

Legislative History for Connecticut Act

SB1097

PA 453

1977

Senate: P. 1593-1595, 3035-3037

House: P. 4563-4570

General law: P. 201-222, 546, 563-568

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GEN. ASSEMBLY
SENATE

PROCEEDINGS
1977

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PART 4
1313-1685

Wednesday, May 4, 1977

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Concerning The Incorporation Of The Waterfront Heights Association. Oh, I'm sorry. I did not want to go page 3. What I want to do is go back to the condominium bill. Excuse me. Calendar, on page 4 of the Calendar, Calendar 405, File 688, Favorable Report of the Joint Standing Committee on General Law. Substitute for Senate Bill 1097, An Act Concerning Unit Ownership And Condominiums.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill. The Clerk has an amendment.

THE CLERK:

Clerk has Senate Amendment Schedule "A", File 688, Substitute Senate Bill 1097, LCO 6694 offered by Senator Cutillo and copies are on the desks.

SENATOR CUTILLO:

Mr. President, I move the amendment and ask the Clerk to waive the reading. I'll try to explain it.

THE CHAIR:

Will you explain it senator, please?

SENATOR CUTILLO:

Yes. We're changing in Section 1, we have expanded the SUCCESSOR DECLARANT OBLIGATIONS to include PERFORMANCE IN AC-

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CORDANCE WITH REPRESENTATION SET FORTH IN THE PUBLIC OFFERING STATEMENT. Section 4-B, we have changed the interest rate from 6 to 8% per year, have specified that the total amount paid or credited to the purchaser shall not be less than the consideration paid for the unit, and placed a limitation on the amount of the fair market rent. Limitation has been expressed as a percentage per month to prevent the apportionment of annual rent over the months of the year in an unequal way. Section 4-C, sub part of 2, we have added the requirement that lending institutions not be a declarant if it is to get the benefit of this sub section. I move the amendment.

THE CHAIR:

Question is on the adoption of Senate Amendment Schedule "A". Further remarks? If not all in favor, say aye. Opposed, nay, the ayes have it. The amendment's adopted.

SENATOR CUTILLO:

Mr. President, on the bill as amended, what we're doing, this is corrective legislation. As many of us who were last year know, a year ago, last April, before the session ended, we passed what was called land-mark legislation in behalf of the consumer on condominiums, and what we did in our haste, let's say, 'cause the bill flew through the Senate and flew through the House, the Governor did sign it, we put restrictions on the lending institutions making them a declarant

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in all cases, and we're loosening up the wording so that the monies that are now available that could be lent to building condominiums can be done with the passage of this bill. There are many people who are laborers, plumbers, electricians who are out of work now, this type of legislation will free those monies to certainly spur the economy in Connecticut. It is much needed legislation. I'm sorry it took so long to get to the point we are right now, but better late than never, and I would move, Mr. President, when we do vote on this that it be put on the Consent Calendar.

THE CHAIR:

Senator Strada.

SENATOR STRADA:

Mr. President, just for the record, as one of two who voted against the original condominium bill for the very reasons that they were corrected, I just wanted to commend Senator Cutillo and the committee for the innumerable hours and meetings that they've had and met with the bankers, the consumer groups, the lawyers, the real estate people to work out a bill that will work and will be a benefit to the consumer and will be equitable on all sides.

THE CHAIR:

Thank you, Senator. Without objection, the matter will be placed on the Consent Calendar.

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THE CLERK:

Turning to Page 16 of the Calendar. Under the heading "Disagreeing Action". Calendar 341. Files 183, 389, 1089. Favorable Report of the Joint Standing Committee on Human Rights and Opportunities. House Bill 7906. AN ACT CONCERNING APPOINTMENT AND REIMBURSEMENT FOR SERVICES OF INTERPRETERS FOR THE DEAF. As amended by House Amendment Schedule "B".

THE CHAIR:

Senator Lieberman.

SENATOR LIEBERMAN:

Mr. President, I wonder if we might mark that Pass Temporarily.

THE CHAIR:

So ordered.

THE CLERK:

Do you want to go on to the next one? Okay.

Calendar 405. Files 688, 1037. Favorable Report of the Joint Standing Committee on General Law. Substitute for Senate Bill 1097. AN ACT CONCERNING UNIT OWNERSHIP AND CONDOMINIUMS. As amended by Senate Amendment Schedules "A" and "B" and House Amendment Schedule "A".

THE CHAIR:

Senator Putnam.

SENATOR PUTNAM:

Mr. President, I move acceptance of the Committee's Favorable Report and passage of the bill, in concurrence with the House.

THE CHAIR:

Will you remark, Senator?

SENATOR PUTNAM:

Yes, Sir. This is a massive bill on unit ownership and condominiums which has been going back and forth between the two Houses.

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And much discussion because of its complexity. But it's a highly necessary and a very needed bill. And if there is no debate, I'd ask that it be put on the Consent Calendar.

THE CHAIR:

We can't do that. We have to first pass the amendments. I would move the amendment A.

SENATOR MADDEN:

Mr. President, would you address yourself to the amendment.

SENATOR PUTNAM:

Mr. President, in line 486 it would bracket out the word "to" and insert the word "and". In line 514 it would delete "1977" and insert "1975". Line 514 you delete "1977" and insert "1975" on line 514.

Okay, Sir?

THE CHAIR:

Proceed, Senator Putnam?

SENATOR PUTNAM:

Yes. We'll have to have a vote on the amendment, I believe, on accepting the amendment?

I would move the amendment.

THE CHAIR:

Motion is on the amendment. All those in favor of the amendment. No. Apparently there's nodding of the heads. Senator Reimers, do you have a question?

SENATOR REIMERS:

Mr. President, I think it's probably in conformity with the House Amendment. Not that we vote on a House Amendment. Right?

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THE CHAIR:

So the motion is for adoption of the bill in concurrence with the House Amendment.

SENATOR REIMERS:

Thank you, Mr. President.

THE CHAIR:

Okay. Are we ready? Proceed. Any further comments?

SENATOR PUTNAM:

No, Sir. Can I move it?

THE CHAIR:

Move on the Consent Calendar. Hearing no objections so ordered.

Thank you.

SENATOR PUTNAM:

Thank you.

THE CLERK:

Bottom of Page 16. Calendar 556. File 610. Favorable Report of the Joint Standing Committee on Judiciary. Substitute for Senate Bill 1298. AN ACT CONCERNING THE SENTENCING AND TREATMENT OF DRUNKEN DRIVERS. As amended by House Amendment Schedule "B".

THE CHAIR:

Senator DePiano.

SENATOR DePIANO:

Mr. President, I move for rejection of House Amendment Schedule "B".

THE CHAIR:

Will you remark?

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the suggestion, and if the legislation is really worthwhile, someone may wish to either deal with it in a different way then move to have it passed.

MR. SPEAKER:

Remark further on the bill? Would you remark further? Would the Members please take their seats; the staff and guests...

WILLIAM A. O'NEILL:

Mr. Speaker, I move this item be passed temporarily, please.

MR. SPEAKER:

You've heard the motion to pass this item temporarily. Any objections to that motion? Any objections? So ordered.

THE CLERK:

Page 8 of the Calendar, Calendar 1152, Substitute for S.B. 1097, File 688 and 1037, an Act concerning unit ownership and condominiums. As amended by Senate Amendment Schedules "A" and "B". Favorable report of the Committee on General Law.

RICHARD C. WILLARD:

Mr. Speaker, I move for acceptance of the Committee's favorable report and passage of the bill in concurrence with the Senate.

MR. SPEAKER:

The question's on acceptance of the Joint Committee's favorable report and passage of the bill in concurrence with the Senate. Would you remark, sir?

RICHARD C. WILLARD:

The Clerk has Senate Amendment Schedule "A".

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MR. SPEAKER:

efr

The Clerk has Senate Amendment Schedule "A", L.C.O. 6694.
Is that the correct L.C.O. number, sir?

RICHARD C. WILLARD:

Mr. Speaker, I do not have the L.C.O. number on the
Senate Amendment.

MR. SPEAKER:

The Clerk please call Senate Amendment Schedule "A".

THE CLERK:

Senate Amendment Schedule "A", L.C.O. 6694, offered by
Senator Cutillo, 15th District.

RICHARD C. WILLARD:

Mr. Speaker, the Clerk please read the amendment, please.

MR. SPEAKER:

The Clerk please read.

THE CLERK:

In line 24, delete the word "recorded". In line 27,
after the word "land" and before the word "on" insert the follow-
ing words: "and which are recorded". In line 28, after the comma,
insert the following words: "and in accordance with the repre-
sentations with regard to the construction, improvement and opera-
tion of the condominium property in any public offering statement
delivered to a purchaser as required by Section 47-71b". In line
339, place brackets around the word "six", and insert in lieu
thereof the word "eight". In line 347, before the period, insert
the following words: "provided the total amount paid or credited
.to the purchaser shall not be less than the consideration paid for

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the unit. The fair market rent shall not exceed two-thirds of one percent per month of the consideration paid for the unit". In line 386, after the word institution", delete the following words: "which is not a declarant".

