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AN ESSENTIAL GUIDE FOR HOMEOWNER LEADERS

# COMMUNITY ASSOCIATION LIVING



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### REVIEWERS

**Janet L. Newcomb**

**Judith Silva**

**John Keith Connors, LPC**

**Judith Hanson**

**Pat A. King**

**Patrick Edward Morrisey**, CMCA, PMP

### STAFF

**Tom Skiba**, CAE—Chief Executive Officer

**Jennifer Flynn**, GSP—Senior Director, Executive and Board Relations

**David Jennings**, CAE, SPHR—Vice President of Education

**Dawn Bauman**, CAE—Senior Vice President of Government and Public Affairs

**Amy Repke**—Vice President of Communications and Marketing

**Jake Gold**, CAE—Director of Education

**Daniel Brannigan**—Director of Publishing

**Kiara Candelaria**—Associate Editor

## ABOUT CAI

Since 1973, Community Associations Institute (CAI) has been the leading provider of resources and information for homeowners, volunteer board leaders, professional managers, and business professionals in nearly 350,000 community associations, condominiums, and co-ops in the United States and millions of communities worldwide. With more than 42,000 members, CAI works in partnership with more than 60 affiliated chapters within the U.S, Canada, United Arab Emirates, and South Africa, as well as with housing leaders in several other countries including Australia, Spain, Saudi Arabia, and the United Kingdom. A global nonprofit 501(c)(6) organization, CAI is the foremost authority in community association management, governance, education, and advocacy. Our mission is to inspire professionalism, effective leadership, and responsible citizenship—ideals reflected in community associations that are preferred places to call home.

***Community Association Living: An Essential Guide for Homeowner Leaders***
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**Community Associations Institute**
6402 Arlington Blvd., Suite 500
Falls Church, VA 22042
(888) 224-4321
www.caionline.org

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*This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is distributed with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.*

*—From A Declaration of Principles, jointly adopted by a Committee of the American Bar Association and a Committee of Publishers*

## INTRODUCTION

*Community Association Living: An Essential Guide for Homeowner Leaders* is an indispensable resource for homeowner leaders and members of community associations everywhere. Anyone who lives, works, or participates in a homeowners association, condominium community, or a housing cooperative needs to have a clear understanding about the business of associations. This guide explains how these associations are organized, governed, and managed.

*Community Association Living: An Essential Guide for Homeowner Leaders* also gives homeowner leaders, volunteers, and residents a perspective of how associations can develop and maintain a cohesive, supportive society within their boundaries so that everyone can fully enjoy and benefit from community association living.



*"Homeowner leaders are responsible for setting policy and making important decisions for their communities. CAI education is a superb resource for board members and anyone seeking information and best practices for common interest developments."*

***JANET L. NEWCOMB***
***2021 CHAIR, HOMEOWNER LEADERS COUNCIL***

### LEARNING OBJECTIVES

**After reading this publication, you should be able to:**

- Define the term "community association" and articulate the three characteristics common to all community associations.
- Describe the three different kinds of community associations.
- Explain the differences between the various types of governing documents and state the relative importance of each.
- Describe the major components of a community association: rules and regulations; governance; and community management.
- Gain a greater understanding of how federal, state, and local government affect community associations.
- Understand the basic relationship between community association members and their boards.
- Detail the rights and responsibilities of owners as members of a community association.



CHAPTER 1

# WHAT IS A COMMUNITY ASSOCIATION?

## DEFINITION of a Community Association

Whether it's a homeowners association (sometimes called an HOA), a condominium association, or another term, a community association exists to preserve the nature of the community and protect the value of the property owned by members. All community associations have three basic defining characteristics:

1. **Unlike other associations in which membership is voluntary, membership in a community association is mandatory and automatic for all owners.**
2. **Residents are obligated by certain documents to abide by the community association's rules and regulations.**
3. **All owners must pay mandatory lien-based assessments that fund the operation of the association and maintain the infrastructure and common areas or elements.**

## PURPOSE of a Community Association

People choose to live in community associations for numerous reasons. Many association owners value the inherent benefits offered by community association living. Community associations are designed to:

- Manage common or shared property.
- Protect owners' property values.
- Provide services for owners.
- Develop a sense of community through social activities and amenities.

By purchasing a home—be it a condominium unit, townhome, or single-family home—in a community association, the owner agrees to abide by the community's pre-established rules and guidelines. The owner will often live close to his or her neighbors, share common facilities, and may be asked to volunteer on a committee or the association's board of directors. Reasonable restrictions, consistently enforced over time, can help preserve the value of the community and make it a preferred place to call home.

> *"Community associations accommodate growth in ways that are consistent with 'smart growth' initiatives—they are predicated on the wise use of density, the efficient use of resources, they require attractive design for marketability, and they are organized to meet the fiscal sustainability necessary to support the privatization of infrastructure and municipal service obligations."*
>
> ***MANAGING & GOVERNING: HOW COMMUNITY ASSOCIATIONS FUNCTION*, BY CLIFFORD J. TREESE, CPCU, ARM, CIRMS**

## FUNDAMENTALS of a Community Association

Each common interest community has its own history, personality, attributes, and challenges, but all associations share common characteristics and core principles. CAI developed the following list of community association fundamentals to foster a better understanding of how associations function and the roles of residents and association leaders.

The principles at the heart of the community association model are intended to inspire effective, enlightened leadership and responsible, engaged citizenship.

1. **Associations ensure that the collective rights and interests of homeowners are respected and preserved.**
2. **Associations are the most local form of representative democracy, with leaders elected by members to govern in the best interests of all residents.**
3. **Associations provide services and amenities to residents, protect property values, and meet the established expectations of homeowners.**
4. **Associations succeed when they cultivate a true sense of community, active homeowner involvement, and a culture of building consensus.**
5. **Association homeowners have the right to elect their community leaders and to use the democratic process to influence the policies that will protect their investments.**
6. **Association homeowners choose where to live and accept a contractual and ethical responsibility to abide by established policies and meet their financial obligations to the association.**
7. **Association leaders protect the community's financial health by using effective management practices and sound business principles.**
8. **Association leaders have a legal and ethical obligation to enforce the association's governing documents and abide by all applicable laws.**
9. **Association leaders seek an effective balance between the preferences of individual residents and the collective rights of homeowners.**
10. **Association leaders and residents should be reasonable, flexible, and open to the possibility—and benefits—of compromise, especially when faced with divergent views.**

***Download CAI's Community Association Fundamentals at www.caionline.org/CommunityAssociationFundamentals.***

> *"Community associations protect and enhance value: the value of the individual homes (and the lenders' interests in those homes), the value derived from accepting shared responsibilities and performing mutual obligations, and the value inherent in collective participation and decision-making at a very essential level—the level of the home."*
>
> ***MANAGING & GOVERNING: HOW COMMUNITY ASSOCIATIONS FUNCTION*, BY CLIFFORD J. TREESE, CPCU, ARM, CIRMS**

### COMMON TERMINOLOGY

Depending on the specific organization, state, or country, various terms are typically used to describe community associations:

**Community association:** This term is used by Community Associations Institute and by the Division of Florida Condominiums, Timeshares, and Mobile Homes.

**Common interest community (CIC):** This term is used by the Uniform Law Commission, promulgator of the uniform real property acts: Uniform Condominium Act (UCA), Uniform Planned Community Act (UPCA), Uniform Common Interest Ownership Act (UCIOA), and the Uniform Manufactured Housing Act (UMHA).

**Common interest realty association (CIRA):** This term is used only by the American Institute of Certified Public Accountants (AICPA) and the Financial Accounting Standards Board (FASB).

