

Legislative History for Connecticut Act

HB 5095	PA 341	1991
House	8387-8390, 8396-8405	(14)
Senate	3305-3307, 3342-3343	(5)
Judiciary	470-471, 489, 493-495, 579-583, (642-643)	(10)

297.

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

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CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1991

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House of Representatives

Friday, May 31, 1991

Are there any announcements or points of personal privilege? Representative McCavanagh of the 12th.

REP. MCCA VANAGH: (12th)

Mr. Speaker, for a point of personal privilege.

SPEAKER BALDUCCI:

Proceed, Sir.

REP. MCCA VANAGH: (12th)

Mr. Speaker, today I have a guest at the well of the House, here, a very successful photographer. She does very well patching me up during my campaign and make me look good. Anybody looking for a great photographer, she's Joan Massa from Manchester. If she would please rise and everybody give her a good welcome, please. (Applause)

SPEAKER BALDUCCI:

Other announcements or points of personal privilege? Other announcements or points? If not, return to the Call.

CLERK:

Good morning, State of Connecticut, House of Representatives, Friday, May 31st. Please turn to Page 17, Calendar 642, Substitute for House Bill 5095, AN ACT CONCERNING COMMON INTEREST COMMUNITIES AND COMMUNITY ASSOCIATION MANAGERS. Favorable Report of the Committee on Appropriations.

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SPEAKER BALDUCCI:

Representative Mintz of the 140th.

REP. MINTZ: (140th)

Thank you, Mr. Speaker, I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

SPEAKER BALDUCCI:

The question is on passage. Will you remark?

REP. MINTZ: (140th)

Yes, Mr. Speaker. This bill is a clean up bill from the bill we did last year on registering property managers of common interest ownership act. We worked in conjunction with the Department of Consumer Protection to come up with language to correct some of the deficiencies last year and make it a little bit more easy to implement.

Most of the changes in here --

SPEAKER BALDUCCI:

(Gavel) We're on the first bill with five minutes into the session. I would appreciate it, I think the members listening would appreciate it if guests be seated in the well, members carrying on conversations do so outside or in the rear of the Chamber so that we can proceed with the business of the day.

SPEAKER BALDUCCI:

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Representative Mintz.

REP. MINTZ: (140th)

Thank you, Mr. Speaker. Along with the technical amendments, it also makes clear that mutual housing associations are not included under the common interest ownership act and it changes the service of process laws on the voluntary association.

There is an amendment that clarifies some parts of that and I'd ask the Clerk to call LC07307 and I be allowed to summarize.

SPEAKER BALDUCCI:

The Clerk please call LC07307 designated House Schedule "A".

CLERK:

7307, House "A" offered by Representative Mintz.

SPEAKER BALDUCCI:

The question is on summarization. Is there objection? Representative Mintz.

REP. MINTZ: (140th)

Thank you, Mr. Speaker. This amendment clarifies that we're talking about the real estate commission and not the Department of Consumer Protection. It also adds language that when a person is providing management services, they can't bind the association to a contract exceeding a specified amount determined by

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the association except in the case of an emergency.

It also states that in associations that have a master association with units of more than 2,400, where the manager is employed by the association directly, they can have one-half of the bond required and it makes clear some lien priorities and then it cleans up the language on the service of process on voluntary associations that aren't incorporated.

I move adoption.

SPEAKER BALDUCCI:

The question is on adoption of House "A".

REP. FRANKEL: (121st)

Mr. Speaker.

SPEAKER BALDUCCI:

Representative Frankel.

REP. FRANKEL: (121st)

Mr. Speaker, because of the complexity of the amendment, and to afford members an opportunity to compare it to the file, I would ask this item be passed temporarily.

SPEAKER BALDUCCI:

The question is on passing temporarily. Is there objection? Seeing none, so ordered.

CLERK:

Calendar 341 on Page 18, Substitute for House Bill

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Representative Dyson in the affirmative.

The Clerk please announce the tally.

CLERK:

House Bill 6965, as amended by Senate "A".

Total number voting 138

Necessary for passage 70

Those voting yea 138

Those voting nay 0

Those absent and not voting 13

SPEAKER BALDUCCI:

The bill as amended is passed.

CLERK:

Page 17, returning to Calendar 642, Substitute for
House Bill 5095, AN ACT CONCERNING COMMON INTEREST
COMMUNITIES AND COMMUNITY ASSOCIATION MANAGERS.

Favorable Report of the Committee on Appropriations.

The House designated House "A" earlier today.

REP. MINTZ: (140th)

Mr. Speaker.

SPEAKER BALDUCCI:

Representative Mintz of the 140th.

REP. MINTZ: (140th)

Thank you, Mr. Speaker. I move acceptance of the
Joint Committee's Favorable Report and passage of the
bill.

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SPEAKER BALDUCCI:

The question is on passage. Will you remark?

REP. MINTZ: (140th)

Yes, Mr. Speaker. The Clerk has an amendment LCO7307. I ask that he call and I be allowed to summarize.

