# Common Interest

The Official Publication of CAI-Connecticut

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*Inside:*

## TEN YEARS AFTER THE REVOLUTION
**What's Happened in the Decade Since the CIOA Overhaul?**

## Annual Budgets and Special Assessments: THE POWER OF REJECTION

## THE WORLD OF COMMUNITY ASSOCIATIONS IN 2030 —
**The Hope and the Reality**

***...And More!***

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**RESCHEDULED TO JUNE 13, 2020**

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### Who Is CAI?

The Connecticut Chapter is one of 63 Community Associations Institute chapters worldwide. CAI-CT serves the educational, business, and networking needs of community associations throughout Connecticut. Our members include community association volunteer leaders, professional managers, community management firms, and other professionals and companies that provide products and services to associations. The Connecticut Chapter has over 1,200 members including nearly 150 businesses, and over 450 community associations representing 50,000 homeowners.

■■■



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To submit an article for publication in *Common Interest* contact Kim McClain at (860) 633-5692 or e-mail: kim@caict.org.

# President's *Message*

Reggie Babcock

*"I worry about where the next generation of managers will come from."*

One of the themes we asked the authors contributing to this issue to address is the state of our world ten years hence. What will all of us be doing in the industry in 2030 that is different or the same as we are doing now. Kinda fun!

No one has a crystal ball, but the challenge does bring some perspective to all of our planning. It also brings an interesting viewpoint to the work we are pursuing at the moment.

I think first about the fact that Connecticut Common Interest Ownership Act (CIOA) was enacted in 1983 which makes it 36 years old. It has undergone few changes in that time. Virtually all that we do as managers, boards, and — many business partners — is grounded in CIOA, and we probably take it for granted. But the law is not immutable; it can change in minor ways and also in major ways. Many other states survive without any form of the model law. I'm hardly predicting the repeal of CIOA; that outcome is inconceivable. But it can change readily, particularly as the industry changes in other ways. Our Legislative Action Committee may be much busier!

CIOA is premised on the willingness of owners to volunteer to serve their communities as board members and in other capacities. We seem increasingly to encounter communities where volunteerism has ebbed so badly that many board seats and positions go unfilled. What will happen if this trend is extrapolated to the point that many communities cannot field a working Board? Who will run the show?

I worry about where the next generation of managers will come from. Will our schools establish programs that train students to enter the property management field? Can we imbue those students with our enthusiasm and commitment?

One last topic is the aging of our facilities. I wish I had the actual statistics but know with certainty that new HOAs and condominiums are rare, and that the rate at which major improvements are being undertaken are not keeping up with the aging of existing infrastructure. What will become of our communities that fail to keep ahead of the curve?

More questions than answers or predictions. Of one thing I am certain. CAI-CT will fill a an ever-larger leadership role helping shape the industry for years to come. ■

## CONTENTS




# Common Interest

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## From the Chapter Executive Director

**"The only certainty is that nothing is certain.**
*~ Source unknown — from a Fortune Cookie*

Courtesy CAI-CT.

**Kim McClain**

I am writing this as we are in the midst of the early days of the COVID-19 situation. Just yesterday, a very thoughtful and strategic group of our Board and Conference Committee members decided to postpone our Annual Conference & Expo. This decision was not made lightly, as we had to balance the attendance of over 700 people, the preparation of our excellent speakers and exhibitors and the planning for staff and purchasing of items that may not have a long shelf life, etc. While we are deeply disappointed that circumstances forced us to postpone our big event, there were no other options at this point in time.

One of the biggest positives of this experience is being reminded of how fortunate CAI-CT is to have an enormously dedicated team of volunteers. No doubt all of our Conference Committee members had many other concerns they were facing with their own businesses and associations, but they rolled up their sleeves and helped us determine our next steps for creating a new, but different conference event that will still provide substance and value for all who participate. A very heartfelt THANK YOU to all of them!

We are obviously living in very unusual times. Now, more than ever, the value of community and our connections to one another (elbows only, please!) give us the fortitude to keep moving forward.

Be safe and be well!

P.S. On a personal note, I wish to add my condolences about the passing of Matt Perlstein. Many moons ago, when I first began working with CAI-CT, Matt was my "go to" person for all things CIOA and what at the time seemed to be the very convoluted world of common interest communities. Matt was always extremely patient and generous with his time in explaining — in very great detail – the nuances of whatever issue I was confounded by at that moment. Matt was one of the Founding Fathers of CAI-CT and continued to be of great support to us for over forty years. Thank you, Matt! You will be greatly missed. ■

## A Tribute To Matthew N. Perlstein

By: Michael Feldman, Liz Dickens and Nancy Morrisson

**On February 19, 2020 we lost our beloved partner and mentor Matthew N. Perlstein.**

Matt devoted his practice to representing condominium associations and helping them through the maze of legal challenges they faced. The many condolences our office has received illustrates a common theme — Matt's generosity, wit and legal expertise. He was always willing to get on the phone and brainstorm with lawyers, property managers or anyone else looking for his help and expertise. His attention to detail, serious work ethic and great legal mind made him an exceptional attorney.

Matt started his career as a real estate attorney and then founded his own firm specializing in association representation. He eventually merged his practice into the firm of Feldman, Perlstein & Greene.

He co-authored the Connecticut Common Interest Ownership Manual. He was a past president of the Connecticut CAI Chapter, and had continued to be active in it, and in 1994 became one of the earliest members of the National CAI College of Community Association Lawyers. He frequently wrote and lectured on condominium law. He was on the advisory committee to the Connecticut Law Revision Commission and was listed in "Best Lawyers in America" and as a Connecticut Super Lawyer (Super Lawyers is a registered trademark of Key Professional Media, Inc.)

We will always be grateful for, and will miss, his guidance and humor, and for the wealth of knowledge that he passed on to those of us who were fortunate to have known him.

Contributions in Matt's memory can be made to the Connecticut Bar Association Real Property Section Memorial Prize at UConn School of Law. Contributions should be made payable to "The UConn Foundation, Inc.," and mailed to the UConn Foundation at 2390 Alumni Dr., Unit 3206, Storrs, CT 06269-3206. ■

# UPCOMING CAI-CT EVENTS

### Condo Inc.
### The Business of Running Your Community
Saturday, May 2, 2020 • 8:30 am - 3:00 pm
Waterbury


Do you serve on the board of your association? Are you considering serving? Whether you are a seasoned board member, a recently elected board member or unit owner seeking to understand more about how an association runs, this course is for you!

$50 - CAI Members, $100 - Non-Members

### SPRING FLING Education and Networking PARTY
*Education & Hartford County Networking Party*
Wednesday, May 13, 2020 • Education 3:00 pm - 5:00 pm / Networking Party 5:00 pm - 7:00 pm
Auerfarm, 58 Auer Farm Road, Bloomfield

$25 - CAI Members, $50 - Non-Members

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### PARADISE Education and Networking PARTY
Wednesday, June 3, 2020 • Education 3:00 pm - 5:00 pm / Networking Party 5:00 pm - 7:00 pm
Shorehaven Golf Club, Norwalk

$25 - CAI Members, $50 - Non-Members

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### CAI-CT's 21st Annual Golf Tournament
***Enjoy a day on the links with CAI-CT!***
FRIDAY JUNE 5, 2020 • 9:00 am to 2:00 pm
Lyman Orchards Golf Club, Middlefield

The 21st Annual Golf outing will be held on **FRIDAY**, June 5th at the Lyman Orchards Golf Club. This event brings the membership together and provides a networking opportunity for managers and business partners. This is a must attend experience with exciting sponsorships, awards, gifts and games!