RICHARD C. WILLARD:

Mr. Speaker, this amendment...this Senate Amendment, does four things to the bill. I'm going to have to discuss a little bit of the bill in discussing the amendment. What the first change in the amendment does is it adds the responsibility of the cecessor declarant to representations made in public offering statements, and I have to back up just a minute to say that the bill that we're going to discuss in the future, which is very technical, provides that there are certain cases in which a cecessor declarant is not responsible, and this merely adds another category. The second change raises the interest rate from six to eight percent on the interest that the owner can recover from the declarant when he sues under the statutory right of recovery. The third change specifies that the total amount that the unit owner can get upon reconveyance cannot be less than the consideration he paid for the unit. And finally, it provides for the rental...the credit for rental cannot exceed two-thirds of one percent per month of the purchase paid. And finally, it limits the liability for lending institutions to those that are only declarants and not...are not the...just lending institutions. I move the adoption of the amendment.

MR. SPEAKER:

The question is on the adoption of Senate Amendment
•Schedule "A". Would you remark further? Remark further? If not,

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all those in favor of Senate "A" indicate by saying "aye". Those efr
opposed. Senate "A" is adopted; ruled technical. Would you remark
further on the bill as amended?

RICHARD C. WILLARD:

Mr. Speaker, the Clerk has Senate Amendment "B", and may TAPE
I have permission to summarize. #23

MR. SPEAKER:

The Clerk has Senate Amendment Schedule "B". Would the
Clerk please call.

THE CLERK:

Senate Amendment Schedule "B", L.C.O. 8617, offered by
Senator Cutillo, 15th District.

MR. SPEAKER:

Are there any objections to the gentleman summarizing
Senate Amendment Schedule "B"? Any objection? Please proceed,
sir.

RICHARD C. WILLARD:

Mr. Speaker, this amendment simply limits the responsi-
bility of the lending institution when he forecloses as compared to
when the lending institution is what we call a ccessor declarant.
It makes changes in two percentages as to when the law should apply.
I move the adoption of the amendment.

MR. SPEAKER:

The question is on adoption of Senate Amendment Schedule
"B". Would you remark further? Would you remark? If not, all
those in favor indicate by saying "aye". Those opposed. Senate
"B" is adopted. It is ruled technical. Would you remark further

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on the bill as amended?

efr

RICHARD C. WILLARD:

Mr. Speaker, the Clerk has House Amendment "A", L.C.O. 9392. Mr. Speaker, may I have permission to summarize.

MR. SPEAKER:

The Clerk has L.C.O. 9392. It shall be designated as House Amendment Schedule "A". Will the Clerk please call. Is there any objection to the gentleman summarizing the amendment? The Clerk please call.

THE CLERK:

House Amendment Schedule "A", L.C.O. 9392, offered by Representative Willard, 11th District.

MR. SPEAKER:

Representative Willard to summarize.

RICHARD C. WILLARD:

Mr. Speaker, the first part of this amendment is in conjunction with Representative Green. It merely provides that those condominium associations that want to merge into one association shall have the right to do so irregardless of the fact that they were instituted and all units were sold prior to January 1, 1977. The second change is a typographical change. It changes "1977" to "1975" in one case. I move adoption of the amendment, Mr. Speaker.

MR. SPEAKER:

Would the gentleman care to move adoption of House "A", please.

. RICHARD C. WILLARD:

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I move adoption of House "A", Mr. Speaker.

efr

MR. SPEAKER:

The question's on adoption of House Amendment Schedule "A". Would you remark further? Would you remark? If not, all those in favor of House "A" indicate by saying "aye". Those opposed. House "A" is adopted. It is ruled technical. Would you remark further on the bill as amended by Senate Amendment Schedule "A" and "B" and House "A"?

RICHARD C. WILLARD:

Mr. Speaker, I have touched briefly in the amendments on some of the subject matter of the bill. For those of us that were here last session, this Condominium Bill was passed after a great deal of work in the committees. However, we found very readily that there were certain areas that were not workable and needed refinement, and one of the first items of business this session was to work to see if we could resolve and make a bill that is workable for the State of Connecticut. The first area that we were concerned with...that raised concern...was the area of what we call successor declarant, which means that anybody who becomes a declarant as a successor is responsible as well as the original declarant. This bill will limit the areas of responsibility, and they're more defined in the bill, but it does limit the successor declarant. Another thing, as the original bill provided for certifications by architects and engineers, and we immediately found that it was impossible to get certification...absolute certification...especially on those buildings that were completed or in construction. So, this bill provides for certificates

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to the best satisfaction of architects and engineers. The third efr change that we made was regarding the escrow. The escrow provision as under the original bill one-half was to be paid at the closing and one-half to be retained until the compliance with all plans and specifications. The first five percent now is subject to negotiation with the purchaser as well as the remaining five percent is depending upon the architect's certificate to the best of their knowledge and belief. The...another facet of the amendment is it limits the liability of certain people as to their participation in the original declaration, and they are more specifically set out. And finally, we have a grandfathers clause, which clearly states that the...any units that were constructed prior to January 1, '77 are governed by the then law. I move adoption of the bill as amended.

MR. SPEAKER:

The question is on passage of the bill as amended. Would you remark? Would you further remark? If not...

WALTER J. CONN:

Mr. Speaker, I would like to rise to concur in the remarks of Representative Willard, and I'd like to point out that I think this is probably the one bill we'll have this session that the full General Law Committee participated in and worked hard to resolve the serious problems with the condominium market. I think that it has greatly improved the bill and should be supported by the House. Thank you very much.

MR. SPEAKER:

Would you remark further? Remark further? If not, would

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the Members please take their seats; the staff please come to the efr
well of the House. The machine will be opened. Have all the Mem-
bers voted? Have all the Members voted? If so, the machine will
be locked. The Clerk please take a tally. The Clerk please an-
nounce the tally.

The following is the result of the vote:

Total number voting 139

WILLIAM KINER:

Mr. Speaker, in the affirmative, please.

MR. SPEAKER:

The Clerk please note Representative Kiner in the af-
firmative. The Clerk please announce the tally.

The following is the result of the vote:

Total number voting 140

Necessary for passage 71

Those voting Yea. 140

Those voting Nay. 0

Those absent and not voting 11

The bill as amended is passed. Are there any announcements or
points of personal privilege?

ADDO E. BONETTI:

Mr. Speaker, the Co-Chairman of the Appropriations
Committee requests the pleasure and presence of all members
tomorrow morning at ten o'clock in Room 310, including

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STANDING
COMMITTEE
HEARINGS

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1:30 P.M.

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PRESIDING CHAIRMEN: Senator Cutillo
Representative Grande

COMMITTEE MEMBERS: Senators Putnam and Diniello
Representatives Conn, Hendel, Polinsky, Berman,
Benvenuto, Barnes, Mahoney, Mazza and DeZinno

SB-1097

REPRESENTATIVE GRANDE: The hearing will now come to order. For the purposes of discussing the Condominiums and Housing Codes legislation before us. I am Representative Grande, Vice Chairman of the General Law Committee and this is Senator Cutillo the Senate Chairman of the Committee. Without hesitation we will start off by calling the individuals who want to testify on the bills. Hyman Rosenfield?

HYMAN ROSENFELD: I am not speaking.

REPRESENTATIVE GRANDE: Oh, your listed down here as one of the speakers. John O'Callaghan?

JOHN O'CALLAGHAN: I don't know I'm just an owner of a condominium unit.

REPRESENTATIVE GRANDE: Just express your opinions.

JOHN O'CALLAGHAN: My name is John O'Callaghan 41 Orange Road, Middletown, Connecticut. Well my opinion...in what way do you want it? Being an owner of a condominium....

REPRESENTATIVE GRANDE: Which ever way you would like sir.

JOHN O'CALLAGHAN: Well to me the condominium ownership...or the condominium industry is the biggest rip-off in my opinion and through my experience. They had an investigation of the convalescent homes they ought to make a big probe into these condominiums. Now, I read everyday these places offer their own growth and here you had a hearing last week I guess...the banks are going to developers crying. Well if you own a house, a bank wants you to keep that house up. Alright, I...they have signs at this condominium complex and maybe another in Ridgely as you call it Real Estate. They have signs homes for sale. Now I didn't buy a home I own another one and my son is in it. I've owned property all of my life and I asked them...the association, the board of directors...of course in this complex it is more complicated because you have Hill Development Corp. which is the ones that do all the development now Hill is well I'll be blunt is nothing more than a front for Wesleyan University. And I don't know how these colleges of course some probably here are sincere...but Wesleyan University is always crying they have no money their broke. Well how are they going into these

Real Estate deals and while their in the deal, unless they build something on the land it's not taxed. But the poor owner is caught between all this. Now in the Wesleyan complex Connecticut Trust has foreclosed on the...Ridgely took that over. The mortgages. And my place Governors Grove they have.... Liberty Savings has bought the mortgages from Hill Developments Corp. at discount, which I did'nt know could be done. Now they in turn went after Liberty Savings took over the Ridgely, Hill Development Corp. turn right around and buys them back again. But we pay a maintenance fee and now they call it something else, I don't know. They sur-charge and everything else. It went from \$39 up to \$58 a month. Now that's just one phase of it all. Then you have to pay an assessment fee to Wesleyan Hills Association where the homes are per year. I don't know for what, I do know for what. I am helping to develop the rest of a complex, paying for it. And I don't know how the town can even....as it were...how do you tax a place like this? When I have the warranty deed here and everything you own a percentage now your....the other day, this is a little example. The association has taken it over. And when they took it over they said Hill took all the money, theres nothing left. Then they in turn went and hired Coughlin and Coughlin to manage the place. I said if you have no money how are you going to pay it for management? Well what would you do? Well I said you hire a good bookkeeper and have a CPToor whatever come in and check the books once and awhile. You have a board, what are they going to do. It's the oldest scheme in the world to pass it on so.....and the president of the association don't... ..well he has an unlisted number. So if you have any troubles you have to get ahold of the management. Now, here's a good example the other night....next door is sub-leased to somebody in North Carolina a professor. And he has sold it in the meantime. Well this couple in there mis-laid their keys and they came to me. I'm a post office and everything else there. He said, well we can't get in. Well I said Hill has given it over to the association so I imagine they won't do nothing so I got ahold of Coughlin and Coughlin and he told them something... where the key was our key. Then he came back he said the key won't fat the door I can't get in. Well I said maybe they changed the lock, now when they do that they are supposed to give that key...the new key to the association. Well anyway I said there is one way to get in there. There is two stairways in each unit, so all you have to do is go up the stairway crawl over into the next unit and then you can come back and they open up the door. Now this....they have...they did have North American Insurance on it. I told them about these things. They came up with sixty three violations. He said we can't enforce it. We can cancel insurance. Now they have New Hampshire I think it is. So the town I got here...they say one thing and then the next thing they say...I got copies of it. So nobody knows anything. The only think they know I don't even get a financial statement per month. The asked me why I want it. Then they have this contract. Now do you

