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**March 24, 2015**

Re: TESTIMONY IN SUPPORT OF RAISED BILL No. 6988  
An Act Concerning Termination and Dissolution of a Master Association

My name is Charles Ryan. I am an attorney with an office in Watertown, CT. I have been practicing law since 2010 and my practice focuses almost entirely on representing Common Interest Communities throughout the State of Connecticut.

I am a member of the Connecticut Chapter of Community Association Institute ("CAI-CT"). I am a Member of the Education Program Committee, the Conference Committee and the Legislative Action Committee. I am also a member of the CAI Lawyer's Council for CT.

Please accept this testimony in support of Raised Bill No. 6988. The Bill will limit the number of Communities affected by C.G.S Section 47-239a.

I also urge that additional language be added to the Bill which will help Common Interest Communities operate. I strongly support the following statutory amendments to the Common Interest Ownership Act:

Subsection b(3) of section 47-250 of the general statutes:

(3) Notwithstanding any actions taken by [unanimous consent] not less than two-thirds consent of the entire executive board pursuant to subdivision (8) or (9) of this section, 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.

Subsection b(9) of section 47-250 of the general:

(9) Instead of meeting, the executive board may act by [unanimous consent] not less

than two-thirds consent of all executive board members as documented in a record authenticated by all its members, noting the consent or non-consent of each executive board member. The secretary promptly shall give notice to all unit owners of any action taken by [unanimous consent] not less than two-thirds consent of all executive board members.

The above two (2) amendments, together, will allow Association's to operate more effectively and efficiently in between meetings of the Board of Directors. The current Statute requires all Board Members to vote in favor of an action if taken outside of a meeting. In practice this is very difficult and often delays decisions. Board Members are volunteers. They often do not have time in their schedules to attend meetings outside the regularly scheduled Board meetings. As such they are forced to conduct votes with unanimous consent whenever an issue is raised that cannot/should not wait until a Board meeting can be convened. Often times one or more Board Members do not have (or do not use) email. This creates concerns for Manager and Boards as email is the most efficient vehicle to record votes outside of a meeting.

The proposed changes to C.G.S. 47-250 would still protect Unit Owners because the notification language is not being removed AND the proposed change requires a 2/3 vote of ALL Board Members not just 2/3 of a quorum.

It is my opinion that this amendment will allow Associations to act more effectively and efficiently. It will allow the Association to address day to day issues that arise without the need to wait until a Board Meeting can be scheduled.

Subsection (e) of section 47-261(e) of the general statutes:

(e) Unless prohibited or otherwise limited in the declaration, if the executive board proposes to enter into a loan agreement on behalf of the association and to assign its right to future income as security for such loan pursuant to subdivision (14) of subsection (a) of section 47-244, then, in addition to satisfying the requirements of subsection (d) of this section, [unit owners of units to which at least a majority of the votes in the association are allocated, or any larger percentage or fraction stated in the declaration, must vote [in favor of or agree to such assignment.] the executive board shall provide to all unit owners notice of its intent to assign its right to future income as security for a loan. Simultaneously, the board shall set a date not less than ten days or more than sixty days after providing said notice for either a meeting of the unit owners or a vote by ballot without a meeting to consider approval of the assignment of its right to future income as security for such loan. 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 assignment of future income as security for such loan, the assignment 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 assignment, the assignment 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 assignment.

This Amendment will allow an Association to access money via a commercial loan without the need to obtain an affirmative vote of more than 50% of the votes in the Association. However, the Unit Owners shall retain the power to reject the loan if a majority of the votes in the Association vote to reject the assignment of future income as collateral for the loan. This amendment mirrors the budget approval process.

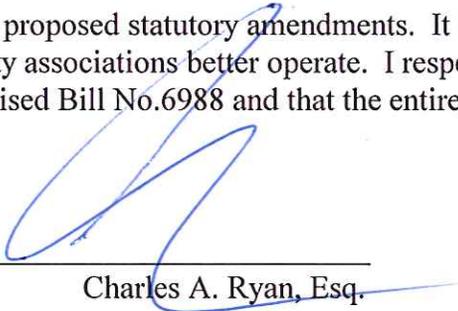
Associations are aging in Connecticut and unfortunately the vast majority of them have deferred maintenance and do not have the necessary reserve funds to perform necessary capital improvement projects such as siding, roof replacement, decks maintenance and/or road paving. As each of these items deteriorates over its useful life the community's appeal and value drop – as does the value of the Units. Additionally, insurance companies are requiring many associations make certain repairs/upgrades as a condition of insurance. Failure to comply can result in being non-renewed, dropped, added exclusions and/or an increase in Master Insurance deductibles. For example on March 23, 2015 I attended a Board Meeting in which an Association comprised of approximately 90 Units was informed by its insurance company that it has until April 8, 2015 to replace all aluminum wiring in the 26 Units located in one building. Failure to do so would result in the Association's \$10,000 deductible being increased to \$100,000.00 until all Units have complied with the wiring upgrade. Unfortunately this Association does not have the funds to pay for the project which is estimated at \$3,025.00 per unit. Now the Association is faced with obtaining a loan or waiting until it assesses the Unit Owners and procures the needed funds. In the meantime the entire community is at risk due to the enormous deductible.

The above example is not unique. Many Associations face similar circumstances. The current Statute places an unnecessary hurdle on the Association in that in order to procure a commercial loan it will need 51% of all votes in the Association to affirmatively vote in favor of assigning the association's right to future income as collateral for the loan. In most Associations, especially ones with higher rates of rental units, it is extremely unlikely that 51% of Unit Owners will attend a meeting or even vote. This causes further delays as the Association must seek out each Unit Owner that did not vote and attempt to obtain their vote.

This Amendment, however, would alleviate the 51 approval hurdle. Instead the Association would be required to put all unit owners on notice of its intent to assign its right to future income as collateral for a loan. Those Unit Owners objecting could do so and if more than 50% object the Association could not assign its right to future income as collateral.

In closing, I have reviewed the proposed statutory amendments. It is my opinion that these amendments will help community associations better operate. I respectfully request that the above amendments be added to Raised Bill No.6988 and that the entire bill be enacted.

Respectfully submitted,



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Charles A. Ryan, Esq.