SPEAKER BALDUCCI:

The Clerk please (Gavel) The Clerk please call LCO7307 designated House "A".

CLERK:

LCO7307 previously designated today, House "A",
offered by Representative Mintz.

SPEAKER BALDUCCI:

Representative Mintz.

REP. MINTZ: (140th)

Yes, Mr. Speaker, I'd like to summarize. I move adoption.

SPEAKER BALDUCCI:

The question is on adoption. Will you remark?
Representative Rell of the 107th.

REP. REL: (107th)

Thank you, Mr. Speaker. A question to Representative Mintz, please. Just, I was reading the amendment while we were doing some other business there and I just was wondering if you would explain a little

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clearer for me exactly what section 17 new language, line 155 and thereon does. Just give me a highlight more of what that new section will do. Through you, Mr. Speaker.

REP. MINTZ: (140th)

Certainly, Mr. Speaker. Through you, this section allows the service of process of any action upon the newly created statutory agent for service for non-incorporated condominium associations.

In other words, when any condominium is being sued for anything, the way to get jurisdiction over them is through service of process and this allows them to get jurisdiction. It just makes it a little bit easier to make sure that we know who the association is and how to get jurisdiction over them.

DEPUTY SPEAKER POLINSKY:

Will you remark further on this amendment? Will you remark further? Will you remark further on this amendment? If not, let us try your minds. All those in favor please indicate by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER POLINSKY:

Opposed, nay. The ayes have it. The amendment is adopted and ruled technical.

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House Amendment Schedule "A".

In line 56, insert an opening bracket before "from"

In line 57, delete the opening bracket before "commission" and delete "DEPARTMENT"

In line 86, delete the brackets before and after "commission" and delete "DEPARTMENT"

In line 105, delete the brackets before and after "commission"

In line 106, delete "DEPARTMENT"

In line 110, delete the brackets before and after "commission's"

In line 111, delete "DEPARTMENT'S"

In line 118, delete the brackets before and after "commission", delete "DEPARTMENT" and insert an opening bracket before "conduct"

In line 119, insert a closing bracket after "and"

In lines 121, 127 and 131, delete the brackets before and after "commission" and after "commission" insert "OR"

In lines 140 and 164, delete the brackets before and after "commission" and delete "DEPARTMENT"

In lines 181 and 192, delete the brackets before and after "commission" and after "commission" insert "OR"

In line 243, bracket "twenty" and after the closing bracket insert "TWENTY-FIVE"

In line 246, delete the brackets before and after "commission" and delete "DEPARTMENT"

After line 253, insert the following:

"Sec. 9. Section 20-458 of the general statutes is repealed and the following is substitute in lieu thereof:

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(a) No contract between a person contracting to provide association management services and an association which provides for the management of the association shall be valid or enforceable unless the contract is in writing and:

(1) Provides that the person contracting to provide management services shall BE REGISTERED AS PROVIDED IN SECTIONS 20-450 TO 20-462, INCLUSIVE, AND SHALL obtain a bond as provided in section 20-460; and

(2) Provides that the person contracting to provide management services shall not issue a check on behalf of the association or transfer moneys exceeding a specified amount determined by the association without the written approval of an officer designated by the association; and

(3) Provides that the person contracting to provide management services shall not enter into any contract binding the association EXCEEDING A SPECIFIED AMOUNT DETERMINED BY THE ASSOCIATION, EXCEPT IN THE CASE OF AN EMERGENCY, without the written approval of an officer designated by the association.

(b) No contract to provide management services may be sold or assigned to another person without the approval of a majority of the executive board of the association."

In line 254, delete "9" and insert in lieu thereof "10"

In line 291, delete "10" and insert in lieu thereof "11"

In lieu 306, after "(2)" insert "EXCEPT AS PROVIDED IN SUBSECTION (c) OF THIS SECTION,"

After line 331, insert the following:

"(c) THE FIDELITY BOND OF A PERSON WHO IS EMPLOYED FULL-TIME BY AND PROVIDES ASSOCIATION MANAGEMENT SERVICES TO AN ASSOCIATION OF A COMMON INTEREST COMMUNITY, OR TO A MASTER ASSOCIATION AS DEFINED IN SECTION 47-239 EXERCISING THE POWERS ON BEHALF OF ONE OR MORE COMMON INTEREST COMMUNITIES OR FOR THE BENEFIT OF THE UNIT OWNERS OF ONE OR MORE COMMON INTEREST COMMUNITIES, WHICH COMMUNITY OR COMMUNITIES WERE

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ESTABLISHED PRIOR TO THE EFFECTIVE DATE OF THIS ACT AND HAVE MORE THAN TWO THOUSAND FOUR HUNDRED RESIDENTIAL UNITS, SHALL BE IN AN AMOUNT WHICH IS NOT LESS THAN ONE-HALF THE AMOUNT SPECIFIED IN SUBDIVISION (2) OF SUBSECTION (b) OF THIS SECTION."

