2009, when major revisions were made to the Common Interest Ownership Act (CIOA) it became apparent that there would be a need, at some point in the future, to offer some language which would provide greater clarification for some of the myriad terminology referenced in CIOA. We believe that since the revisions have been in effect for over 3 years, now is the time to incorporate several minor technical changes.

However, we respectfully request that the General Assembly contemplate our proposals for revising RB 457 regarding the following sections:

Section 1 (b) (8) should be simplified to remove the reference to a roll-call vote. Instead, it should state that unless the decision is unanimous, that the minutes shall list a record of how each member of the board cast his or her vote on the proposed action.

I have served on the Glastonbury Inland Wetlands/ Watercourses and Conservation Commission for over 15 years. Although I serve as Secretary of this commission, we have a professional recording secretary who tapes and transcribes all of our meetings. It is our practice, and I submit the practice of most commissions in Connecticut, that a roll call vote is not part of our regular procedure. Generally, most of our votes are unanimous. Clearly, when the issue at hand is controversial, we do record our individual votes.

CAI-CT supports transparency in all the operations of common interest communities. Nevertheless, a requirement for a roll call vote for all meetings seems to place an undue

burden on volunteer boards that do not have the benefit of professional secretarial staff. If the intent of this section is to provide greater transparency, then this goal would be served by requiring only those votes which are not unanimous to be recorded.

Section 3 (a) (16) should be excluded. The requirement to disclose in a resale certificate whether an association performs an audit, the date of the last audit, by whom, and their credentials, adds an unnecessary additional burden on an association in preparing what already is a detailed disclosure statement. Prospective owners already have the right to request copies of the annual financial statement. Furthermore, the term "audit" can be easily misunderstood. Associations typically consider one of three different forms of annual financial reports: a compilation, a review, or an audit. The substance offered for each is quite different and provide a variety of levels of certainty regarding the financial health of a community. It is also important to note that the audit is by far the most expensive option. Given that most communities are continually seeking ways to limit their expenses, an audit is typically not the option of choice.

Section 4 (b) (6) should remain a fine of not more than \$500, at least until the time at which regulations for the law governing the Community Association Manager registration are implemented. Within the industry there has been a fair amount of confusion that is steadily being resolved. CAI-CT has been working with the Department of Consumer Protection (DCP) to inform and educate Connecticut Community Association Managers about the new requirements of the Manager licensing law. Since the final piece of the law does not go into effect until October 1, 2014, it seems more logical to continue to educate and seek compliance prior doubling the potential fine to \$1,000.

CAI-CT fully endorses the imposition of fines for those who are in violation. However, we respectfully submit that the creation of formal regulations for manager licensing will greatly enhance the implementation and enforcement of the law. We look forward to continuing our work with the DCP staff in crafting these regulations.

For the reasons stated and with the abovementioned recommended revisions, CAI-CT supports Raised Bill 457.

We would welcome the opportunity to further discuss with you this issue, or any other issues affecting common interest communities in Connecticut. Please do not hesitate to contact us with any questions or concerns. I can be reached at 860-633-5692 or email: caictkmclain@sbcglobal.net.

Thank you for your consideration.

Respectfully submitted,

Kim McClain