*Visit www.caict.org for information on golf, lunch and sponsorships.*

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**Visit www.caict.org for more information.**

**Visit www.caict.org to register and for updated information.**

## Statutory Snippet...

**Rules.** Constitute policies, guidelines and procedures regulating conduct occurring within the community or the use maintenance, repair, replacement, modification or appearance of the common interest community (C.G.S. §47- 202(31)).

*This is an excerpt from a Condo Inc. presentation given by Michael Feldman, Esq. & Kasey Burchman, Esq of Feldman, Perlstein & Green, LLC. Reprinted with permission.*

SPRING FLING

**Education & Cinco de Mayo!**

¡MUY BIEN!

**Wednesday, May 13, 2020**
**Auerfarm, 58 Auer Farm Road, Bloomfield**

**3:00 - 5:00 pm • Education Session**
**5:00 - 7:00 pm • Cinco de Mayo Networking Party**

**Topic: Aging in Place and Hoarding Horrors**

While these two topics are not necessarily mutually exclusive, we plan to discuss them as two different considerations. Does your community have adequate provisions for ADA compliant parking, sidewalks, community spaces, etc.? Do you have protocols in place for contacting family when there is an emergency with their loved one in your community? What are the best practices for Aging in Place?

Many communities have had to deal with the many health and safety issues related to hoarding. What assistance is available to handle hoarders? Bring your questions!

**This session is open to Community Association Managers and Board Members. (Good for 2.0 CEUs.)**

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# NEW & RENEWING MEMBERS

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Cold Spring Village
Meadow Brook Estates Homeowners Association, Inc.
Riversedge Association, Inc.
Summerwood Condominium Association, Inc.
Tinker Pond Homeowner Association

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Peter Gray

Business Partners

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**Thank You Renewing Members**

Associations

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Mountain View Landing Association, Inc.
Old Forge Condominium Association
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# Legislative Update

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The 2020 Legislative Session is a short session — only about three months long. Consequently, most of the activity at the Capitol is a sort of time compression. Nevertheless, there are several bills that we had either testified on and/or are closely tracking.

**RAISED BILL No. 5121 AN ACT CONCERNING CERTAIN GROUP CHILD CARE AND FAMILY CHILD CARE HOMES** This bill was similar to the one which was defeated last year and concerned the requirement that all associations allow for home day care operations in their communities regardless of what their documents state. We had two people attend the hearing to testify and we also submitted written testimony in opposition. Our main issues were about the lack of an insurance product that could fully protect an association and also the disregard for the contractual obligations owners may have prohibiting homebased businesses, etc. As of this writing, the portion of the bill affecting community interest communities has been stricken.

**RAISED BILL No. 5226 AN ACT CONCERNING ELECTRICAL VEHICLE CHARGING STATIONS** Prior to this bill going to public hearing, senior officials with the Department of Energy and Environmental Protection (DEEP) met with members of our advocacy team to discuss the major provisions of this bill and to seek our feedback. We were very pleased to have the opportunity to offer input regarding some of the potential challenges we perceived. It so happens that National CAI recently developed a policy on this topic and we were able to use many of the components of this policy to inform our discussion and testimony. The major feature of this bill would support the creation of charging stations on association property, but the decision about how and where they would be allowed would be entirely within the discretion of the community. Furthermore, the owner of the Electric Vehicle requesting the charging station would be fully responsible for its cost and maintenance.

**Raised Bill No. 182 AN ACT CONCERNING NEW HOME CONSTRUCTION CONTRACTORS AND HOME IMPROVEMENT CONTRACTORS** The provision of this bill that should be noted by our members requires that home improvement contractors must carry liability insurance coverage in the amount of net less than six hundred thousand dollars.

**Raised Bill No. 5440 AN ACT CONCERNING SERVICE ANIMALS** This bill is mainly focused on service animals and the definitions associated with them. However, there is a section of the bill which discusses emotional support and therapy pets. It directs CHRO to provide resources on their website which offer educational materials on (1) the differences between service animals, emotional support animals and therapy animals, (2) the rights and responsibilities of an owner of each such animal under state and federal law, and (3) permitted methods under state and federal law for an owner of a place of public accommodation, resort or amusement, as defined in section 46a-63 of the general statutes.

No doubt, other bills will find their way onto our radar. Please be sure to sign up for Legislative Alerts on our website: www.caict.org to stay in touch about any pending legislation that may affect your community. ■

# Condo Inc.

## *Be in the Know!*

On Feb. 1, 2020, we held our popular Condo Inc.: The Business of Running an Association, at the facilities of BELFOR Property Restoration in Wallingford, CT. This program is the BEST opportunity community association board members — new and old — to learn about the many facets of operating an association. We sold out this event in February. The next one is scheduled for May 2 in Wallingford, CT. If you wonder what you may be missing in terms of unraveling the mysteries of condo law, insurance and more, be sure to register now at www.caict.org to reserve your seat! ■


Dan Levine CPA, Tomasetti, Kulas, and Company, P.C.

Bill Jackson, BELFOR Property Restoration and Carrie Mott, Bouvier Insurance

**Legally** *Speaking...*

Adam Cohen, Esq.

# Ten Years After The "Revolution: *What's Happened in the Decade Since the CIOA Overhaul?*

By Adam J. Cohen, Esq.

On July 1, 2010, Public Acts 09-225 and 10-186 overhauled Connecticut's Common Interest Ownership Act (CIOA) in what my *Common Interest* magazine articles at the time described as a "revolution." The amendments were drafted by a panel of condominium officers, managers, lawyers, and developers as well as representatives from state agencies and the banking and insurance industries. Their goals were to provide new rights to unit owners, grant associations additional powers, help resolve conflicts with developers, and clarify ambiguities under the existing statutes.

Hardly any part of CIOA went untouched. The biggest changes were stricter procedural and notice rules for meetings; modernized communications methods; expanded insurance requirements and restricted chargebacks; stepped-up recordkeeping and resale packet disclosures as well as greater access to records; clarified Board powers on rule enforcement; restrictions on foreclosures and other lawsuits against owners; and relaxed thresholds for recalling board members and officers. The new laws also made it easier to amend declarations and bylaws (including to conform to the legislative changes) by, among other things, creating a procedure to presume mortgage-holder consent.

In the decade since these changes went into effect, thousands of associations have amended their governing documents to comply with them. This was itself one of the most positive effects of the legislation. Not only have declarations, bylaws, and rules across the state been rewritten to conform to modern legal requirements, but for most communities, reexamining and updating those documents had already been long overdue. Since they were revising their documents anyway, many communities also deleted obsolete provisions and made them more readable and streamlined overall. Just as importantly, doing this forced boards and unit owners to read and understand their association's governing documents and the statutes which governed them. Our community associations are truly better now for going through this exercise.

The legislation also helped improved our communities physically by making it easier to borrow money for capital improvement projects. Since condominiums typically do not directly own real estate which could serve as collateral for loans, banks require a pledge of the association's right to collect common charges to secure repayment. Before 2010, common interest communities were legally prohibited


exdez/Digital Vision Vectors/Getty Images

*"Over the last decade, most associations have done a much better job getting the word out about their unit owner and board meetings, and many have also taken advantage of the option to conduct votes by referendum."*

from making these pledges unless their declarations specifically authorized it, which usually required a two-thirds vote of all units to insert. The CIOA amendments reversed that presumption by allowing these pledges unless the declaration prohibited it, so long as a majority of all units vote to approve each particular loan pledge. This reduced threshold made it somewhat easier to borrow money, which has allowed more of the state's associations to access funding to repair their aging facilities and infrastructure.