In line 332, bracket "(c)" and after the closing bracket insert "(d)"

In line 340, bracket "(d)" and after the closing bracket insert "(e)"

In lines 343 and 346, bracket "(e)" and after the closing brackets insert "(f)"

In line 361, bracket "(f)" and after the closing bracket insert "(g)"

In line 365, delete "11" and insert in lieu thereof "12"

In line 373, delete "12" and insert in lieu thereof "13"

In line 377, delete the brackets before and after "commission" and delete "DEPARTMENT"

In line 381, delete "13" and insert in lieu thereof "14"

In line 402, delete "14" and insert in lieu thereof "15"

In line 421, delete "(A)"

In line 423, after "of" insert "(A)"

In line 431, delete ", PROVIDED THE DEBT FOR WHICH"

Delete lines 432 and 433 in their entirety

In line 434, delete "(a) OF THIS SECTION"

In line 436, after the period add the following:
"A LIEN FOR ANY ASSESSMENT OR FINE SPECIFIED IN SUBSECTION (a) OF THIS SECTION SHALL HAVE THE PRIORITY PROVIDED FOR IN THIS SUBSECTION IN AN AMOUNT NOT TO EXCEED THE AMOUNT SPECIFIED IN SUBPARAGRAPH (A) OF THIS SUBSECTION."

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Delete lines 440 to 569, inclusive, in their entirety and insert the following in lieu thereof:

"Sec. 16. (NEW) (a) Not later than January 1, 1992, each unit owners' association, as defined in section 47-202 of the general statutes, that is not incorporated in this state shall have and maintain a statutory agent for service in this state as provided in this section. A statutory agent for service shall be either (1) a natural person who is a resident of this state, (2) a domestic corporation with or without capital stock, or (3) any corporation not organized under the laws of this state which has procured a certificate of authority to transact business or conduct affairs in this state.

(b) A statutory agent for service of a unit owners' association shall be appointed by filing with the secretary of the state a written appointment in such form as he prescribes setting forth: (1) The name of the common interest community and of the association; (2) the name of the statutory agent for service; and (3) if the statutory agent is a natural person, the business and residence address thereof; if the statutory agent is a domestic corporation, the address of the principal office thereof; if the statutory agent is a corporation not organized under the laws of this state, the address of the principal office thereof in this state, if any. In each case the address shall include the street and number or other particular designation.

(c) The written appointment shall be signed by the president, vice president or secretary of the appointing association. Each written appointment shall also be signed by the statutory agent for service therein appointed.

(d) If a statutory agent for service dies, dissolves, withdraws from the state or resigns, the unit owners' association shall forthwith appoint another statutory agent for service. If the statutory agent for service changes his or its address within the state from that appearing upon the record in the office of the secretary of the state, the unit owners' association shall forthwith file with the secretary of the state notice of the new address. A statutory agent for service may resign by filing with the secretary of the state a signed statement in duplicate to that

effect. The secretary of the state shall forthwith file one copy and mail the other copy of such statement to the unit owners' association at its principal office. Upon the expiration of thirty days after such filing, the resignation shall be effective and the authority of such statutory agent for service shall terminate. A unit owners' association may revoke the appointment of a statutory agent for service by making a new appointment as provided in this section and any new appointment so made shall revoke all appointments theretofore made.

(e) The secretary of the state shall charge and collect a fee of forty-five dollars for filing an appointment of a statutory agent, and a fee of nine dollars for filing a change of address of statutory agent or change of statutory agent.

Sec. 17. (NEW) (a) Any process, notice or demand in connection with any action or proceeding required or permitted by law to be served upon a unit owners' association which is subject to the provisions of section 16 of this act may be served upon the association's statutory agent for service by any proper officer or other person lawfully empowered to make service.

(b) If it appears from the records of the secretary of the state that such a unit owners' association has failed to appoint or maintain a statutory agent for service, or if it appears by affidavit attached to the process, notice or demand of the officer or other proper person directed to serve any process, notice or demand upon such an association's statutory agent for service appearing on the records of the secretary of the state that such agent cannot, with reasonable diligence, be found at the address shown on such records as the agent's address, service of such process, notice or demand on such association may, when timely made, be made by such officer or other proper person by: (1) Leaving a true and attested copy thereof together with the required fee at the office of the secretary of state or depositing the same in the United States mails, by registered or certified mail, postage prepaid, addressed to such office, and (2) depositing in the United States mails, by registered or certified mail, postage prepaid, a true and attested copy thereof,

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together with a statement by such officer or person that service is being made pursuant to this section, addressed to such association at its principal office.

(c) The secretary of the state shall file the copy of each process, notice or demand received by him as provided in subsection (b) of this section and keep a record of the day and hour of such receipt. Service made as provided in this section shall be effective as of such day and hour.

(d) Nothing herein contained shall limit or affect the right to serve any process, notice or demand required or permitted by law to be served upon a unit owners' association in any other manner now or hereafter permitted by law."