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have a front and back of any place or house or anything else? Your supposed to.....your paying a maintaining charge for full maintenance. They shoveled the front I said why are'nt you shoveling the back? Well it's not in the contract. Well you know there is fire exit....when you have to get out, well in this particular instance the snow could go over the sliding door. So this is what your up against. Your battleing...now I have been to lawyers. I am not a rich man I'm on disability anyway from the state. And I thought I was coming...my theory was to get away from taking care of an outside ...work. But I'm the only one.....next door there in one instance the car was parked across the street and the people already sold the unit. I got the police up there because, if you back out you couldn't back out. And the police said well we can't do anything because it's a private place. Well I said if there was a murder here would you leave it happen? In that particular area....he said well I'll tell you what you can do....you can get all over the fire chief in the town and this will be a fire lane. That's one way you can get around it. Well I called the fire chief but the only trouble with that...from one of the firemen I knew as a boy...he told me, I happened to have talked to him and he said well I don't think you will get very far because the chief is related to Coughlin. So now Coughlin has the selling of the house of some of them. They have the management they have the insurance and everything else. To me it isn't a good set up. Now people have asked me well who comes out of all this? Well I said the banks don't care as long as they keep getting mortgages, real estate people don't care as long as they keep getting their fees in selling it, insurance people don't care as long as they keep renewing their insurance so I says it's a great way of turning over money and making money.

Now this...I spoke to O'Neill before coming up here, now I'm an independant voter I don't give a damn for whose going but I vote for the man. I talked to Representatives, some of them. Well are you in my district? Well I'm.....well I said what's the difference where the hell I am? Condominiums are all over the state and all over the country. I have to be in your district to get any action? Are there any questions that you would like to ask me. I have a warranty deed and these signs... there is one sign that probably would meet my approval For Sale. You have a big sign in front of the entrance of Governors Grove Condominiums and their telling me there are homes there. And according to this....the insurance guy himself...I don't know if they know who the hell owns anything because he told me you own from the wall in.

Now the bulbs are out, so the wife says well why don't you put it in. I said I'll be damned if I am going to pay this money and put that bulb in and if I was'nt here you would break your neck putting it in. The only answer I got from Coughlin managing the place that the switch is on the inside. Well I said

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where is the fixture. Well outside. Where is the shingle? Well outside. Because the switch is on the inside I said well I guess I'll cover the switch over and there will be no switch sticking outside of the wall inside. So I don't know what I'm facing in back. Everybody wants to make a buck but nobody wants to do anything. Maybe I'm fighting city hall but....

REPRESENTATIVE MAHONEY: I would just like to ask a question Rep. Mahoney, 118th District. When you purchased this condominium did you have a lawyer at the closing?

JOHN O'CALLAGHAN: I had a lawyer, alot of people had a lawyer. There are somethings I know what your saying, but we were told we were going to get full maintenance. Now that is'nt happening, in fact I pay for garbage.

REPRESENTATIVE MAHONEY: Well then I think you have a right in the civil courts I mean were not...our committee at least I don't interpret the committee as going on a witch hunt on a little individual provocation of which I think you have....

JOHN O'CALLAGHAN: Individual?

REPRESENTATIVE MAHONEY:what you have said is certainly worth considering when were evaluating the condominium law which is the intent...what were trying to do. Not to take care of an individual case where you come under an different statute entirely. It's good that you brought it to our attention but I don't think it's relevant to the hearing at this particular point. This is my opinion with the permission of the Chair?

REPRESENTATIVE GRANDE: I think that some of his statements were relevant to condominiums. He reports information so that we can make some corrective measures with it. But I agree with Representative Mahoney that what you have is with the association. If you can't get anywhere with the association then it's a civil matter. You could see your attorney that you had for your closing.

JOHN O'CALLAGHAN: Well he's in with the same people already giving me the business. So he'd be a good guy to get. (laughter) Well you run out of them in this case.

REPRESENTATIVE HENDEL: May I just ask a question? Who promised you and how?

JOHN O'CALLAGHAN: Well, the lawyers, people that sold it to me, the delveloper. I have all the closing papers right here if you want to look at them.

REPRESENTATIVE HENDEL: Is any of that in writing? About what they would take care of?

JOHN O'CALLAGHAN: There is a list of things here. The only thing.... that was given.....

REPRESENTATIVE HENDEL: After you signed?

JOHN O'CALLAGHAN: Yeah, but that was the whole concept of ...the common meaning was to get away from all outside work. That was the theory of it and then I could give you all of the papers.... the closings.....

REPRESENTATIVE GRANDE: That is'nt the normal way to...excuse me that is'nt the normal way to...of procedure...that you should get what is entitled to you after you sign. Usually you get what your entitled to prior to signing, before you sign it. You should read this and so should your attorney but I guess you were,...this could be significant....if you got some of these after you had signed the contract.

JOHN O'CALLAGHAN: Even after they were told....You have three.....

REPRESENTATIVE GRANDE: Verbal.

JOHN O'CALLAGHAN: You have three common areas in this particular..... well all common areas. You have a common area which is one of them. Another common area is your outside garage...a certain number of feet. When I was down to the Tax Office, they gave a percentage of what actually your.....I imagine that's the building, but all they care about down there is the total area then they tax you. But, I mean as far as the closing they did say that the attic was a common area...everybody owned it. I could see some of their reason there on account of the pipes going from one unit to the other. And a....

REPRESENTATIVE GRANDE: What else?

JOHN O'CALLAGHAN: Well, the outside was common area. I don't know... there have never been any laws...it is fairly new and nobody ever challenged it and you have a bill in here now...January 1 you have that bill?

REPRESENTATIVE GRANDE: Yes.

JOHN O'CALLAGHAN: According to the one there.....try to get it through...it's kind of a weak bill, but it is something. I spoke to alot of lawyers and some of them I think were sincere said you can write alot of letters but, there is'nt much you can do. Now, there was a home down there which is...Hill owns too or did own and order to settle that they bought the policy guide...a \$100,000 and they promised the guy they would sell it for him. In other words they there again they were leading him on ...a thousand to get out of there. Now I had an offer of \$50,000 which I know....I would'nt give it but, somehow when they gave me 24 hours to sign they were'nt going to do it. I said who sent you?

REPRESENTATIVE GRANDE: Okay Mr. O'Callaghan, any other questions from the committee? Thank you very much, we will be available after the hearing also, if you would like to discuss it further. Carroll Dunham?

CARROLL DUNHAM: Good afternoon Mr. Chairman, my name is Carroll Dunham I am here representing the Connecticut Association of Realtors. I would like to take just a moment of your time to discuss a portion I believe it is raised committee bill number 5727 concerning technical amendments and....discuss with you for a minute section 47-74 or section 11 I guess as it is in another version of it, which deals with ownership interests.

REPRESENTATIVE GRANDE: Excuse me, what's the number of that bill?

CARROLL DUNHAM: Well this is the bill that was discussed last week it's ...what I have is 5727....it's the only bill I could find here that I didn't refer to...

REPRESENTATIVE GRANDE: Judiciary?

CARROLL DUNHAM: Yeah.

REPRESENTATIVE GRANDE: Well this is not under...this is Judiciary assigned....

CARROLL DUNHAM: Well can I raise the point which ishas to do with what we are dealing with in this whole condominium thing. That's the only bill number I could find that was remotely pertinent that you had here on the table.

REPRESENTATIVE GRANDE: Well if you are going to transferhearing of Judiciary if it's related. It's not the bill that we raised... on the bills that we raised.....the testimony on the bills that we raised is all before the committee at this point.

SENATOR CUTILLO: You see sir, we certainly wouldn't want to block you from any discussion that's certainly not the way the legislature
.....

CARROLL DUNHAM: No, no I understand.

SENATOR CUTILLO: It is not a bill which is in the confines of this committee.

REPRESENTATIVE GRANDE: Even if it is related, our own bill which I am sure you are aware of that was presented in amendment form last week and the committee raised last Friday....

CARROLL DUNHAM: Well then maybe I will address myself to that one. I am sorry if I got the wrong number.

REPRESENTATIVE GRANDE: That's okay, Thank you.