**Common interest development (CID):** This term is used by the California Bureau of Real Estate.

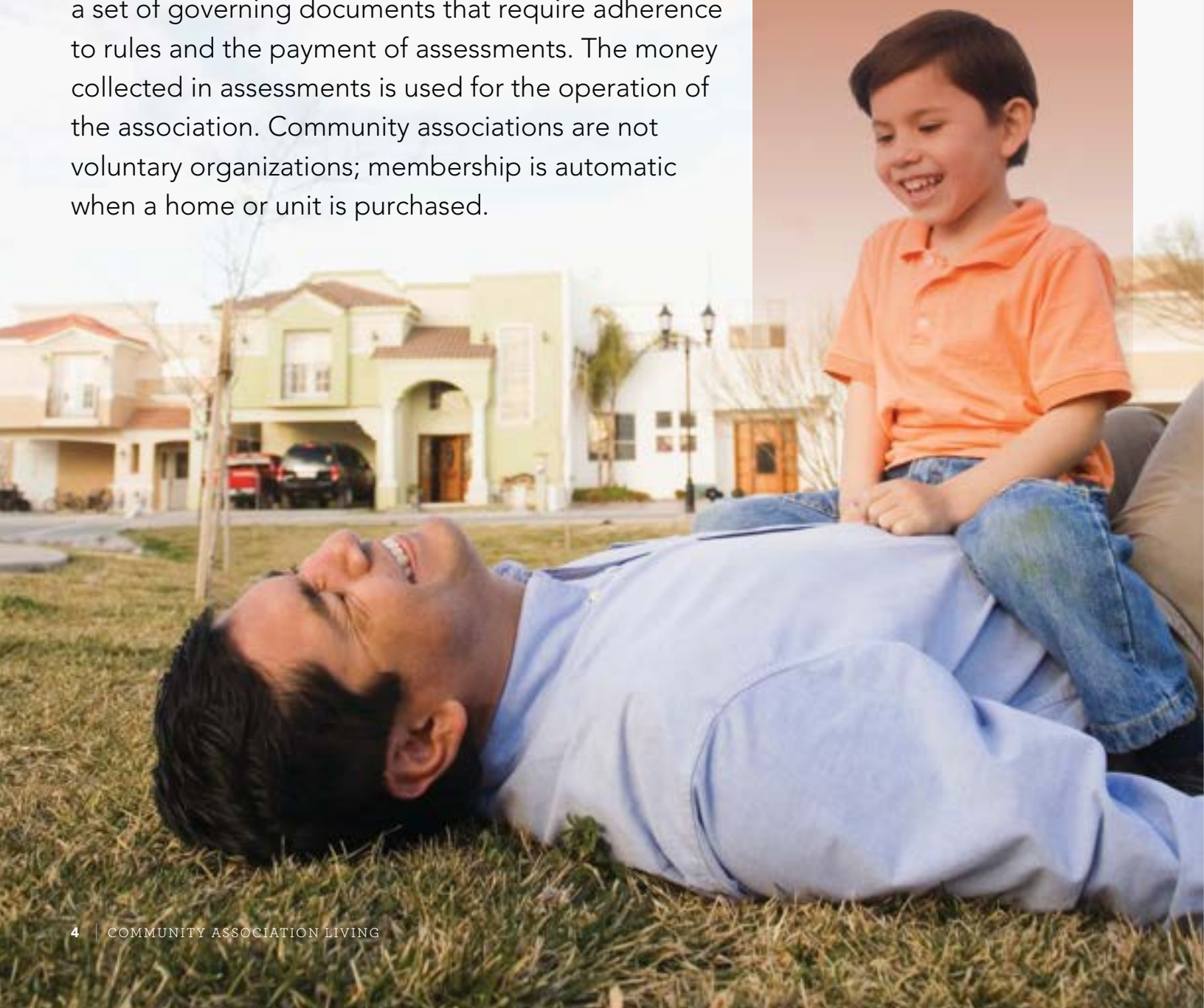
CHAPTER 2

# TYPES OF COMMUNITY ASSOCIATIONS

"Community association" is a generic term used to describe residential developments (such as homeowners associations or condominiums) in which each owner is bound to a real estate organization by a set of governing documents that require adherence to rules and the payment of assessments. The money collected in assessments is used for the operation of the association. Community associations are not voluntary organizations; membership is automatic when a home or unit is purchased.

**There are THREE BASIC TYPES of community associations:**

1. **Planned community** *(commonly referred to as a homeowners association or HOA)*
2. **Condominium**
3. **Cooperative**



## PLANNED COMMUNITY

**Planned communities are the most common type of community association.** There are many types of planned communities, including townhouse developments, single-family home developments, planned unit developments, planned residential developments, cluster developments, property owners associations, and master planned communities.

In a planned community, each owner has exclusive ownership of a unit/home, including the lot on which the dwelling is located. The association owns the common areas, which may include the grounds, recreational facilities, and sometimes the roads. Because most planned communities consist of detached housing, common areas do not generally include walls and roofs, although they may. Homeowners in planned communities have very specific rights and obligations regarding common areas.

**58–63%**

of all community associations are planned communities.

## CONDOMINIUM

**Condominium communities are the second most common type of community association.** The condominium is a unique form of ownership in which the owner holds title to a specific unit and has an undivided interest in the common elements. Common elements generally include the structural components, the exterior of the building or buildings, the grounds, amenities, and all portions of the property other than the units. Unlike in a planned community or cooperative, the association does not own the common elements. This co-ownership distinguishes condominiums from other community associations.

The owners' fractional shared interest in the common elements may be equal or based on another system, such as square footage. For example, if there are 100 condominium units, each owner may own 1/100 of the common elements or each owner may own a fractional share based on the size of his or her unit.

Many people think of condominiums as apartment buildings. However, condominiums come in other forms, such as mobile home parks, boat slips, and parking garages. For example, if the owner of a mobile home has a separate or exclusive interest in the mobile home structure and a shared interest in the area that is not occupied by a mobile home structure, the mobile home park can be a condominium.

**35–40%**

of all community associations are condominiums.

## COOPERATIVE

**Cooperatives are the least common type of community association.** A corporation owns the building or other property that makes up the cooperative, including both units and common elements. Owners have a shared interest in the corporation and the exclusive right to occupy or "rent" a specific portion of the cooperative—usually called an apartment. Because most cooperatives are contained within a building, the common elements often consist of hallways, elevators, roofs, parking areas, and laundry facilities.

In this type of association, the member is more akin to a shareholder. In cooperatives, the association owns all property, including all the units.

**2–4%**

of all community associations are cooperatives.

## OTHER TYPES OF COMMUNITY ASSOCIATIONS

Each of the three types of community associations can exist by itself or can be included in grouped clusters called master associations, umbrella associations, or master planned communities. If residential and commercial units are included in the same building or community, the term mixed-use association is used. Many states and local governments also have passed statutes and regulations governing 55-and-older housing as well as active adult communities.



CHAPTER 3

# LEGAL BASIS FOR COMMUNITY ASSOCIATIONS

To effectively live in and participate in a community association, owners must understand the legal basis of community associations and learn the scope and limit of authority of the association's board, community association manager, and business partners (such as accountants, attorneys, and landscaping companies).

**Community associations DERIVE THE LEGAL AUTHORITY for their existence and activities from various sources, including:**

- Federal, state, and local statutes, regulations, and case law.
- Legal documents unique to the community association that bind the association and its owners.
- Lender requirements, e.g., requirements set by secondary mortgage institutions such as Federal Housing Administration, Fannie Mae, and Freddie Mac.
- Standards set by professional bodies, e.g., auditing standards set by the Financial Accounting Standards Board.

Locally, CAI believes laws and regulations to promote healthy, vibrant communities are best crafted and enacted by state governments and not by or through legislative or regulatory procedures at the federal level. In general, federal and state policymakers share this view. However, federal policies can impact community associations, often in ways that federal policymakers do not anticipate.

CAI legislative action committees exist in most states to represent the interests of CAI members and chapters with respect to federal and state legislation. Delegates volunteer their time and energy in their local chapter to benefit all community associations.

## FEDERAL LAWS

Community associations are a growing, popular, and successful housing option. Federal policymakers must ensure that national policies account for the community association housing model.

Federal laws impact community associations, and many states have additional laws that may add another layer of compliance. Your association must fully comply with all federal, state, and local mandates. Failure to do so may result in significant penalties.

**SOME FEDERAL LAWS AND ORGANIZATIONS WITH COMMUNITY ASSOCIATION OVERSIGHT INCLUDE:**

Equal Employment Opportunity Commission (EEOC)

Fair Debt Collection Practices Act (FDCPA)

Fair Housing Act

Fair Labor Standards Act (FLSA)

Family and Medical Leave Act (FMLA)

Federal Communications Commission (FCC)

Telecommunications Act of 1996

Federal Insurance Contributions Act (FICA)

Occupational Safety and Health Act (OSHA)

Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA)

U.S. Bankruptcy Code

## STATE STATUTES

Community associations are subject to state laws that control how associations are established, governed, and managed. This state-based regulatory system has proven successful because it is grounded on the principle of local control over land-use and real estate decisions. CAI supports effective state regulation that ensures community association housing is developed, maintained, governed, and managed with sound public policy objectives and standards that protect homeowners, board members, management, and the community association as a whole.

For example:

- All states in the U.S. have statutes that enable the establishment of condominiums and corporations.
- Some states have statutes that enable the establishment of cooperatives or planned communities.
- Several states, such as Florida and California, more strictly regulate community associations, such as by requiring budget items for reserves audits, insurance, and the conduct of financial operations.




## LOCAL LAWS AND REGULATIONS

Local governments may have codes, laws, and possibly taxes affecting associations. Any requirements in these areas will result in expense items for a community's budget.

For example, a local fire code may require items such as sprinkler systems, exit signs, fire extinguishers, or elevator inspections. Local health and safety codes may require pool inspections, water quality tests, or mandatory procedures for sewage disposal or recycling. Property taxes may be levied on land commonly owned by the association. To find out what local laws and regulations apply to your community association, contact your local government office or your local elected official.

## CASE LAW

In the U.S., courts at every level have made decisions that affect how community associations operate. For example, there have been "security" cases involving the adequacy of lighting, patrols, and off-duty police; cases involving parking and sign requirements; and "slip-and-fall" cases involving the adequacy of snow plowing. To find out more about the case law that applies to community associations, review the CAI website at **www.caionline.org/caselaw** or consult with an attorney specializing in community association law.



CHAPTER 4

# GOVERNING DOCUMENTS

**The PURPOSE OF a community association's GOVERNING DOCUMENTS is to provide the legal structure and operation of the community. The documents:**

- Define the rights and obligations of both the association and its members.
- Create a binding relationship between each member and the association.
- Establish the mechanisms for governing and funding the association's operations.
- Set forth rules and standards for:
  - Protection of both members and the community.
  - Enhancement of property values.
  - Promotion of harmonious living.