In line 570, delete "17" and insert in lieu thereof "18"

In line 613, delete "15" and insert in lieu thereof "16"

Delete lines 615 to 697, inclusive, in their entirety and insert the following in lieu thereof:

"Sec. 19. This act shall take effect from its passage, except section 16 shall take effect January 1, 1992."

SPEAKER BALDUCCI:

Will you remark further? Will you remark further on the bill as amended? Will you remark further? If not, will all members please take their seats. Staff and guests to the well of the House. The machine will be opened.

CLERK:

The House of Representatives is voting by roll.

Members report to the Chamber please. Members to the

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Chamber, please. The House is voting by roll.

The House of Representatives is voting by roll call. Members to the Chamber please. Members to the Chamber. The House is taking a roll call vote.

DEPUTY SPEAKER POLINSKY:

Have all members voted? Have all members voted? Have all members voted and is your vote properly recorded? If all members have voted, the machine will be locked. The Clerk will take a tally.

The Clerk will announce the tally.

CLERK:

House Bill 5095 as amended by House "A".

Total number voting	141
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Necessary for passage	71
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Those voting yea	141
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Those voting nay	0
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Those absent and not voting	10
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DEPUTY SPEAKER POLINSKY:

The bill as amended is passed. Any announcements or points of personal privilege? Representative Rapoport.

REP. RAPOPORT: (18th)

For the purposes of an introduction.

DEPUTY SPEAKER POLINSKY:

Please proceed, Sir.

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GEN. ASSEMBLY
SENATE

PROCEEDINGS

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TRAILER SESSION

VOL. 34

PART 10

3281-3627

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expand an enterprise zone. Enterprise zones have been effective in encouraging businesses in distressed municipalities. The legislation expands the categories eligible for loans and thereby the number of people that can be helped.

THE CHAIR:

Thank you very much, Senator. Would anyone else wish to remark on Senate Calendar #590? Are there any further remarks? If not, as we're acting in concurrence with the action of the House, Senator, do you wish to have it placed on Consent?

SENATOR AVALLONE:

With your permission.

THE CHAIR:

Thank you very much, Senator. Is there any objection in placing Senate Calendar #590, Substitute HB5461 on the Consent Calendar? Is there any objection? Hearing none, so ordered.

Mr. Clerk.

THE CLERK:

Calendar Page 9, Calendar #605, File #785.
Substitute HB5095, AN ACT CONCERNING COMMON INTEREST COMMUNITIES AND COMMUNITY ASSOCIATION MANAGERS. As amended by House Amendment Schedule "A". Favorable Report of the Committee on Appropriations.

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THE CHAIR:

Thank you very much. The Chair would recognize Senator Avallone.

SENATOR AVALLONE:

Yes, Madam President, I would move the Joint Committee's Favorable Report and adoption of the bill in accordance with the action taken by the House.

THE CHAIR:

Thank you very much, Senator. Would you care to remark further?

SENATOR AVALLONE:

Yes. The bill gives condominium associations a 12 instead of 6 month priority lien over the previously recorded first and second mortgages and makes certain other changes in the statutory lien process. It requires that by January 1, 1992, each unit owner's association that is not incorporated in Connecticut appoint and maintain a statutory agent for service which allows people who believe they have claims against these condominium associations to file a complaint against them or a writ against them.

Finally, the bill specifies that a resident who holds an interest in a mutual housing association by virtue of a state contract for financial assistance or an individual occupancy agreement does not own the unit

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he lives in for purposes of the common interest ownership act.

THE CHAIR:

Thank you very much, Senator. Would anyone else wish to remark on Senate Calendar #605? Are there any further remarks? If not, because we're acting in accordance with the actions taken by the House, Senator, do you wish to have this placed on Consent?

SENATOR AVALLONE:

With your permission.

THE CHAIR:

Thank you very much, Senator. Is there any objection in placing Senate Calendar #605, Substitute HB5095 on the Consent Calendar? Is there any objection? Hearing none, so ordered.

Mr. Clerk.

THE CLERK:

Calendar Page 13, Calendar #629, File #746.
Substitute HB6391, AN ACT CONCERNING ESTABLISHMENT OF DEFENSE DIVERSIFICATION INITIATIVES. Favorable Report of the Committee on Government Administration and Elections.

THE CHAIR:

Thank you very much. The Chair would recognize Senator Avallone.

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read the items that have been placed on the Second
Consent Calendar.

THE CLERK:

The Second Calendar begins on Calendar Page 5,
Calendar #584, Substitute HB7165.

Calendar Page 6, Calendar #586, HB7364, Calendar
#590, Substitute HB5461.

Calendar Page 9, Calendar #605, Substitute HB5095.

Calendar Page 13, Calendar #629, Substitute HB6391,
Calendar #630, Substitute HB6886, Calendar #631,
Substitute HB5665.

Calendar Page 16, Calendar #484, HB6459.

Calendar Page 22, Calendar #293, Substitute HB6379.

Madam President, that completes the Second Consent
Calendar.

THE CHAIR:

Thank you very much, Mr. Clerk. As you heard the
items that have been placed on Consent Calendar #2 for
June 4, 1991. The machine is open. You may record
your vote.

