

## ACA Special Meeting on Rental Limitations Policy

8:16 pm October 29, 2013

Amy: Proof of Notice is at the management office and will be added to the minutes.

Marc: Motion to limit each comment to 3 minutes per person, seconded by Judy.

Amy: Thanked everyone for coming and introduced Attorney McCracken who will be moderating this meeting.

Greg McCracken: Under the Common Interest Ownership Act there is a process the board has to follow to adopt amendments to the rules. Starts with a notice to the unit owners that the board is considering amendments to the rules provision of a copy of what the amendment is sent to the unit owners, notice of a meeting at which to board will receive comments as to your input on the amendment that is being considered and after the consideration of the comments the board can make a decision whether to adopt, not adopt or whatever else the rule is under consideration. We are going to go through the room to anybody who wants to speak. Purely comments from the unit owners. The decision in all likelihood will be made this evening. The board may decide to defer the decision to a future meeting. The rationale is over the past several years since the mortgage crisis FHA has become mortgage lender, backer far more than in the past 30 to 40 percent of the mortgages in condominiums are being backed by FHA at this point. Mortgages underwrite to FHA standards. One of the requirements of the FHA is the majority of the units be owner occupied. The board is considering this just to have mortgage ability under FHA. A second aspect is Fannie Mae and Freddie also will not give mortgages to investor owners. If 49% threshold of the units are not owner occupied they won't give the mortgage to you. The board is doing this just to protect the unit owners mortgage ability. CIOA allows you to adopt rules to comply with mortgage underwriter requirements. Normally this type of thing would have to go under the declaration by-laws but because of the importance of the mortgage underwriting CIOA has made an exception that allows this type of provision to comply with institutional mortgage underwriting requirements to be in a rule instead of your recorded documents.

Georgie: At the moment we are not FHA approved because of the government shutdown.

Unit 167: Rich Nellon (sp) representing Unit 167 she moved out and now rents her unit. I am a Licensed Community Association Manager since 1985, Chairperson of CT CAI managers council; I am familiar with the laws, and largely involved in the legislative process in CT. I manage one of the largest properties in Danbury 294 units in '06 they adopted a reasonable lease restriction which included a waiver and an opportunity to go to the board for help and grandfathered all of the people who were currently renting their units. Seventy percent of the unit owners went for it. My client is not opposed to the leasing restrictions she is opposed to section H-2 that reads once all the original occupants of an existing leased unit vacate the unit, the unit Owner must apply for permission to lease the unit again under the provisions of this

Resolution. She doesn't want to have to wait to lease the unit if the percentage rate goes up to 49 percent. Is a single woman that cannot afford the cost of having the unit vacant and because the mortgage exceeds the market place value the only reasonable thing to do is to stop paying common charges and allow her unit to go into foreclosure.

Unit 167: The proposed existing lease clause is not a rule that is reasonably designed to meet underwriting requirements of institutional lenders as required with the State Statute. Nowhere in the underwriting requirements is there language dealing with the existing leases. The clause creates a significant financial hardship and harm to those who currently rent their units or will lose their right to rent them. FHA does not give approvals when the number of delinquent unit owners reaches 15 percent. Asking for unit owners who are currently renting be grandfathered.

Unit 66: Owned for 26 years and had to move out because we had a child and it became too small so we rented our Unit. Would like the Unit owners that rent to be grandfathered. I don't have a problem with the board. There is a need for rentals. Not threatening a lawsuit.

David Bennett, Attorney representing 40 Unit owners that have sent in retainers Units 9, 10, 11, 12, 15, 16, 23, 25, 26, 39, 40, 46, 48, 49, 52, 55, 63, 73, 84, 98, 105, 107, 121, 134, 138, 139, 142, 144, 146, 155, 157, 161, 163, 164, 168, 175, 181, 183, 185, 187. (Handed out the current printout from HUD stating Aspetuck had missing documents and incomplete package submission as of October 21, 2013.) Twelve condos listed FHA; eight condos have let their FHA approval expire only ones that are currently FHA are Canterbury Court, Old Farms, and River Glen. Ten percent of Aspetuck Units are FHA mortgaged. Notice tonight is defective October 9, 2013 Special Board meeting references to Article 12 Section 12.1 of the Aspetuck Declarations there is no section of your Declaration and should have made reference to Article 12 Section 12 of the by-laws so your notice is defective. Section 6.3 E of the by-laws provides for leasing of units and in order to amend the by-laws which take precedence over the regulations you must follow 15.1 of the by-laws. That section says you can adopt regulations that have to be consistent with 6.3 E. 6.3 E of the by-laws allows you to rent units, stopping of the rental of units would be an inconsistent regulation and since it is already part of your by-laws the rental of units is part of your by-laws you would be hard pressed to say that you can do this with regulation without amending the by-laws. The problem with the regulation even though it may apply to buyers who are beating down the doors to buy in unfortunately if you look at the MLS listings in New Milford these are the cheapest units in Town. Your regulations that you drafted today have no regulation for hardship. Section 2.4 of the by-laws says that any unit owners may remove board members. It takes 25 percent of the unit owners to call a Special Meeting. Cautioned the board not to take action on this resolution tonight. Three of nine condominiums in New Milford are FHA approved. Stated ACA paperwork didn't pass. Should be FHA approved before you put a restriction on your rentals. It is a hardship provision. All of my clients are non-owner occupied.

Unit 66: You said one thing I did not agree with I own my unit and do not live in it but I do not want to be on the Board, they have done a great job with the landscaping and everything else don't threaten them that way they work really hard all year round.