## HIERARCHY OF AUTHORITY

The general hierarchy of authority for governing documents is a loose one because not all documents address all issues involved in operating a community association. For operating a community association, the general hierarchy of authority among governing documents consists of:

1. **Federal and state laws and statutes**
2. **Recorded map, plat, or plan**
3. **Declaration of covenants, conditions, and restrictions (CC&Rs); master deed; proprietary lease or occupancy agreement**
4. **Articles of incorporation (if incorporated)**
5. **Bylaws**
6. **Rules, regulations, and resolutions**

## RECORDED MAP, PLAT, OR PLAN

Some form of map is an essential document for a planned community or a condominium. In the U.S., a map, plat, or plan is recorded in the county recorder's office before any lots or units shown on it are sold. The purpose is to show the precise location of each lot or unit as well as the common areas. The format and content will differ according to local requirements. A map, plat, or plan may help define an owner's or a community's title to property.

**On an operational level, it helps determine:**

- Who is responsible for maintaining a particular piece of property.
- Whether a property improvement is properly located.

Some U.S. states require cooperatives to submit a legal description of the land involved and an architectural drawing.

## DECLARATION, CC&RS, OR MASTER DEED

An understanding of the covenants, conditions, and restrictions (CC&Rs) for planned communities, and the declaration or master deed for condominiums first requires an understanding of the rights of ownership. Under Anglo-American common law, the ownership of land has been characterized as a bundle of rights. In the absence of any restrictions, the landowner traditionally has the full bundle. For example, he or she possesses the right to lease the property, build on it, mortgage it, occupy it, etc.

When people buy a parcel of real estate, the bundle of rights is defined in the deed to the property, as it is in the previous deeds for the same parcel. All of them are recorded in the land records. These documents are sometimes called the chain of title.

The provisions in deeds that define or limit the rights of ownership are often called deed covenants or deed restrictions. The legal community speaks of these covenants or restrictions as "running with the land." That is, they apply to the land, no matter who owns it in the future.

Instead of inserting all the same covenants and restrictions into each individual deed in a community development, the developer draws up a declaration of CC&Rs—or something with a similar name. The developer records this declaration in the county recorder's office before any of the real estate is transferred to any other owner.

This means that the declaration is in the chain of title for each piece of real estate. Its terms are binding on the real estate itself as well as on its original and succeeding purchasers. As a result, the declaration defines the bundle of rights of each owner in the community association.

**The declaration, CC&Rs, or master deed generally:**

- Defines the portions of the development owned by the individual owners and those owned by the community association.
- Creates interlocking relationships binding all owners to one another and to the association for the purposes of maintaining, governing, and funding the development.
- Establishes protective standards, restrictions, and obligations in areas ranging from architectural control to prohibitions on various activities to promote harmonious living.
- Creates the administrative framework for the operation and management of the association—although many of the specific administrative details are spelled out in the bylaws.
- Provides the mechanism for financial support of the association through assessments.
- Provides for a transition of control of the association from the developer to the owners.



**THE PROVISIONS IN DEEDS THAT DEFINE OR LIMIT THE RIGHTS OF OWNERSHIP ARE OFTEN CALLED DEED COVENANTS OR DEED RESTRICTIONS.**

## COOPERATIVE ("CO-OP") PROPRIETARY LEASE OR OCCUPANCY AGREEMENT

A proprietary lease or occupancy agreement in a stock cooperative defines the member or stockholder's rights and obligations in relation to the living unit. In a stock cooperative, this document serves generally the same purpose as the declaration, CC&Rs, or master deed in other associations.

**The proprietary lease or occupancy agreement:**

- Identifies the premises that the stockholder is permitted to occupy exclusively.
- Defines the term of the lease and the rent (sometimes called maintenance) that is payable by the stockholder.
- Establishes the powers and obligations of the cooperative's board of directors.
- Defines the events that would result in the termination of the proprietary lease.

## ARTICLES OF INCORPORATION

In the U.S., incorporation may or may not be a legal requirement for a community association.

- Cooperatives must be incorporated because they are based on the corporation concept.
- Planned communities are almost always set up as nonprofit, non-stock corporations.
- Condominiums often are incorporated. However, they do not have to be because they exist under the authority of a state condominium statute.

A community association's corporate structure is established when a developer sets up the association. The developer files articles of incorporation—sometimes called a corporate charter—with the appropriate state corporation agency. Different states have different names for this agency.

**The articles of incorporation:**

- Bring the corporation into existence.
- Define its basic purposes and powers.
- Indicate whether stock will be issued.
- Indicate whether there will be a board of directors—and if so, identify the initial board.

## BYLAWS

Bylaws are formally adopted governing regulations for the administration and management of a community association. Planned communities, condominiums, and housing cooperatives all have bylaws. Sometimes bylaws are developed as part of the declaration. At other times, they are adopted as soon as a corporation is established.

**Bylaws address such topics as:**

- Requirements for membership in the community association.
- Requirements for membership meetings.
- Voting rights of members.
- Procedures to elect the board of directors.
- Procedures to elect board officers.
- General powers and duties of the board and its officers.
- Provisions for indemnification of officers and directors—except in cases of gross negligence or willful misconduct. To indemnify and hold harmless a board member means:
  - To exempt him or her from responsibility for claims made against the organization.
  - To reimburse him or her for damages or expenses incurred as a result of such claims.

**THERE ARE SEVERAL BENEFITS TO INCORPORATING A COMMUNITY ASSOCIATION, INCLUDING:**

- Limiting the liability of individual owners and board members for acts of the community association.
- Making it easier to deal with other parties, such as utility companies or vendors.



## RESOLUTIONS

Rules and regulations for all three types of community associations also are established by means of board resolutions. A resolution is a motion that follows a set format and is formally adopted by the board of directors. Resolutions may enact rules and regulations or formalize other types of board decisions.

**There are four types of resolutions for a community association:**

1. **POLICY RESOLUTIONS. These are resolutions that affect owners' rights and obligations. Examples include rules for the use of common areas and recreational facilities, architectural guidelines, and enforcement procedures.**
2. **ADMINISTRATIVE RESOLUTIONS. These are resolutions that address the internal operations of the community association. Examples include operating procedures, collection procedures, and where board meetings will be held.**
3. **SPECIAL RESOLUTIONS. These are resolutions stating board decisions that apply a policy or rule to an individual situation. Examples include a decision about an alleged rule violation or authorization of a lawsuit.**
4. **GENERAL RESOLUTIONS. These are resolutions that involve routine events. Examples include adoption of the annual budget or approval of a contract.**

### ENACTING RULES AND REGULATIONS

The power of the board to enact rules and regulations is generally defined in the declaration or the bylaws. Sometimes, the board's right to enact rules is limited by the requirement that the members approve the rules.

Resolutions should be kept in an orderly, indexed record. In some communities, it includes the resolutions adopted by the architectural guidelines committee as approved by the board.

CHAPTER 5

# COMMUNITY RULES, REGULATIONS, AND ASSESSMENTS

**MEMBERSHIP in community associations is MANDATORY.**

When you buy a house or unit in a community association, your real estate agent should provide you with a copy of the rules and regulations of the community and information on the association assessments. It is an owner's responsibility to abide by the rules and regulations as set forth by the community association's governing documents.

## PURPOSE OF RULES AND REGULATIONS

The fundamental purpose of community association rules is to provide a basis for protecting members' equity in the development and to provide the framework within which people can live in harmony. Specific purposes of rules also include:

- Enforcing the community's CC&Rs, bylaws, and policies in a fair, respectful way.
- Protecting, enhancing, and promoting the purposes of the association as stated in the legal documents.
- Restricting and governing the use of the common areas and amenities.
- Establishing architectural guidelines and controls for aesthetic value.
- Establishing rules for the use of facilities by owners, guests, and tenants.
- Amplifying, expanding, clarifying, and interpreting the broad restrictions in the association's governing documents.
- Protecting and preserving the property and assets of the association and the owners.

Most rules are merely expressions of unit owners being courteous and considerate of their neighbors, and respectful of their rights and investment in the community. For purchasers, the rules establish the lifestyle standards of that particular community. Buyers should look elsewhere if this is not the standard that they want or are willing to support, maintain, and enhance as owners.





## ASSOCIATION ASSESSMENTS

Much like local, state, and federal governments collect taxes to fund public services and programs, community associations collect assessments to fund association services and programs. Community association assessments typically cover things like:

- Landscape and maintenance of common areas
- Snow removal
- Garbage collection
- Street lighting
- Fees for amenities (pool, tennis court, golf course, exercise room, etc.)
- Social activities
- Security
- Insurance
- Management and administrative services or staff

Depending on the association, assessments may be paid monthly, quarterly, or annually. Associations count on all owners to pay on time and, when necessary, rely on strict collection processes that comply with the requirements of governing documents, statutes, and the Fair Debt Collection Practices Act.

Associations also may levy special assessments, though they are typically only issued in the event of unexpected major expenses or if funds run short.

A legal report—the annual budget—is usually approved at the annual meeting of the association. Many associations distribute the annual budget or make it available through the association treasurer, as required by the governing documents. The budget determines the annual assessment, and it should cover operations and reserve funding.

Owners always have the right to review the financial documents of the association and to ask the board of directors where their money is going.

***Download CAI's Community Association Budgeting Basics at www.caionline.org/CommunityAssociationBudgetingBasics.***

> *"Failing to raise assessments when needed brings a new set of problems. Most homeowners would prefer boards cut spending before they raise assessments—and, indeed, every effort should be made to avoid unnecessary spending. However, what most owners prefer and what the board is legally bound to do can be very different. Failing to raise assessments to cover actual expenses is a breach of fiduciary duty on the board's part. It's also a breach of contract with owners who expect the board to protect their assets."*
>
> ***HOW TO DRAFT A BUDGET: A GUIDE FOR COMMUNITY ASSOCIATIONS***

CHAPTER 6

# COMMUNITY GOVERNANCE

Community associations are composed of different groups of people working together, including owners, board members, officers, committees, and residents. To govern a community association effectively, association leaders must understand the roles and responsibilities of these groups and how they interact.