Thank you very much. The machine is closed.

The result of the vote.

36	Yea
0	Nay
0	Absent

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The Consent Calendar is adopted.

Mr. Clerk, do you have any further business?

THE CLERK:

Madam President, I believe that that completes the items that were marked Go on the Calendar.

THE CHAIR:

Thank you very much, Mr. Clerk. Senator Avallone.

SENATOR AVALLONE:

Yes, Madam President, I was out of the Chamber on Calendar #394. I would like to be recorded in the affirmative.

THE CHAIR:

Thank you very much, Senator. The Journal will so note.

Senator Larson.

SENATOR LARSON:

Thank you, Madam President. I rise on a Point of Personal Privilege and clearly would like to welcome Representative Sid Holbrook to the Circle. Would you please rise?

Madam President, I just want to remind the Members of the Circle that the House has indicated that they hope to be out by 9 o'clock tomorrow evening, which will be a miracle in and of itself. However, they have continuing resolutions developed at 9, 9:30, 10, 10:30,

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PART 2
327-651

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court can waive it in exceptional circumstances, so there is no need to say that the conduct doesn't have to go on...

REP. TULISANO: Save your comments because we have another one coming up in regard to the new case.

ATTY. RAPHAEL PODOLSKY: Okay. HB7132 which deals with reporting child support information to credit bureaus I support. HB7027 which deals with imposing a \$25 fine on getting a copy of the judgment file, a significant impact of that is on...people get divorced, that is a lot of money for people. My suggestion is you should exempt out family matters from that \$25 fee. And HB7131 which deals with the housing appeals procedure, planning and development has already held a hearing on similar bills that address the question of who should or should not be exempt. I am not sure why at all this bill is in this Committee at all. My suggestion is that you ought to let the existing law take affect that you adopted and then come back next year and take a look at the situation.

It is my understanding that Representative Schlessinger has a different version of this amendment which I think would create more problems from the point of view of promoting affordable housing and so I would urge you to reject HB7131. Thank you.

REP. TULISANO: Thank you. Matthew Perlstein then Eugene DelMonte.

ATTY. MATTHEW PERLSTEIN: Representative Tulisano, my HB5301, HB5084, HB5530, HB5095 name is Matthew Perlstein, I am an attorney, I live in Glastonbury and practice in Farmington. I am here this morning speaking as President of the Connecticut Chapter of the Community Associations Institute. The Community Associations Institute is a national organization of community associations and other parties that serve, provide services and represent community associations.

We have a chapter here in Connecticut which comprises over 300 members and I want to point out that our members are not individuals, but basically a single condo association joins and becomes one member. There is no firm data in the State of

Connecticut of how many community associations there are. We know of over 3,000. Our guesstimate is that there are certainly in excess of 100,000 to 200,000 residents of Connecticut living in community associations now and I would like to speak to four bills this morning that are of concern to us. These are HB5301, HB5084, HB5530 and HB5095.

I will remark briefly and be happy to answer any questions. We have submitted written materials to the clerk's office already.

(cass 2)

HB5084 on the priority of liens for common charge assessments. The maintenance of a condominium or any community association, the maintenance of the grounds, the buildings, insurance, snowplowing which we will get to again later, but basically all the things necessary to maintain the value and quality of the life in the community association outside of the units themselves must come from the common charges.

The Association assesses the common charges. They are presently by statute a lien on the units to the extent and that lien comes ahead of first and second mortgages to the extent of six months common charges. The way in which this is tested, the only way of which it becomes of significance is if either the association starts a foreclosure of the common charge lien or the first or second mortgagee starts a foreclosure to foreclose its mortgage. Given Connecticut's foreclosure procedure the speed with which the courts move, other matters, periods of nine to twelve months start to finish are not uncommon on foreclosures. It is a practical matter, most foreclosures are strict foreclosures. The usual end of this scenario is that mortgagee ends up owning the unit and the association ends up getting paid only part of its common charges.

To the extent that these common charges are not paid by the unit, they must be paid under the statute and the documents by the other unit owners. Unlike a bank making a mortgage loan, unlike a credit, any creditor extending credit or anyone entering into a contract, most associations have no

REP. RENNIE: I don't think you have to be an expert to know it's expensive. That's why you're here. That's why this is an issue.

MATTHEW PERLSTEIN: Right.

REP. RENNIE: You said the same thing about trash removal. It's expensive. That's why this is happening.

MATTHEW PERLSTEIN: That's correct.

SEN. AVALLONE: Any other questions?

REP. MINTZ: Just a real quick clarification. Real quick. The bill, on the snow plowing it says the roads have to meet minimum standard requirements of the city except for width, so it has to be an acceptable road to be plowed before it would fall under this bill. Is that correct?

MATTHEW PERLSTEIN: That it does, yes.

REP. MINTZ: Thank you.