Unit 68: Owns and bought my place with some day to rent it I own a one bedroom and don't plan on living there for life. I am proposing to Grandfather us in

Unit 54: Please don't vote on it tonight. Get our comments and then revisit it at the annual meeting. I go to many of them. Nobody shows up. This is the biggest meeting so it's important to everybody. Thank you guys for being on the Board it is a tough job.

Unit 65: Owned for 12 years and we rented it the entire time. We count on the income we get from our condo. If we don't along with the other unit owners don't pay our common charges because our units are not rented then that is not helping. The ones that have always been in the positive and not the negative don't hurt the ones who pay.

Unit 63: The best thing you can do is Grandfather resident owners existing rights they have today and to make this waiting list idea apply to only new purchasers and the current unit owners can rent in the future. This rule would only apply to new unit owners.

Have a problem with the Grandfather clause because whatever prevents people from buying here is a bad idea. A lot of people here need that income to keep their Units. No rent I can't pay my mortgage, common fees. It would put a financial hardship on many people. Very bad idea.

Unit 39: I thank you for being on the board. Being a board member you have to listen to the unit owners. I have a problem with the grandfather clause because people who lived here left to buy a house, moved on, couldn't sell their condo. It would stop people from buying here. No rent no mortgage or common fees get paid. Financial hardship.

Unit 63: Include some sort of hardship provisions to this rule and have better communication with the Unit owners.

Unit 142: Owned for 27 years and purchased as an investment. If I can't rent I will be forced to sell. Forcing us to sell as cheaply as we have too. If there are a lot of units on the market because of units we cannot rent the property values go down. You are penalizing almost fifty percent of the unit owners. In the by-laws we thought we would always be able to rent our unit. There would be no way of knowing when we would get a chance to rent again.

Unit 21: Something as a serious this should get the input from all of the unit owners. It shouldn't be up to five people to determine the outcome.

Units 139 and 144: People buy one bedroom condos as starter homes. When they move they want to rent it. When you put restrictions it's more difficult to sell. If the condos go into foreclosure the prices are going to go down.

Units 72, 100 and 156: If one of my tenants leave and I cannot rent the unit it's going to negate the net profit I am making on the other two units. Not in favor of the rental restriction.

Unit 25: There is a loan called a USDA loan. FHA costs money.

Unit 81: I live here and own my unit and have been living here for five years. I have been to a lot of board meetings. I would like more communication. I like the Newsletters we use to get. A website to get information would be a good idea. I work for Pitney Bowes that works with the government a lot with the postal service with the update on the FHA website it would be nice if you guys would check on that if the current application was cancelled. In my role of business our Pitney Bowes employees have to do a recertification with the postal service with the USPS service that website will say that that recertification has died its dead on that last day and it's not that's just when the due date of the software went with the date and the paperwork can still be in process but it is not updated and thanks for all your hard work.

Unit 45: Lived here going on fifteen years and this is the first time I have seen this many people here. You don't live here and you don't care who you rent to. The people here don't care about the issues that happen around here with the dogs and the garbage. A lot of owners are good people. I am not saying all investors are just here because they buy it for the money. I have seen the change going down year after year. Renters come in and they go out. The dog policy is not followed. What is this management company supposed to do spend all their time on dog violators and garbage violations? The board is doing a good job.

Unit 54: The list is going to be tough to maintain.

Unit 130 (board member): We called this meeting because we wanted to know what you thought. We are going to digest everything you told us.

Unit 146: We are all at risk with regard to your policy.

Unit 60: Need income. Bought as a starter home and lived here for two years and moved up. Don't want to be a landlord but I need the income. I don't want to get in line to rent my unit.

Unit 43: Complex is well taken care of. I keep my unit looking nice. I am opposed to the regulations.

Unit 107: Our rental is in pristine condition. We screen our tenants. On behalf of my wife and myself please do not pass this rule.

Unit 31 (board member): I have been on the board for about one year and I am up here to keep the value of this place up. I take the legal counsel advice and I am here to hear what you have to say. We have not heard anything from anyone and have come to where we are now we believed it was the best course of action to keep the value up. I am still listening and forming my opinion. Being threatened to be taken off the board and sued is very overwhelming but I am trying to represent and listen the best I can.

Unit 91 (board member): Bought in '95 I put a lot of money in my place. I tried to sell my unit and I can't. This is the first time in fifteen years we have had more than twenty people here. I am listening to a lot of your comments and I agree with a lot of them. I feel a lot of the unit that have tenants including the fire unit are caused by tenants. My yorkie has been attacked at least seven times by large dogs owned by tenants. We have had sex offenders and a lot who have issues who have screamed at owners. You don't live here. We find needles at the dumpsters. Since Georgie (Accolade) has taken over this place has been beautified.

Unit 90 (board member): I have been keeping quiet because I want to hear the comment from the people the reason we asked you guys to come. I am on the board to protect my investment as much as you guys are. I rent out my condo. I bought it as a single mom and I moved on also. I don't want to not rent out my condo either. I leaning toward tabling it. I don't want to be lectured that we are not communicating we have been dealing with dog, insurance, fire issues and maybe this did come about quickly on you guys and I understand but this has been discussed for a long time.

Unit 93: I have lived here twenty three years and I have seen this place has gone downhill. Drug issues and problems with renters. Try to screen your tenants and issues with dogs. This is a draft. Work together and resolve these issues. They are here to listen to you. There is a possibility this is a draft.

Unit 107: Property values will go down and not up if you adopt this policy.

Unit 155: Doing a good job.

Unit 3: Invested for my children and grandchildren to live here. A lot of anger towards tenant and that can be remedied. I don't agree with the new rule. The place has been maintained nicely.

Unit 155: I think you guys are doing a good job.

9:53 pm Comments ended.