## OWNERS

Although board members run community associations (often with the help of a community association manager), governing documents and the law frequently reserve certain powers for the owners. For example, there are usually provisions in the governing documents and the law stating that the owners must elect the board members.

**IT IS THE OWNERS—NOT THE BOARD MEMBERS—WHO GENERALLY HAVE THE POWER TO AMEND THE DECLARATION (MASTER DEED) OR PROPRIETARY LEASE.**



The owners also may have the power to amend particular provisions of the bylaws, such as those dealing with the assessments and sale of common property. This usually requires consent from a specified percentage of the owners.

Along with these rights come responsibilities. The owners are obligated to adhere to the restrictions imposed in the governing documents and share in the financial operation of the community by paying their assessments on time. If they do not, the association may file a lien on their home and they may lose their home through foreclosure, though these steps are only used as a last resort.

Although the owners do not have a legal obligation to actively participate, the association will not be able to function if no one participates. Therefore, it is important for the board to foster a sense of community spirit to encourage participation.

## THE BOARD

The board of directors is made up of homeowner leaders who are elected to serve the association. The board oversees the community association. The board's authority to act on behalf of the association is not, however, unlimited. The governing documents—and sometimes the law—grant the board the authority and obligation to act but also restrict the board's ability to do so. Provisions that *permit* the board to act use words such as "may." Provisions that *obligate* the board to act use words such as "shall."

The role and scope of authority of the board may be broad or specific, depending on the association's governing documents and the law. Some governing documents and state law provide the board with the same authority as a corporation. Others precisely state the powers of the board.

Examples of the powers generally granted by the governing documents and state law to the board include:

- The authority to set goals, standards, and policies for the association.
- Enforcing the governing documents.
- Maintaining the property.
- Maintaining the association's financial stability.
- Purchasing adequate insurance.
- Entering into contracts for services.
- Creating and overseeing committees.
- Conducting annual meetings and regular board meetings.

The board holds regular meetings as defined by the governing documents. Association members not on the board should be welcomed and encouraged to attend. The board also serves as advocates for members. They are available to listen to suggestions and concerns and answer any questions they may have.

## BOARD OFFICERS

**A board generally has at least four officers: a president, vice president, secretary, and treasurer.**

The **president** is the leader of the board and represents the board before the membership. He or she generally sets meeting agendas and presides at all meetings of the board and membership. Though he or she may have more visibility than other officers, the president's power and authority is no more and no less than the other board members.

The **vice president** performs all the duties of the president in his or her absence and typically shares some of the burden of the president. The vice president may be assigned as a liaison to specific association committees.

The **secretary** has responsibility for ensuring that board and membership meeting agendas are prepared and distributed and that the minutes and materials referred to in those minutes are prepared. He or she also maintains or makes sure that the community association manager maintains the book of resolutions and all official records, including official correspondence, contracts, and membership roster.

The **treasurer** is the chief financial officer. He or she works with appropriate staff, contractors, and committees to ensure that the annual operating budget is developed and submitted for board or membership approval (whichever is required), and that the records of all association financial transactions and a roster of delinquent accounts are maintained. The treasurer recommends action regarding collections, receives and disburses funds as authorized, ensures the preparation of periodic financial reports, ensures the association is adequately funding replacement reserves, and authorizes an independent audit. If the association has a manager, he or she is likely to prepare the documents, but the treasurer is ultimately responsible for them.

### HOMEOWNER EDUCATION

Homeowner leaders need to know a lot—from governing, finances, and conducting meetings to contracts, communications, conflict resolution, and more. The most effective homeowner leaders educate themselves. CAI and its local chapters offer classroom and online learning, numerous publications, and several resources on the role.

See the Resources section at the end of this guide, and visit www.caionline.org/homeownerleaders for more.

Several community association management companies, attorneys, and other business partners also offer workshops to homeowner leaders.



## COMMUNITY ASSOCIATION GOVERNANCE GUIDELINES

Governing fairly, responsibly, and successfully should be the guiding principles for community association boards. How? Embrace the following guidelines. They'll help your association board increase harmony, reduce conflict, and build a stronger, more prosperous community.

**In accordance with community governing documents and applicable laws and regulations, boards should:**

**CONDUCT REGULAR MEETINGS.** Hold at least one membership meeting annually and regular board meetings as needed. Provide homeowners with appropriate notice and encourage involvement.

**CONDUCT ELECTIONS.** Hold fair and open elections that provide all candidates an equal opportunity to express their views. Associations should allow a representative from each candidate to observe the vote-counting process.

**SET AN OPERATING BUDGET.** Determine expenses for maintaining community common areas, facilities, equipment, and amenities, hiring professional partners, insuring the community's assets, and more.

**PLAN FOR AND FUND RESERVES.** Commission a reserve study when professional expertise is warranted and plan for anticipated long-term expenditures as part of the annual budget-development process.

**COLLECT ASSESSMENTS.** Levy and collect assessments and other fees from homeowners in a timely and equitable manner.

**FULFILL FIDUCIARY DUTY.** Act within the board's authority, exercise due care, act in good faith, and act with ordinary care in the best interests of the association.

**GOVERN WITH TRANSPARENCY.** Share critical information and rationale with residents about budgets, reserve funding, special assessments, and other issues that impact their financial obligations to the association. Give residents an opportunity to ask questions and engage in dialogue on these matters.

**PROVIDE ACCESS TO RECORDS.** Allow homeowners reasonable access to appropriate community records, including annual budgets and board meeting minutes.

**DISCLOSE CONFLICTS OF INTEREST.** Reveal all personal and financial conflicts before assuming a board position and, once on the board, before participating in any board decisions.

**COMMUNICATE AND ENFORCE RULES.** Ensure rules are readily available to all residents and owners. Uniformly enforce all rules, including architectural guidelines. Request input from residents when developing new rules, and communicate new rules effectively.

**ESTABLISH AND ADHERE TO AN APPEALS PROCESS.** Allow residents an opportunity to correct violations before imposing fines or other sanctions. The board or a board-appointed committee should adhere to standard procedures for resolving disputes.

**FORECLOSE ONLY WHEN NECESSARY.** Initiate lien and foreclosure proceedings only as a last step in a well-defined debt-collection procedure and only after other, less-disruptive measures have failed to resolve a serious delinquency.

**COMMUNICATE.** Provide regular communication (emails, flyers, newsletters, website, etc.) with residents to report substantive actions taken by the board.

**KNOW AND FOLLOW THE LAW.** Govern the community in accordance with all applicable laws and regulations, and engage legal counsel as appropriate. Regularly review governing documents to ensure legal compliance and to determine whether amendments are necessary.

**CONTINUE LEARNING.** Commit to staying informed of trends related to community association board governance.

**UNDERSTAND AND COMMUNICATE RIGHTS AND RESPONSIBILITIES.** Ensure homeowners, residents, and association leaders recognize and accept their roles in the community. Strike a reasonable, logical balance between the preferences of individuals and the best interests of the community as a whole.

**LEAD BY EXAMPLE AND MAKE A PLEDGE FOR CIVILITY.** Commit to fostering a climate of open discussion and debate, mutual respect, and tolerance between all who live in, work in, and visit your community.

*Note: Community association boards should consult with the appropriate professionals to ensure their association is governed in accordance with applicable governing documents and laws. Some governing documents and laws may require adherence to the above principles or principles like them.*

***Download and adopt CAI's Community Association Governance Guidelines at www.caionline.org/GovernanceGuidelines.***

## BOARD MEMBER ETHICS

Adhering to a set of ethical standards can help community association board members fulfill their volunteer duties with the community's best interests in mind. The model code below is not meant to address every potential ethical dilemma but is offered as a basic framework that can be modified by any common-interest community.

**Board members should:**

1. **Serve the best interests of the association as a whole regardless of their personal interests.**
2. **Use sound judgment to make the best possible business decisions for the association, taking into consideration all available information, circumstances, and resources.**
3. **Act within the boundaries of their authority as defined by law and the association governing documents.**
4. **Provide opportunities for residents to comment on decisions facing the association.**
5. **Perform their duties without bias for or against any individual or group of owners or nonowner residents.**
6. **Disclose personal or professional relationships with any company or individual who has or is seeking to have a business relationship with the association.**
7. **Conduct open, fair, and well-publicized elections.**
8. **Always speak with one voice, supporting all duly adopted board decisions even if the board member was in the minority regarding actions that may not have obtained unanimous consent.**
9. **Keep confidential any owner, resident, or other third-party discussions, decisions, and comments made at any meeting of the board properly closed or held in executive session unless specifically authorized by the board.**
10. **Refrain from making unauthorized promises to a contractor or bidder.**
11. **Decline gifts directly or indirectly from owners, residents, contractors, or suppliers.**
12. **Represent only known facts in any issue involving association business.**
13. **Refrain from personal attacks, harassment, or threats with colleagues, staff, or residents.**

***Download and adopt CAI's Model Code of Ethics for Community Association Board Members at www.caionline.org/BoardMemberEthics.***



CHAPTER 7

# COMMUNITY ASSOCIATION MANAGEMENT

Each community association must decide which form of management best meets its needs, unless otherwise specified in the governing documents. There are three types of community association management:

1. **VOLUNTEER OR SELF-MANAGEMENT. This is management of the association by the board itself or by committees under the direction of the board.**
2. **ASSOCIATION-EMPLOYED MANAGER. This is a manager directly employed by the community.**
3. **MANAGEMENT COMPANY. The manager is a representative of a management firm contracted by the community association.**

Small community associations often tend to be self-managed communities. Such communities often lack the resources to acquire services from association-employed managers or community association management firms. Volunteers in self-managed associations routinely invest significant time and effort to their communities. Self-managed associations can access training, books, conferences, and industry organizations such as CAI and its local chapters to find assistance in managing their own community.