MATTHEW PERLSTEIN: If I may just -- without commenting I just promised that I would remark or make one other remark which has to do with the HB5095 concerning licensing of association managers. I won't speak to that now, mindful of the time, except to point out that the bill also includes some corrections to the manager registration and bonding statute that was adopted last year, some of which we understand are necessary and certainly helpful in order to finish implementing the registration and bonding and out of consideration for the hard work and effort that some of the people in the real estate commission to put in to getting set for that, whatever else happens, we would appreciate that that get into place so it can go forward.

We are in support of HB5095 as well and we've remarked on it, but I won't remark further here.

SEN. AVALLONE: Just mutual respect here. We've just had testimony of over a half an hour. Please, if there's something new, we want to hear it, but we

negligence of their operation because in condominium documents, there is a space that calls for qualified lenders.

Now when you have a unit owner that's not paying a timely fashion on the condo fee, you are required by the law that allows condominiums to notify qualified lenders and a qualified lender is the person who when he writes a mortgage and your association sends you a letter and says, I wrote this mortgage and then when the guy is 45 days late, 60 days late, you have to notify that lender he's aware there's a situation.

In my condominium that we live in we have 204 units and six lenders took advantage of that right, so they don't care and I support 100 percent the 12-month limit on this liability on how much we should get our condo fees back because it's their negligence, their mismanagement of their portfolios that cause these situations and yet I, as an owner who is paying his taxes and who is paying his condo fees have to make up for because this lender stuck somebody in there at a time when he thought it was profitable and now the guy can't pay and I have to maintain the lender's unit at my expense to his benefit and I think that's unfair.

And the only thing I want to say about the Condominium Bill in terms of HB5095 that wants to have licensing, I agree 100 percent with the licensing requirements. I agree 100 percent with the education requirements of this bill. The one thing I would ask this bill, the one thing I would ask this committee to consider is that there is a strong chance that as a property manager because you're dealing with all the business of the condominium, because you're taking care of all the bills, because you're doing all the things for the condominium association that a unit owner who owns a unit held for the production of income will call the property manager and say, if you have someone to rent my unit, the guy is moving out, let me know, and if the guy is not licensed to do that because you need a real estate license to rent condominiums for a profit, you're getting into a situation where you're crossing the lines and

trying to do two different jobs and I firmly believe, again, this won't make me popular in a lot of cases, but --

(Gap in cassette switching 2a to 2b)

-- state property managers ought to hold real estate broker's licenses. There are so many areas that intertwine together that make these areas so similar, I mean managing apartments, if you don't rent the apartments, you don't need any kind of a license. If you manage a condo, you need a license, but you can't rent them. I think you should make this law be one straight law that covers real estate services similar to what you did when you had the people that were licensed to sell real property securities dealer certificates. You made that a rider.

If you want to be a real estate broker and sell real property securities, you can do that, but I think the issue on the law back to the town services is that if you offer the service to a single-family homeowner, you have to offer it to a condominium. I think it's fairness.

I'm not talking about coming and plowing my driveway unless you plow everybody else's in town. That's not what we're saying, but any service you offer to a single-family resident, I believe you have to offer it to the condominium owner. It's just fair. It's just a fair, right way to do it and I thank you for your time.

SEN. AVALONE: I just make one comment to you. If you want a job where sometimes you don't make a lot of friends, come on up and sit up here with us.

KEN BADSTUEBNER: It's just like being on a condominium board.

SEN. AVALONE: You've got it.

KEN BADSTUEBNER: Because no one comes unless something's wrong.

SEN. AVALONE: Absolutely. I gotcha.

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KEN BADSTUEBNER: No one ever came to a meeting and told me that we did a good job and I can tell you three years of fighting, and I know this is a bad word, we formed a political action committee and we created a huge turmoil in the Town of Vernon and we changed some things and we got some things and out of the 1,100 people that live in condominiums in the Town of Vernon, two people said thank you and the difference between what we did -- just in the recycling alone, the minimum price we could get from a contractor individually was four bucks a unit to recycle and when you got one contract with the town it's \$1.83.

SEN. AVALLONE: Before you leave -- Senator Upson -- I would just like to make a comment.

SEN. UPSON: I'm the third person to thank you. I live in a condominium in Waterbury and I put a bill in which may be self-serving, but I see that Mr. Mintz (HB5301) who you saw him, who is a Democrat, got his bill in instead, but anyway, and you're right. I mean everybody in Waterbury has recycling, but not in our condominium complex. The recycling has not started.

I have talked to another town. I represent Naugatuck and the bill would affect all condominiums there too and a comment there was that, well, when -- and I'd be interested, Tony, in this comment, when the condominium people went in to get zoning and planning, etc., there were agreements made at that time whereby they agreed to pay for their own trash removal, etc., so that if that's true and that may hurt us in this effort -- for some of these bills we want passed if in fact the people that went in, as I said, and made agreements with towns in advance, if that's true. I don't know if that's true and do you know that for a fact in the complex you're involved with?

KEN BADSTUEBNER: I can tell you that what happens is, and let's be realistic. Let's just --.

SEN. UPSON: Well, we all say that, but go ahead.

REP. MINTZ: Thank you. Any questions?
Representative Nystrom.

