

COMMUNITY ASSOCIATION MANAGERS

CHAPTER 400b OF THE CONNECTICUT GENERAL STATUTES
(Revised through the 2011 legislative session)

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§ 20-450

§ 20-450. Definitions. As used in sections 20-450 to 20-462, inclusive, unless the context otherwise requires:

- (1) "Association" means
 - (A) an association, as defined in section 47-202 and an association of unit owners, as defined in section 47-68a and in section 47-68 of the general statutes, revision of 1958, revised to January 1, 1975, and
 - (B) the mandatory owners organization of any common interest community, as defined in section 47-202, which community was not created under chapter 825 or 828 or under chapter 825 of the general statutes, revision of 1958, revised to January 1, 1975.

"Association" does not include an association of a common interest community which contains only units restricted to nonresidential use;

- (2) "Community association manager" means a person who provides association management services, and includes any partner, director, officer, employee or agent of such person who directly provides association management services on behalf of such person;
- (3) "Association management services" means services provided to an association for remuneration, including one or more of the following:
 - (A) Collecting, controlling or disbursing funds of the association or having the authority to do so;
 - (B) preparing budgets or other financial documents for the association;
 - (C) assisting in the conduct of or conducting association meetings;
 - (D) advising or assisting the association in obtaining insurance;
 - (E) coordinating or supervising the overall operations of the association; and
 - (F) advising the association on the overall operations of the association.

Any person licensed in this state under any provision of the general statutes or rules of court who provides the services for which such person is licensed to an association for remuneration shall not be deemed to be providing association management services. Any director, officer or other member of an association

who provides services specified in this subdivision to the association of which he or she is a member shall not be deemed to be providing association management services unless such director, officer or other member owns or controls more than two-thirds but less than all of the votes in such association;

- (4) “Commission” means the Connecticut Real Estate Commission appointed under the provisions of section 20-311a;
- (5) “Department” means the Department of Consumer Protection; and
- (6) “Person” means an individual, partnership, corporation, limited liability company or other legal entity.

§ 20-451. Registration of community association managers required. No person shall hold himself out to be a community association manager without first obtaining a certificate of registration as provided in sections 20-450 to 20-462, inclusive.

§ 20-452. Application for certificate of registration. Fees

- (a) Any person seeking a certificate of registration shall apply to the department in writing, on a form provided by the department. Such application shall include the applicant's name, residence address, business address, business telephone number and such other information as the department may require.
- (b) Each application for a certificate of registration as a community association manager shall be accompanied by an application fee of sixty dollars and a registration fee of one hundred dollars. The department shall refund the registration fee if it refuses to issue a certificate of registration.¹

§ 20-453. Issuance, suspension and revocation of certificate. Upon receipt of a completed application and the appropriate fees, the department, upon authorization of the commission, shall:

- (1) Issue and deliver to the applicant a certificate of registration; or
- (2) refuse to issue the certificate.

¹While this section has not been amended, the registration fee charged by the Department of Consumer Protection (www.ct.gov/dcp) as of November 8, 2011 has been increase to \$200.

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The commission may suspend, revoke or refuse to issue or renew any certificate issued under sections 20-450 to 20-462, inclusive, or may place a registrant on probation or issue a letter of reprimand for any of the reasons stated in section 20-456. No application for the reinstatement of a certificate which has been revoked shall be accepted by the department within one year after the date of such revocation.

§ 20-454. Hearing on denial of certificate. Subsequent application

- (a) Upon refusal to issue or renew a certificate the department shall notify the applicant of the denial and of his right to request a hearing within ten days from the date of receipt of the notice of denial.
- (b) In the event the applicant requests a hearing within such ten days, the commission shall give notice of the grounds for its refusal and shall conduct a hearing concerning such refusal in accordance with the provisions of chapter 54¹ concerning contested cases.
- (c) In the event the commission's denial of a certificate is sustained after such hearing, an applicant may make new application not less than one year after the date on which such denial was sustained.

