

**TESTIMONY ON GENERAL ASSEMBLY BILL No. 457 - AN ACT CONCERNING REVISIONS
TO THE COMMON INTEREST OWNERSHIP ACT**

MARCH 21, 2014

I am Richard Mellin, Mellin & Associates LLC, a property management firm based in Northern Fairfield County. My partner and I manage large condominiums in the Bethel, Brookfield and Danbury area. We have been managing community association properties for over 25 years.

I am registered with the Department of Consumer Protection as a Community Association Manager holding Registration # CAM.0000082. I am 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.

I am in support of the proposed changes in Raised Bill 457 with the exception of Section 3, Subsection (b) (16) that would require “a statement disclosing whether the association audits its financial records and if so, the date on which the association's financial records were most recently audited and the name and professional credentials of the person or entity performing such audit”.

We manage five of the largest associations in the greater Danbury area and none of these associations have an outside professional “audit” their records. All these associations do have a licensed CPA firm review the association records and complete the annual tax returns. These associations do not want to incur the substantial cost of a formal outside audit.

The Board of Directors each month “audits” the financial records. At the board meetings, the Treasurer provides a summary analysis of the expenses and reports that s/he has reviewed the financials, bank statements and reconciliation and found everything in order. After this formal examination, there is an official endorsing of the records in the minutes of the board meeting.

Community association managers (and managers of the thousands of self-managed associations) do not need this added burden of maintaining current and accurate records necessary for any legal statement in the resale documentation. It is a sad reality that most condominium purchasers do not read the information already provided them in resale documents and adding more unrequested and unneeded information just increases the probability they will not read all of the overwhelming documents providing at a real estate closing.

Financial information (i.e. the budget) is already required and provided with the resale documents. The financial records of the association must be provided any unit owner requesting those records. However, learning if an association has performed an audit by someone with “professional credentials” does not delineate the extent or quality of an audit. This opposition to this section does not infer that an association should not perform an audit. However, there are unintended consequences of this requirement such as a legal action over an inaccurate statement or the appearance that an association is not acting fiscally responsibly by not performing an audit.

I support making necessary revisions to ensure our laws are clear but do not support adding additional administrative burdens required by Section 3, Subsection (b) (16).

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

Respectfully Submitted,

Richard E. Mellin
Mellin & Associates LLC
P. O. Box 1115
Redding, CT 06875
203-938-3172
Rich@Mellin.us

