TESTIMONY IN OPPOSITION OF RAISED BILL No. 5588 - AN ACT CONCERNING THE LIABILITY OF UNIT OWNERS FOR CERTAIN COSTS UNDER THE CONDOMINIUM ACT AND THE COMMON INTEREST OWNERSHIP ACT

February 5, 2015

Good afternoon Senator Crisco, Representative Megna, Senator Hartley, Representative Zoni, Senator Kelly, Representative Sampson and members of the Insurance and Real Estate Committee. Thank you for the opportunity to provide testimony on behalf of Imagineers, LLC ("Imagineers").

I am Karl Kuegler, Jr. of Imagineers, LLC where I serve as the Director of Property Management for our common interest community management division. From our offices located in Hartford and Seymour, we serve about 200 Connecticut common interest communities comprising about 18,000 homes. Imagineers is registered with the Department of Consumer Protection as a Community Association Manager holding registration number 0001 and has been serving Connecticut common interest communities for 34 years. I have over 25 years of experience in common interest community management and hold a Certified Manager of Community Associations designation from the National Board of Certification for Community Association Managers. Imagineers is a member of the Connecticut Chapter of Community Associations Institute. I serve on the organization's Legislative Action Committee as its vice chair and chair the organization's annual state educational conference.

Imagineers believes that this bill would create a true disservice and inequity to both common interest communities as well as the individual owners making up their membership. Changes to the Common Interest Ownership Act signed into law during the 2009 legislative session enabled common interest communities to put in place maintenance standards. The maintenance standards have been a means to remind unit owners of their individual minimum requirements in maintaining their units within the common interest community. The minimum standards are a tool to help reduce the cost to the common interest community by reducing both insurance claims and by holding unit owners that fail to follow the maintenance standards responsible for the uninsured expense should the loss be caused by the failure to follow the maintenance standards. Typically the uninsured expense is the community's master policy deductible. Deductibles in many communities range from $5,000 to $10,000 per loss. In the case where a unit was unheated resulting in burst water pipes damaging the unit, the uninsured expense may be much greater as a result of master policy exclusions. Although the master policy may still cover damage caused to neighboring units that were heated, the entire cost of the damages to the unheated unit which can certainly well exceed the deductible may be uncovered and considered a common expense to be absorbed by the community. It is important to note that a hearing with the unit owner must be held before a charge can be assessed to a unit owner believed to be in violation of the maintenance standards.

This bill would exclude the acts of a tenant. How is this fair to the common interest community or its members? The common interest community has no say regarding to

whom a unit owner chooses to rent their unit. The common interest community is not a party on the lease. It has no direct control on the manner in which a tenant maintains the unit. How then can a unit owner in the business of leasing a unit with a tenant of their choosing, then take and deflect its responsibility as a unit owner simply because they chose to rent the unit. The unit owner is the one individual that has the opportunity through their lease with the tenant to hold the tenant responsible for the proper care of the unit.

The example I used earlier of a burst pipe is all too frequent with rented units. Tenants vacate a unit without the unit owner making any arrangements to maintain heat. This not only can result in the community absorbing the costs of repairs but also inconveniences as well as displaces neighboring innocent parties. This is just one example. There are many other examples of instances where a tenant's actions to follow maintenance standards or by their willful misconduct or gross negligence have resulted in costs to a common interest community. Please remember that a common interest community is not a for profit entity. It is simply a group of unit owners that chose to enter into an agreement with one another to commonly address the needs and care of their homes. The costs to these communities are real. The community's sole source of income to fund these expenses is the wallets of each and every unit owner.

For the reasons stated above, we are in opposition of Raised Bill No. 5588 - An Act Concerning the Liability of Unit Owners for Certain Costs Under the Condominium Act and the Common Interest Ownership Act.