The CIOA amendments' new regulations for meetings have had more mixed results. Over the last decade, most associations have done a much better job getting the word out about their unit owner and board meetings, and many have also taken advantage of the option to conduct votes by referendum. The 15% cap on undirected proxies also appears to be workable, or has at least diversified the proxyholders. Still, a requirement that boards have enough copies of any paperwork they look at during meetings to share with all unit owners in the audience has had a few hiccups since attendance can be hard to predict in advance. By many accounts, the CIOA provision allowing a simple

majority to remove any board member at any time without cause has contributed to more volatility, animosity, and long-term vacancies on boards, especially in associations where people already had difficulty working together.

The CIOA amendments have resulted in one major court ruling so far, and it has dramatically changed how delinquency liens are foreclosed. In 2016, the Connecticut Supreme Court held in *Neighborhood Association v. Limberger* that an association's foreclosure policy counted as a "rule" which, under the new procedural requirements, was improperly adopted without first giving the unit owners notice of its text and the opportunity to submit comments (or without a case-by-case board vote, which the statute allows as an alternative). The ruling sent a shock wave through the industry. Since then, many if not most communities have adopted foreclosure policies with rulemaking formalities, and mortgage banks routinely demand proof that they have done so before recognizing an association's foreclosure rights. The ruling was extremely disruptive to efforts to enforce assessments for some time, but most associations appear to have adapted.

Nevertheless, *Limberger* appears to be an exception in that the CIOA-related increase in litigation against associations which had been predicted by many (including yours truly) does not seem to have materialized. Most condominium litigation over the past decade has involved disputes over debt collection technicalities and the adequacy of common area maintenance, just as it did before 2010. Very little of

*[Continues on page 10.]*

***Legally Speaking...from page 9.***

it has turned on the legislative revisions themselves. Even the formal codification of Robert's Rules of Order — which threatened to be an easy way for a disgruntled unit owner to sue over a potentially endless list of technicalities — apparently has never been used successfully to overturn a community vote, at least not so far.

Other predictions have come true. Insurance requirements and charge-back restrictions in the revised CIOA statutes have, as warned, shifted a great deal of property damage repair cost to associations and away from residents known to have caused it. Criticism has been widespread. As the law currently reads, a unit owner who spills wine on his own living room carpet could arguably force the entire condominium to pay to clean or replace it. Legislation has been introduced to return some of this responsibility to the at-fault owner, but so far, it has gained little traction. A large proportion of communities have adopted maintenance policies covering everything from boiler replacement to bedbug prevention to maximize the chance that uninsured losses might be recoverable against the responsible owners or their individual insurance. CIOA also created a procedure to "opt out" of covering unit improvements (like finished basements) through the association's insurance, but hardly any have bothered to do so because the additional coverage is relatively inexpensive and the procedure (annual inventories of each unit's original fixtures) can be onerous. Still, the result is that more and more claims must be made against association policies. The overall impact of these changes to CIOA has been a sharp increase in insurance premiums for associations statewide over the last decade.

The Connecticut Legislature has also tweaked CIOA a few times since the 2010 amendments. One well-intentioned change aimed to reduce the vote thresholds for board member elections and board actions without a meeting to a plurality and two-thirds, respectively, but the impact was blunted because most bylaws still impose the higher thresholds. Other revisions added requirements for the contents of resale certificates and meeting minutes, as well as mandatory board hearing procedures before litigation and at any owner's request. Perhaps the most significant post-2010 amendment altered the ways that delinquent accounts can be demanded and enforced over mortgages, including an extension of the association's superpriority lien for common charges and attorney's fees but without late fees and interest. More legislation affecting common interest communities is introduced every year, and new court rulings could shape our understanding of it. CIOA must always be read as a work in progress. We will see what the next decade brings. ■

*"CIOA also created a procedure to "opt out" of covering unit improvements (like finished basements) through the association's insurance..."*

*Adam J. Cohen is an attorney with the Law Firm of Pullman & Comley, LLC headquartered in Bridgeport, Connecticut. As the Chair of its Community Associations Section, he represents and gives seminars to condominiums, tax districts, and other communities in matters ranging from amendments of governing documents to revenue collection strategies and commercial disputes.*

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**Financially** *Speaking...*

Daniel Levine, CPA

# Revenue from Contracts with Customers:
## *A look at FASB ASU 2014-09, Continued*

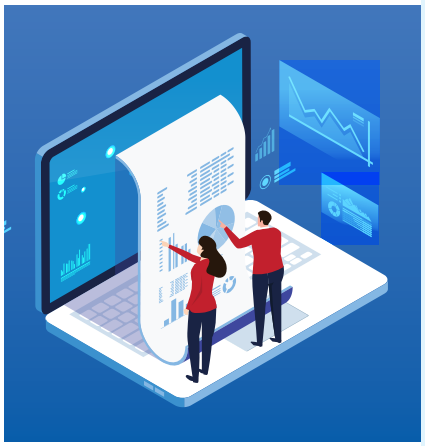
By Daniel Levine, MBA, CPA

### Introduction

Continuing from the previous article, this article continues to cover revenue recognition. Moving on from the general theory and rule change, it will look at the application and proposed presentation of the rules, specifically with how the long-term capital reserve fund will be presented. However first we will refresh our memories with the presentation before this accounting standard update to be able to better compare to the new method.

### The Previous Presentation

Under the previous and now superseded codification, reserve common fees were accounted for when associations would create an annual budget. Within this budget there is typically a segregation of the common fees being levied as common fees for the operating fund (day-to-day operations) and reserve fund (assessments to fund future repairs and replacements). These assessments were both recognized as revenue when the revenue was considered earned which was typically as the fees were charged to members living in the community. Both funds had separate income statements which reflected the split of the fees between the funds. At the end of the year, each fund would have their respective profit or loss closed out to their fund specific equity accounts and next year, the same procedure would happen. See examples A-1 & A-2 (at right) which show the flow of the above narrative in actual numbers for an association that charges $60,000 in total common fee revenue for the year.



*"Under the new method of revenue recognition, the association must recognize revenue as the performance obligations related to the collected revenue are complete."*

| Example A-1 (Income Statement Old Method) | Operating | Reserve |
|---|---|---|
| Income | | |
| Common Fee | 50,000 | 10,000 |
| Interest | - | 7 |
| Total Income | 50,000 | 10,007 |
| | | |
| Expense | | |
| Landscaping | (3,000) | - |
| Snow Removal | (5,000) | - |
| Maintenance | (25,000) | - |
| Total Expense | (33,000) | - |
| | | |
| Net Income (Loss) | 17,000 | 10,007 |
| | | |
| Fund Balance Start of Year | 23,000 | 425,000 |
| Transfer Among Funds | (14,000) | 14,000 |
| Fund Balance End of Year | 26,000 | 449,007 |

| Example A-2 (Balance Sheet Old Method) | Operating | Reserve |
|---|---|---|
| Assets | | |
| Cash | 28,000 | 449,007 |
| Receivables | 2,000 | - |
| | | |
| Total Assets | 30,000 | 449,007 |
| | | |
| Liabilities | | |
| Accounts Payable | 4,000 | - |
| | | |
| Equity | | |
| Operating Equity End of Year | 26,000 | - |
| Reserve Equity End of Year | - | 449,007 |
| | | |
| Total Liabilities & Equity | 30,000 | 449,007 |

### The New Method

Turning to the new method of revenue recognition, the association will operate as it has in the past and the fundamental theory of charging common charges for today's expenses and creating a provision for future projects will remain unchanged. The presentation will be what is different. Under the new method of revenue recognition, the association must recognize revenue as the performance obligations related to the collected revenue are complete. For the operating fund there will be no real change from prior practice. For common fees collected for future replacements however, the performance obligation won't be satisfied until the future repairs or replacements are made. As a

result, the common fees relating to replacement funds are deferred and not recognized as revenue in the year they are charged. The next examples B-1 & B-2 (below) will reflect the same facts pattern as before of $60,000 in common charges but use the new presentation of reserve activity.

