

Condominium Update

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SPECIAL ALERT: Major Statutory Overhaul Will Affect Every Condominium Statewide

In July, Connecticut adopted the most comprehensive overhaul of the laws governing condominiums in more than 25 years. Brace yourself for some major changes.

Some provisions of this new law are already in effect. Boards can now deny certain privileges to unit owners who are delinquent in their monthly assessments and pledge the right to receive common charges as collateral for a loan unless their declarations prohibit it. The rest of the new law was given a delayed effective date of July 1, 2010, to allow condominiums time to prepare. Some of these changes will apply to all communities, while others will apply only to those created in 1984 or later.



Resale certificates will need to include new disclosures including maintenance standards and information about unit owner delinquency rates.



Some of the changes which will go into effect for every condominium as of July 1, 2010, include:

Enforcement Actions

- New prerequisites for foreclosing units for unpaid assessments will go into effect, and the automatic lien for those assessments will be extended from two to three years.
- The board will have wide discretion to determine when, and when not, to enforce rules against residents.

Board Meetings

- Board meetings will be permitted by telephone or video conferencing as long as unit owners can participate.
- The board will have to notify the unit owners of each board meeting and abide by Robert's Rules of Order.
- Owners will have the right to attend and speak at most board meetings.
- The board will be able to act without a meeting so long as the members act unanimously and notify the owners afterward.

Insurance

- All condominiums will be required to purchase fidelity insurance, which covers losses from criminal activity.
- For most communities, insurance will have to cover anything installed by unit owners unless the board identifies the original unit components so that owners will know which items they should insure themselves.
- The board will have more power to make a person who causes property damage pay for the insurance deductibles and repair costs.

Recordkeeping

- More financial, meeting, design application

and voting records will have to be maintained, including all ballots and proxies going back one year.

- Electronic versions of many types of records and notices will be allowed instead of paper.
- Unit owners will be entitled to inspect and copy most records on request.

Resale Certificates

- Resale certificates will need to include new disclosures including maintenance standards and information about unit owner delinquency rates.
- The board can charge a flat \$125 fee plus five cents per page for photocopying the certificate and its attachments.

Communities created in 1984 or later are also subject to the following additional changes starting on July 1, 2010:

Developer Relations

- Developers must be given an opportunity to propose and implement a repair plan before the association can sue for construction defects.
- It will be easier for boards to terminate the original developer’s vendor contracts and for unit owners to sue developers for misleading public offering statements.

Voting

- No one person will be able to cast more than 15 percent of the association’s votes with undirected proxies unless the declaration or bylaws allow it.
- The board will be allowed to cast the votes of units owned by the association.
- Unit owners will be able to vote on issues by paper or electronic referendum instead of a meeting if given certain disclosures and at least three days to respond.

Board Powers

- Board members can be removed from office by a simple majority vote of the unit owners for any reason.
- The board must give owners notice before and after adopting new rules, and the board can regulate – but not ban – state flags, political signs and owner meetings in common areas.
- The board will need to give unit owners a summary of annual budgets and special assessments at least 30 days before adopting them.
- Majority owner approval will be needed before the board can pledge future common charges as collateral for a loan, unless the declaration says otherwise.

More information about the new law, including its full text, is available at www.caict.org. Your condominium has only nine months to review its declaration, bylaws, rules, policies, forms, resale certificates, and management contracts for anything that contradicts or ignores the new law’s requirements and to make the necessary changes. Don’t wait until the last minute!

For more information about this new legislation and strategies for complying with it, please contact **Adam J. Cohen in our Bridgeport office at 203-330-2230 or by email at ajcohen@pullcom.com.**

Adam J. Cohen chairs the firm’s Community Law Section and is a member of its Litigation Department. He represents communities and businesses. He regularly lectures to, writes about and represents condominiums and other residential associations in matters ranging from revenue collection to commercial disputes.