



DANNEL P. MALLOY  
GOVERNOR  
STATE OF CONNECTICUT

June 15, 2012

The Honorable Denise Merrill  
Secretary of the State  
30 Trinity Street  
Hartford, CT 06106

Dear Madam Secretary:

I hereby return, without my signature, House Bill 5511, *An Act Concerning the Budget, Special Assessment and Assignment of Future Income Approval Process in Common Interest Ownership Communities*. This bill diminishes the control of unit owners in certain circumstances when an executive board of a common interest ownership community seeks to enter into a loan agreement on behalf of the association and assigns the community's right to future income as security for such loan. Under the bill, if the majority of all unit owners, or an even larger number set by an association's declaration, do not vote to reject the board's proposal, the loan agreement will be deemed approved.

This approval process imprudently removes financial control from unit owners and places it in the hands of the executive board. Currently, the Common Interest Ownership Act (CIOA) requires a majority of all unit owners to vote in favor of an executive board's proposal for a loan agreement for it to be approved. Shifting from a presumption that the proposal fails without approval by a majority of unit owners, to a presumption that the proposal is approved without rejection by a majority of unit owners, unreasonably shifts power from unit owners to the board. In the absence of a unit owner's vote, House Bill 5511 wrongfully assumes the owner's implied approval of the executive board's proposal.

Subsections (f) and (g) attempt to address a problem similar to the one created by subsection (e) with regard to association budgets and special assessments. Currently, the CIOA presumes that a budget or special assessment presented by the executive board to unit owners is approved unless rejected by a majority of all unit owners. This too presumes that the absence of a unit owner's vote is an approval of a board's proposal. Raised Bill 5511 contained language that would have allowed a majority of unit owners voting to reject such a proposal. Unfortunately, the bill was amended to extend this protection only to unit owners in the largest communities and only under certain circumstances.

While the raised bill contained needed protections for unit owners, these were significantly watered down in the bill that passed and cannot justify the significant amount of control that would be given to an executive board to assign an association's future income as security on loan agreements.

For these reasons, I disapprove of House Bill 5511, *An Act Concerning the Budget, Special Assessment and Assignment of Future Income Approval Process in Common Interest Ownership Communities*. Pursuant to Section 15 of Article Fourth of the Constitution of the State of Connecticut, I am returning House Bill 5511 without my signature.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dannel P. Malloy". The signature is stylized and cursive.

Dannel P. Malloy  
Governor