As can be seen with the new presentation, the statements for the reserve fund look quite a bit different. The major highlight is the fact that reserve income only reflects the interest earnings and on the balance sheet there is a new liability called "contract liability." This causes the association to have more stated liabilities than previous while reflecting a much smaller fund balance. The total assets of the association however remain the same.

Example B-1 (Income Statement New Method)

| | Operating | Reserve |
|---|---|---|
| Income | | |
| Common Fee | 50,000 | - |
| Interest | - | 7 |
| Total Income | 50,000 | 7 |
| | | |
| Expense | | |
| Landscaping | (3,000) | - |
| Snow Removal | (5,000) | - |
| Maintenance | (25,000) | - |
| Total Expense | (33,000) | - |
| | | |
| Net Income (Loss) | 17,000 | 7 |
| | | |
| Fund Balance Start of Year | 23,000 | - |
| Transfer Among Funds | (14,000) | 14,000 |
| Fund Balance End of Year | 26,000 | 14,007 |

Example B-2 (Balance Sheet New Method)

| | Operating | Reserve |
|---|---|---|
| Assets | | |
| Cash | 28,000 | 449,007 |
| Receivables | 2,000 | - |
| | | |
| Total Assets | 30,000 | 449,007 |
| | | |
| Liabilities | | |
| Accounts Payable | 4,000 | - |
| Contract Liabilities | - | 435,000 |
| | | |
| Equity | | |
| Operating Equity End of Year | 26,000 | - |
| Reserve Equity End of Year | - | 14,007 |
| | | |
| Total Liabilities & Equity | 30,000 | 449,007 |

### Reconciling between the two presentation methods is as follows:

1) The prior year equity of the reserve fund of $425,000 is re-stated as the starting contract liability at the beginning of the year,
2) This liability is then increased by the amount of the reserve contributions made during year (in this case $10,000). The reason for this is that no capital repairs were undertaken and therefore the performance obligation associated with that revenue has not been met.
3) This results in the end of the year the total contract liabilities (deferred income) becoming a total of $435,000.

## Additional Items of Note

As can be seen in example B1, there are still income items reflected in the reserve fund outside of common fees. The reason for this is because the trigger for recognizing revenue first looks to see if there is a contract. If there is no contract, then revenue is recognized as received. As there is no contract with a customer for interest earnings these are reflected as income when received, and as a result will increase equity at year end.

The other item of note is the transfer to the operating fund for $14,000. This transfer directly increases the equity balance of the reserve fund. The reason for this is because the transfer is from profits of the operating fund.

*[Continues on page 14.]*

*FINANCIALLY SPEAKING...from page 13.*

The common fees received in the operating fund had already been earned and reflected as revenue so when transferring surplus funds this becomes an equity to equity transaction and would not impact the contract liability deferral listed on the reserve fund.

When reviewing the income statement, it is not as obvious what funds were collected for the reserves. The only way to determine this is by calculating either the change in cash (if the contributions were actually made) or tracking the change in the contract liability line as this should increase each month if the association makes monthly contributions into the reserve fund.

## Presentation When Revenue is Finally Recognized

Lastly, we should look at an example of when expenses are incurred by the reserve fund. With example C-1 & C-2 (at right) the presentation relating to the reserve fund will be reflected if there had been capital projects conducted and the same $60,000 of common charges levied.

### Reconciling the presentation for example C-1 & C-2:

1) Like Example B-1 & B-2 the beginning fund balance of $425,000 is re-stated as a contract liability

2) However now that there are reserve expenses, not all income is deferred as the performance obligation for the fund is being met.

3) To determine how much reserve assessment income is reflected depends on the amount of expense incurred. First however non-contract revenue is used to offset against expense. As a result, in the above example when $5,000 of repairs are made, the interest of 7% is first used to reduce the expense. The remaining difference of $4,993 is then taken out of the contract liability line and shown as income.

4) This results in a net increase to the contract liability of $5,007 which is the difference of the $10,000 charged in common charges and the $4,993 recognized as revenue.

5) Finally, the interfund transfer is recognized outside of any revenue recognition for common fees as was the case in previous examples.

Example C-1 (Income Statement New Method with Capital Repairs)

| | Operating | Reserve |
|---|---|---|
| Income | | |
| Common Fee | 50,000 | 4,993 |
| Interest | - | 7 |
| Total Income | 50,000 | 5,000 |
| | | |
| Expense | | |
| Landscaping | (3,000) | - |
| Snow Removal | (5,000) | - |
| Maintenance | (25,000) | |
| Capital Repairs | - | (5,000) |
| Total Expense | (33,000) | (5,000) |
| | | |
| Net Income (Loss) | 17,000 | - |
| | | |
| Fund Balance Start of Year | 23,000 | - |
| Transfer Among Funds | (14,000) | 14,000 |
| Fund Balance End of Year | 26,000 | 14,000 |

Example C-2 (Balance Sheet New Method with Capital Repairs)

| | Operating | Reserve |
|---|---|---|
| Assets | | |
| Cash | 28,000 | 444,007 |
| Receivables | 2,000 | - |
| | | |
| Total Assets | 30,000 | 444,007 |
| | | |
| Liabilities | | |
| Accounts Payable | 4,000 | - |
| Contract Liabilities | - | 430,007 |
| | | |
| Equity | | |
| Operating Equity End of Year | 26,000 | - |
| Reserve Equity End of Year | - | 14,000 |
| | | |
| Total Liabilities & Equity | 30,000 | 444,007 |

## Conclusion

As reflected with the above examples the new procedure for revenue recognition has drastically impacted the presentation of the reserve fund. In a variety of cases the reserve fund may or may not have any remaining equity but instead greatly increased liabilities. Being able to explain what the contract liability is will be important. The income statement presentation also may result in harder oversight of what transpired during the year relating to the reserve fund. Board members should consider the impacts of the changes and what further disclosures may need to be included as a part of their financial statements to help readers better understand the economic activity during the year. These rules apply to not only common fee revenue but also to specially assessed revenue. Therefore, it will be critical for a board to determine the performance obligations for any special assessments that are levied on the community to ensure proper recognition of the assessment.