Many larger associations choose to hire a management company to assist in maintaining their community. Management companies can specialize in managing community associations and properties. They can demonstrate this specialization, experience, and expertise in a number of ways, such as by being accredited by independent organizations like CAI. They also may employ individuals who have earned industry credentials through education and experience.

Management companies may have experience with landscaping issues, budget maintenance, board of directors' training and development, newsletter preparation, website management, governing document development, and more.

In addition, management companies are accustomed to serving as a contact for contractors, developers, local politicians, local or state government agencies, and other offices that community associations need to work with. Smaller communities that employ a management company are sometimes assigned a community association manager who primarily performs duties off-site. This manager may visit the property regularly, depending on the contract.

Very large communities routinely have an on-site manager, who may either be an employee of the community association or an employee of the management company.

## THE MANAGER'S ROLE

The role of a community association manager is to implement the decisions of the board of directors; administer the services, programs, and operations of the association within the policies and guidelines set by the board; fulfill the terms of his or her contract or agreement; and provide information, training, and, often, advice and assistance to the board as it sets policies and makes decisions.

**A manager's authority and responsibility are defined and limited by:**

- Governing documents that define the authority of the board to enter into a contract (some governing documents also require the board to retain a community association manager).
- The manager's management contract or employment agreement with the board.
- Actions of the board that delegate specific authority and duties to the manager.

**THERE ARE FOUR GENERAL AREAS IN WHICH COMMUNITY ASSOCIATION MANAGERS PERFORM SERVICES. MANAGERS OF SMALL ASSOCIATIONS MAY ONLY PERFORM A FEW OF THESE SERVICES AND MANAGERS OF LARGE-SCALE ASSOCIATIONS MAY PERFORM ALL OF THEM.**



① **FISCAL SERVICE.** Billing and collecting assessments, paying bills, preparing the payroll for on-site personnel, preparing financial reports, budgets and reserves analysis, and maintaining financial records are some of the fiscal services managers can provide.

② **ADMINISTRATIVE AND CLERICAL SERVICE.** Administrative and clerical services include arranging and attending annual meetings, board meetings, and committee meetings; maintaining the membership roster, records, and files; preparing and processing transfer information on resale; preparing and distributing resident information packets; writing, preparing, and distributing the printed and/or electronic newsletter; preparing special mailings; preparing board orientation packets; reviewing standard operating procedures; conducting an inventory of association property; providing after-hours response and emergency service; recording and processing work orders; and assisting in the hiring, firing, and supervising of on-site personnel and contractors.

③ **BUILDING MAINTENANCE.** Managers occasionally oversee building maintenance services, such as cleaning, plumbing, and painting. More often, those services are provided by on-site employees or outside contractors. The manager, however, can assist in the selection process and can monitor the work of the employees and contractors.

④ **GROUNDS MAINTENANCE.** Grounds maintenance services include maintenance of landscaping, recreational facilities, snow removal, trash collection, and sweeping. Like building maintenance, grounds maintenance is generally performed by on-site employees or outside contractors. Again, the manager can assist in hiring and evaluating the performance of the employees and contractors. The manager also can provide periodic grounds inspection reports.

## MANAGEMENT EDUCATION

Since community association managers are called upon to perform and oversee a wide variety of jobs, an effective manager must have a solid understanding of the principles of human resources, contracting, accounting, psychology, insurance, maintenance, education, government relations, board management, basic construction, and law.

Homeowner leaders should seek managers who have earned professional credentials to ensure they have achieved a specialized level of expertise to help their association run smoothly. In the U.S., some training and certificate programs are specific to a particular state, while others are applicable in all states.

**THE FOLLOWING ARE EXAMPLES OF CREDENTIALS AVAILABLE ACROSS THE U.S. AND IN SOME ADDITIONAL COUNTRIES:**

Certified Manager of Community Associations (CMCA)*

Association Management Specialist (AMS)**

Professional Community Association Manager (PCAM)**

Large-Scale Manager (LSM)**

Accredited Association Management Company (AAMC)**

**Administered by the Community Association Managers International Certification Board (CAMICB)*

***Administered by CAI*



## MANAGEMENT ETHICS

The term "ethics" refers to the specific choices made by an individual in his or her relationships with others. Professional ethics are the rules or standards that govern the conduct of members of a profession. The assumption is that the special expertise held by members of the profession holds them to a high standard of trust by others.

The manager of a community association has a professional duty to:

- Provide diligent and faithful service.
- Give full disclosure of any matter that presents a potential conflict of interest for him or her.
- Use reasonable care, diligence, and skill.
- Avoid competing with the community association.
- Avoid acting in conflict with the interests of the community association.
- Avoid attempts to make any secret profits when acting on the community's behalf.
- Account for anything of value received as a result of managing the association.
- Avoid exercising more authority than he or she has received from the board.
- Avoid acting on behalf of the community association after being terminated by the board.

The most common ethical problem faced by community association managers is a conflict of interest or the appearance of one. For example, a manager or management firm acquires an interest in a company that is eligible to do business with the association, such as a landscape company. In this scenario, the manager or management firm should disclose the potential conflict of interest to the board of directors.

Managers who have obtained the CMCA certification, or the AMS, LSM, or PCAM designations, and management companies that have earned the AAMC accreditation, are committed to upholding the highest ethical standards. All must abide by the rules of conduct outlined by CAI's Professional Manager Code of Ethics.

## PROFESSIONAL MANAGER CODE OF ETHICS

**The Manager Shall:**

1. **Comply with current bylaws, standards and practices as may be established from time to time by CAI subject to all federal, state and local laws, ordinances, and regulations in effect where the Manager practices.**
2. **Participate in continuing professional education through CAI and other industry related organizations.**
3. **Act in the best interests of the client; refrain from making inaccurate or misleading representations or statements; not knowingly misrepresent facts to benefit the Manager.**
4. **Undertake only those engagements that they can reasonably expect to perform with professional competence.**
5. **Exercise due care and perform planning and supervision as specified in the written management agreement, job description or duly adopted Board policies.**
6. **Disclose all relationships in writing to the client regarding any actual, potential or perceived conflict of interest between the Manager and other vendors. The Manager shall take all necessary steps to avoid any perception of favoritism or impropriety during the vendor selection process and negotiation of any contracts.**
7. **Provide written disclosure of any compensation, gratuity or other form of remuneration from individuals or companies who act or may act on behalf of the client.**
8. **Insure that homeowners receive timely notice as required by state statutes or legal documents and protect their right of appeal.**
9. **Disclose to the client the extent of fidelity or other contractually required insurance carried on behalf of the Manager and/or client and any subsequent changes in coverage, which occur during the Manager's engagement if the amount is lower than the contract amount requires.**
10. **See that the funds held for the client by the Manager are in separate accounts, are not misappropriated, and are returned to the client at the end of the Manager's engagement; Prepare and furnish to the client accurate and timely financial reports in accordance with the terms of the management agreement, job description or duly adopted Board policies.**
11. **Recognize the original records, files and books held by the Manager are the property of the client to be returned to the client at the end of the Manager's engagement; maintain the duty of confidentiality to all current and former clients.**
12. **Refrain from criticizing competitors or their business practices; Act in the best interests of their Employers; Maintain a professional relationship with our peers and industry related professionals.**
13. **Conduct themselves in a professional manner at all times when acting in the scope of their employment.**
14. **Not engage in any form of price fixing, anti-trust, or anti-competition.**
15. **Not use the work products of colleagues or competing management firms that are considered proprietary without the expressed written permission of the author or the management firm.**

Compliance with the Professional Manager Code of Ethics is further amplified in the Code Clarification Document provided by Community Associations Institute.

***Download and adopt CAI's Professional Manager Code of Ethics by visiting www.caionline.org/ManagerEthics.***



CHAPTER 8

# RIGHTS AND RESPONSIBILITIES

Community associations are the most representative and responsive forms of local democracy in America. Residents of a community freely elect neighbors to serve on the board of directors. Numerous other owners or residents serve on committees and help with special tasks as they arise.

Board members and committee members are volunteer leaders who meet regularly to discuss pertinent details about running their community. In the U.S., a board meeting at a community association is comparable to a council meeting of a city or town.

> *"Successful communities—those where residents are united by common goals and interests—are created by a broad base of active volunteers. This broad volunteer base brings essential diversity to the association—viewpoints, opinions, ideas, talents, and contributions. The greater the number of people who participate in the community, the better the decision making, the smaller the workload for each, and the less likely people are to burn out."*
>
> ***VOLUNTEERS: HOW COMMUNITY ASSOCIATIONS THRIVE***

The basic authority in a community association lies with the owners. However, the owners elect a board of directors to act on their behalf. Usually the governing documents delegate almost all of the association's decision-making powers to a board.