REP. NYSTROM: Thank you. Just a quick one. The class action suit you mentioned, the contention of that suit is that based on the premise of that as taxpayers you are not receiving the same level of services regardless of what those services are? Is that the issue itself? That services that you're paying taxes for are not being delivered.

JEAN DOBBIN: Yes, it's also based on, again, equal protection and discrimination.

REP. NYSTROM: So, the fact that you're condo owners is not the primary, it happens to be a portion of a particular instance of the case? When you talk about equal protection and stuff like that.

JEAN DOBBIN: Correct. We are the only class of homeowners in town which are denied services. There are many, many homes in Naugatuck, stand alone homes, that pay less taxes than the condominium do. We have done studies proving that.

REP. NYSTROM: Previous testimony today, no individual mentioned a prior federal ruling that dealt with that you could not be taxed for services that you do not receive? Are you basing your case on that decision at all?

JEAN DOBBIN: No.

REP. NYSTROM: Are you aware of the prior decision?

JEAN DOBBIN: No.

REP. NYSTROM: Okay. Thank you.

REP. MINTZ: Anyone else? Thank you. Marie Marena. Maria Marena. Gone. Linda Dow. Gone. Larry Hannafin.

LARRY HANNAFIN: Thank you very much, Representative HB 5095 Mintz. My name's Larry Hannafin, I'm the Director of the Real Estate Division within the Department of Consumer Protection and I'm here to offer testimony on behalf of Commissioner Gloria

Schaffer, concerning HB5095, AN ACT CONCERNING THE LICENSING OF COMMUNITY ASSOCIATION MANAGERS. This Committee bill which is before you this afternoon is legislation requiring licensing of community association managers in Connecticut. This legislation enlarges the scope of the Department's responsibilities which were expanded by last year's PA90-36.

As you may recall, that Public Act obliged the Department of Consumer Protection to register condominium association managers. And as part of the Department's legislative proposals this year, we suggested a number of changes to strengthen our statutory authority. One of these proposals is incorporated in this bill before you today in Section 16, Sub-section B, which increases the protection to the state's interest as well as the individuals by substituting an insurance company bond for a surety bond.

Our proposal also included an application fee of 60 dollars and a registration fee of 100 dollars and the renewal fee of 100 dollars. These fees are not included in this proposed legislation. More important, however, is that the Department proposals did not require licensing community association managers, which would be mandated by this bill. It is our intent, and indeed our hope, that the legislature would allow the Department to implement the provisions of PA90-36 which requires the Department to register community association managers.

It does not seem unreasonable to ask that the registration process be put into place now being given time to work before new responsibilities are placed on Department staff. What we are being asked to do by this bill is to administer a licensing program which would include and examination process, require staff to investigate complaints, and hold compliance hearings. All of those new functions would require at least three new staff positions. A clerk typist, a secretary and an investigative examiner, costing approximately 105,144 dollars including benefits.

There is no provision in the Governor's recommended budget for an appropriation of this kind. In all candor, ladies and gentlemen, the impact of this bill would be significant and harmful to the fiscal climate of the state. Thank you.

REP. MINTZ: Fiscal climate of the state?

LARRY HANNAFIN: As well as our Department.

REP. MINTZ: Well, explain to me how this bill's going to impact on the fiscal climate of the state. Well, your testimony wasn't bad, Larry, but then you go talking about the fiscal. You know, that's way out of line I think, but that's you know, is that what Gloria Schaffer says?

LARRY HANNAFIN: Yes. These were her remarks.

REP. MINTZ: I'd like to have Gloria Schaffer talk to me about that one. Didn't we say before...?

LARRY HANNAFIN: Well, let me just answer your question. You asked a question.

REP. MINTZ: No, I'll withdraw the question. I'll ask you a question. If the money that, the fees are 750 dollars, correct? For the licensing?

LARRY HANNAFIN: 750?

REP. MINTZ: Yes.

LARRY HANNAFIN: No.

REP. MINTZ: For the licensing?

LARRY HANNAFIN: The registration fee is 60 dollars, and application fee and it calls for a hundred dollars in the bill that we had suggested this year.

REP. MINTZ: Yeah, I understand, but the bill that's before us, what's the fee for a license for a manager?

LARRY HANNAFIN: Is it 450 dollars the first time and then 300 thereafter?

REP. MINTZ: I don't know, let me look. If the money, if the revenues raised by this bill, seeing that this was not part of the Governor's budget since he didn't know about it, would the revenues raised by this be enough to pay for the 105,000 dollars that you anticipate that it would cost to implement the licensing.

LARRY HANNAFIN: I would say that yes it would and it would have to be contained within the Governor's budget which are Department, I know, does support. So, the answer to that would be yes, provided their in the budget.

REP. MINTZ: So, if the revenues raised by this also paid for, with the additional revenues, that the Governor was not anticipating, in his budget, is that true?

