

AMENDED TESTIMONY OF H.A. CURT OTTO

Dear Senators:

I represent a small Condominium Association called the Grove Townhouses. According to Chapter 33 of Title 28 section 919, the Condominium Act, "an annual audit by an independent auditor shall be made of the books and records."

The cost of an independent auditor auditing the books for this Condominium is approximately \$4,000.00. The Grove Townhouse Condominium Association is comprised of six (6) apartments. Essentially, the cost of the audit is so great that the Condominium Association is required to spend the bulk of its collections on an audit of the books every year. This is an untenable situation, and as a result, many small condominiums end up violating the law when they cannot afford the yearly audits.

The finances of such small Condominium Associations are not complicated. Nevertheless, in my practice I have seen members threaten and actually file suit on the basis of the failure to provide an "audited" review yearly of finances. Having a single disgruntled member can result in excessive and inappropriate costs to such small associations.

I have proposed on behalf of the Grove Townhouses Condominium Association, and on behalf of other small Condominium Associations that the language to 28 VIC §919 be amended at the end to read as follows:

An annual audit by an independent auditor shall be made of the books and records, except that condominium associations comprised of ten (10) or fewer apartments shall only be required to provide copies of the accounts and bookkeeping to the members, and if a member of a condominium association consisting of ten (10) or fewer apartments desires an independent audit, that member shall be entitled to receive the same and to have full access to the kind of AIM account books for the audit, and the member requesting the independent audit shall be responsible for the fees charged by the independent auditor.

I had originally suggested that the cutoff point be six (6) units, however, my research reveals that a better break would be ten (10) units. In addition to the Grove Condominium at six (6) units, Sunset Beach has ten (10) units, Royal Princess has five (5) units, Galleon Reef has eight (8) units, La Casa Dori-El has eight (8) units, Kirkegade Hus has eight (8) units, Little Reef has nine (9) units, and Queen Magdalene Court has six (6) units. I have not researched the condominiums on St. Thomas, but I anticipate there will be small associations over there that will also benefit from this change to the rules. I am personally aware that there is the Harborview Condominium on St. Thomas which has less than ten (10) units.

The foregoing will protect the members of the various small condominiums that exist here in the Islands, and will not needlessly require an expense suited to much larger organizations.

After speaking with the Treasurer of Grove, I must suggest one other revision. With regard to providing records, in Section 1(b), the word "records" should be replaced with "a profit and loss statement and bank statements. All other records shall be available for review upon request." The reason for the requested change is that all receipts handled in a given month, even for a small condominium association, can be voluminous.

Thank you for allowing me to testify.