§ 20-455. Enforcement powers of commission and department. Injunctions

- (a) The commission may hold hearings on any matter under the provisions of sections 20-450 to 20-462, inclusive. The commission or department may issue subpoenas, administer oaths, compel testimony and order the production of books, records and documents. If any person refuses to appear, to testify or to produce any book, record, paper or document when so ordered, upon application of the commission or department, a judge of the Superior Court may make such order as may be appropriate to aid in the enforcement of this section.
- (b) The Attorney General, at the request of the commission or department, is authorized to apply in the name of the state of Connecticut to the Superior Court for an order temporarily or permanently restraining and enjoining any person from violating any provision of sections 20-450 to 20-462, inclusive.

§ 20-456. Grounds for revocation, suspension or refusal to issue or renew certificate of registration

- (a) The commission may revoke, suspend or refuse to issue or renew any certificate of registration as a community association manager or place a registrant on probation or issue a letter of reprimand for:

- (1) Making any material misrepresentation;
 - (2) making any false promise of a character likely to influence, persuade or induce;
 - (3) failing, within a reasonable time, to account for or remit any moneys coming into his possession which belong to others;
 - (4) conviction in a court of competent jurisdiction of this or any other state of forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud, or other like offense or offenses, provided suspension or revocation under this subdivision shall be subject to the provisions of section 46a-80;
 - (5) commingling funds of others in an escrow or trustee account;
 - (6) commingling funds of different associations;
 - (7) any act or conduct which constitutes dishonest, fraudulent or improper dealings; or
 - (8) a violation of any provision of sections 20-450 to 20-462, inclusive, or any regulation adopted under section 20-461.
- (b) The commission shall not revoke or suspend any certificate of registration except upon notice and hearing in accordance with chapter 54.

§ 20-457. Required and prohibited acts re certificate of registration. Penalties for violations. Expiration and renewal of certificate

- (a) Each person engaged in providing association management services shall
- (1) exhibit his certificate of registration upon request by any interested party,
 - (2) state in any advertisement the fact that he is registered, and
 - (3) include his registration number in any advertisement.
- (b) No person shall:
- (1) Present or attempt to present, as his own, the certificate of another,

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- (2) knowingly give false evidence of a material nature to the commission or department for the purpose of procuring a certificate,
- (3) represent himself falsely as, or impersonate, a registered community association manager,
- (4) use or attempt to use a certificate which has expired or which has been suspended or revoked,
- (5) offer to provide association management services without having a current certificate of registration under sections 20-450 to 20-462, inclusive,
- (6) represent in any manner that his registration constitutes an endorsement of the quality of his services or of his competency by the commission or department.

In addition to any other remedy provided for in sections 20-450 to 20-462, inclusive, any person who violates any provision of this subsection shall be fined not more than five hundred dollars or imprisoned for not more than one year or be both fined and imprisoned. A violation of any of the provisions of sections 20-450 to 20-462, inclusive, shall be deemed an unfair or deceptive trade practice under subsection (a) of section 42-110b.

- (c) Certificates issued to community association managers shall not be transferable or assignable.
- (d) All certificates issued under the provisions of sections 20-450 to 20-462, inclusive, shall expire annually on the thirty-first day of January. The fee for renewal of a certificate shall be two hundred dollars.
- (e) A community association manager whose certificate has expired more than one month before his application for renewal is made shall have his registration restored upon payment of a fee of fifty dollars in addition to his renewal fee. Restoration of a registration shall be effective upon approval of the application for renewal by the commission.²
- (f) A certificate shall not be restored unless it is renewed not later than one year after its expiration.

² While this section has not been amended the late fee charged by the Department of Consumer Protection (www.ct.gov/dcp) as of November 8, 2011 has been changed to \$20.00.

- (g) Failure to receive a notice of expiration or a renewal application shall not exempt a community association manager from the obligation to renew.

§ 20-458. Required provisions of contract. Sale or assignment of contract

- (a) No contract between a person contracting to provide association management services and an association which provides for the management of the association shall be valid or enforceable unless the contract is in writing and:
 - (1) Provides that the person contracting to provide management services shall be registered as provided in sections 20-450 to 20-462, inclusive, and shall obtain a bond as provided in section 20-460; and
 - (2) Provides that the person contracting to provide management services shall not issue a check on behalf of the association or transfer moneys exceeding a specified amount determined by the association without the written approval of an officer designated by the association; and
 - (3) Provides that the person contracting to provide management services shall not enter into any contract binding the association exceeding a specified amount determined by the association, except in the case of an emergency, without the written approval of an officer designated by the association.
- (b) No contract to provide management services shall:
 - (1) Be sold or assigned to another person without the approval of a majority of the executive board of the association; or
 - (2) Include any clause, covenant or agreement that indemnifies or holds harmless the person contracting to provide management services from or against any liability for loss or damage resulting from such person's negligence or wilful misconduct.