LARRY HANNAFIN: The last year's bill, PA90-36, calls for applications to be received with a 60 dollar application fee effective July 1, 1992. In the current law before us, moves that starting, I'm sorry, the current legislation PA90-36, requires the registration to begin 5-1-91, of this year, where each person registering will have to pay a 60 dollar application fee. If the proposed bill before us is enacted, that date is now changed from May 1 '91 until and effective date of July 1, 1992. Therefore, it does in fact affect the fiscal income that our Department would receive.

REP. MINTZ: Okay, but the old law would still remain in effect through...?

LARRY HANNAFIN: No, it's been repealed. Section 4, which is in the old law, has been changed under I believe it is Section 16 of your current law, your current proposed bill.

REP. MINTZ: I understand that, but that would take effect... Okay, I understand what you're saying. So, but this goes into effect January 1, '92, the revenue stream would start there, so it's 6 months worth of additional revenue, is that true?

LARRY HANNAFIN: No. The revenue stream starts this May.

REP. MINTZ: Under the old law.

LARRY HANNAPIN: Under the old law. This one, my understanding in reading it, it begins July of '92.

REP. MINTZ: Nope, this act shall take affect July 1, 1991 except in Section 4 shall take effect July 1, January 1, 1992.

LARRY HANNAPIN: Okay, I stand corrected if it says January. I thought it was July. You're absolutely correct, so it's...

REP. MINTZ: Maybe, we'll leave the law exactly as it is then. Maybe we just won't do anything.

LARRY HANNAPIN: Okay, thank you very much.

REP. MINTZ: Arthur.

REP. O'NEILL: Just a couple of quick questions. The reference to an insurance company versus a surety, does that make it easier to get the bonds? I mean are they cheaper that way, I mean, do you have any information on that?

LARRY HANNAPIN: Only from people that have talked to us saying that it would be much easier, and in some cases, the only way that they can obtain the bonds is through an insurance company, vested surety company, to perhaps assist those property managers in attempting to meet the mandates of the statutes.

REP. O'NEILL: The second point is you're in the process of registering people now?

LARRY HANNAPIN: We will begin probably in another 4 weeks. Because they're due in May 1. We're drafting the applications at this point.

REP. O'NEILL: Okay, thank you.

REP. MINTZ: Anyone else? Thank you. Candace Mazur? Candace Mazur? Michelle Siment? Victoria Stockmat.

Bill HB5084, AN ACT CONCERNING THE PRIORITY OF LIENS AND COMMON EXPENSES, as has already been mentioned several times, the real problem here is that it takes more than six months to do something with a delinquent homeowner.

By the time you have your law days, and your statute of limitations on taking away a person's abode, you're up into seven, eight, nine, ten months, and it takes too long. While the twelve month provision would be good, but I'm not too sure that as, if the Fanny Mae, Fanny Mae and Freddie Mac don't want to fund condominium purchases in the state, if the trade off is worth it.

It may be more practical to, as in your original Kiawa Act, when you provided for two months worth of up-front fee, oh no, Fanny Mae provides for two months worth of up-front fees on first time buyers, six months worth of up-front fees be put in an escrow type security deposit account under that person's name to cover that sort of thing, or percentage of the whole property, or some mathematical formula that gives them something to draw against to fund that shortfall as these foreclosures begin and these people start falling by the wayside.

Bill HB5094, AN ACT CONCERNING LICENSING OF CONDOMINIUM ASSOCIATION MANAGERS, Representative Mint's bill.

(HB 5095)

REP. MINTZ: They're all mine.

WILLIAM WHITE: Hmm?

REP. MINTZ: They were all mine.

WILLIAM WHITE: The Interstate Real Estate Management does not support separate licenses for association managers but does support licensing under the present real estate commission. Expansion of the real estate licensing laws are encouraged to encompass the real estate, within the real estate activity definition, condominium association managers.

This would not require an additional department and additional staffing, and should be able to be rolled right into the existing real estate commission.

REP. TULISANO: They don't say that.

WILLIAM WHITE: Well, they don't say a lot of things. Registration, there's another bill before you that I wasn't aware of regarding the Secretary of State and the corporations and corporations of condominiums already in the last Kiawa Act Amendment.

I believe it was in 1989, there was a requirement that condominium associations register with the town clerks who the person was to contact for receiving resale certificates.

If you expand on that you have your registration process in place. I don't believe that's even being enforced. Those city clerks that I've sent it to don't know exactly what to do with the notice when I give it to them, so it's, I mean there is a way already out there to, for that notification for that, for that person that's in charge to be recorded in the towns themselves, that's handled expeditiously.

That's all I have. Any questions?

REP. TULISANO: Thank you. Next Michael Glanosky. This is the first time in my life that we've had more people on this side than we've had on the other side.

MICHAEL GLANOSKY: Now, good evening then. I don't know if anybody still has my copy of the transcript, my statement's or not, but if you did it would really expedite things.

REP. TULISANO: We have it. Trust us, we have.

MICHAEL GLANOSKY: I was going to refer to a couple of things in it, but if not, I'll wing it. I'm speaking about interference with custody, Committee Bill HB6290.