**This leaves the owners with very few direct powers. Typically, owners only have the voting power to:**

- Elect and remove directors.
- Amend any of the governing documents, except board resolutions.

Occasionally, owners will approve the annual budget for their association. But all other decisions are usually left to the board of directors. As a result, if owners are unsatisfied with a board decision, they usually do not have the direct authority to veto or undo its action. Under such conditions, their only remedy is to elect a new board to represent them. On the other hand, the board has an obligation to listen to the owners' concerns and to take those concerns into consideration when making its decisions.

**Formal means for obtaining owner input include:**

- Resident/owner forums at board meetings
- Participation of owners on committees
- Annual membership meetings
- Elections

Other means of owner input include surveys, letters, and suggestions. Just as a board has the responsibility to encourage owner input via these means, owners have the responsibility to use them to make their views known.

Homeowners from community associations are clearly in charge of the operation and governance of their associations. These people are almost always unpaid volunteers who devote their personal time to managing the affairs of their community.



## RIGHTS AND RESPONSIBILITIES for Better Communities

### PRINCIPLES FOR HOMEOWNERS AND COMMUNITY LEADERS

More than a destination at the end of the day, a community is a place people want to call home and where they feel at home. This goal is best achieved when homeowners, residents, and association leaders recognize and accept their rights and responsibilities. This entails striking a reasonable balance between the preferences of individual homeowners and the best interests of the community as a whole. It is with this challenge in mind that Community Associations Institute developed Rights and Responsibilities for Better Communities.

Rights and Responsibilities can serve as an important guidepost for all those involved in the community—board and committee members, community managers, staff members, homeowners, tenants, family members, and guests.

**Homeowners have the right to:**

- A responsive and competent community association.
- Honest, fair, and respectful treatment by community leaders and managers.
- Participate in governing the community association by attending meetings, voting, serving on committees, and standing for election.
- Access appropriate association financial books and records.
- Prudent expenditure of assessments.
- Live in a community where the property is maintained according to established standards.
- Fair treatment regarding financial and other association obligations, including the opportunity to discuss payment plans.
- Receive all documents that address rules and regulations governing the community association prior to purchase and settlement and upon joining the community.
- Appeal to appropriate community leaders those decisions affecting nonroutine financial responsibilities or property rights.

**Homeowners have the responsibility to:**

- Read and comply with the governing documents of the community.
- Stay informed by attending meetings and reading materials provided by the association.
- Maintain their property according to established standards.
- Treat association leaders with respect and honesty.
- Vote in community elections and on other issues.
- Pay association assessments and charges on time.
- Contact association leaders or managers, if necessary, to discuss financial obligations and alternative payment arrangements.
- Request reconsideration of material decisions that personally affect them.
- Provide current contact information to association leaders or managers to help ensure they receive information from the community.
- Ensure that those who reside on their property (e.g., tenants, relatives, and friends) adhere to all rules and regulations.
- Respect the privacy of community leaders at their homes and during leisure time in the community.

**Community leaders have the right to:**

- Expect homeowners to meet their financial obligations to the community.
- Expect residents (homeowners, tenants, and others) to know and comply with the rules and regulations of the community.
- Expect residents to stay informed by reading materials provided by the association.
- Respectful and honest treatment.
- Conduct meetings in a positive and constructive atmosphere.
- Receive support and constructive input from residents.
- Personal privacy at home and during leisure time in the community.
- Take advantage of educational opportunities (e.g., publications and training workshops) that are directly related to their responsibilities and as approved by the association.

**Community leaders have the responsibility to:**

- Fulfill their fiduciary duties to the community and exercise discretion in a manner they reasonably believe to be in the best interests of the community.
- Exercise sound business judgment and follow established management practices.
- Balance the needs and obligations of the community as a whole with those of individual residents.
- Understand the association's governing documents, become educated with respect to applicable state and local laws, and manage the community association accordingly.
- Obtain input from residents through open meetings, committees, surveys, and other methods.
- Conduct open, fair, and well-publicized elections.
- Welcome and educate new members of the community.
- Encourage events that foster neighborliness and a sense of community.
- Conduct business in a transparent manner when feasible and appropriate.
- Allow homeowners access to appropriate community records when requested.
- Collect all monies due from homeowners.
- Devise appropriate and reasonable arrangements, when needed and as feasible, to facilitate the ability of individual homeowners to meet their financial obligations to the community.
- Provide a process that residents can use to appeal decisions affecting their nonroutine financial responsibilities or property rights where permitted by law and the association's governing documents.
- Initiate foreclosure proceedings only as a measure of last resort.
- Make covenants, conditions, and restrictions as understandable as possible, adding clarifying lay language or supplementary materials when drafting or revising the documents.
- Provide complete and timely disclosure of personal and financial conflicts of interest related to the actions of community leaders. (Community associations may want to develop a code of ethics.)



***Download and adopt CAI's Rights and Responsibilities for Better Communities by visiting www.caionline.org/RightsandResponsibilities.***



CHAPTER 9

# CIVILITY

**Community associations comprise people with DIFFERENT IDEALS, PREFERENCES, and VALUES. Communities should adhere to a framework for effective community conversations.**

How we talk about things matters. While we may be able to share our views with people who already agree with us, sharing our opinions while leaving room for someone else's viewpoint can be challenging. How can we seek to listen to those who hold different beliefs? How can we respectfully disagree?

Community association boards are regularly faced with challenging and complex issues that can spark strong emotions. A critical responsibility of a board leader is to facilitate community conversation about these important issues and harmonize feedback from residents that results in decisions that are informed and well-balanced for the community as a whole.

Community Associations Institute strives to promote harmony, community, responsible citizenship, and effective leadership with this initiative. In the process, we make life better for the millions of people living in community associations around the world. It is with those goals in mind that CAI developed the Community Association Civility Pledge.

## COMMUNITY ASSOCIATION CIVILITY PLEDGE

A commitment to fostering a climate of open discussion and debate, mutual respect, and tolerance between all who live in, work in, and visit our community.

1. **We expect each individual, whether a resident, guest, board or committee member, community association manager, staff member, business partner, or contractor, to be accountable for his or her own actions and words.**
2. **We believe all interactions in the community should be civil despite any differences of opinion on a particular issue. We believe in finding common ground and engaging in civil discussion about community issues important to each of us.**
3. **We vow to respect all points of view and will strive to provide a reasonable opportunity for all to express their views openly—without attacks and antagonization. We agree to keep our discussions focused on the business issues at hand, as well as on the ideas and desired outcomes.**
4. **We urge all residents to be engaged and informed. Get to know your neighbors, your board members, and your community manager. Attend meetings, join a committee, or serve on the board. Understand the community's rules, regulations, and covenants, and the value they add. Ask questions, share your opinions, and vote.**
5. **We also encourage all residents to review Community Associations Institute's Rights and Responsibilities for Better Communities. The principles laid out in the document can serve as important guideposts for all those involved in our community: residents, guests, board and committee members, community association managers, staff members, business partners, and contractors.**
6. **We believe these commitments to civility, as well as engaged and informed residents, are a vital part of our shared goal of being a vibrant, thriving community.**

These commitments are guiding principles. They are not governing documents or legally enforceable and do not give rise to penalties if they are not followed.

***Download and adopt CAI's Community Association Civility Pledge by visiting www.caionline.org/CivilityPledge.***

CHAPTER 10

# BUILDING COMMUNITY

A community association combines the characteristics of a local government, a business, and a community. All three are necessary; the challenge is to balance their respective demands on owners and leaders alike.

It is easy to focus attention on the governance and business aspect of operating associations because of their immediacy. However, a strong sense of community among residents and clear lines of communication focus everyone's attention on the positive benefits of being a part of the community and encourage participation in association activities. As a result, governance and business operations become less problematic.

> *"Common areas do not automatically create a sense of community. Nurturing the community spirit is probably the greatest challenge facing community associations today."*
>
> ***CLIFFORD J. TREESE, CPCU, ARM, CIRMS***



## COMMUNITY SPIRIT

Fostering community spirit is an essential component to building vibrant, responsive, and healthy community associations. Building community spirit requires soliciting the opinions and input of residents and offering community harmony and spirit-enhancing programs that residents will enjoy. Resident involvement in community associations is increased when owners are actively involved in each of the stages of program development. Community spirit means pride in a community, and spirited communities, like safe neighborhoods, have higher resale values. Community spirit also creates an emotional equity that can increase volunteerism, improve communication, resolve disagreements, and promote practices that result in an effective association.

**To promote community spirit, residents may wish to initiate one of the following activities:**

**PRINT A COMMUNITY SHIRT.** Place the community's logo on the front of the shirt, select a community motto to print on the back, and sell them. Not only will this increase community spirit, but it also generates additional revenue for the association and serves as a great marketing tool.

**HOLD A CLOTHING DRIVE.** Collect residents' extra clothing items and distribute them to charitable organizations in your area.

**BUILD AND INSTALL PARK BENCHES ALONG WALKING TRAILS AND PONDS.** Find the craftsmen in your community and have them build community park benches with materials provided by your association. This saves money and is a great community spirit project both for the volunteers and the enjoyment of the residents. Don't forget to call your local utility companies to help you mark underground utilities.

