

Considering CIOA Amendments When Budgeting
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Common Interest - Issue 8 - 2009

In the coming months, many associations will be putting together their annual budgets. Board members and property managers are already conferring with contractors and insurance agents. Committees are combing their lists of projects to see what they can fit into the budget for next year. One thing that should not be overlooked while setting up that budget is the line item for legal expenses. I am of course talking about the amendments to the Connecticut Common Interest Ownership Act ("CIOA") and the work ahead for associations and their legal counsel.

For those of you who don't already know, Connecticut has adopted a substantial set of amendments to the current statute that governs common interest communities in this state. Those communities created after 1984 (when CIOA was adopted) will have to amend portions of their existing governing documents so as to be in compliance with the new statute. Those communities created prior to 1984 (under the Condominium Act of 1976 or the Unit Ownership Act) will also have to consider amending their governing documents as many sections of the new statute will apply to them. Except for a few sections that went into effect upon passage, the new statutory provisions all go into effect July 1, 2010.

Board members should be educating themselves about these important changes in the law and should be making plans on how their association is going to handle the work that will have to be done. Part of that is financial planning. Some of the older communities, those created prior to 1984, may want to adopt a completely new set of governing documents. That can be a time consuming project and a significant expense. Other associations may simply want to adopt a series of amendments so that they will be in compliance with the new statute come July. While perhaps not as costly as a new set of documents, that can still be expensive.

Now is the time to start thinking about this issue and how your community will get through this process. How much should you budget to ensure you have adequate funds for legal costs? It depends on your community. Boards should be talking with their legal counsel about what the changes mean for their community. If the association already has legal counsel, they will be familiar with the association's governing documents and will be able to advise appropriately. If the association does not have legal counsel it is important to choose an attorney who knows the law in this field. CAI-CT can help. The fact is that the changes are coming. Will your community be ready to deal with them in the coming year?

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