CARROLL DUNHAM: What I am discussing is essentially 7608 as it was passed and as it is going to be in some degree corrected or updated. So if I may....under section 4774 Ownership Interests under section small b - 1 it states that each unit owner shall own an undivided interest in the common elements in the percentage expressed in the declaration...such percentage shall be computed on any of the following basis or a combination thereof provided that the declaration shall fully set forth the manner in which the percentage pertaining to each unit is ascertained. And then under section capitol A one way of doing this is the fair value of each unit as of the date of the declaration in relation to the fair value of all of the units having an interest in the common elements. Section capitol B another way of doing it is the size of each unit as shown in the plans filed with the condominium instruments in relation to the size of all of the units having any interest in the common element or under Section capitol C that the percentage pertaining to each unit or to each unit within separate classifications is to be identicle. The point we would like to raise Mr. Chairman, members of the committee is that under section capitol B where the size of the units can be a controlling measure of the percentage interest we believe that this opens the door to a rather serious problem down the line. Because size of unit does not necessarily bear relationship to value. Those of us who are charged with the marketing of Real Estate properties are very sensitive to this because in the interest of owners quite often the size of a unit may be smaller than that of another but it's price may be higher because of it's location in the project. And down the line if there is an adjustment in common charges or if at any time there has to be an exchange of value i.e; through condemnation, through liquidation of the condominiums the enequity's of square footage as opposed to ad volorem value will become very evident. And those of you, who are attorneys on this committee I am sure will be sensitive to this. The appraisal of these properties has to be on a ad volorem basis and unless there is some continuity in ownership interests between the actual value of the unit and it's percentage value as of time of declaration and it's percentage of the charges . You are having a built in enequity which latter on down the line particularly if common charges get increased and these units sell back and forth and somebody who has paid alot more money for a unit that is perhaps smaller is paying less common charges than somebody that has paid less and has a bigger square footage. So we do ask you to consider in your review of this legislation this particular point and give serious attention to making the provision if it's possible to make it absolute make it absolute that it is on an ad volorem basis and that it....necessary where you have in section C it must be identicle. The percentages may be identicle biff the values are identicle. And we have units I mean condominium projects where there might be 16 or 20 units all of them priced exactly the same going in. Okay then it's fair game to have them all assigned the same percentage of

common interest, common charges and own the same percentage of undivided interest in the common elements. But if there is a difference in value at the time of sale then I think if you open the door to square footage your opening a problem that you will all regret all of this in this business will regret in the years down the line. Thank you for your attention.

REPRESENTATIVE GRANDE: Are there any questions? Thank you very much.

SENATOR PUTNAM: Mr. Chairman; would you give me that section of the bill again?

REPRESENTATIVE GRANDE: Attorney Birmingham?

ATTORNEY ALLAN BIRMINGHAM: My name is Attorney Allan Birmingham, I am here representing the Heritage Village Master Association. There are just two points that I would like to address myself to, one is a concern that has been expressed time and time again that a...to make it absolutely clear and correct of legislation that the new act was not intended to repeal the old. I presume that's been mentioned numerous time before. The second point is of a technical nature, it relates to section 4788a of the act section G. This relates to the merger of the operations and the activities of associations and our concern is subsection G is as it now reads is vague and we would have some language that we would like to give to you which we feel would clarify the situation and which would make it clear that the assessment of the result in the association is going to be based on the charges of the merged operation and it's our feeling that section g as it now reads is not clear in this respect.

The language which we would propose reads as follows: the result in the association shall have the power to assess common charges and distribute common profits on all member unit owners as though all member unit owners were members of a single condominium which further suggests that the legislation should provide for the agreement by the unit owners under the merger agreement and we propose a second sentence that would read ~~The merger agreement~~ shall fully set forth the manner in which the common charges and common profits are to be assessed and distributed.

SENATOR CUTILLO: You would like that language?

ATTORNEY ALLAN BIRMINGHAM: Yes, we would.

SENATOR CUTILLO: That's the whole thing?

ATTORNEY ALLAN BIRMINGHAM: I can give you something better, if you would like it.

SENATOR CUTILLO: This is your recommendation to the present statutes that went into effect January 1st?

ATTORNEY ALLAN BIRMINGHAM: That's correct. We would propose that language in place of the language that now exists in section g.

SENATOR CUTILLO: Have you seen the amendments that were proposed last Monday or Tuesday?

ATTORNEY ALLAN BIRMINGHAM: I don't believe that I have. I have several of the bills, I don't know if I have this particular one.

REPRESENTATIVE GRANDE: Well we will take this into consideration during the recommendations for a change.

ATTORNEY ALLAN BIRMINGHAM: Thank you very much.

REPRESENTATIVE GRANDE: Thank you, are there any further questions? Lawrence Schwartz?

ATTORNEY LAWRENCE SCHWARTZ: Gentlemen, I am Attorney Lawrence Schwartz of Bridgeport.

REPRESENTATIVE GRANDE: You had better address the ladies too.

ATTORNEY LAWRENCE SCHWARTZ: And ladies, excuse me. I believe that I handled the first condominium in the State of Connecticut as an attorney under the original 1963 act. The first condominium that was actually completed and declared. It was a condominium called Candlelight Terrace in Bridgeport. I also handled the first condominium conversion in the State of Connecticut and probably on...I have handled at least as many condominiums in the state over the last several years as...our firm has as any other law firm in the state. As a matter of fact against the original condominium act I was responsible for some of the original technical changes. Now in 1971, 1972 this legislature started struggling with amendments to the unit ownership act on the grounds of looking for consumer protection, on the grounds of reported abuses by condominium developers and the legislature came up with the 1975 amendment. At that time I wrote a letter to the Governor and I wrote a letter to whoever I could advising that this particular amendment which was finally adopted under the guise of consumer protection went so far in over protecting and went so far beyond the realm of what was necessary that it now only would protect the consumer to the extent of eliminating the condominium construction in the State of Connecticut which it has effectively done. The banks will not make mortgages, the title companies will not insure and the developers will not develop. I think what happens and I don't want to pick on this gentlemen here. I think what happens is Mr. O'Callaghan here was the first speaker after he sat down I asked him a question. I wanted to find out who his gripe.....tape ended, the new one begins with.....the changes go far enough. The proposed changes are drafted by bank counsel and what they do is they take care of the problems with relations to the banks, but they don't take care of the problems with relation to the developer. I am in favor with the changes as they exist, but I do not believe they have gone far enough. I think you have got to go alot farther

in amending the act that you passed in 1975. And I think you have got to recognize something, today tract houses in cities like Stamford, ordinary tract development houses are going for \$150,000. It's impossible today to buy a home, a one family house, anywhere in the State of Connecticut reasonable built for less than \$70,000 or \$75,000. The only way that the younger generation can begin to get the incident of ownership, is through condominiums. Because it's the only home ownership equity that's within an affordable price range at this moment. Your just not getting houses built at these prices and if you don't foster codominium development your going to make home ownership impossible for many people as the years go on. It's the answer to rising prices. Now I am in favor, totally in favor of consumer protection and I don't want anybody here to think that I am opposed to that. I do not object to the right of rescision I think your right of rescision is a little too long, I think fifteen days is a little too long. I think that ten days would be more reasonable. I don't object to an offering statement, I think that the offering statement is reasonable. I do object to the many provisions in this act, they are going to increase the cost to the ultimate consumer.

For example, the current act you have got about five different places where you require architects certificates. Now that means that the architect is going to have be paid substantially more, if he can legally do it and we have another speaker here who wants to talk on that, if he can legally do it he has to be paid substantially more for his services than he is now being paid. These certificates are not necessary in the number of different places that you've put them. You have created a situation where the books and records of the condominium association when they are being turned over by the developer to the condominium association, must be audited by an independent certified accountant. It may be that this should be an option at the associations request. Because to make it mandatory is simply going to increase the cost. There are many other provisions in here, but if you really look at it, all there going to do is increase the cost of development to the developer and they increase the cost of development the very consumer that you have tried to protect is going to be paying more and more money for his unit. You've got a section, I think 4790a misrepresentations and public offering statements and remedy. I don't know how anybody can live with this, you have completely ignored corporate law. You make any individual who is involved with a condominium liable under this section. The new act excepts lawyers and banks, but it doesn't except salesman it doesn't except principles. You give the purchaser what is called a material misrepresentation which is not defined the right at any time of up to one year to tender his unit back to the developer. And force the developer to re-buy it. Now that purchaser has remedies of law, but who can take the chance on developing a condominium unit, I understand that the material representations is defined under the inter-state land act and it is much broader than anybody really conceives of, who can

take the chance of developing a condominium with the spector of a year from now every single unit owner can come and tender their units back. I mean your just inviting a bankruptcy. You have a situation on condominium conversions where you require the developer on a condominium conversion to furnish certified financial statements of the converted building for three years prior to it's conversion. Generally speaking a condominium is converted by someone who buys it new from the existing owner. It's not an existing owner that owns the building for many, many years and then goes into a conversion of that condominium. Somebody comes in and buys it then does a conversion. I respect the rights of the tenants that are in the unit that is being converted to stay there for a reasonable period of time. But don't make it so impossible to convert the condominium by the requirements of the disclosure that you are asking for. I said earlier that I handled the first conversion in the State of Connecticut and Mr. William Baker, who is here with me was the developer of that first conversion. The first conversion was a 100 unit 30 year old garden apartment development. It was falling apart at the seams, it was deteriorating, it was dragging down the entire neighborhood around....that surrounded it. And it was just in a terrible state of disrepair. The units were 4½ room units, they were converted in an opening sales price of \$17,500. The units are selling today for \$28,000 and \$29,000 with the pride of ownership with the people that went in there and became owners of the converted project. It is now the nicest development in the area because you have land owners living in it. It's been truely a successful project and if it had'nt been converted to a condominium it would have deteriorated into a slum today. Please consider some of the pros of what the condominiums have done for the state and not just the cons.