Lastly, it should be noted that the accounting standard setter FASB (Financial Accounting Standards Board), has not issued any formal industry guidance on these rules for common interest communities. No formal guidance is expected in the near term, and the CAI organization has not issued any formal opinion on the adoption of ASU 2014-09. The interpretation of ASU 2014-09 stems from review of the accounting codification, similar industries, and interpretations of professionals within the industry. As a result, presentation and rules may be subject to change in the future. ■

*Dan Levine, MBA, CPA is a Certified Public Accountant at Tomasetti, Kulas, And Company P.C. Dan has extensive experience with tax and attestation services to condominium associations from all around Connecticut. Dan is an active participant in CAI-CT related programs and can be found presenting accounting best practices at these events throughout the year. Dan is also a member of our Legislative Advocacy and Next Generation Committees.*

Scott J. Sandler, Esq., CCAL

# Annual Budgets and Special Assessments:
## *The Power of Rejection*

By Scott J. Sandler, Esq., CCAL

Every year, the association must adopt an annual budget. From time to time, the association may need to adopt a special assessment. The procedures for adopting the budget and certain assessments provide for a balance of power between the board and the individual unit owners.

### The Annual Budget

The procedures for adopting an annual budget are set out in Subsection 47-261e(a)(1) of the Connecticut Common Interest Ownership Act (CIOA). Subsection 47-261e(a)(2) of the Act sets out an alternative process, but this alternative applies to only one community in Connecticut. All other Connecticut communities must follow the procedures set out in Subsection 47-261e(a)(1).

Under Subsection 47-261e(a)(1) of the Act, the association adopts the budget as follows:

1. The board of the association adopts a proposed annual budget.
2. Within 30 days of adopting the proposed budget, the board must send a summary of the budget to all unit owners. The summary must include a statement of the amount of any reserves provided for under the proposed budget, and how those reserves were calculated.
3. When the board provides the summary, it must also give the owners notice of either a meeting or a vote by ballot without a meeting to approve the proposed budget.
4. The budget is deemed approved unless it is rejected by owners having a majority of the total voting power in the association at the meeting or in the vote by ballot without a meeting.

Under this process, the owners can reject, i.e. veto, the proposed budget. The rejection or veto requires the vote of owners having a majority of the total voting power in the association. If the budget is not rejected, then it is automatically approved.

The statute permits the declaration of the community to require a higher voting requirement to reject the budget, but not a lower requirement. Thus, the declaration could require the vote of owners having 75% of the total voting power to reject the budget. The declaration cannot permit rejection by owners having anything less than a majority of the total voting power.

### Rejection: It's Not Me; It's Definitely You

In embracing the budget rejection process, the Act acknowledges several real-world factors that impact association governance: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- The association is governed by a board, the members of which have been elected by the unit owners. Presumably, the unit owners elected those board members because the owners trust their judgment and have faith in their leadership abilities.
- Often, unit owners choose not to participate in association business. Unit owners often purchase units in a common interest community so that they don't have to worry about the daily details of operating and governing the community.
- Unit owners will participate when they are upset. If owners are angry or concerned about an issue impacting the community, they are much more likely to participate in association business.
- Anytime an association considers increasing charges, some owners will object. The board is usually in the best position to determine the financial needs of the community. Its decisions should not be easily overturned by a small but vocal minority of the owners in the community.
- If a majority of the owners in the community object to the board's proposed budget, then the board has misread the priorities of its constituents. The board must then consider alternatives that are more appealing to the community at large.

*[Continues on page 18.]*

*ANNUAL BUDGETS...from page 16.*

## Rejection vs. Approval: All or Nothing

The Act empowers the owners to reject the entire budget. The Act does not empower the owners to reject just a portion of the budget. Thus, the owners may not review the budget and exercise a line-item veto. The proposed budget is either approved or rejected as a whole.

## The Voting Process

The association must conduct either a meeting of the owners to approve the budget, or a vote by ballot without a meeting.

Voting at a Meeting. At any meeting of the owners, the first issue is establishing whether enough owners are present to constitute a quorum. In some associations, the presence of any owners will constitute a quorum. Other associations, however, require some minimum number of owners to be present, in person or by proxy, in order to establish a quorum.

If a quorum is not present at the meeting, then the association cannot proceed with the meeting. Under the Act, the budget is then automatically approved because it was not rejected at the meeting.

If a quorum is present, then the chair must ask the owners whether anyone wishes to make a motion to reject the budget.

- If no motion is made, then the budget is automatically approved.
- If the motion is made but not seconded, then the motion fails and the budget is automatically approved.

If there is a motion and a second, then the owners may discuss whether to reject the budget. After that discussion, the owners will conduct a vote. Rejection of the budget requires the vote of owners having a majority of the total voting power in the association. For example:

- Assume that the community consist of 100 units, each with one equal vote.
- Rejection of the budget requires the affirmative vote of the owners of at least 51 units.
- If less than 51 unit owners are participating in the vote, in person or by proxy, the vote fails and the budget is approved.
- If 60 owners participate in the vote, and 49 owners vote to reject the budget, the vote fails and the budget is approved. It does not matter that a majority of the votes cast were in favor of rejection.

Voting by Ballot Without a Meeting. Conducting a vote by ballot without a meeting may be more convenient for owners. The vote can be conducted using mail-in ballots or, for a more sophisticated or tech-savvy community, using electronic ballots.

A vote by ballot without a meeting also eliminates the use of parliamentary procedures. There is no need to have a motion with a second. Instead, the question is set in advance: "Shall the proposed annual budget be approved or rejected?"

A vote without a meeting must still honor the association's quorum requirements. If not enough votes are cast to establish a quorum, then the vote fails and the budget is automatically approved.

If enough votes are cast to satisfy the quorum requirements, then the ballots are tallied. Just like a vote at a meeting, rejection requires the vote of a majority of the total voting power in the association. Otherwise, the budget is approved.

## Rejection of Special Assessments

Under Subsection 47-261e(b)(1) of the Act, the unit owners may reject certain special assessments. Subsection 47-261e(b)(2) of the Act contains an alternative method for rejecting special assessment. This alternative, however, applies to only one community in Connecticut. All other Connecticut communities are governed by the procedures set out in Subsection 47-261e(b)(1).

Subsection 47-261e(b)(1) allows the board of the association, in any calendar year, to levy special assessments of up to 15% of the association's current operating budget, without unit owner approval. Once the total amount of special assessments levied in a given year exceed 15% of the budget, any additional assessment, regardless of size, is subject to rejection by the owners. For example:

- Assume the association has an annual budget of $100,000.
- In February, the association must levy a special assessment in the amount of $10,000 to cover additional, unforeseen snow removal costs. Because this assessment is equal to only 10% of the operating budget, the board may approve it without any vote of the unit owners.
- In September, the association must levy a special assessment in the amount of $8,000 to cover the costs of cleaning up after a severe storm. The January and September assessments, combined, equal 18% of the operating budget. The association must therefore call a meeting of the owners, or conduct a vote by ballot without a meeting, to approve the assessment.

Just like the annual budget, the assessment is approved unless rejected by unit owners having a majority of the total voting power in the association.

These procedures grant the board the flexibility to make financial decisions for the association, while also giving the unit owners protection against a board that has largely misread their priorities and expectations. ■

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## Manager's *Column...*

Rich Wechter, CMCA

Being Practical, Part LXI

# The World of Community Associations in 2030 — *The Hope and the Reality*

By Rich Wechter, CMCA

In this column, we tackle various topics of interest with the intent of imparting practical advice. This issue's column addresses the main theme of this edition of *Common Interest*, the World of Community Associations in 2030, ten short years from today. We intend to lay out just a small sample of what we hope the community association world will look like in 2030 and what we actually expect that world to look like in 2030. These two pictures may have some similarities but will likely have many noticeable differences. In any event, we believe that this look into the "not too distant future" will aid Association Boards of Directors and our fellow community association managers in their efforts to govern and maintain their communities going forward.

