

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: HB-7068

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

Vote Date: 3/13/2025

Vote Action: Joint Favorable Substitute Change of Reference to Judiciary

PH Date: 3/4/2025

File No.:

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SPONSORS OF BILL:

Insurance and Real Estate Committee

REASONS FOR BILL:

There have been cases of unit owners suspecting financial mismanagement, lack of transparency, or improper handling of funds by the condominium associations. This bill will combat this by allowing any unit owner of a common interest community, such as a condominium, co-op, or homeowners' association to petition the Superior Court for an accounting (a detailed financial review) of such association's financial records. This bill will update the statute to give the unit owner the ability to go to court and ask for a legal review of the association's finances. If the court grants the petition, the association may be required to provide a clear and thorough accounting of its financial activities.

SUBSTITUTE LANGUAGE:

The substitute language (1) allows a group of at least 10% of unit owners to make the petition rather than any single unit owner; (2) requires the group to pay the expenses of the audit; (3) limits the frequency of these requests to a minimum 12-month period; and (3) adds the provision that expands the general information that must be disclosed in the residential condition report. These are technical changes that put some onus on the unit owner, while also providing a stronger regulatory framework for the statute, as well as some more requirements on the common interest community.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed.

NATURE AND SOURCES OF SUPPORT:

State Representative Patrick Biggins – Supports

Supports the bill because he believes that common interest communities often struggle to obtain clear financial records, which can lead to mismanagement, a lack of trust, and financial instability within their associations. Biggins shares that he has spoken with condominium owners in his district, who have relayed concerns about rising HOA fees with little or no explanation. He also shares that he is not suggesting any wrongdoing on the HOA's part but explains that he feels that the inability to verify financial decisions fosters uncertainty and distrust. Finally, he shared some recommendations that he believes would improve the legislation.

Antonita Dunbar – Supports

Shares that she is in support of the bill because she believes that it will improve transparency. She says that as a resident in a common interested community, she is not informed when major changes are being done in her building and hopes that this bill will make the lines of communication clearer and more transparent.

Stacey McDonald, Unit Owner – Supports

Shares that she supports this bill because she has had experiences where herself and other unit owners have felt taken advantage of or "duped" by their condominium association. She hopes that the bill will protect homeowners from "greedy investors". She also shares that she recommended changing the language to include any condominium that investors control in section 3 of the bill.

Rachel Baird, Attorney – Supports

Supports the bill because she feels that it is a safeguard to protect unit owners. She feels that financial audits of common interest communities would become necessary if an Association's Board of Directors refuses to act appropriately in response to, or ignores, unit owner claims of financial improprieties, which she is in support of. The audits would also take place if the property manager ignores a request for or refuses to provide financial records to the Board that are necessary to a forensic accounting, which she is also in support of.

Soledad Nunez, Protect Connecticut Unit Owners – Support

Believes that the bill will protect homeowners from abuse and will ensure that associations operate with integrity and respect for the rights of their members. Furthermore, she believes it will protect homeowners who are exercising their right to know how their money is being spent. Finally, she believes that the bill provides a clear and enforceable mechanism for homeowners to demand the financial transparency they deserve.

Carlin Sac – Supports

Supports the bill because she believes it will provide homeowners with financial transparency. The also believes it will ensure responsible community management and foster trust and transparency.

NATURE AND SOURCES OF OPPOSITION:

[Dave Pilon, Community Association Institute, CT – Opposes](#)
[Greg McCracken, Community Association Institute CT – Opposes](#)

Pilon and McCracken oppose the bill because they believe that it is wrought with unintended consequences. First, they believe that the threshold for approval of 10% of unit owners to trigger this review is very low and would allow a small minority of unit owners to initiate an audit. They also share that from their perspective as insurance professionals, the secondary impact on insurance costs to associations affected by this review can be significant and long lasting. They believe that this legislation, if enacted, would invariably lead to an increase in claim activity, specifically with respect to the association's fidelity bond and/or director's and officers' liability policies, the latter of which has a relatively small pool of carriers available in the state. They also provided some recommendations that they believe would improve the bill.

[Barbara Sladek – Opposes](#)

Sladek feels that the bill does not define the parameters of the "accounting" to be conducted. She also believes and disagrees with the fact that the bill prescribes no limit on the number of times an association can be required to provide an "accounting" in a calendar or fiscal year. Third, she believes a record of multiple petitions on the records of the superior court questioning the finances of an association would likely cause lenders to refuse to issue loans to buyers and insurers to refuse to write policies for the association. Lastly, she believes that Sec 47-260 of the general statutes already provides owners with access to an association's financial records.

[Chris Braken – Opposes](#)

Shared personal accounts of experiences living in common interest communities. He believes rigid disclosures may deter potential buyers.

GENERAL COMMENTS:

[Anonymous](#)

Provided general comments and recommendations for language changes within the bill.

Reported by: Allie Kyff

Date: 03/31/2025