**DISCOVER WAYS TO SUPPORT LOCAL CHARITIES AND SCHOOLS.** A measure of success and contentment can be evaluated in the level of dedication to giving back to the greater community. Sharing your time, talents, and financial resources as individuals, small groups, and as a corporate entity is a true reflection of community spirit.

**RECOGNIZE STUDENT ACHIEVEMENTS.** Use your newsletter to highlight the academic and athletic accomplishments of the children in your community. Coordinate with high schools and your neighborhood parents to get a list of honor students, varsity athletes, and other special recognitions.

**SPONSOR A SAFETY SEMINAR.** Offer a safety seminar to educate parents and grandparents on important issues including bicycle safety, proper medical and medicine alert responses, and establishing neighborhood watch programs.

**PROMOTE HEALTH AND WELL-BEING.** Use your community center to host a blood donation drive and/or blood pressure and cholesterol screening. Call your local hospital for area coordinators and services. Provide refreshments.



**CREATE A NEIGHBORHOOD ASSISTANCE PROGRAM.** Such a program offers owners varying types of support. Services may include transportation for medical appointments and rides to the airport, meals for residents going through an illness or death in the family, loaned medical equipment such as canes and crutches, loaned items for grandparents with visiting grandchildren such as cribs and high chairs, and repair services for small jobs.



**FACILITATE NEIGHBORHOOD BLOCK PARTIES** Use your newsletter to encourage each neighborhood in your community association to have an annual block party. This is a great way to meet new neighbors and foster community spirit. One or two families can be the "block coordinators" to set the time and date; determine the refreshments; provide a few portable tables; secure the streets from traffic; and dispose of trash. A potluck dish that serves six to eight usually works well. Individuals can bring their own lawn chairs.

**CONDUCT A RESIDENT SURVEY.** Gather membership opinions on community services and any other relevant issues. The results will help your board and management build a better budget. If your association can't afford to hire an outside firm to conduct the survey, go door-to-door, send the survey via mail or email, or link to it on your association's website.

**FACILITATE NEIGHBORHOOD BLOCK PARTIES.** Use your newsletter to encourage each neighborhood in your community association to have an annual block party. This is a great way to meet new neighbors and foster community spirit. One or two families can be the "block coordinators" to set the time and date; determine the refreshments; provide a few portable tables; secure the streets from traffic; and dispose of trash. A potluck dish that serves six to eight usually works well. Individuals can bring their own lawn chairs.

**SCHEDULE A POOLSIDE MOVIE NIGHT.** Turn your aquatic center into a movie theater where people can relax on a lounge chair or float on a raft while watching a movie. Be sure to comply with movie licensing requirements.

**CHOOSE A SIGNATURE SHRUB OR TREE AND CELEBRATE EACH ARBOR DAY.** Chose a shrub or tree as your association's signature plant, and each Arbor Day, plant a dozen in a ceremony. Negotiate a price with a landscaping company to plant these trees in residents' yards on request.

**PUBLICIZE COMMUNITY EVENTS.** Promote upcoming special events and meetings on the community website and social media sites, and if you are able, communicate with your residents via email and text alerts. This is a great way for the board to obtain instant feedback.

**PUBLISH EVENT PHOTOS.** Promote community spirit by sharing photos from events in your newsletter, your website, or on social media.

## BUILDING COMMUNITY BASICS

**Community association events and activities are great in theory, but how do you really get residents involved? Follow these tips:**

**WELCOME RESIDENTS WHEN THEY MOVE IN.** When new owners move in, have a committee of neighbors personally welcome them. Find out a little about the new residents and their interests. Let them know about the community and how it works. Follow up with a phone call a few weeks later to see if they have any questions. This is also a great time to have them fill out a questionnaire to find out the activities in which they would like to participate. Ask those who give you new and exciting ideas if they want to help organize the activity.

**SEND THANK YOU NOTES.** When someone volunteers, ensure that they are thanked, whether in person, by email, or a written note, preferably from a board member. Knowing that the board or manager appreciates their involvement encourages participation.

**CREATE ACTIVITIES FOR NEW RESIDENTS.** Establish a "newcomers club" where new residents mingle each month with each other. Provide information at each monthly meeting, with rotating subjects, to help familiarize members with the area. Try to integrate the newcomers into broader community activities.

**GIVE AWAY FREEBIES.** Everyone likes to get something for nothing. Solicit a donation of goods or services as giveaways for your next event. The sponsor will gain visibility within your community, and you'll draw more people to the activity. When residents attend the activity, they can mingle and learn more about the association and its benefits.

**BOARD OFFICE HOURS.** One or more members of the board could consider being available at least once every month to address residents' concerns or questions. The office hours and location should be published and well-known. The association's governing documents, resolutions, and meeting minutes should be available just in case residents want to see them. This interaction will show residents that the board cares about the community and that it is open to new ideas.

**HOLD QUARTERLY TOWN HALL MEETINGS.** Community associations can hold these meetings to share information. Board members ought to present an agenda of current issues and conduct a question-and-answer forum. Town hall meetings are often very well attended.

**SPONSOR ASSOCIATION PARTICIPATION IN COMMUNITY-WIDE EVENTS.** Don't limit involvement to the boundaries of your association. Encourage resident participation in local organizations, such as the Boys and Girls Club, the YMCA, or Rotary Club. Send your association's newsletter and upcoming programs to local officials and organizations so that they know about your association—and that your residents are ready to participate in their events.

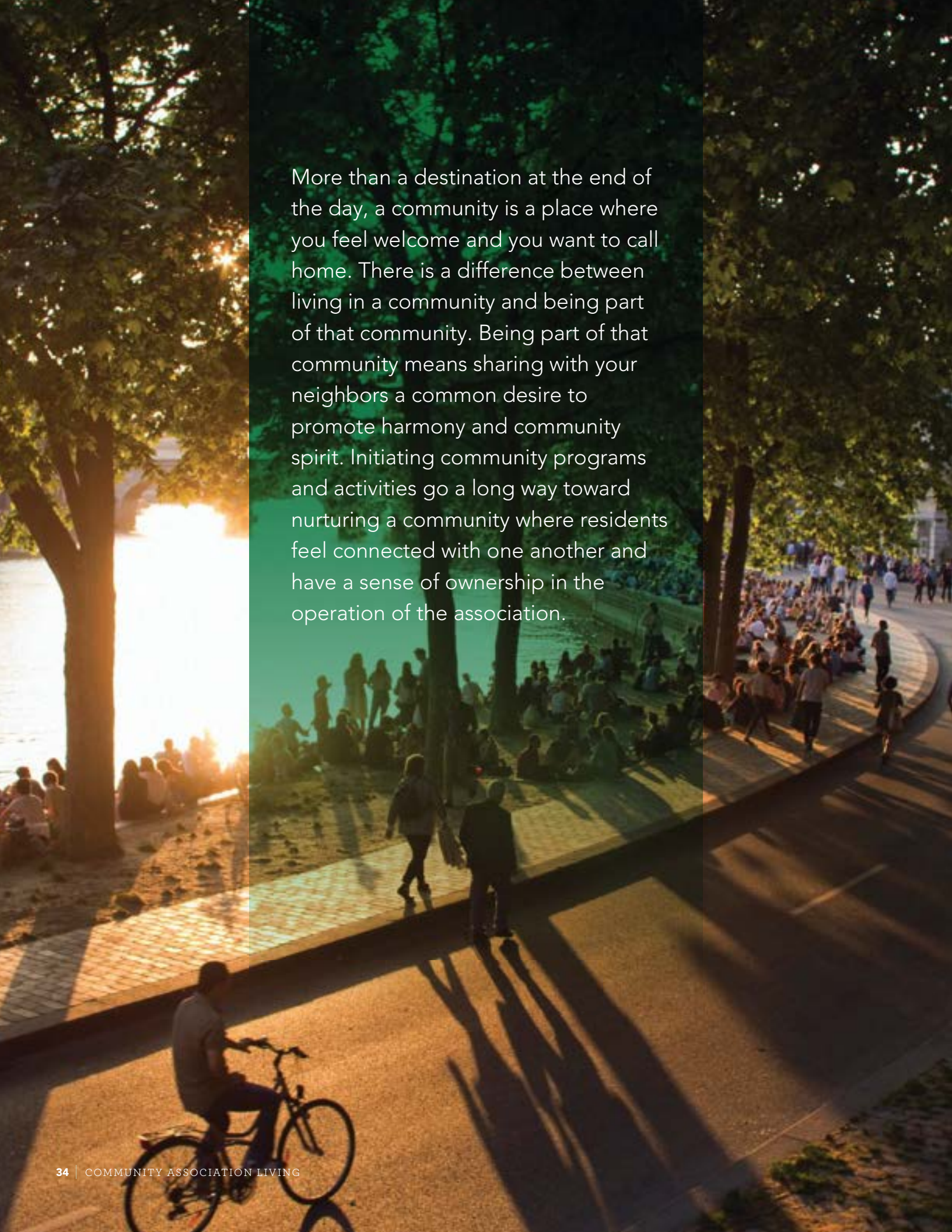
**SUPPORT COMMUNITY AWARENESS IN LOCAL POLITICS.** Use your community clubhouse or designated meeting space to host a "candidates night" during a local election. Allow an insert in your community newsletter, paid by the candidates, in a standardized format that includes a picture along with the candidate's short bio and campaign focus points. Appoint a group of volunteers who are willing to rotate attendance at each local government meeting as liaisons for the association. The liaisons demonstrate your community's interest in governmental affairs and report back to the board.