### A. Setting the Table on this Topic

Unless scientists develop new technologies that are straight out of a Star Trek episode in the next ten years, it is expected that many or all of the hardware and software programs and devices for communication and reporting purposes that we utilize in 2020 will still be with us in 2030. In-person, telephone calls, e-mails, texts, snail mail and perhaps even faxes are still going to be the forms of communication utilized in the governance and management of community associations. However, there are some possible advances/changes that may be with us in ten years.

It is within this context that we begin our examination of what we hope to see and expect to see in 2030.

### B. Communications During Board and Unit Owner Meetings

#### 1. The Hope

In the Year 2030, we would like to see Boards and Management Companies communicate with unit owners and when necessary, tenants, on a more immediate and global manner. Currently, the ability to reach out to unit owners and tenants is cluttered by a lack of coordination in the various forms of communication available (in person, telephone, e-mail, text, fax, and snail mail). Our wish is for a more unified and expeditious way that Boards and property managers can reach out to the owners and residents of community associations. This would enable Board members and unit owners to hear or, even better, see each other in real time over the internet during both unit owner meetings and Board meetings. All documents necessary for these


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meetings would be sent electronically prior to the subject meeting. *Voting by Board members at Board meetings and unit owners at unit owner meetings would be available purely by electronic means.* There would be no excuse for the failure of Board members and unit owners to be heard during their respective meetings unless they were unable to attend electronically during the time of any of these meetings. Being on vacation or being ill would no longer be an impediment to participate in a Board or unit owner meeting. *Quorum concerns both for Board meetings and unit owner meetings would be a thing of the past.* The meetings (Board or unit owners) would require a chairperson to control the respective meeting and the ability of any Board member or unit owner to speak at the respective meeting. We would anticipate that the chairperson would be able to recognize one person at a time on the issue or matter they wish to address. How novel a concept that only one person would be able to speak at a time!

#### 2. The Reality

The wish list for communications during Board and unit owner meetings in the Year 2030 is without question, ambitious. The expense involved with implementing this vision of communication is not trivial. The advances in on-line streaming are unlikely to handle large scale meetings as hoped in 2030. Moreover, the biggest hurdle that we see in implementing this vision is not the technology or the costs for same or having the appropriate provisions in an Association's Governing Documents or in CIOA. Rather, the biggest hurdle we see is the ability

of older owners and residents to sign up for this approach and have the capability of understanding and properly utilizing such approach. Ten years to get to this level of sophistication may be too bold a goal. The more likely scenario is the implementation of a hybrid approach in which as many unit owners and residents as possible are signed up for this level of communication while baby boomers like this author still participate in the old ways of appearing at a meeting in person or by proxy. This simply may take a lot longer to achieve over time. However, we do reasonably expect that in 2030, many Associations, including smaller ones, will have begun the journey toward a more modern method of communication during Board and unit owner meetings.

### C. Communications Between Meetings

#### 1. The Hope

In the Year 2030, we would like to see notices and all other written forms of communication sent to unit owners and residents in a fashion that would ensure receipt of each communication without the fear that the communications have fallen into a black hole never to be read by some of the intended recipients. Property Managers and Board members have seen all too many times occasions, when communications never get to the recipient due to the limitations of the current communication system, especially e-mails. Younger unit owners and residents have basically given up on regular snail mail, noting that they rarely if ever bother to open their mailbox let alone read anything inside the mailbox. Social media platforms are beginning to take over, especially with younger unit owners and residents. Accordingly, we look forward to moving forward with whatever method of communication affords the maximum distribution of information.

#### 2. The Reality

As our IT Manager, Darren Ignatowicz, who has aided us in the writing of this article is fond of saying, the technology of e-mails has not advanced since the 80s when it first was in existence. While text messages are more popular today with younger people, the utilization of text messages is still somewhat cumbersome for both property

*[Continues on page 22.]*

*MANAGER'S COLUMN...from page 21.*

managers and Board members. Additionally, CIOA has many provisions that exclude e-mails and texts as a recognized form of communication and still rely on snail mail and, worse, the ancient art of certified mail return receipt requested. We do expect that social media platforms will become the most favored method of communication between meetings. However, until CIOA and Association Governing Documents are revised to allow community associations and their agents to use more "modern" forms of communication, it is very likely that written communications in the Year 2030 will closely resemble those in existence today.

## D. Governance

### 1. The Hope

We look toward the Year 2030 as a point in time when Governing Documents of Associations have all been revised so that Boards and their Associations can operate as smoothly as possible. This includes, but is not limited to establishing realistic quorum requirements for unit owner meetings, setting an attainable number of board positions (many Associations have difficulty in filling open Board positions), and establishing a reasonable number of board meetings (many prospective Board candidates have declined to run or be appointed to Boards due to the established frequency of Board meetings).

### 2. The Reality

We think that by the Year 2030, most Associations will have revised their Governing Documents to accomplish the above-noted wish list. Many have already done so, and others are considering their options even now.

## E. The Help of Consultants, Attorneys, Accountants, Etc.

### 1. The Hope

We envision the Year 2030 as a time when all Associations will have reached out to consultants (engineers, architects, etc.) as well as attorneys and accountants to help them in their normal operation of their respective Associations as well as special projects (capital improvement projects, master plans, etc.). We also hope that all these professionals in the Year 2030 will have continued to grow, learn and increase their needed teaching skills to aid others in their respective professions as well as their respective association clients.

### 2. The Reality

We feel very confident that the goals outlined above will be met by 2030. Indeed, more and more associations are utilizing consultants, attorneys and accountants in both their normal operations as well as for special projects. Additionally, the continued training of these professionals and their ability to teach new members of their respective professions as well as their Association clients makes us confident that in the next ten years, this arrangement will only strengthen Associations. However, one such professional will not be with us in 2030. We take this opportunity to note the passing of a Giant in the field of Condominium Law. Matt Perlstein was the Dean of Condominium Law in Connecticut for many years. His brilliance, guidance, gracefulness, insight and sincerity were felt by all who knew him, worked with him, and were serviced by his work. His teaching, guidance and advice to all of us cannot be replaced. We can only hope that through all of his efforts, others will take his place by 2030. If that occurs, his legacy will be complete.

## F. Conclusion

The vision for 2030 is bold and may not be achievable in ten short years. However, it is critical that we all think big and shoot for the stars while perhaps only reaching the moon (once again) by 2030. We hope that this article will aid property managers and association board members in this very noble effort. ■

*Rich Wechter, CMCA is Senior Vice President at Westford Real Estate Management, LLC.*

**Jonathan Chappell, Esq.**

# Common Charge Collections:
## *Make Sure Everyone Pays Their Fair Share*

By Jonathan Chappell, Esq.