§ 20-459. Provision of services other than association management services

- (a) A community association manager may not provide services other than association management services for compensation to an association for which the community association manager also provides association management services unless:

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- (1) Such other services are provided pursuant to a written agreement between the person providing the other services and the association;
 - (2) the agreement discloses the relationship between the community association manager and such other person; and
 - (3) the agreement sets out the compensation for such services or one or more rates or formulas for which the compensation can be determined based on the services actually rendered under the agreement.
- (b) A community association manager may not enter into or offer to enter into any association management agreement which requires an association to obtain services other than association management services from the community association manager.
- (c) Any discounts, rebates, commissions or other consideration received by a community association manager on account of any goods or services furnished to an association or a unit owner or owners shall, except where prohibited by applicable law, ordinance or regulation, be credited to the association or a unit owner or owners, as appropriate, and not retained by the community association manager.

§ 20-460. Fidelity bond required. Bond requirements. Payment of cost of bond

- (a) No person who provides association management services under the provisions of sections 20-450 to 20-462, inclusive, shall control, collect, have access to or disburse funds of an association unless, at all times during which the person controls, collects, has access to or disburses such funds, there is in effect, a fidelity bond complying with the provisions of this section.
- (b) The fidelity bond referred to in subsection (a) of this section shall:
- (1) Be written by an insurance company authorized to write such bonds in this state;
 - (2) except as provided in subsection (c) of this section, cover the maximum funds that will be in the custody of the community association manager at any time while the bond is in force, and in no event be less than the sum of three months' assessments plus reserve funds;
 - (3) name the association as obligee;

- (4) cover the community association manager and all partners, officers, employees of the manager and may cover other persons controlling, collecting, having access to or disbursing association funds as well;
 - (5) be conditioned upon the persons covered by the bond truly and faithfully accounting for all funds received by them, under their care, custody or control, or to which they have access;
 - (6) provide that the insurance company issuing the bond may not cancel, substantially modify or refuse to renew the bond without giving thirty days' prior written notice to the association and the department, except in the case of a nonpayment of premiums, in which case ten days' prior written notice shall be given;
 - (7) contain such other provisions as the department may, by regulation, require.
- (c) The fidelity bond of a person who is employed full-time by and provides association management services to an association of a common interest community, or to a master association as defined in section 47-239 exercising the powers on behalf of one or more common interest communities or for the benefit of the unit owners of one or more common interest communities, which community or communities were established prior to July 3, 1991, and have more than two thousand four hundred residential units, shall be in an amount which is not less than one-half the amount specified in subdivision (2) of subsection (b) of this section.
- (d) The community association manager shall furnish a certificate of each bond required under this section, and every renewal or replacement thereof, on or before the date on which he commences providing association management services requiring a bond to any association or prior to the expiration of any prior bond furnished under this section.
- (e) Unless otherwise provided for in a written agreement between the community association manager and the association pursuant to subsection (f) of this section, the cost of the bond shall be paid for by the community association manager.
- (f) If, as of October 1, 1990, any community association manager is providing association management services, including the handling of funds, or has entered into an agreement to provide association management services including the handling of funds, and has no written agreement, concerning which party shall pay the cost of fidelity bonds, the cost of the bond shall be paid for in accordance with

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the declaration and bylaws of the association, and if the declaration and bylaws contain no such provision, the cost of the bond shall be paid one-half by the community association manager and one-half by the association unless the parties otherwise agree in writing.

- (g) A separate bond shall be furnished for each association for which a community association manager provides association management services including the handling of funds.

§ 20-461. Regulations. The department, with the advice and assistance of the commission, shall adopt regulations in accordance with chapter 54¹ to carry out the provisions of sections 20-450 to 20-462, inclusive.

§ 20-462. Appeals. Any person aggrieved by an order or decision of the commission under sections 20-450 to 20-462, inclusive, may appeal therefrom in accordance with the provisions of section 4-183.

§§ 20-463 to 20-473. Reserved for future use

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