REPRESENTATIVE GRANDE: Have you spelled out some of these in writing?

ATTORNEY LAWRENCE SCHWARTZ: I will be happy to spell them out Mr. Chairman and mail you a letter and set forth where I think the problems develop.

REPRESENTATIVE GRANDE: I think that if you will do that as soon as possible and send it to the committee we will take this into consideration on final draft of the bill.

ATTORNEY LAWRENCE SCHWARTZ: Alright, there is one other major point that I think that perhaps that I was the culprit who developed the irrevocable power of attorney that was granted by the buyer of a condominium unit to the developer at the time of the closing of the unit. And the reason that I developed this was because we often found in the early condominiums that technical mistakes were made in the declaration of condominium. In other words a unit number 101 might have been printed on two different places

on the map or the common elements of one unit might have been left off. And we felt that the developer had to have the right where his lawyer makes a mistake or where his accountant makes a mistake or where somebody makes an innocent technical mistake has to have the ability to amend that declaration of condominium without going back and holding a meeting of all the condominium owners. I am talking about an immaterial amendment that would not change the common theme of its writing but just make the technical correction of a mistake. You've gone ahead with this act and you have allowed power of attorney to be issued but you limit it to the express purpose of an expandable condominium and for no other purpose. If a mistake is made in the declaration there is no way to correct it. Another situation has developed, a developer comes in and he wishes to build a 160 unit garden apartment condominium, he draws up his offering statement he draws up his plan. He proposes that 100 of those units are to be 2 bedroom, thirty of those units are to be 3 bedroom and thirty of those units are to be 1 bedroom. He finds that as he starts his sales program which he doesn't know about...which he can't tell about until after he has declared, that there is no demand for the 3 bedroom unit and there is no demand for the 1 bedroom units but there is a total demand for all 2 bedroom units. There is no mechanism under this act for that developer to vary the composition of the units within the declared condominium to meet the demands of the buying public in the area where the condominium is being developed. He can't do it. He can't amend it once he has declared it he can't amend it without all of the unit owners. So these are the things that I think we should be concerned about and if you would be willing to accept a letter of censure from me on the act as a whole I certainly would be happy to send it in.

SENATOR CUTILLO: I was just going to ask you for that.

ATTORNEY LAWRENCE SCHWARTZ: Please bear in mind the main point in possibly the zeal to protect you might stifle the industry. Thank you.

REPRESENTATIVE GRANDE: Any questions? Leonard Blum?

LEONARD BLUM: Ladies and Gentlemen my name is Leonard Blum I am an attorney in Bridgeport, Connecticut. I happen to be a partner of Mr. Schwartzs. I am also past chairman of the Real Property section of the Connecticut Junior Bar and have had extensive experience in the condominium market. I would like to start off by saying that it is my impression after extensive study of the new condominium bill that it is a disaster. It is going to have the effect of limiting housing and increasing costs in condominiums that are developed despite the bill. It is an example of proposed consumer legislation hurting the consumer. Number 1 the deleting the housing available to consumers and Number 2 increasing the purchase price of a condominium unit that is going to be offered to a consumer.

There are numerous technical problems regarding this bill concerning title, conflicting sections, impossibility of compliance in some areas etc. I won't go into each technical problem if the committee feels appropriate I will send in a written statement of those problems. I have a copy.....I received a copy today of the proposed legislation that would modify the existing bill. Again as previously said this in affect takes the banks off the hook and at least allows for the financing of condominiums. It has some other minor technical amendments, it takes attorneys, engineers, architects off the liability but it doesn't take a salesman who sells the condominium on commission off liability in event that there is a material fact that is not disclosed and I don't know how you are going to get salesman who have the potential of having multi-million dollar liability. It just doesn't serve the purpose necessary. The necessary thing that has to be done with the public actthat was passed last year, has to be repealed the old condominium legislation put back in place and a study commission created that can come up with a workable condominium bill that will incorporate consumer protection but that will also allow the orderly developments of condominiums in the State of Connecticut.

REPRESENTATIVE GRANDE: Mr. Blum, I might interject here that I don't know if you are aware of the fact there was a great deal of work done on this particular condominium bill. It wasn't passed over night. There was alot of research done it may have some inequities in it but I don't think it calls for a terrible bill and should be repealed. I agree with you there may be some changes and this is what we are looking for maybe some changes in the bill. But to come before the committee and say that it is a terrible bill and it should be repealed I think if any of the people here were drafting that bill....were here I think they would take exception to that remark and probable you wouldn't get too far with them with your testimony. We would be glad to take some of the changes that you have and put it before the board.

SENATOR DINIELLE: BLUM: Mr. Chairman, excuse me, there are some though that would agree with his remark on the committee.

ATTORNEY LEONARD BLUM: With all due respect to the chairman, I again will emphsize that this bill is a disaster with all due respect to the members who drafted it, it's a compilation of some New York legislation, some Virginia legislation thrown into a hat and you see what comes out. A totally unworkable situation. I am suggesting the orderly study of the condominium industry and the proper development of the bill that reflects the needs of the State of Connecticut. In New York they have condominium legislation but it doesn't leave the developer handing in the wind. It says to the developer, this is what you have to do give it to the attorney generals office, if they pass it you have a valid bill and you can go out in the market place confident that you have a product that you can market and you

are not going to have a thousand law suits trailing you for the next ten years. In Connecticut you said to the developer here is a 45 page bill do the best that you can to comply with it, if you are wrong the courts will tell you so and then you will have insurmountable litigation and damages. It's not something that can be coped with. Going through the bill specifically, there is no grandfather clause you have a situation that a condominium as of January 1st of this year is not 90% sold out a number of the more material sections apply to existing condominiums and you are going to have situations where.....that comply with the situation such as three year audited statements on a conversion condominium. Now if that was'nt available just passing a law is not going to make it available. If you take the amendment and you take the banks off the hook that's not going to serve the problem that exists. Once more we have a depressed state as far as the building trades are concerned. The building trades in the South and the Southwest are booming in Connecticut they have the highest percentage of unemployment to my understanding. You've taken a situation and you have closed down an industry. You have closed down jobs, you have closed down tax base. The Governor is going to propose a budget tomorrow, a budget is only as good as the income that backs it up. This bill is symptomatic of legislation that closes down the potential for income for the state. I think this bill has to be reworked in its entirety and patchwork amendments is not going to do the trick. Thank you.

REPRESENTATIVE GRANDE: Any questions?

REPRESENTATIVE BERMAN: Attorney Blum, Representative Berman 92nd District. You say that there are sections of this bill that make it impossible for the developers to continue to build condominiums. Other than the financing the problems of which that we have been made aware of, what are the problems that would deter construction of condominiums.

ATTORNEY LEONARD BLUM: For instance, in the section on conversion you have to have three year audited statements for the building that you going to convert. In some instances especially one that we have in existance now that's half way sold those figures are just not availalbe. You can not have three year audited statements for the last three years. This project was purchased recently and the former owner is not available and to pass a law on January 1st and say to someone get three year audited statements for the past three years when you didn't own the property, you don't control the people who did own the property. You don't have the records leaves them hanging. He has a project that's half way through sales, that's one area. The other area is the liability, you say in the law that officers, directors, agents, employees everybody associated with the condominium offering statement or disposition of a condominium is liable in accordance with the liability statement of the law. And then this amendment takes off attorneys, engineers and architects I believe, but that still does'nt solve the problem

of a bookkeeper in a corporation that prepares statements that are going to go as to common charges and expenses etc. making a material mistake or admitting something that is material in the determination of a judge that did not appear to be material at the time, winding up with his house attached and being sued for a million dollars and he is earning \$15,000 a year working in a corporate office. It does not.....there is a time honored situation where corporations are liable for their acts. The directors, officers etc. are not liable for their acts unless they have criminal intent. This law does not require criminal intent. It says if you leave out something that is material your liable you are on the hook and it does'nt say what material is. It leaves it to some judge at some future date when a disgruntled unit owner brings a law suit to define what material is. I think with that type of exposure I think developers are going to be very very hesitant to come out into the Connecticut market.

REPRESENTATIVE BERMAN: But, would you agree that there has to be some definition of liability. Somebody has to assume liability.

ATTORNEY LEONARD BLUM: I agree that you have a contractual relationship between a buyer and a seller just as you have a contractual relationship between any buyer and seller. If the seller defaults under his contractual obligations that seller is liable just as if the buyer defaults under his contractual obligation. I do not see the necessity to take this out of the time honored framework of a contractual obligation between a buyer and a seller to live up to their standards of performance what they contracted for. If a buyer wants to business with a seller that has a bad reputation and no financial stability that's the buyers fault. The buyer has to be cautious and see who he is dealing with. Just like any individual, if you do business with somebody you want to know about the persons reputations with whom you do business. The state cannot place itself in a parental position with each consumer in the market place.

REPRESENTATIVE BERMAN: In other words you advocating buyer beware?

ATTORNEY LEONARD BLUM: Not totally, not totally. I say there should be consumer legislation. You should have a reasonable rescission period, you should have a public offering statement but you should'nt make liability so broad as no one would want to come into the market place. You should'nt make a salesman who plugs the product, says this is the most beautiful condominium that's ever built and it happens that it's not the most beautiful in some judges eyes, liable. That's just not equitable.

SENATOR CUTILLO: Mr. Blum, were you accompanied by the previous speaker?