In a perfect world each unit owner would always pay every association charge, monthly common charges, special assessments, fines, and the like, on time and without exception. Obviously, the association relies on the unit owners' payments to operate the community, including paying day-to-day expenses and to fulfill its obligations to the unit owners (e.g. insurance premiums, contractors hired to perform repairs, etc.). Very few communities do not have a unit owner or owners who fall behind. Here are some suggestions a board must consider:

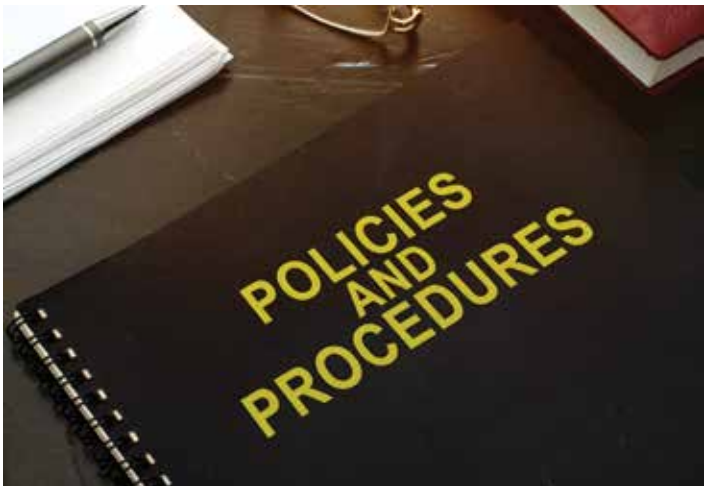
### Adopt a Standard Collection Policy

After the Connecticut Supreme Court's decision in *Limburger,*[1] an association must adopt a standard policy as it uses for the adoption of a rule (see Section 47-261b of CIOA). The adoption of the policy provides a document that spells out the association's expectations for payment. However, perhaps more importantly, it also gives owners the consequences of delinquency, including what may be substantial, additional costs added to the debt, such as the accrual of monthly late fees and or interest, manager's collection or turnover fee, and somewhat substantial attorneys' fees and costs. It is not unusual that what starts as a fairly moderate sum owed will substantially grow to what in some cases quickly becomes much more significant than the delinquent charges. The policy should include details of the unit owners' responsibility to pay, deadlines, and that ultimately the unit owner will be referred to the association's attorney to foreclose. The policy puts unit owners "on notice" of what will happen if the unit owner fails to pay, including that they will end up owing much more than they thought possible, and ultimately that they could lose the unit.

The adoption of a policy promotes consistent enforcement. Generally, a board is appropriately given somewhat broad discretion on enforcement proceedings. The adoption of a standard policy will provide less opportunity for claims of inconsistent enforcement and questions, such as "why was my file referred to the attorney, but my neighbor's (who happens to be a good friend of the board president) was not?" Having a written policy, adopted as a rule after unit owner comment, that is strictly and somewhat robotically enforced should reduce the accusations of arbitrary or discriminatory treatment.

### Be Vigilant; Don't Delay

The association must follow the procedure in its policy. Subsection 47-258(m)(1)(A) of COIA also mandates that an association cannot start a foreclose until an owner owes a sum equal to at least two months of common charges. Be mindful when a unit does not make a payment. It could be a fluke, but it may not. Follow your policy, but the first step should be a letter to the unit owner (usually from the manager). If the association is not proactive, other, paying owners could end up watching the unit owner continue to live in the unit or coming to collect rent from the unit owner's tenant, without paying.

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*"The policy should include details of the unit owners' responsibility to pay, deadlines, and that ultimately the unit owner will be referred to the association's attorney to foreclose."*

If an owner is at least two months delinquent, we recommend the referral to the association attorney for collection. We almost immediately order a title search, to send the statutory demand and notice of the demand to a first and second mortgagee, as required by CIOA. If the owner has a mortgage you must wait 60 days from sending the demand to foreclose; if there is no mortgage the wait is only 30 days.

### Why hurry? Two reasons:

1. Limited Priority Lien: Section 47-258(b) of CIOA gives the association priority relative to first or second mortgage but limited to the sum of nine months of common charges and the association's attorneys' fees and costs in the enforcement of its lien. Many times, there will be delays whether created by the defaulting unit owner (e.g. filing defenses without merit) or due to court scheduling that cause the association to lose priority for any sum owed that exceeds the sum of nine months of common charges. Each month that passes, the association loses more priority claims.

*[Continues on page 31.]*

# Ask Mister Condo!

You have questions! Mister Condo has answers! Every issue of *Common Interest* features an "Ask Mister Condo" Question submitted by a reader of the Ask Mister Condo website at https://askmistercondo.com. There are often many reasonable suggestions and solutions to condo questions. Mister Condo is asking you to participate and share your wisdom with the world. Review the question and Mister Condo's answer below. Do you have anything else you'd like to add to this question or answer? Comment online at https://askmistercondo.com.

## Average Percentage of Annual Budget Used to Fund Reserves

**J.L. from Connecticut writes:**

Dear Mister Condo,

What is the average percentage of the annual reserve annual set aside by Connecticut condo associations?

**Mister Condo replies:**

J.L., great question! Reserve Funds vary by association and there is no such thing as an "average percentage" to set aside because each association is different and each has different needs with regards to how much they own in common elements and how quickly those common elements will wear down and require replacement. A 50-unit association with no amenities will have a much different requirement than a 200-unit association with pools, tennis courts, walking paths, clubhouse, etc. The reason that any association even talks about a percentage-based formula is because the FHA has created standards for condominiums that require a minimum of 10% of the total budget be allocated for Reserves. This has led to many condominium associations simply using the 10% allocation to Reserve Fund formula. That may keep the association eligible for FHA certification but it is a woefully inadequate amount to actually fund the Reserve Fund for most associations. If your association has opted for this method of funding its Reserve Fund, you would be wise to ask them if there is also a Reserve Study in place and if the suggested amount of Reserves is being collected. It has been my experience that most associations in Connecticut require a much higher level of Reserve Fund contribution to properly fund their true Reserve Fund needs. It is not uncommon for the actual required amount to be closer to 25% or even 30% to properly fund the Reserve. Otherwise, there just isn't enough money available when the inevitable need for Capital Improvements rears its ugly head. That's when the Board either defers the maintenance (bad idea) or levies a Special Assessment (unpopular, to say the least). Good luck!

Did you know that you can subscribe to the weekly Ask Mister Condo newsletter? Go to https://askmistercondo.com/subscribe/ and you'll get Mister Condo's best advice delivered to your Inbox every Monday! Follow Mister Condo on Facebook or Twitter and get daily updates on current questions delivered right to your phone, desktop, or tablet. Since 2012, Mister Condo has been politely offering some of the best HOA and condo advice to readers just like you! Join in the friendly conversation at the website or on Twitter, Facebook, and LinkedIn. Visit us at https://askmistercondo.com. There's plenty to talk about! ■

# Clocktower Close Receives Energy Efficiency Award for Solar Project

On December 3, 2019, Clocktower Close Condominiums (25 Grand Street in Norwalk) received the Stamford 2030 District's 5th ***Annual Change Makers Award*** in the category of energy during an evening ceremony held at the Metro Green Terrace in Stamford. The extensive solar panel project, estimated to save $37,000 a year in energy costs, was a collaboration between the Clocktower Close Condominiums Association Board of Directors, Plaza Realty & Management Corporation and MHR Development. Eversource, the energy utility company with offices in Berlin, Connecticut, introduced and connected the two companies. "The complex solar project represents an extraordinary example of adaptive reuse and sustainable housing that took two years to complete from the time we initially reached out to MHR," says Richard J. Smeriglio, Vice President of Plaza Realty & Management in Stamford. Plaza R&M, with the support of Erica Bell (President of Clocktower Close), coordinated and helped manage meetings that secured an unprecedented 80% of association owner votes to implement the project. MHR provided tech, regulatory, project management, and construction services.

