



House of Representatives

General Assembly

File No. 749

January Session, 2025

Substitute House Bill No. 7068

House of Representatives, April 23, 2025

The Committee on Judiciary reported through REP. STAFSTROM of the 129th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING COURT-ORDERED ACCOUNTINGS OF
COMMON INTEREST COMMUNITY FINANCIAL RECORDS AND
REVISING THE DISCLOSURE REQUIREMENTS RELATING TO
COMMON INTEREST COMMUNITIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2025*) (a) Notwithstanding any
2 provision of the declaration or bylaws to the contrary and except as
3 provided in subsection (c) of section 47-260 of the general statutes, any
4 group of unit owners of an association comprising not less than ten per
5 cent of such association may petition the Superior Court for an order
6 directing such association to retain an independent third party to
7 conduct an accounting of such association's financial records retained
8 by such association pursuant to the provisions of subsection (a) of
9 section 47-260 of the general statutes that are related to such
10 association's expenditures and any other financial matters, provided
11 such group of unit owners satisfies the following conditions:

12 (1) Such group of unit owners certifies in writing that a good faith

13 belief exists in grounds for an accounting of such association's financial
14 records;

15 (2) Such group of unit owners obtains a signed opinion of an
16 independent certified public accountant who specializes in fraud and
17 financial forensics that there appears to be evidence of financial fraud or
18 misuse of such association's funds. Such signed opinion shall identify
19 the basis for the formation of such opinion;

20 (3) Such group of unit owners holds not less than ten per cent of
21 undirected or directed proxies of the unit owners giving authority to
22 such group of unit owners to file such petition for an accounting of such
23 association's financial records; and

24 (4) No such accounting has been completed during the immediately
25 preceding twelve months from the date such group of unit owners filed
26 such petition for an accounting of such association's financial records.

27 (b) Any expenses associated with the completion of an accounting by
28 an independent third party of an association's financial records
29 pursuant to the provisions of subsection (a) of this section shall be paid
30 for by the group of unit owners who filed such petition for an
31 accounting of such association's financial records.

32 Sec. 2. Subparagraph (B) of subdivision (2) of subsection (d) of section
33 20-327b of the general statutes is repealed and the following is
34 substituted in lieu thereof (*Effective October 1, 2025*):

35 (B) A subsection entitled "General Information"

36 (i) Indicate the YEAR the structure was built:

37 (ii) Indicate HOW LONG you have occupied the property: If not
38 applicable, indicate with N/A.

39 (iii) Does anyone else claim to own any part of your property,
40 including, but not limited to, any encroachment(s)? If YES, explain:

41 (iv) Does anyone other than you have or claim to have any right to

42 use any part of your property, including, but not limited to, any
43 easement or right-of-way? If YES, explain:

44 (v) Is the property in a flood hazard area or an inland wetlands area?
45 If YES, explain:

46 (vi) Are you aware of the presence of a dam on the property that has
47 been or is required to be registered with the Department of Energy and
48 Environmental Protection? If YES, explain:

49 (vii) Do you have any reason to believe that the municipality in which
50 the subject property is located may impose any assessment for purposes
51 such as sewer installation, sewer improvements, water main
52 installation, water main improvements, sidewalks or other
53 improvements? If YES, explain:

54 (viii) Is the property located in a municipally designated village
55 district, municipally designated historic district or listed on the National
56 Register of Historic Places? If YES, explain:

57 (ix) Special Statement: Information concerning village districts and
58 historic districts may be obtained from the municipality's village or
59 historic district commission, if applicable.

60 (x) Is the property located in a special tax district? If YES, explain:

61 (xi) Is the property subject to any type of land use restrictions, other
62 than those contained within the property's chain of title or that are
63 necessary to comply with state laws or municipal zoning? If YES,
64 explain:

65 (xii) Is the property located in a common interest community? If YES,
66 is it subject to any community or association dues or fees? Please
67 explain:

68 (xiii) Special Statement: If the property is located in a common
69 interest community that is comprised of more than twelve units, the
70 buyer is advised to obtain a "Resale Certificate", which shall be provided

71 by the common interest community pursuant to state law. For any
 72 common interest community that is comprised of not more than twelve
 73 units and not required to provide such resale certificate, if such resale
 74 certificate is not available, the buyer should consult with trade
 75 professionals, attorneys, real estate professionals, financial analysts and
 76 residents of such common interest community for more information
 77 concerning issues that may arise with ownership in common interest
 78 communities.

79 [(xiii)] (xiv) Do you have any knowledge of prior or pending
 80 litigation, government agency or administrative actions, orders or liens
 81 on the property related to the release of any hazardous substance? If
 82 YES, explain:

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2025	New section
Sec. 2	October 1, 2025	20-327b(d)(2)(B)

Statement of Legislative Commissioners:

In Section 2(d)(2)(B)(xiii), "containing" was changed to "that is comprised of" for consistency.