ATTORNEY LEONARD BLUM: Yes, we came up together. We are partners in the same office.

SENATOR CUTILLO: You probably heard the end of the conversation, we requested that you make a list of proposals in those area that need correcting and if you are from the same office at the same time would be applicable to you.

ATTORNEY LEONARD BLUM: Thank you, we will compile such a letter.

SENATOR CUTILLO: And that will be to all members of this committee?

ATTORNEY LEONARD BLUM: Yes, if we can get a list of all committee members with their address we will gladly make copies and send it to all committee members. Thank you sir.

SENATOR CUTILLO: Thank you very much.

REPRESENTATIVE GRANDE: William Baker?

WILLIAM A. BAKER, JR.: Mr. Chairman, members of the committee my name is Bill Baker, I am the President of Baker Firestone one of the larger development...condominium developers in the state. By way of background I would like to tell you that our companies have developed over 2600 garden apartment condominiums, both new construction and conversion in Connecticut and in New York. Mr. Schwartzs' firm has represented us here in Connecticut. And with him as he mentioned we did the first new construction condominium in the state and also the first condominium conversion. We did the first new construction in Rockland County, New York and the first conversion in Westchester County. I am familiar with the New York law. We have processed more offering plans through the attorney general office than any other developer in the State of New York. So I know what it is to sell with this offering plan procedure. It's not impossible. It's difficult, but there are comments on the law which I would like to make. Some of them have already been made by Mr. Schwartz and perhaps I can elaborate on some of the comments which they made.

We are very concerned about the points which the banks have made. I am sure they have been articulate about it. Obviously if we can't get financing we are'n't going to have new condominiums. We are concerned about the conversion provisions, which make it a requirement to have information that we might have to go back and not be able to get. Mr. Blum was quite correct in saying that the usual pattern for conversions is to buy a building from an owner. There are tax benefits. He sells at a capitol gain and we convert at ordinary income rates. I am most concerned about the personal liability which my employees may run under this bill. I think that it's unreasonable. I think that the protection to the consumer and certainly the consumer is entitled to protection, should come through the reputation, experience and financial strength of the developing company, development corporation. We happened to have done all of ours in one corporation. We don't do it through shells and maybe that's a protection. But to hold individual salesmen, accountants, advertising people

personally liable for misrepresentation that is such that they might have to buy back units is a totally unworkable solution to the problem. If I could make a observation about the kinds of problems that we have seen and I know that this committee and we are concerned with consumer complaints. It seems to me that they have largely fallen into three categories. I understand that there has been some money lost by condominium buyers where the developing corporation went broke and their deposits have been lost and I do not personally quarrel with holding the deposits in escrow until the delivery of the unit. I strongly disagree with the provisions that require that 10% or later 5% of the down payment be held in escrow until the completion of the project. Where you are talking about a very small condominium 5 or 6 units that may not be a burden. But if your talking about a project of substantial size several hundred units that might take 2 to 3 years to complete, what you are really saying is that the developer has to hold back a significant portion or indeed all of his profit until the completion of the entire job. It seems to me that, that is going overboard. The second area in which we found alot of problems and indeed it seems to me the area in which there are most complaints, come from complaints concerning quality of construction and warranty responsibility. I would strongly suggest that you give consideration to the kind of program which is now being supported by a National Association of Home Builders through their Home Owners Warranty Program. This program does two things 1. It does provide some sort of guarantee that warranty work will be done through an insurance fund. But I think far more important is a provision which provides for the arbitration quickly and informally of consumer complaints. We have found that the thing which causes most trouble ends up in most letters to legislators of which I am sure you are familiar, is the condominium buyer who has a relatively minor complaint. Fifty or a hundred or even a couple of hundred dollars of repair work to be done and he doesn't get an answer. The builder feels it shouldn't be done, he feels it should be done. They go back and forth. The courts really don't provide an adequate remedy because you really can't in my opinion litigate a matter so minor. So the buyer begins a letter writing campaign and your mailboxes are filled. A better solution to this is the kind of approach used in a Home Owners Warranty Program in which an independant arbitrator is available to come out and settle the dispute between the buyer and the seller. He tells the buyer look your right, the builder should fix it. Or your wrong your asking for a perfect product and that's really not possible. And in most cases that ends the situation. The third area in which we have found complaints is in the whole area of monthly carrying charges, the condominium operating expense. We have been through a difficult period of inflation. The gentlemen back here talked about his common charges going from \$38 to \$39 to \$50 some odd dollars a month. Part of that experience is due to inflation but part of it is due to bad estimates by the developer to begin with and I think that better documentation of these estimates would go along way to eliminating that problem.

I suppose counsel can provide you with specific legisla..... language which might help to implement these points. And I guess that's not might job but, I would like to leave you with a thought. It seems to me that the best thing that the....oh yes, I do want to make this point. Lest I seem not sufficiently concerned about this legislation, let me say our current position our companies position is that we are not going forward with additional condominiums in Connecticut until this legislation is changed. We were at the point of signing a contract for the conversion of 500 units in Stamford and when this legislation came on the books we dropped the contract and did not go forward. We are not looking for land and the fact that hangs over this whole situation that a buyer can tender back his unit anytime within a year in my judgement is the single most important flaw in the legislation and the one that really has to be changed to make it practical. In conclusion I would just like to comment that it seems to me that the best thing that the legislature can do to protect the consumer is to develop a healthy vigorous and highly competitive condominium industry. No amount of punitive legislation is going to be as difficult or challenging to deal with as a skillful competitor. This legislature can limit competition, you can add unnecessary cost to our product but you reduce the number of choices available. I am talking about you people. Young lawyers and accountants and the young business man who ought to be able to afford a home for their family and who simply can't afford it. If you pile on this kind of legislation and I can tell you that our experience in New York is that it cost us about a thousand dollars a unit to go through the red tape and delay of dealing in that environment you will exclude more people from the market place.

REPRESENTATIVE GRANDE: Any questions?

REPRESENTATIVE BERMAN: Mr. Baker, I understand that you are building in New York but you are not proceeding with building in Connecticut?

WILLIAM A. BAKER, JR.: We have two projects which are underway currently.

REPRESENTATIVE BERMAN: In Connecticut?

WILLIAM A. BAKER, JR.: In Connecticut.

REPRESENTATIVE BERMAN: How does the New York law which also protects the consumer differ from the Connecticut Law which makes it more attractive to develop in New York rather than in Connecticut?

WILLIAM A. BAKER, JR.: Well, we don't have this business of rescission. Or let me.....the reconveyance is my problem. I have no quarrel with the right of the buyer to rescind a purchase contract. We are used to selling with non-binding reservations. I do feel that the fifteen days is a little too long. We work with five days in New York and as a practical matter. If you want to buy a condominium and you tell me gee, it's down at my lawyers office I am going to get back next week we are not going to cancel the

contract. But the cooling off period, the presentation of data to the buyer through an offering plan, that helps the selling process. It's this business of the spector of having a buyer or whole group of buyers turn back his unit a year later. That's just impossible. Oh and I missed a major point I am sorry. I'm told by our architects that the kind of certification which is currently required in the law simply cannot be provided by them because they cannot obtain insurance against any claims might come under their certificates. The AIA contracts are very clear as to what the architects certificate means and it is most specific that it is not a guarantee that the work has been done in accordance with the plans specifications. That's the contractors responsibility and if we can't get the certificate we can't operate under this law.

REPRESENTATIVE GRANDE: Any other questions?

REPRESENTATIVE BARNES: Representative Barnes of the 21st. I am just wondering if it becomes the judgemnt of this committee that the market in condominiums ought to be protected for the consumer to some extent for a variety of reasons. Would you be more receptive to having the government state in this case assume a regulatory position as opposed to imposing you with the responsibility of self regulation which is what is most objectionable and has been almost halting so far?

WILLIAM A. BAKER, JR.: Well I am really a lazy fair capitalist at heart. I hope that I am realistic to recognize that some consumer legislation is clearly called for. And as a practical matter the whole business of an offering plan which provides a buyer with information about how his condominium works. Written please in simple language, I suspect that this gentlemens problem would be much less if he had a better understanding of what he was getting into when he bought. I am not quarreling with this legislation in its entirety, it has major flaws which unless they are corrected will stop condominium dead.

REPRESENTATIVE BARNES: In New York State there is a regulatory agency dealing with condominiumsdevelopment.

WILLIAM A. BAKER, JR.: Right, the attorney generals office and if I could comment on that. It seems to me that, that has become such a complex legal effort. The filing of the offering plan which I guess our last one is 150 pages or so, is now so long that it really does'nt provide any kind of disclosure to the buyer. The buyer looks at that and says "Wow" I'll never get through all that. So I think that you are on the right tract in your description of the kinds of things that ought to be included in the offering statement but for a couple of things that I have mentioned.

REPRESENTATIVE GRANDE: Do you have a question?

SENATOR PUTNAM: Yes, Senator Putnam from the 5th. Three things, you mentioned the fact that your lawyers and such can't afford to buy a condominium and you mention that in New York the price is about a thousand dollars higher in order to cover what their law requires. If a house runs twenty five or thirty or forty thousand dollars a thousand dollars more does'nt seem to me like it's that much.

WILLIAM A. BAKER, JR.: Well, at the twenty five to thirty thousand dollar price range it is my impression I think this is a valid marketing statistic that for every thousand dollars which you add to the sales price you knock another two or three percent out of the available market in terms of the income pyramid.

SENATOR PUTNAM: Okay I did'nt know that, thank you. Then on the monthly carrying charges you said they were part inflation and part bad estimates. What's been your experience in your own company. What part has been the majority?