"It's the largest rooftop solar installation for a residential condominium building in the New England region," explains Mark Robbins, president of the clean energy consulting company, MHR Development in Norwalk. The project represents a first year 70% reduction in the cost of energy and exponential savings in the years to come. On November 8, 2019, the building completed a deep energy retrofit that included converting boilers from oil to high-efficiency condensing natural gas boilers along with a new water efficient cooling tower with variable speed circulation pumps. With the recent addition of the 161.16 kW solar system, Clocktower Close is on its way to becoming net zero, with respect to the building's common electric load. The historical building can now boast as home to one of the region's largest solar installations on a residential facility.

The ***Annual Change Makers Award*** is an initiative of The Business Council of Fairfield County recognizing sustainability leaders and projects in the areas of energy, water, transportation and resiliency. The annual reception celebrates members of Stamford 2030, one of 17 districts across the nation advancing resource efficiency and strengthening the local economy. The Stamford 2030 District is nationally-recognized, interdisciplinary public-private-nonprofit collaborative working to create a groundbreaking high performance buildings in downtown Stamford. The collaborative aims to dramatically reduce energy and water consumption and reduce emissions from transportation, while increasing competitiveness in the business environment and owners' returns on investment. For more information see 2030districts.org. ■

Timothy Wentzell, P.E.

## TECHNICAL EXPLANATIONS

This column appears in each edition and is intended to touch on technical topics of general interest to common interest associations. Topics will be of a general nature, but I will also accept and respond to questions from readers. On occasion, it will be guest authored when topics can best be addressed by experts in other fields.

# A 20-20 Vision

By Timothy Wentzell, P.E.

One of the subtopics of this issue of this magazine is, "How do you envision your business practices changing in the future?" Obviously this is both a difficult and interesting question, but let's take one aspect of what an engineering firm does for common interest communities to examine: that being helping them plan for major capital projects such as repaving of the roads and/or parking lots, replacement of their roofs or siding, or other major capital components of the Association's infrastructure. When we undertake these tasks for our clients, once we have investigated the problems and undertaken what we believe to be the appropriate design or remediation methodology, we prepare what are called Bid and Performance Specifications for the project at hand.

Let's take one of these tasks mentioned previously — replacement or repaving of the Association's roads, parking areas and perhaps driveways. To undertake these tasks we first need to decide on a methodology for replacement. This is one aspect that may change in the future as for example, in-place reclaiming was rarely done 20 years ago and now it's very common. The Engineering Firm needs to decide on the best long-term and cost-effective methodology. They then would prepare the specifications delineating how this is done and then typically, either they or the Association Manager would put the project out for competing bids. However, a significant amount of our time on the project often occurs after the project is initiated and that is the process called "clerking" which is providing ongoing inspections on a regular basis to ensure that the specifications are followed. This involves driving to the site, observing certain critical phases of the process, resolving issues that come up in order to ensure that the Association's desires and needs are being met. Often a significant part of the time spent in order to perform these functions is spent driving to and from the project site. I could easily see drones or other aerial photography methodologies taking over this task while being able to be directed by the engineer sitting at his or her desk directing the drone to observe different parts of the project and then the engineer and other office staff being able to instruct the contractor on deficiencies, or simply provide general guidance, saving the client significant expense for the engineer's travel time. This opens up the world to being able to provide far more inspections, as a sampling could be done by the drone, transmitted back, providing a good record of the entire process. Whereas in practice currently, because of the cost of this service, more random inspections are typically undertaken. Not only could this enhance the inspection capability of the engineering firm which would certainly ensure the greater likelihood of contract compliance, but also result in a significant lowering of cost on a project such as this. One could easily see as a second example offered earlier of roofing, many steps in the process could be easily observed at a far lower cost to the Association.


tommy/ Digital Vision Vectors/Getty Images

*"This is one aspect that may change in the future as for example, in-place reclaiming was rarely done 20 years ago and now it's very common."*

Certainly, there are many other aspects of engineering services that will change drastically in the future. Materials are an excellent example, but the idea of being able to provide far superior oversight of the project could certainly be enticing to ensuring the important compliance phase of the association's projects. ■

*Please address any questions or areas of interest that you would like answered in future columns to Timothy Wentzell, P.E., e-mail: ConnPropEng@cox.net.*

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*[Continues on page 30.]*

*CLASSIFIED SERVICES...from page 29.*

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# Message from the Conference Chair

By Karl Kuegler, Jr., CMCA, AMS, PCAM

Karl Kuegler, Jr., CMCA, AMS, PCAM

Thank you all for your understanding in our decision to postpone the 2020 CAI-CT Conference & Expo as a result of COVID-19 concerns. Ultimately the health and well being of those attending and of tthos exhibiting made holding the event too risky and impractical. Had we not reached the decision, in the end the directive a few days later by Governor Lamont would have led to the same result. Determining our next steps when we did, provided the opportunity to notify exhibitors traveling from out of state before they made the trip to Connecticut and gave ample time to get the notification to attendees.

Our dedicated Conference Committee members immediately met to review options for the rescheduling of the event. Nothing was off the table when considering where, when and if the conference would be held. The decision was reached to reschedule the event to Saturday, June 13, 2020 at the Aqua Turf. We remain optimistic that the impact of the COVID-19 will have subsided by this time. We will obviously remain watchful and advise of any additional changes. Happily, the theme "Recipe for Success" and the scheduled program for the day will remain.

Registrants and exhibitors have received notification regarding the rescheduling and options to seek a refund should they not be able to attend the rescheduled date. If you not already done so, please notify us as soon as possible (but no later than April 15, 2020) if you know for certain that you will not be able to join us on June 13 and wish to obtain a refund. We appreciate your patience.

**RESCHEDULED TO:**

**JUNE 13, 2020**

**Visit www.caict.org for more information.**

What is your Recipe for Success? I get the sense the dish we end up serving in the coming weeks and months will differ from any we have served in the past. Keep your minds open, and your goals and expectations reasonable. Most importantly remain safe and healthy. We all look forward to June 13th as we meet for networking and educational sessions. ■

*COMMON CHARGE COLLECTIONS...from page 23.*

2. Statute of Limitations: Section 47-258(e) of CIOA extinguishes the association's lien if a foreclosure is not started within three years after the full amount of the assessment becomes due. This may be an issue for associations whose charges are relatively low or are payable semi-annually.

## Conclusion

Unfortunately, collection from delinquent unit owners arises in almost every community. The board is best to put in place a standard policy to collect delinquent charges, which policy will make collection less of a case-by-case board decision and instead a more consistent and streamlined process. Because the association cannot start a foreclose until it is owed a sum of at least two months of common charges are owed and its priority lien is limited to a sum of nine months of monthly charges, the association should take a more proactive approach to collection. ■

*Jonathan Chappell, Esq. is an attorney in the law firm of Feldman, Perlstein & Greene, LLC based in Farmington, CT. Jonathan serves on our Legislative Advocacy Committee.*

**ENDNOTE:**

1. Neighborhood Ass'n, Inc. v. Limberger, 321 Conn. 29, 42, 136 A.3d 581, 588 (2016) ("Given the real and substantial effect that such matters could have on the circumstances under which unit owners will incur financial obligations and potentially lose their residence, we cannot reasonably construe the policy as anything but a rule.").

## ENVIRONMENTAL TIP

SPEND $0 AND $AVE!

If a room in unoccupied or the room is light enough without having lights on, switch the lights off. It costs nothing to change habits, but saves energy and money.


## Share your news and expertise!

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