
OLR Bill Analysis

sSB 457

AN ACT CONCERNING REVISIONS TO THE COMMON INTEREST OWNERSHIP ACT.

SUMMARY:

This bill makes various revisions to the Common Interest Ownership Act (CIOA) and related laws affecting condominiums and other common interest communities.

The bill requires the minutes of executive board meetings to indicate how each board member voted on any final action the board proposed to take, unless the board approved the action unanimously or without any member objecting (§ 1).

It provides that a master association executive board member generally is deemed to have resigned from the board if he or she fails to attend (1) four consecutive board meetings or (2) 50% of the board's meetings during a calendar year. This does not apply if the board member, in accordance with the association's bylaws, appointed an alternate to attend board meetings (§ 7).

Under CIOA, the default rule for unit owner meetings is that the majority of votes cast represents the owners' decision. Current law provides an exception if other CIOA provisions, other law, or the community's declaration requires a larger number or fraction of votes. The bill instead provides that other CIOA provisions, other law, the declaration, or bylaws can require something different than a majority vote (§ 2).

The bill adds to the information a unit owner must include in the resale certificate when selling a unit (§ 3).

It doubles the maximum fine, from \$500 to \$1,000, for certain criminal acts regarding community association management services

(§ 4).

Under the bill, dues, assessments, or other amounts payable to associations of common interest communities as defined under CIOA, not just those communities organized under CIOA, are exempt from the law's restrictions on private transfer fees (§ 6). The CIOA definition covers all common interest communities, including those organized before CIOA was enacted. Thus, the exemption applies to all common interest communities, regardless of when they were formed.

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2014, except for certain technical changes, which are effective upon passage.

§ 3 — RESALE CERTIFICATE

CIOA generally requires a unit owner to provide a purchaser with a certificate containing specified information before selling the unit. The bill adds to the information that must be in the resale certificate. It requires the certificate to include a statement disclosing (1) the most recent fiscal period within the preceding five years for which an independent certified public accountant reported on a financial statement and (2) whether that report was a compilation, review, or audit.

§ 4 — COMMUNITY ASSOCIATION MANAGERS

By law, community association managers must register with the Department of Consumer Protection (DCP). Under current law, certain prohibited acts relating to community association management are punishable by a fine of up to \$500, up to a year in prison, or both. The bill increases the maximum fine to \$1,000.

These prohibited acts include:

1. presenting or attempting to present someone else's registration certificate as one's own;
2. knowingly giving false material evidence to DCP, or the

Connecticut Real Estate Commission within DCP, to get a certificate;

3. impersonating a registered manager;
4. using or attempting to use an expired, revoked, or suspended certificate;
5. offering to provide association management services without a current certificate; or
6. representing in any manner that registration is an endorsement by DCP or the commission regarding the manager's quality of services or competency.

By law, unchanged by the bill, these acts are also deemed to be an unfair or deceptive trade practice. In addition, these acts constitute grounds for the commission to take various disciplinary actions concerning the manager's registration.

BACKGROUND

Common Interest Ownership Act

CIOA governs the creation, alteration, management, termination, and sale of condominiums and other common interest communities formed in Connecticut on and after January 1, 1984 (CGS § 47-200 et seq.). Certain CIOA provisions also 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 that date can amend their governing instruments to conform to portions of CIOA that do not automatically apply (CGS §§ 47-214, 216, 218).

COMMITTEE ACTION

Judiciary Committee

Joint Favorable Substitute

Yea 40 Nay 0 (04/02/2014)