WILLIAM A. BAKER, JR.: Recently we have done very well. We did poorly during the energy crisis when we simply failed to estimate the price of oil and fuel would go up as high as it has. Were at the point where we have not yet increased in our operating charges greater than the inflation rate, which is'nt all that bad I guess.

SENATOR PUTNAM: One last question. You mentioned arbitration informal and quickly done. How?

WILLIAM A. BAKER, JR.: How? Well what I would like to see is an independant agency and the state could certainly fill this roll, select a panel of knowledgible experts in the building industry. So that if Mr. or Mrs. Smith have a feeling that their wall is out of plum or that the crack in their basement floor is more than normal that they could call him up, have the builder join them, show them the crack and right thereI would even settle for mediation but, to have the buyer have recourse to some independant expert who would say your right the builder ought to take it out for your really all wrong. This is your first house we do....there is such a thing as expansion cracks your always going to have a little bit of this type of thing and that would end it. But when it festers and he writes a letter and he does'nt get an answer. He writes his legislator he does'nt get an answer he threatens litigation. He finds out that hiring a lawyer costs more than the matter is worth, that causes all sort of frustration with this thing. If we could simply have somebody independant to whom we could go, you see if we select them then there is a suspicion that we set them up. That would be a great help. There is ...I don't know if you have looked at the NAHB How Program. But it is a quite comprehensive review of the whole problem of home owner warranties together with standards of deviation from perfection which are exceptable or unexceptable.

REPRESENTATIVE BARNES: Mr. Chairman, would we be able to get copies of that report? I have'nt seen anything about that documentation.

WILLIAM A. BAKER, JR.: The literature? Yes, I was down at the Home Builders Convention last week and I think I have some in the office.

REPRESENTATIVE GRANDE: Would you drop it off to the Clerk? Or send it to the Clerk of the Committee so that we can have it available? Thank you. Roger Hanlon?

ROGER HANLON: My name is Roger Hanlon I am representing the Connecticut Bankers Association and The Savings Bank Association of Connecticut and The Savings and Loan League of Connecticut. I won't repeat the comments that were made last Monday. At that time I submitted a statement along with a proposed amendments and have since that date submitted an amended statement and amendments to the proposed amendments. I noticed that you asked for copies for each member of the committee as far as the letter from Mr. Schwartz and Mr. Blum are concerned. I am sure I did'nt give you that number of copies, if you would like more copies of what we have to submit I would be happy to submit them.

SENATOR CUTILLO: I would ask Mr. Hanlon that you submit to us your final drafts with noted corrections and I think we need possibly twenty copies would be sufficient for the committee.

ROGER HANLON: Both the amendments and the statement?

SENATOR CUTILLO: Yes.

ROGER HANLON: The last time on Monday my comments indicated that there were some good consumer protection aspects in the bill which should be kept but that they were out of balance. I think we also commented that at least one effort to my knowledge has been made to rewrite that act and it did not prove to be successful. It would seem to be a very difficult task at this time to completely rewrite and redirect this act. As I recall last Monday, several speakers commented on the present effort by a national committee to come up with a uniform act. It is my understanding they have been working four years on that and still do not have anything that they are satisfied with. That will be available sometime this summer, possibly in August and will be available for consideration for the legislature next session. It seemed to us the only possible and reasonable approach to correct the act, was to make essentially technicle amendments approach. With that we attempted to determine what changes we thought were necessary to get the condominium industry back on its feet. We left alone certain other minor technical problems and other problems that we thought could be cured by proper planning. I was interested

in the comments of Mr. Schwartz, Mr. Blum and Mr. Baker and a couple of the comments which they made sounded like amendments which might be desirable from the standpoint of the developer. I would like to re-emphasize our approach as I hope was clear last Monday. It was not an approach of lenders. We made a sincere effort to involve developers, title companies, architects and consumers in coming up with a piece of legislation that everyone could live with.

SENATOR CUTILLO: Mr. Hanlon, this is exactly what the committee is interested in accomplishing also. If you will be good enough to furnish copies for the committee of your amended version, we can study it and formulate the necessary legislation if it becomes obvious to the committee that revision is necessary.

MR. HANLON: Yes, I'll be glad to do that.

SEN. CUTILLO: Thank you, Mr. Hanlon. If there are no further speakers, the hearing is adjourned.

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ATTORNEY BLUM (Continued): Which points up that there is tremendous confusion and uncertainty in how the law operates. At the seminar it was determined that there are numerous areas, where there is no available answer, on how you do it or how it should be done, and I think it is very necessary that a lot of the amendments that are proposed today and some others be enacted as quickly as possible, to alleviate a lot of legal problems.

On Committee Bill 1314, which is the product of your committee is a very good Bill. It takes care of some of the problems, it takes care of the problems with the banks, having to fall in to the obligations of the developer. I have some suggestion modifications with regard to that section, but as this now sits it is something that I would highly endorse, 1314 touches on Public Act 4798, which is the Reconveyance Section and I have more to say on that, in a few minutes. I think that Reconveyance Section, as Mr. Baker said, and as I will point out is an area that really must be modified.

Public Act 7641, which is introduced by Representative Damm opposed to the Section, to the problems of 4798, it leaves a buyer to consider remedies for fraud and misrepresentation and it accomplishes what is necessary in a situation, where, you have a developer who is guilty of fraud. But it eliminates number one (1), the short statutory period of one year within which to bring a law suit and it also eliminates liability under that Act falling all over the place, from the developer who is truly responsible, to the bookkeeper in the developer's office, who put together the figures.

So I tremendously endorse 7641. There is another Act 1097, that was introduced by the Chairman of your Committee and this should be passed just the way it's written, this alleviates a lot of problems. As, I am sure you are aware, the new law that went into effect January 1, effected all condominiums that were not ninety (90%) percent sold out as of January 1, and that has created tremendous difficulty in compliance and also with regard to the consumer because the cost of compliance has to be passed on to the consumer as in any business or any legislation. So you can have two (2) identical units, sitting side by side and the one that sold before January 1, could be sold for \$25,000.00 and the one sold after January 1, has to be sold for \$26,000.00, let us say, to pass along the additional cost of complying with the law. Ninety (90%) percent was a reasonable figure, twenty-five (25%) percent, is a much more reasonable figure, because any condominium that was, at least, twenty-five (25%) percent sold out, as of January 1, we know that the developer did not rush to put the condominium on record before the law took effect. Twenty-five (25%) percent is a significant number. It also alleviates problems in conversion condominiums on obtained, that are partially sold out, that right now you can't compile public records for because the information is not available.

ATTORNEY BLUM (Continued): to mean, every employee of the declarant who materially aids in the disposition. Every employee who materially aids in the disposition. Now you can get a of the secretary, who typed the public offering statement, as an employee who aided in the disposition and you can get as a material man who was involved and that's several, they're joining several liable. Thank you.

SENATOR CUTILLO: Thank you sir. Next speaker.
Daniel Reed, Esquire, to be followed by Clark. Okay you're next.
thank you.

MR. REED: Mr. Chairman, Members of the Committee, my name is Daniel E. Reed, Jr., I am a partner in Carroll, Lane and Reed Law Firm, in Norwalk, Connecticut.

I appreciate the opportunity to be heard this morning and I am speaking to proposed Bill 1097. If I may, Mr. Chairman, I believe there is a Scribner's error in this at line eighteen (18), where it says Section 4990, I believe that should read 47-90C, and at line twenty-five (25), at the beginning of that sentence, after Section 47-71B should be included 47-74D.

The purpose of this Bill, as I understand it is to exempt from any of the provisions of the new Condominium Law, a condominium that is declared and at least twenty-five (25%) percent built prior to the effective date, of the new Law.

Briefly, to that issue there is a severe economic discrimination that will exist between old and new buyers. Old buyers, being those who purchased prior to the effective date of the new Law. In an example, a hypothetical that I've worked out and it relates to a concrete situation in the City of Norwalk. A condominium of approximately two hundred units half built prior to the effective date of the new Law. These Units were marketing at the end of the year in the range of \$53,000.00 more or less, that is the mean figure and to comply with this law, the compliance costs being legal to draft disclosure statements, the architect's certificate, which is a very heavy item, because any architect will require his representative on the job, an architect's representative, will cost the architect some \$20,000.00 and the architect builds out at about three and one-half (3½) times his cost, and this hypothetical, where we have a two hundred unit condominium half sold, in other words, we must comply in the second half. With legal costs, the architect's certificate costs, the cost of the administrative oversight of the escrows provided by this law, the potential and very practically, any developer is going to write off part of the escrow, that just will never be returned and the cost of getting it back is too high, it will be chewed up in litigation or we will have to litigate to get it back. (OVERLAPPING CONVERSATION)

Now, as we calculate this in our situation, where the mean figure is \$53,000.00 a unit, these added costs can hit about ten (10%) percent of the value of each unit, pushing the cost

MR. REED (Continued): from about \$53,000.00 to about \$58,000.00. Now this is in Fairfield County in the Norwalk area, keep in mind that, and I can sight as an example of this case, this condominium of two hundred odd units was planned probably about four (4) years ago, long before this legislature thought of any changes in the law. As a matter of fact, in the building of it we checked with every agency in the State of Connecticut, I think, other than the American Red Cross. Department of Public Works, Planning and Zoning, and on, and on, and on, and on. All of which, for four (4) years (Some of this testimony is lost when tape was changed.)