INS Joint Favorable Subst. C/R

JUD

JUD Joint Favorable Subst.-LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill, which allows certain groups of unit owners to petition the Superior Court for an order to get an audit, is not anticipated to result in a fiscal impact to the state. The court system disposes of over 250,000 cases annually and the number of cases is not anticipated to be great enough to need additional resources.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 7068*****AN ACT CONCERNING COURT-ORDERED ACCOUNTINGS OF COMMON INTEREST COMMUNITY FINANCIAL RECORDS AND REVISING THE DISCLOSURE REQUIREMENTS RELATING TO COMMON INTEREST COMMUNITIES.*****SUMMARY**

This bill allows, under specific circumstances, a group of unit owners representing at least 10% of a common interest community association to petition the Superior Court for an order to direct the association to get an independent audit of records it must retain (see below) that relate to the association's expenditures and any other financial matters.

The bill limits the frequency of these requests to once per 12-month period and requires the group of unit owners to:

1. certify in writing that they have a good-faith reason for the audit,
2. get the signed opinion of an accountant who specializes in fraud and financial forensics stating that there is evidence of fraud or misuse of funds,
3. hold at least 10% of directed or undirected proxies of the unit owners authorizing the petition, and
4. pay the expenses associated with the audit.

It applies regardless of the association's bylaws but only as allowed under the pertinent provisions of the Connecticut Common Interest Ownership Act (CIOA) (see BACKGROUND). Under CIOA, an association must not allow the following documents to be inspected or copied: (1) someone's personnel, salary, and medical records, unless he or she consented to the disclosure; (2) any unredacted papers, ballots,

proxies, or records that identify a vote by unit owner; or (3) any record that disclosure of it would be a violation of the law.

The bill also expands the information that the Uniform Property Condition Disclosure Act (see BACKGROUND) requires a seller of residential property to disclose to the prospective buyer. It does so by requiring the seller to make a special statement on the residential condition report that advises the buyer to:

1. get a resale certificate, if the property being sold is in a common interest community that has more than 12 units, or
2. consult with certain professionals (trade professionals, attorneys, real estate professionals, and financial analysts) and community residents for information on issues in common interest community ownership, if it is in a community that has 12 or less units (these communities are not required to provide resale certificates).

EFFECTIVE DATE: October 1, 2025

RECORDS SUBJECT TO AUDIT UNDER THE BILL

If the court requires an audit under the bill, the audit applies to the following records that a community interest community must retain:

1. detailed records of receipts and expenditures affecting the association's operation and administration, and other appropriate accounting records, including records relating to any reserve accounts;
2. minutes of unit owner and executive board meetings other than executive sessions, records of actions taken without a meeting, and records of actions taken by a committee on the association's behalf;
3. the names of unit owners showing the number of votes each unit owner is entitled to cast;

4. the association's original or restated organizational documents, if required by law other than CIOA, bylaws and all its amendments, and all rules currently in effect;
5. the association's financial statements and tax returns for the past three years;
6. a list of the names and addresses of the association's current executive board members and officers;
7. the association's most recent annual report delivered to the Secretary of the State, if any;
8. financial and other records sufficiently detailed to enable the association to comply with CIOA's provision on resale of units;
9. copies of current contracts to which the association is a party;
10. records of executive board or committee actions to approve or deny any requests for design or architectural approval from unit owners; and
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 (CGS § 47-260(a)).

Association Records Not Subject to Audit

The bill's audit provisions do not apply to the following records retained by an association that the law requires to be withheld from inspection and copying:

1. individuals' personnel, salary, and medical records unless waived by the subject of the record;
2. unredacted paper or electronic ballots, unredacted proxy forms, and other unredacted records that identify a unit owner's vote; or
3. information the disclosure of which would violate any law other

than CIOA (CGS § 47-260(c)).

RESIDENTIAL CONDITION REPORTS EXEMPTIONS

Under existing law, and the bill, the following transactions are exempt from the residential condition report requirements:

1. any transfer from one or more co-owners solely to one or more of the co-owners;
2. transfers made to the transferor's spouse, mother, father, brother, sister, child, grandparent, or grandchild where no consideration is paid;
3. transfers of newly-constructed residential real property for which an implied warranty is provided under law;
4. transfers made by executors, administrators, trustees, or conservators;
5. transfers by the federal government or any of its political subdivisions or any corporation, institution, or quasi-governmental agency chartered by the federal government;
6. transfers by the state or any of its political subdivisions, with certain exceptions;
7. transfers of property that was the subject of a contract or option entered into before January 1, 1996; and
8. transfers of property acquired by foreclosure, with certain exceptions (CGS § 20-327b(b)).

BACKGROUND

Common Interest Ownership Act

CIOA generally governs condominiums and other common interest communities formed in Connecticut on and after January 1, 1984 (CGS § 47-200 et seq.). Several CIOA provisions also apply to common interest communities created in Connecticut before January 1, 1984, but do not

invalidate existing provisions of the communities' governing instruments. Common interest communities created before that date can amend their governing instruments to conform to portions of CIOA that do not automatically apply (CGS §§ 47-214, -216 & -218).

Uniform Property Condition Disclosure Act

The Uniform Property Condition Disclosure Act (CGS § 20-327b) requires a residential property seller to give a residential property condition report to the prospective buyer before the prospective buyer executes any binder, contract to purchase, option, or lease with a purchase option. The Department of Consumer Protection commissioner sets this form.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute Change of Reference - JUD
Yea 13 Nay 0 (03/13/2025)

Judiciary Committee

Joint Favorable
Yea 40 Nay 1 (04/07/2025)