

Proper Recordkeeping

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Common Interest

Poor recordkeeping can cost your association an insurance reimbursal, a loan approval, a dues collection, or even a court victory that it otherwise deserved. Still, keeping accurate and well-indexed records can be a challenge – especially for smaller and self-managed associations. The 2010 amendments to the Common Interest Ownership Act itemize the types of records which all community associations must maintain, including:

- (1) Detailed records of receipts and expenditures affecting the operation and administration of the association and other appropriate accounting records. These include all paperwork needed to trace every penny of the association’s revenue and spending, plus anything else which could be relevant to an annual audit.
- (2) Minutes of all meetings of the unit owners and executive board other than executive sessions, a record of all actions taken by the unit owners or executive board without a meeting, and a record of all actions taken by a committee in place of the executive board on behalf of the association. State law says all corporate minutes and board actions taken without a meeting must be maintained for at least three years. Remember that “minutes” need not, and usually should not, transcribe every word spoken. They rarely need to say much more than the meeting’s date, location, start and end times, and each motion’s wording and vote tallies. Actions taken without a meeting – that is, by unanimous consent of the board or referendum of the owners – are typically documented with a copy of the notice itself.
- (3) The names of unit owners in a form that permits preparation of a list of the names of all unit owners and the addresses at which the association communicates with the unit owners, in alphabetical order showing the number of votes each unit owner is entitled to cast. The entries on this list should match the names on the deed for each unit in the town’s land records, while the addresses should be those provided to the board by the owners for communication purposes.
- (4) The association’s original or restated organizational documents, which are generally composed of the updated declaration and its attachments, the bylaws and all amendments to the bylaws, and the rules currently in effect. The declaration and bylaws should match the versions filed in the town’s land records including every amendment. State law also requires all corporations to keep a copy handy of their original incorporation certificate as it has been filed and amended with the Secretary of State.

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(5) All financial statements and tax returns of the association for the past three years. The association's accountant should have duplicates of these documents and be able to provide them on request.

(6) A list of the names and addresses of the association's current executive board members and officers. Remember that "officers" and "board members" are not necessarily the same people – so be sure to include, for example, an "assistant treasurer" or other non-board officer.

(7) The association's most recent annual report delivered to the Secretary of the State. These filings are now done electronically, so they must be printed out and retained.

(8) Financial and other records sufficiently detailed to enable the association to complete its resale certificates. These will include, among other things: the assessments and fees each unit owes; current and upcoming capital expenditures; the current operating budget and capital reserves; insurance coverage information; any pending sale of or lien on the common elements; and lists of pending litigation involving the association including the number of foreclosures it has filed in the prior year. If the association has taken the proper steps to exempt itself from having to insure unit owners' betterments and improvements, a schedule of each unit's original standard features must also be maintained and distributed to the owners annually and with each resale certificate.

(9) Copies of current contracts to which the association is a party. This obviously includes contracts with managers, landscapers, trash haulers, and construction companies. But don't forget to also keep engagement letters with lawyers and accountants, release agreements that settle lawsuits, ongoing contracts with utility providers, ongoing easements or clubhouse rental forms with owners, and even the extended warranty on the association's lawnmower. Essentially any time the association and any person or business agree with each other in writing to pay money or do anything else, it's a contract which must be kept on file.

(10) Records of executive board or committee actions to approve or deny any requests for design or architectural approval from unit owners. The underlying requests and related submissions and correspondence should be kept together with each one, so that future applicants can understand the types of projects likely to be approved and future owners can tell which changes and fixtures were installed at what times.

(11) Ballots, proxies, and other records related to voting by unit owners for one year after the election, action, or vote to which they relate. These will include even scraps of paper with a hand-written "X" on them if that's how the vote was done. If the votes were tallied or calculated on a notepad, that record should be kept as well. If any piece of paper helps show that a vote's outcome was legitimate, it should be collected and maintained.

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Although these requirements are the ones spelled out in the statutes, they should be extended or expanded as prudence dictates. For example, if an association ends its relationship with a vendor on bad terms, copies of the terminated contract and all correspondence related to the dispute should be stored for at least six years. That is the normal duration of the statute of limitations for suing on a breached contract, and the association will need those records to defend itself should the vendor choose to sue. In fact, records should never be destroyed after the board learns they might be relevant to any future lawsuit (for example, after someone threatens to sue), because a court might punish the association for doing so or presume that the board was hiding unfavorable evidence. By keeping and protecting all of the records that the statutes require in addition to anything which might be relevant to an ongoing issue, you can help make sure that your association has the information it needs when it needs it to protect itself and its membership.

This article appears in the Connecticut Chapter of the Community Association Institute's publication and is a monthly feature. For more information on the CIAC please [click here](#).

Professionals

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Condominiums, Residential Associations and Community Organizations

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