**ESTABLISH STANDING COMMITTEES WITH MEANINGFUL RESPONSIBILITIES AND CLEAR CHARTERS.** If residents have defined roles and responsibilities with clear goals, they're more likely to participate. Also, hold your social events at locations where people are already gathered. Have a pool party or a volleyball contest during operating hours. People who weren't originally planning on attending might get involved.

**LOOK FOR A REASON TO CELEBRATE.** Celebrate your association's successes. Celebrate holidays—big and small, traditional and quirky. It's a great way to meet neighbors and get people enthusiastic about the community.



***Download CAI's Building Community Basics at www.caionline.org/BuildingCommunityBasics.***



More than a destination at the end of the day, a community is a place where you feel welcome and you want to call home. There is a difference between living in a community and being part of that community. Being part of that community means sharing with your neighbors a common desire to promote harmony and community spirit. Initiating community programs and activities go a long way toward nurturing a community where residents feel connected with one another and have a sense of ownership in the operation of the association.

## DISCUSSION QUESTIONS

**Use the following questions to develop a better understanding of the operation of your community.**

1. **Does your local government impose requirements in terms of codes, laws, or taxes that your community association must meet?**
2. **Which state statutes, if any, apply to your community association?**
3. **Look at a copy of any recorded map, plat, or plan for your community association. What can you learn from it?**
4. **Review your community's declaration, CC&Rs, or master deed, if it has one. What does it tell you about:**
   - Ownership of different portions of the association?
   - Owner-to-owner relationships and community-to-owner relationships?
   - Administration of the community?
   - The transition of control of your association from the developer to the owners?
5. **Review your community association's proprietary lease or occupancy agreement, if it is a cooperative. What does it tell you about member/stockholder and corporate rights and obligations?**
6. **Review your association's articles of incorporation, if it is incorporated. What general topics do the articles address?**
7. **Review your association's bylaws. What general topics do the bylaws address?**
8. **Find out where your association keeps its resolutions.**
   - How are they organized?
   - Can you find examples of each of the four types of resolutions a community association can adopt?
9. **Review your association's governing documents, including its resolutions. What management-related authority and responsibilities, if any, do they assign to:**
   - Your community?
   - Its board of directors?
   - Its committees?
10. **What steps does your association take to encourage owner input in board decisions?**
11. **What steps does your association take to ensure effective communication between the board and volunteer committees?**
12. **What recommendations can you make to your volunteer leaders to improve your community's committees?**
13. **Do you know anyone who has faced a conflict of interest or the appearance of conflict in exercising his or her association responsibilities? How did he or she handle it? Would you have handled the situation any differently?**

CAI believes community associations should strive to exceed the expectations of their residents. We work toward this goal by identifying and meeting the evolving needs of the professionals and volunteers who serve associations, by being a trusted forum for the collaborative exchange of knowledge and information, and by helping our members learn, achieve and excel in their communities. Our mission is to inspire professionalism, effective leadership, and responsible citizenship—ideals reflected in associations that are preferred places to call home.

**CAI serves community associations and homeowners by:**

- Advancing excellence through seminars, workshops, conferences, and education programs, most of which lead to professional designations for community association managers and other industry professionals.
- Publishing the largest collection of resources available on community association management and governance, including website content, books, guides, *Common Ground*™ magazine, and specialized newsletters.
- Advocating on behalf of common interest communities and industry professionals before legislatures, regulatory bodies, and the courts.
- Conducting research and serving as an international clearinghouse for information, innovation, and best practices in community association development, governance, and management.

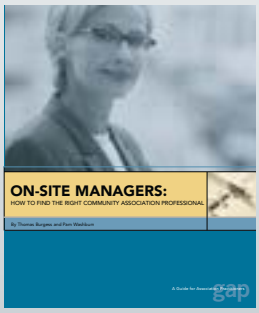
CAI members have access to information in this rapidly changing industry with practical knowledge and insights from leaders in the field, best practices, research, and tools for everyday use. We provide information, resources, publications, and education programs to help members keep up with the latest news, laws, and issues affecting community associations.



## CAI PRESS

CAI Press, the publishing division of CAI, is dedicated to publishing the best resources for community associations. We offer the largest collection of books on association governance, management, and operations. You'll find the complete table of contents for most books, and in some cases, lists of charts, tables, and sample documents contained in the book on our website. Many listings also include sample chapters. Browse by category, view our most popular products, and discover what's new. Check back frequently to see our featured products and take advantage of our promotional discounts. CAI members save as much as 20% compared to nonmember pricing. Visit us online at www.caionline.org/shop.










## COMMON GROUND™ MAGAZINE

*Common Ground*™ is CAI's award-winning flagship publication. Join CAI to access the cutting-edge content in print or online at www.caionline.org/cg.

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Your one-stop resource to find CAI-credentialed professionals—community managers who have earned the Association Management Specialist (AMS), Large-Scale Manager (LSM), and Professional Community Association Manager (PCAM) designations, professionals who have earned the Reserve Specialist (RS) and Community Insurance and Risk Management Specialist (CIRMS) designations, members of the College of Community Association Lawyers (CCAL), and companies that have earned the Accredited Association Management Company (AAMC) accreditation. Search by name, state, or credential. Visit www.caionline.org/directory.



## CAI EXCHANGE

Join your peers on CAI's members-only community. Log in using your CAI website credentials to ask questions, discuss ideas, search resources, strengthen your network, share best practices, and help your community thrive. Visit exchange.caionline.org.

## JOB MARKET

Job Market is the number one resource for finding and posting community association management career opportunities. Employers can post open positions, review resumes, and more. Visit jobs.caionline.org.

## PROFESSIONAL SERVICES DIRECTORY

Find the professional service providers you and your association need. When you need professional support, look no further than these CAI members. Visit directory.caionline.org.

## RESEARCH LIBRARY

CAI's members-only Research Library contains over 3,000 articles on community and homeowner association, condominium, and co-op issues. Articles from CAI periodicals are available one year from the date of their publication. Visit www.caionline.org/researchlibrary.

## COMMUNITY ASSOCIATION MANAGERS INTERNATIONAL CERTIFICATION BOARD

The Community Association Managers International Certification Board (CAMICB) has set the standards for community association managers worldwide since 1995. CAMICB administers the Certified Manager of Community Associations® (CMCA) examination, a rigorous, three-hour test that measures managers' knowledge of community management best practices. Passing the CMCA examination and maintaining the standards of the CMCA certification is proof that a manager is knowledgeable, ethical, and professional. CMCA-certified managers have the skills to safeguard the assets of homeowners' associations, giving homeowners peace of mind and protecting home values.

### CAMICB DIRECTORY OF CREDENTIALED PROFESSIONALS

Your one-stop resource to find CMCA certified professionals. Search by name and state. Visit www.camicb.org/find-a-cmca.



## FOUNDATION FOR COMMUNITY ASSOCIATION RESEARCH

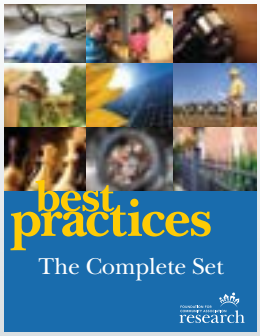
The Foundation provides authoritative research and analysis on community association trends, issues, and operations. Our mission is to inspire successful and sustainable communities. We sponsor needs-driven research that informs and enlightens all community association stakeholders—community association residents, homeowner leaders, community association managers, and other professionals and service providers, legislators, regulators, and the media. The Foundation's work is made possible by tax-deductible contributions. Visit foundation.caionline.org or email foundation@caionline.org.

### BEST PRACTICES REPORTS

Function-specific best practices in topic areas such as energy efficiency, governance, reserve studies, community harmony and spirit, financial operations, strategic planning, and transition have been developed using a variety of sources, including but not limited to recommendations from industry experts and various industry-related publications. Access these free, downloadable resources at foundation.caionline.org/publications/best-practices-reports.

### COMMUNITY ASSOCIATION FACT BOOK

The Community Association Fact Book was developed to support the Foundation's mission of providing research-based information to all community association stakeholders. The Fact Book is available at foundation.caionline.org/factbook.







**FOR MORE INFORMATION:**

Visit **www.caionline.org**

Email **cai-info@caionline.org**

Call **(888) 224-4321**
(M-F, 9 a.m.–6 p.m. ET).

# CAI BOARD LEADER CERTIFICATE COURSE

## BECOME A MORE INFORMED AND EFFECTIVE BOARD



**A effective board is the association's greatest asset.** The CAI Board Leader Certificate Course teaches you how to communicate with association residents, hire qualified managers and business partners, develop enforceable rules, interpret governing documents, and more. It provides a comprehensive look at the roles and responsibilities of community association leaders and conveys information to help create and maintain the kind of community people want to call home.

Community association board members and volunteer leaders step up to take on positions of service and responsibility. They're expected to anticipate issues, solve problems, meet the expectations of their residents, and protect property values.

The course will teach you how to become a more successful board member and how you can recruit and support new volunteers. You'll learn the role of the board, the president and other leadership positions, and you'll identify effective ways to work with professional managers and business partners.

*In addition to a toolbox of support materials, each student receives a certificate of completion and recognition on the CAI website.*

**»Learn more at www.caionline.org/BoardLeaderCertificate.**

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6402 Arlington Blvd., Suite 500
Falls Church, VA 22042
(888) 224-4321

**www.caionline.org**

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