

Community Association Fundamentals

EACH COMMON-INTEREST COMMUNITY has its own history, personality, attributes and challenges, but all associations share common characteristics and core principles. CAI developed the Community Association Fundamentals to foster a better conceptual understanding of how associations function and the roles of residents and association leaders.

We hope this primer will help people recognize the core principles at the heart of the community association model and, even more importantly, 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 their neighbors to govern in the best interest 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 determine the policies that will protect their investments.
6. Association homeowners choose where to live and accept a contractual 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 established management practices and sound business principles.
8. Association leaders have a legal and ethical obligation to adhere to 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.

For more information on CAI, visit www.caionline.org or call (888) 224-4321 (M-F, 9-6:30 ET).



Governance Guidelines

There are basic expectations that apply to virtually any common-interest community. With this in mind, the Center for Community Association Volunteers developed the Community Association Governance Guidelines—12 principles that can help association board members increase harmony, reduce conflict and build stronger, more successful communities.

■ **ANNUAL MEETINGS.** Conduct at least one membership meeting annually, providing at least two weeks notice to homeowners and more than two weeks if specified in the governing documents or dictated by state statute.

■ **ASSESSMENTS.** Collect assessments and other fees from homeowners in a timely and equitable manner and in accordance with state statutes and board-approved procedures.

■ **COMMUNICATION.** Provide at least one form of regular communication with residents, and use it to report substantive actions taken by the board.

■ **CONFLICTS OF INTEREST.** Disclose all personal and financial conflicts of interest before assuming a board position and, once on the board, before participating in any board decisions.

■ **ELECTIONS.** Hold fair and open elections in strict conformance with governing documents, giving all candidates an equal opportunity to express their views and permitting each candidate to have a representative observe the vote-counting process.

■ **FINANCIAL TRANSPARENCY.** Share critical information and rationale with residents about budgets, reserve funding, special assessments and other issues that could impact their financial obligations to the association. Give members an opportunity—before final decisions are made—to ask questions of a representative who is fully familiar with these financial issues.

■ **FORECLOSURE.** 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 issue in a specified period of time.

■ **GOVERNANCE AND THE LAW.**

Govern and manage the community in accordance with all applicable laws and regulations. Conduct reviews of governing documents to ensure legal compliance and to determine whether amendments are necessary.

■ **GRIEVANCES AND APPEALS.** Allow residents to bring grievances before the board or a board-appointed committee, and follow well-publicized procedures that give residents the opportunity to correct violations before imposing fines or other sanctions.

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

■ **RESERVE FUNDING.** Account for anticipated long-term expenditures as part of the annual budget-development process, commissioning a reserve study when professional expertise is warranted.

■ **RULES.** Enforce all rules, including architectural guidelines, uniformly, but only after seeking compliance on a voluntary basis. Distribute proposals for new rules and guidelines to all homeowners and non-owner residents. Advise them when the board will consider new rules and encourage input. Once adopted, new rules and effective dates should be distributed to every owner and resident.

Note: *Laws governing common-interest communities vary considerably from state to state. Association boards should consult with attorneys to ensure their association is governed in accordance with all federal, state and local laws and regulations.*

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