

**TESTIMONY RE: SENATE BILL No. 1205 - AN ACT CONCERNING
FORECLOSURE ACTIONS AGAINST UNIT OWNERS IN CONDOMINIUMS
OR COMMON INTEREST COMMUNITIES FOR OVERDUE ASSESSMENTS**

MARCH 25, 2011

Good morning Senator Coleman, Representative Fox, Senator Kissel, Representative Hetherington and members of the Judiciary Committee. Thank you for the opportunity to provide testimony on behalf of Imagineers, LLC ("Imagineers").

I am Karl Kuegler, Jr. of Imagineers, LLC where I serve as the Director of Property Management for our common interest community management division. From our offices located in Hartford and Seymour, we serve about 140 Connecticut common interest communities comprising about 13,000 homes. Imagineers is registered with the Department of Consumer Protection as a Community Association Manager holding registration number 0001 and has been serving Connecticut common interest communities for 30 years. I have over 20 years experience in the common interest community management of which 18 years have been in the employment of Imagineers. I am licensed with the Department of Consumer Protection as a Community Association Manager. I hold a Bachelors of Business Administration from Western Connecticut State University. Imagineers is a member of the Connecticut Chapter of Community Associations Institute. I serve on the organization's Legislative Action Committee.

We are not in favor of the revisions to 47-77 as they create additional hardship to common interest communities by jeopardizing the communities' ability to protect their priority lien. The revisions look to increase the current requirement that the debt equal 2 months of common expense assessments to 3 months. The 2 month requirement was only enacted as part of the sweeping changes to the Common Interest Ownership Act in July of 2010.

The provisions of Sec. 47-258. Lien for assessments, limits the ability of Common Interest Communities to collect common fee assessments equaling 6 months worth of fees as a priority lien paid for by the party taking title to the home through the foreclosure process (typically the lender). In the very unlikely event that there is equity remaining after all other priority liens are satisfied, the community is entitled up to an additional 18 months of common fees. Boards serving common interests communities have a fiduciary responsibility to aggressively enforce the community's priority lien. By adding an additional month of delay before the community can institute a foreclosure action, common interest communities will incur greater losses due to an inability to collect debt. The result is that the balance of the owners in the common interest community are forced to make up for the uncollectible common assessments to permit the community to meet its financial obligations. Adding to the hardship is the fact that the community continues

to incur expenses by providing services to the delinquent owner examples of which may include but are not limited to insurance, water, sewer, and maintenance. The community is prevented by law from withholding from delinquent owners these services.

With increased delays in the foreclosure process coupled with the current economic conditions, common interest communities are faced with increased delinquencies. Communities need every possible opportunity to minimize uncollectible fees thus reducing the hardship to the other home owners. In closing, the greater pressing need for change would be to instead increase the 6 month priority lien to a more equitable amount.