We feel that fairness and equity would support the favorable consideration of this Bill.

Thank you Mr. Chairman.

SENATOR CUTILLO: Questions of the Committee, please.
Next speaker. Mr. Clark.

MR. CLARK: My name is Sam Clark, I am President of Christian Hill Village, Incorporated, a condominium corporation in Bethel, Connecticut.

I'm going to deal mostly with the problems we've had, because this law is in the process of being drawn up, and inability of getting financing to complete our project and if we only finance the first thirty (30) units.

We had excavating equipment that we used on the project, that we purchased on time basis, we didn't meet those payments and the finance company took them away from us.

This provision about the, how to get in fees on "retroact" on units that are unconstructed, today I estimate that we owe somewhere in the neighborhood of \$40,000.00, on thirty (30) units, that are built and thirty eight (38) that are unbuilt.

It's..... a family corporation, like my wife, my sons and my daughter, myself. We built the project with the idea, that it would be the kind of project that we would like to live in and took pride in our work.

One of my sons had to sell his unit, as he couldn't meet the payments, another son tried to hang on to it, and he was served foreclosure papers the other day. A day or two after he received the foreclosure notice, I received a lawsuit from some of the owners requesting that, to the court to remove us from the unit association, as the controlling officers and sued us for \$30,000.00, because we failed to collect that part of fees that were retroactive.

SENATOR CUTILLO: Excuse me, Mr. Clark would you feel more comfortable, if you came back a little later?

MR CLARK: No, I would probably feel just as emotional.

MR. CLARK (Continued): Once I had to go in debt on personal property I had to develop this property and get it going. I have mortgages. The condominium fees that are being charged now are nearly up to about \$1,200.00 a month against the declarant on units that are unconstructed. Our taxes are carrying on, as is the interest on personal monies that are borrowed. With no foreseeable possibility of getting construction financing, to go on and complete the project.

I would strongly suggest that a grandfather clause be incorporated in the Condominium Act of 1976, for all units that are under construction and there are a significant number twenty-five (25) or thirty (30) sold prior to January 1, 1976, by 1977.

We need financing and no bank will lend us the money until this law is changed or until a clause is put in there whereby it makes it palatable finance this project.

It is a beautiful piece of land and well designed buildings, good quality. Do you have those pictures Bob? Bring them up here and let --- These are some of the interior pictures and the other building, living room another shot of the living room from a different angle. A small project

UNIDENTIFIED SPEAKER: How many units did you

MR. CLARK: Sixty-eight (68) total.

UNIDENTIFIED SPEAKER: You got thirty-seven (37) completed.

MR. CLARK: Thirty (30) built, and twenty-five (25) sold.

UNIDENTIFIED SPEAKER: You are probably paying common charges on the---

MR. CLARK: Well, I am not paying them. They are building up against the corporation. A group of the unit owners, one group or just a few of them, have brought a damage suit for \$30,000.00 against us, and I suppose that another group would probably do the same thing.

SENATOR CUTILLO: Excuse me, where is this?

MR. CLARK: It is in Bethel, Connecticut.

REPRESENTATIVE FERRARI: What sort of common charges are we concerned with here, snow plowing charges, can you separate those charges, which you reasonably should be obligated to incur, because you have units that are unsold that are complete and those which you might not be reasonably expected to incur, because the units have not yet been constructed and you are not currently responsible for those expenses that are being incurred.

MR. CLARK: Well, we built the project with the idea of keeping the costs for the unit owners down. We set a price of \$36.00 a month for a two bedroom unit, which is most of what we have.

MR. CLARK (Continued): Because of tenants, because we only charge \$33.00 a month, and that fee has remained in effect since 19-- since it was dedicated 1974.

Some of the costs were built up in the association in the beginning, because there were not enough units served, but as the units were sold and the monies were taken in and that rate of \$33.00 a month, there is enough there to take care of all the maintenance, and plowing and so forth, that was required.

You were concerned with one of the other people who was talking here, about heating costs, and costs being passed on to the unit owners. All our units are individually metered and they are electric. Any units that were built and then sold were, of course, the obligation of the builder, until the Certificate of Occupancy was issued we are paid no common charges but of course, the builder who took of our costs involved and whatever they were in taking care of that in building that unit, that building.

One of the aspects, of not being able to get financing is a, I am not going to name the bank, but the in violation of the mortgage loan agreement, would not advance money to complete the swimming pool, which was a major point in sale and a problem in trying to make sales. As, it stand today we have a swimming pool that is poured and no money to complete it.

REPRESENTATIVE MIGLIARO: Mr. Clark, your original investment and did they cut you off at a certain point?

MR. CLARK: Well, we only got investment, or financing for thirty (30) units. Because, at that time it was, the market looked like it was getting poor, that it would be difficult to sell. We did not want to get a large mortgage and build ten buildings at once. We only wanted to build a few building a few buildings and make sure that these would sell and that it would be a nice clean project and we wouldn't be in a lot of trouble.

Then we got to the point where we needed additional financing the bank had some bad experience with other condominium projects they had invested in, they had to foreclose on them a couple of big ones. I am not going to mention them. When it come time for us, they said Sam we like your project, we think it is a winner, but we are getting out of the condominium business we've had a bad experience, we even changed the name of the bank. We were then left with the aspect of financing and that was the point in which the State here was revising the condominium law. There isn't a bank that would touch a condominium project with a ten (10) foot pole.

REPRESENTATIVE MIGLIARO: What areas do you think if we revised would be most sensible to --

MR. CLARK: Well, the way it's spelled out for the condominium fees

MR. CLARK (Continued): I think that reasonable. I am sorry I did not get a copy of these until Saturday. I did not know this Hearing was going to be held until Saturday, so I haven't had much to prepare, as far as that's concerned, all I know is what I have been told by lenders. And of course the recession part of the law, which requires the builder to buy back any units that owners don't want for whatever reason. This, I feel is very unjust, as is, the requirement to pay for units that are unconstructable, as for the condominium fees.

There are other areas in the document that I feel that, where there was probably good intentions made, intended on drawing them up which created problems and where there is going to be a lot of litigation, for probably not good reasons and probably won't be satisfied, because they are not good reasons. But, it will tie the builder up and cause him additional expense, which will be passed on to the future buyers.

SENATOR CUTILLO: That's why we are here today Mr. Eaton, some of the Public Hearings before this, because some of us have seen that there is a problem with the Statute that we passed last year, hopefully, as I said earlier, some of the corrections that we do make, will correct the inequities that you are here testifying for.

MR. CLARK: We have an immediate problem. Do you have any idea when this will be done.

SENATOR CUTILLO: We hope within a month. (OVERLAPPING CONVERSATION)
The process of the legislature is sometimes unpredictable.

MR. CLARK: Would it be possible to have a Grandfather's Clause added to this?

SENATOR CUTILLO: This is something that the committee would have--

MR. CLARK: I would think that this fairly uncomplicated to do and --

SENATOR CUTILLO: I cannot know. We are hearing testimony, we are hearing your problems, the other institution's problems and people's problems and the Committee will certainly be discussing these at Committee meetings, in the subsequent future.

REPRESENTATIVE CONN: Mr. Clark, At what position would you be today, if this law had not been passed? Do you feel that you have been in a viable position or--

MR. CLARK: Well, the project at the point, when we completed those buildings and were selling them. We were reaching the point where there was going to be a fair profit and we were going to be able to get some return on our hard work and investment. It's not now.

REPRESENTATIVE CONN: Have you ever been in this business before?

MR. CLARK: I've been a builder for thirty (30) years.

REPRESENTATIVE CONN: I mean in the condominium.

MR. CLARK: Condominiums, this is the first one. But, I have built all kinds buildings. Office buildings, churches, schools.

SENATOR CUTILLO: Further questions of the Committee?

MR. CLARK: My great gandfather helped build the Capitol Building--

SENATOR CUTILLO: Thank you very much for your sincere testimony. David M. Busse, please. To be followed by George M. Haynes, Connecticut Association of Realtors.

MR. BUSSE: Good morning, my name is David Busse. I'd like to address you today in support of Bill 1314 An Act Concerning Unit Onwership and Condominiums.

My comments are directed to you from three viewpoints; first, as a unit owner and a member of the Board of Directors of Cold Spring Village, a condominium which was declared prior of January 1, 1977. Secondly, as a real estate consultant responsible for marketing three condominium properties declared but less than ninety (90%) percent sold prior to January 1, and finally, as a potential developer of condominiums and other attached for sale housing, here in the State of Connecticut.

First, as a potential developer, I would like to endorse the proposals of Sections One (1), Two (2) and Three (3) of the proposed Bill, regarding the definition of "Declarant" and the obligations Architectural and Engineering professionals inissuing Certificates upon sale of a unit and upon transfer of control to unit owners other than declarant. The changes in Section One (1) will enhance the developer's ability to get construction financing, hopefully taking care of some of the gentleman's problems, by clarifying the obligations of banks in the role of successor declarant. The modifications to Sections Two (2) and Three (3), will limit the liability of engineers and architects to their own areas of expertise.

As ahome owner, I propose that the committee consider substitution in line 227 of paragraph Four (4a), of the word declarant in place of the word person Line 227, paragraph four (4a). Use of the word person in that paragraph, implies that unit owners other than declarants have a disclosure requirement which could only be met by a POS type statement. This is not reasonable to expect of the vast majority of condominium owners because of the money and the special expertise that would be required. Secondly, it is my opinion that this interferes with the realm of citizen to citizen transfers of real extate, whereas if my understanding of the unit Ownership