

Housing Committee JOINT FAVORABLE REPORT

Bill No.: SB-144
AN ACT CONCERNING RESERVE FUNDS IN COMMON INTEREST
Title: OWNERSHIP COMMUNITIES.
Vote Date: 2/29/2024
Vote Action: Joint Favorable Change of Reference to Insurance and Real Estate
PH Date: 2/20/2024
File No.:

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SPONSORS OF BILL:

Housing Committee

REASONS FOR BILL:

This bill would require that the executive board of any common interest ownership community perform an annual study of the association's funds in reserve and make recommendations concerning the allocation of funds to such reserves. This will allow communities to remain prepared to upkeep properties and address emergencies as they arise.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed.

NATURE AND SOURCES OF SUPPORT:

[Senator Martin Looney, President Pro Tempore, Connecticut General Assembly \(CGA\):](#)

Supports the bill as a study would "prevent these associations from holding reserve funds at a level lower than what is needed to keep the property in good condition and to address emergency situations."

[Kim McClain, Executive Director, Connecticut Chapter of the Community Associations Institute:](#)

Supports the bill, specifically the creation of a study, but has concerns that the intent is unclear. There are over 5,000 common interest communities in Connecticut totaling around 500,000 residents. An actual reserve study would be beneficial, but an annual study may burden communities. An annual study would contrast the industry standard of an update every 3-5 years. Currently, "there are only 10 states that actually require the existence of a reserve fund: Delaware, Florida, Hawaii, Illinois, Massachusetts, Michigan, Minnesota,

Nevada, Ohio, and Oregon." CAI provided additional public policy recommendations through organization [reports](#).

NATURE AND SOURCES OF OPPOSITION:

[Karl Kuegler, Jr., Director of Community Association Management, Imagineers LLC](#): Opposes the bill as the "Community Associations Institute, the national organization for common interest communities and professionals which serve communities, has created guidelines to the minimum standards for such studies, as well as minimum qualifications for persons preparing reserve studies." Annual studies may become burdensome for communities, and the industry standard is a reserve study every 3-5 years.

Reported by: Mario Volpe

Date: 03/11/2024